



PÀSSIONE[®]
B E A U T Y

SUSTAINABILITY
REPORT 2022

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1. Letter from the General Director



Dear reader,

The release of our first Sustainability Report represents a first important milestone in Passione Beauty's journey towards an approach to business that embraces environmental, social and governance (ESG) factors, which emerge as core elements to compete in an ever-evolving scenario.

As a matter of fact, our economy is characterized on the one hand by uncertainties linked to the backlashes of the Covid-19 pandemic crisis and the current war in Ukraine which affect market stability and availability of raw materials, and on the other hand by key ESG trends influencing all sectors linked to the urge to act on climate,

the need to retain talented workforce and to ensure a resilient supply chain, among other factors.

For this reason, in 2022 our management and business partners worked together to define Passione Beauty's ESG Action Plan, guided by the materiality analysis that helped us identifying the most relevant topics for the organization.

Through this report we share our main initiatives, commitments and objectives for each of the sustainability pillars of the ESG Action Plan: **Our Responsible Business Management** (covering the governance structure, approach to business ethics and transparency, the sourcing process and the relations with our customers), **Our People** (covering our commitment to employees), **Our Products** (covering our approach to product quality, safety and responsible and innovative production) and **Our environmental Impact** (covering our efforts to reduce environmental impacts).

Our commitments include supporting employee engagement and fostering their professional development, building a responsible and transparent supply chain, keeping innovate our product offering, focusing on customer relations, and reducing our carbon footprint. To pursue these objectives, we have invested in our people, by hiring new personnel (50 new hires in 2022) and by supporting our employees' professional development by providing practical courses on nailcare and collaborating with beauty schools. We keep an open communication channel with our customers through our internal customer service and social media, which led to positive results in terms of customer retention, as proved by the repeat purchase rate (in 2022, accounting for about 85% of the sales) and provided direct feedback to integrate in our product offering. Finally, we have stepped up our efforts towards reducing our direct and indirect environmental impacts. In 2022 we have started monitoring our carbon footprint that will drive our reduction initiatives. As of today, 100% of our total electricity consumption derives from certified renewable sources and, in October 2022, we adhered to the climate program of our main logistic provider aimed at reducing emissions linked to shipping.

These are just few of the initiatives we undertook to contribute to shape a more sustainable economy, which we believe will support our growth while respecting the future of the next generations.

We invite our readers to learn more about our business and our sustainability ambitions.

Highlights 2022



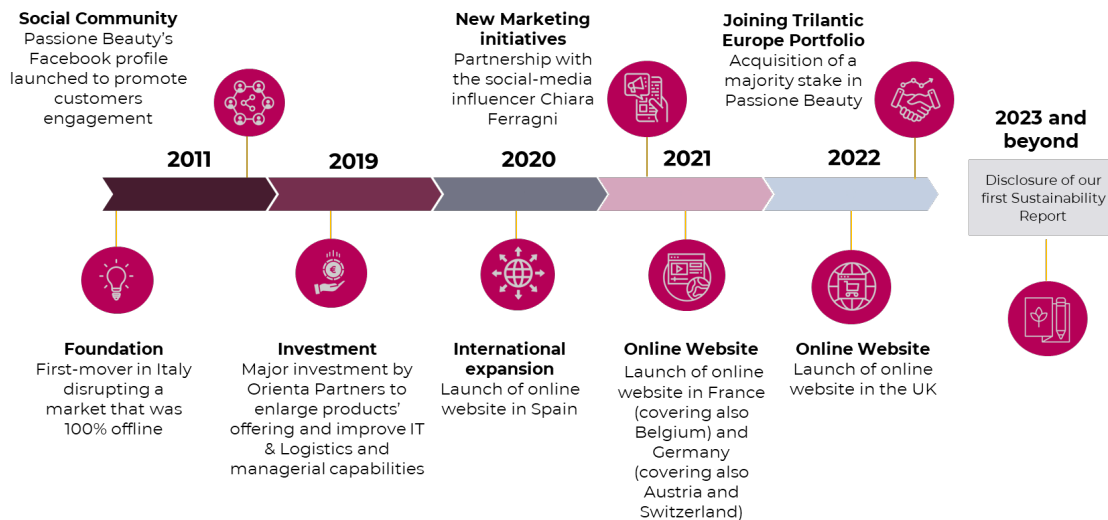
1 Introducing our business

1.1 About us

Founded in 2011 in Vicenza, Passione Beauty S.p.A. (hereinafter also “Passione Beauty”) is the first Italian 100% digitally native nailcare brand selling its products through a proprietary e-commerce channel. Our objective is to make nailcare accessible to a larger share of clients by balancing product quality, affordability, and market capillarity through the proprietary sale channel. By leveraging on our network of reliable external suppliers, we are able to market high-quality products and meet customer expectations.

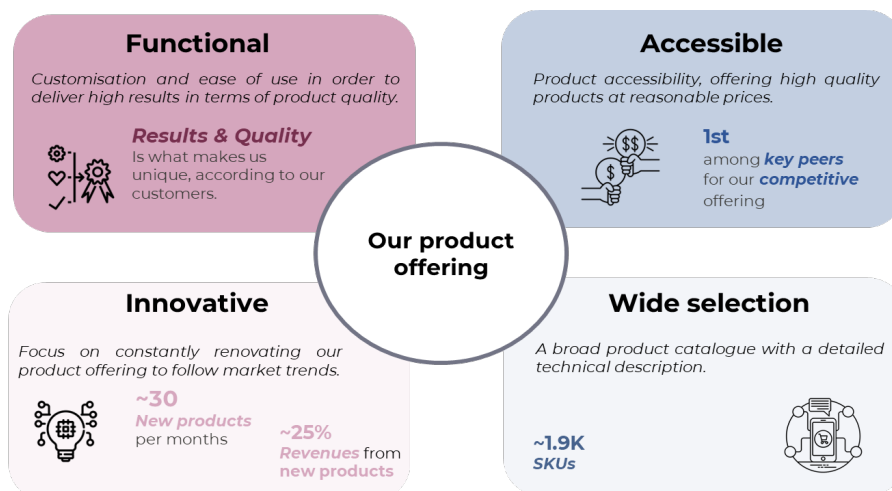
We target the online market of nailcare with semi-permanent nail polishes, gels, nail builders and a whole range of tools designed for nail professionals. By leveraging on a consumer-focused and on-trend product offering over 1,900 stock-keeping units (“SKUs”) and with a catalogue that is constantly updated with about 30 new launches per month, we succeeded in building over the years a loyal network mainly made of professionals.

Figure 1: Our history



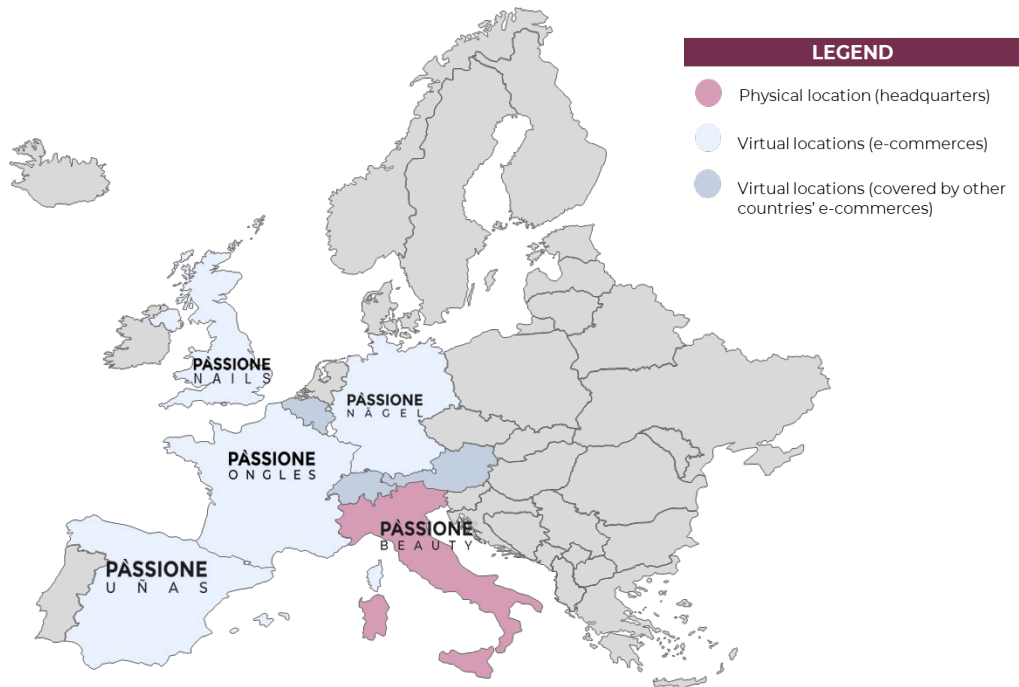
Our customer-centric value proposition represents the key strategic factor that enables Passione Beauty to differentiate its products offering from competitors and to position as a leading European digital nailcare brand.

Figure 2: Our Customer-Centric Value Proposition



With core leadership in Italy, we are currently expanding distribution capabilities to other key European markets. Our international expansion project began at the end of 2020 with the launch of an online website in Spain. Other launches followed in 2021 in France and Germany, allowing us to expand our reach to the adjacent Austrian, Belgian, and Swiss markets, and then in the United Kingdom in 2022.

Figure 3: Our Geographical Footprint



1.2 Driving our Market

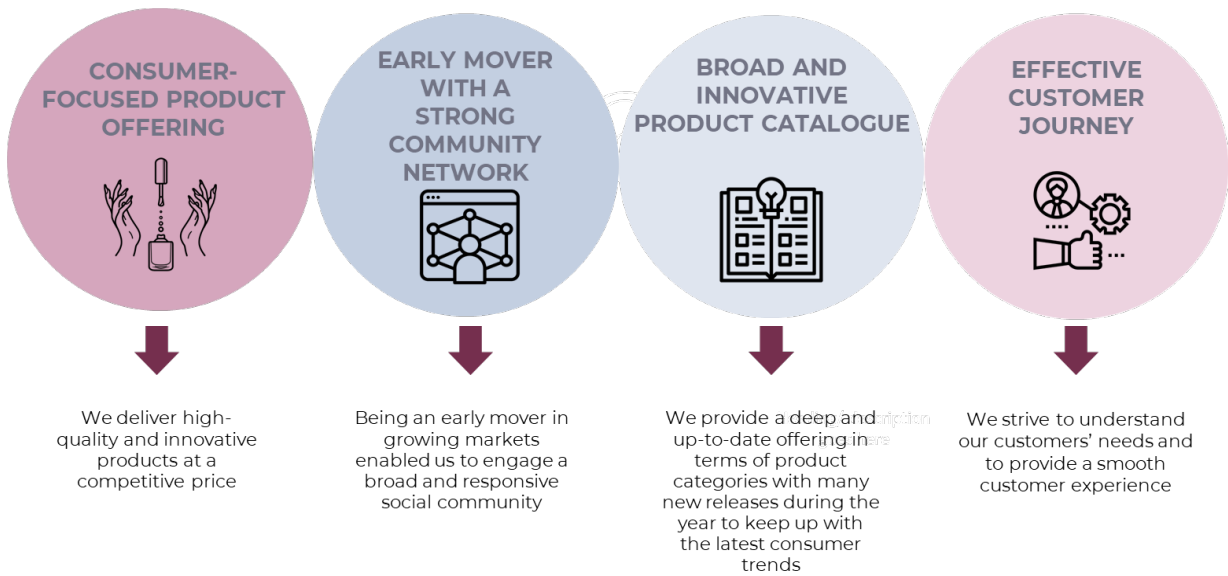
With Passione Beauty, we succeeded in disrupting the nailcare sector distribution model, shifting from an offline to an online distribution channel. The choice of selling through a proprietary e-commerce has allowed us to stand out in a competitive business scenario focused on the use of traditional channels of distribution, by placing ourselves as the only intermediary.

We primarily focus on Business to Business (B2B), serving a growing and loyal customer base of professional nailcare technicians and nails' professionals in both nail-spas and in beauty centers.

Being an early mover in our market allowed us to build-up and engage a broad and loyal customers base, reaching more than 250 thousand customers and 150 followers across all geographies on our social media platforms.

Specifically, the key competitive factors that enabled us to succeed in our market are illustrated in the figure below.

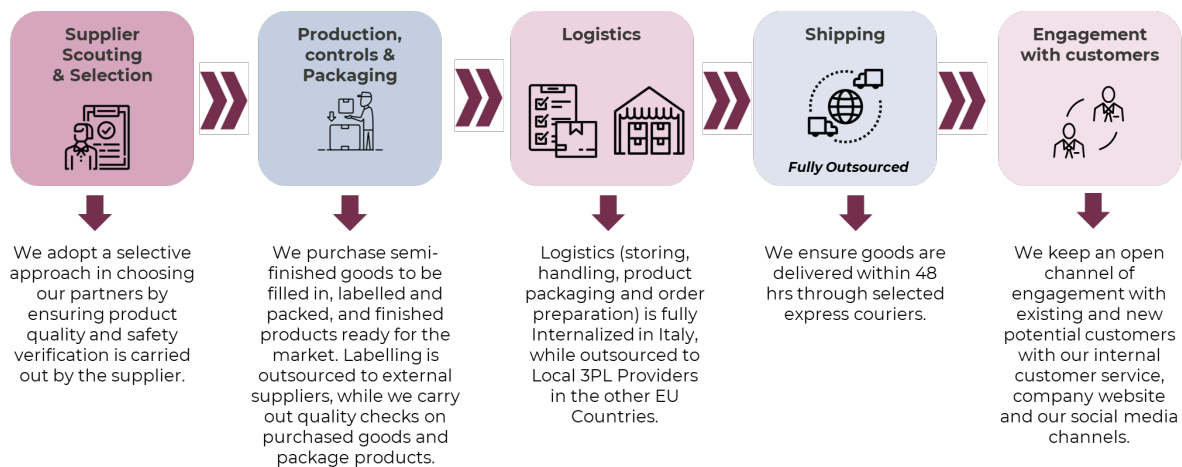
Figure 4: Our Key Competitive Factors



To increase our business efficiency and maximize the value delivered to customers, we leverage on the adoption of a flexible operating business model throughout the key phases of our value chain, depicted in Figure 5.

Starting from suppliers' selection, we focus on researching and scouting products' formulations that meet our customers' expectations in terms of pigment, ease of use and resistance. We externalize production phases, including filling and labelling activities to our trusted and qualified suppliers, while we directly manage the storing, handling, product packaging and order processes in Italy. To increase our shipping and storage capacity, in 2021 we moved to a new and larger site in Vicenza. For ensuring an express delivery service (within 48 hours from the order), we rely on express couriers.

Figure 5: Our Value Chain

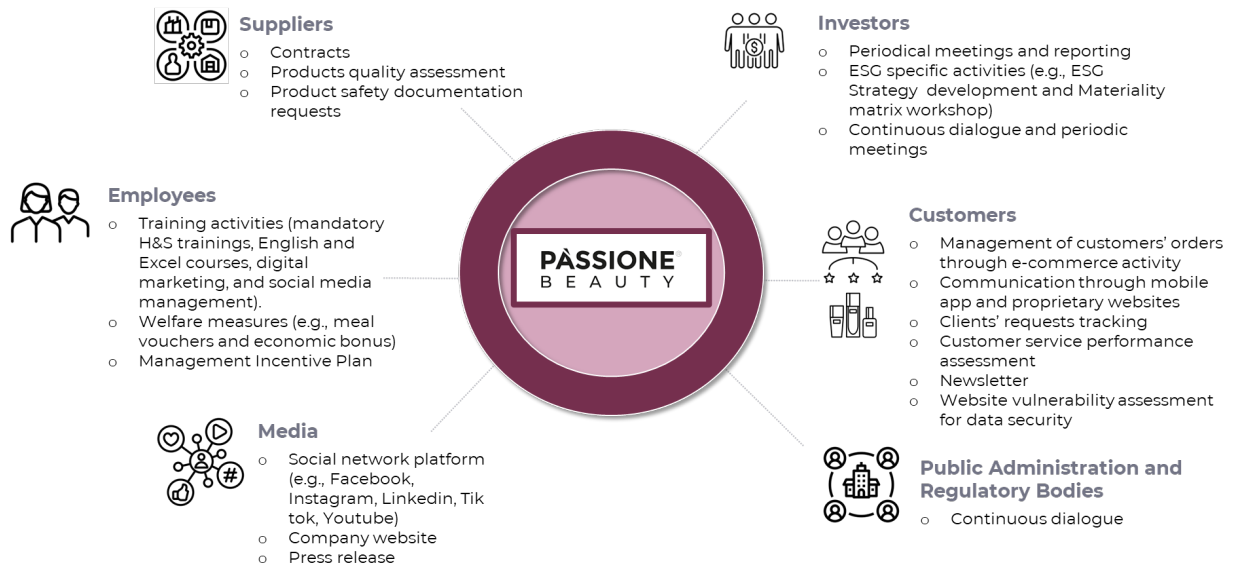


1.3 Our stakeholders

At Passione Beauty we are aware of the importance of building and maintaining a relationship of trust and collaboration with external and internal stakeholders to create long-lasting value. We keep a continuous dialogue with our stakeholders through the promotion of engagement activities, with the ultimate goal of developing a shared vision and mission, needed to build an effective growth strategy and drive change.

The following figure shows the six categories of relevant internal and external stakeholders, highlighting the main engagement activities implemented during the reporting period.

Figure 6: Our Stakeholders and Engagement Activities



1.4 Our Economic performance

As part of our efforts to pursue a profitable and sustainable growth, we strive to maximize the direct economic value generated and distributed to both our internal and external stakeholders.

In 2022, the total value generated by the Group amounted to 55.8 M€, registering an increase of 29% compared to the previous year.

The break-down of the economic value distributed in 2022 is as follows:

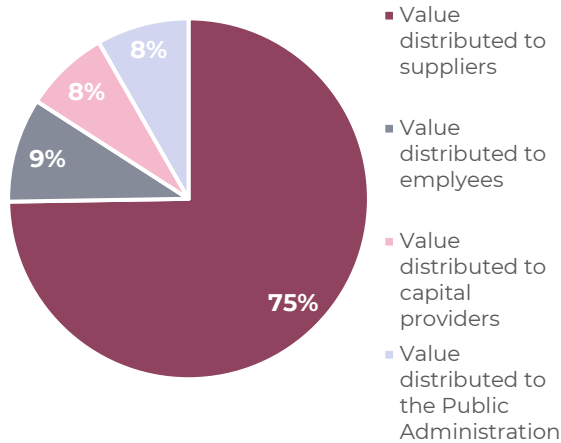
- operating costs equal to ≈ 34 M€ including the costs of raw materials, the costs for services, rent and leases costs and other extraordinary costs.
- employee wages and benefits, equal to ≈ 4 M€;
- payments to providers of capital equal to ≈ 3 M€;
- payments to government, through taxes on profit, equal to ≈ 4 M€.

Table 1: Our Economic Performance

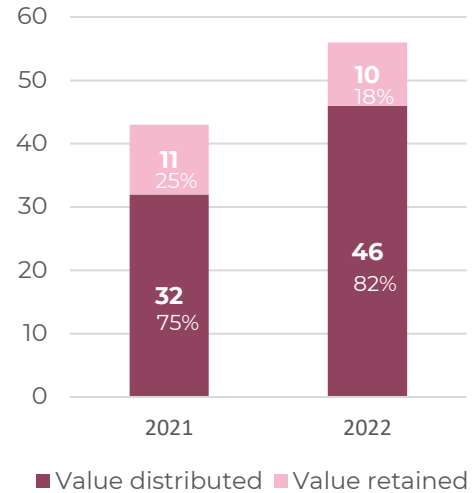
Direct Economic Value	2021	2022
Economic Value Generated	43,226,480 €	55,766,366 €
Economic Value Distributed	31,986,138 €	45,960,585 €
Economic Value Retained	11,240,342 €	9,805,781 €

In 2022 approximately 82% of the value we generated was distributed to our stakeholders, whereas 18% was retained for business development and to finance future investments.

Graph 2: Breakdown of the Economic Value Distributed in 2022 by Stakeholder's Category



Graph 2: Economic Value generated, distributed, and retained (€M)



1.5 Our Sustainability journey

We recognize that the integration of sustainability related aspects in our day-to-day business activities represents a key driver for value generation in the current competitive business scenario. For this reason, we have undertaken a path towards the integration of sustainability in our strategy.

As a first step to define the pillars of our sustainability business strategy, we actively engaged in a materiality analysis oriented towards the identification of the most relevant sustainability topics and, consequently, of top-priority areas on which directing our resources and effort.

The materiality analysis was conducted in accordance with the GRI Standards using a double materiality perspective as recommended by the Corporate Sustainability Reporting Directive (CSRD) and it consisted of the following four main phases:

- External context analysis
- Top Management involvement
- Engagement with key external stakeholders (investors)
- Definition of the materiality matrix

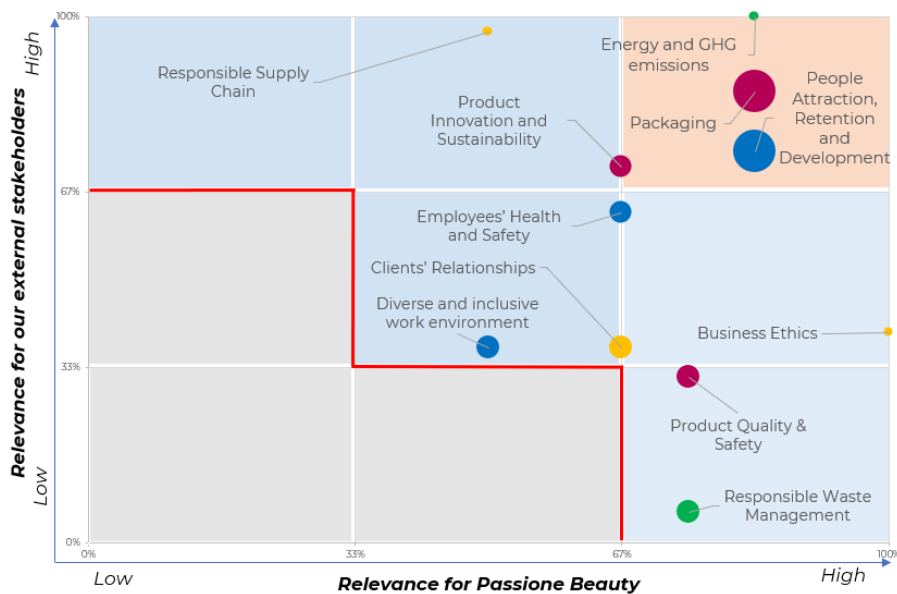
We performed a detailed analysis of the external sustainability pressures impacting our business to identify potential sustainability material topics which, once identified, were evaluated by our Top Management following the double materiality approach.

Sustainability issues were evaluated from a double perspective:

- **Impact materiality** (inside-out), considering the impact that the identified topics could have on the society and the environment.
- **Financial materiality** (outside-in), considering the sustainability risks and opportunities associated with sustainability issues and their impact on our economic performance.

The outcomes of the analysis led to the definition of Passione Beauty Materiality Matrix, which outlines the relevant topics identified for our business, as depicted below:

Figure 7: Our Materiality Matrix



LEGEND

<p><i>Our Sustainability Pillars (Circle's color)</i></p> <p>● Environment ● Social</p> <p>● Governance ● Product</p>		<p><i>Financial Materiality (Circle's size)</i></p> <p>○ High relevance</p> <p>○ Medium relevance</p> <p>○ Low relevance</p>	<p><i>Overall relevance (Quadrant's color)</i></p> <p>■ Low overall relevance</p> <p>■ Medium overall relevance</p> <p>■ High overall relevance</p>
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As showed in the matrix, the top three material topics are Energy and GHG (Greenhouse Gases) emissions, Packaging, and People attraction, retention and development. A detailed description of the performed materiality analysis is reported in the “[Methodological Note](#)” section of the present report.

Based on the results of the analysis carried out, we developed a three-year ESG (Environmental, Social and Governance) Action Plan, built on the following sustainability pillars:

- **Our responsible business management:** adoption of an ethical attitude in the performance of our business activities and of the best practices to guarantee accountability and responsibility in both our clients' relationships and supply chain management.
- **Our people:** definition of a diverse and inclusive corporate culture oriented towards attracting and retaining human resources and ensuring management of workplace safety in line with regulatory compliance.

- **Our products:** ensuring the highest level of quality and safety standards and a continuous effort in promoting product innovation.
- **Our environmental impact:** promotion of practices and actions oriented towards reducing our environmental footprint.

The Action Plan, which includes specific actions, quantitative targets, and related monitoring KPIs, is the operative tool that guides us in the implementation of our sustainability strategy.




As part of our effort to ensure an alignment between our sustainability strategy and the UN 2030 Agenda, we have identified the UN Sustainable Development Goals (SDGs) which qualify as priorities according to our sustainability strategy and to which we can contribute the most.

The main milestones of our action plan are depicted in the table below.

Table 3: Our ESG Action Plan

Sustainability Pillars	Material topics	High level goals
Our Responsible business management 	Business Ethics	Strengthen the integration of the management system to prevent corruption ¹ and increase employees' awareness on business ethics
	Responsible Supply Chain	Strengthen control over the supply chain to improve responsible supply chain management
Our People 	People Attraction, Retention and Development	Monitor relevant HR-related KPIs and develop an employees' training plan for promoting the professional development of employees
	Diverse and Inclusive Work Environment	Implement measures aimed at ensuring fair and equal treatment and improve gender balance across our leadership roles
	Employees' Health and safety management	Develop a management system aligned with the ISO 45001 standards
Promote employees' awareness on health and safety through dedicated trainings		
Our Products 	Product Quality & Safety	Formalize a procedure on products quality and safety
	Product Innovation and Sustainability	Identify opportunities to obtain product-specific certifications internally and from suppliers

¹ Organizational, management and control system pursuant to the Italian Legislative Decree 231/2001 ("Modello 231").

	<p>Packaging</p>	<p>Improve the percentage of recycled packaging used in primary and/or secondary packaging</p>
<p><i>Our environmental impact</i></p>  	<p>Energy Management and GHG emissions</p>	<p>Monitor Scope 1 and 2 GHG emissions</p> <p>Implement energy efficiency initiatives</p>
	<p>Responsible Waste Management</p>	<p>Improve waste management by developing a waste recycling program and raise awareness about the topic among employees</p>

Our high-level commitments on material topics are disclosed within our ESG Policy, available on our website.

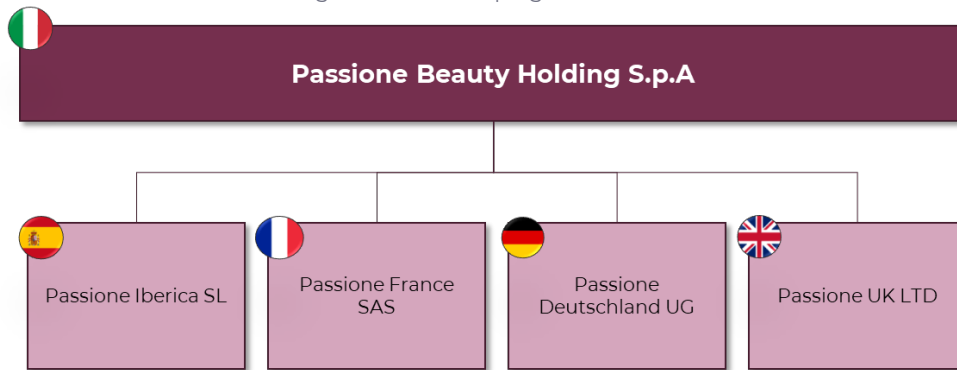
2 Responsible Business Management

2.1 A lean governance structure

As part of our project of business expansion, we acknowledge that the definition of a common and structured corporate governance represents a crucial factor for the establishment of a corporate identity.

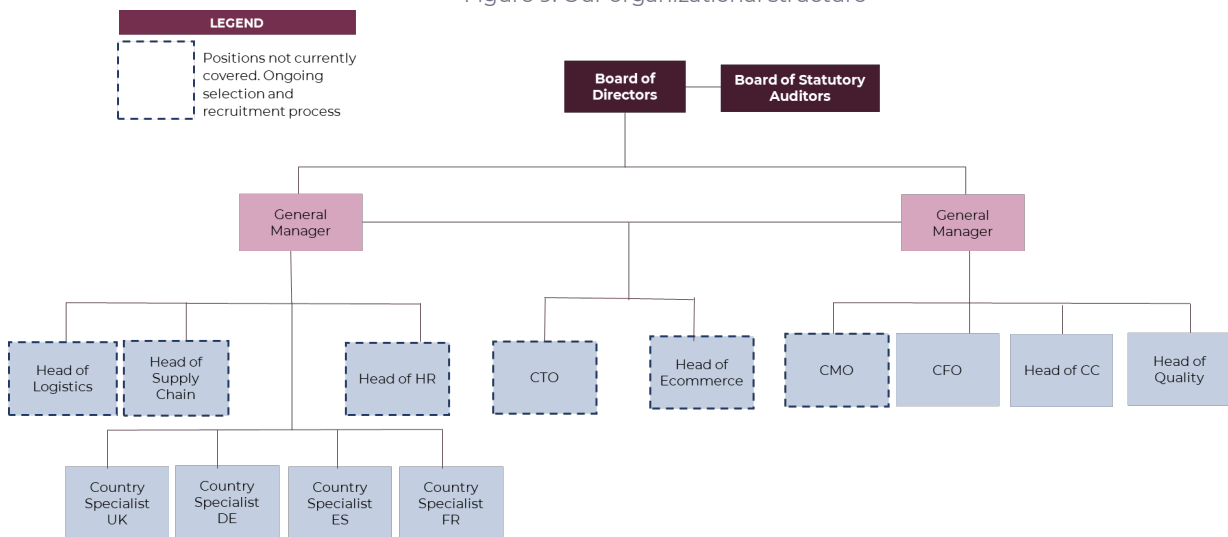
Our foreign subsidiaries, that operate through virtual locations only, are directly managed from the Italian Headquarter.

Figure 8: Our Group's governance structure



To ensure an effective communication and coordination at all levels of the organization, we adopt a lean organizational structure, as depicted in Figure 9 below.

Figure 9: Our organizational structure



In 2022 we started to formalize our middle management by researching new key professionals to cover strategic positions. An example is the appointment of a Human Resource Manager in February 2023. The selection process of an Operations Management and a Chief Marketing Officer is currently ongoing.

Our corporate governance is composed as follows:

- **Board of Directors**

Passione Beauty is governed by a Board of Directors, which oversees the Group's business activities and strategy. The current Board of Directors is composed of the Chairman and CEO and five Directors, including investors' representatives. The Board meets quarterly to discuss issues related to the management of the Group.

The following table shows our Board of Directors' composition:

Giacinto D'Onofrio	<i>Chairman</i>
Antonio Donà	<i>Director</i>
Andrea Barbierato	<i>Director</i>
Luca Felisati	<i>Director</i>
Mario Gardini	<i>Director</i>
Camillo Pane	<i>Independent Director</i>

The criteria taken into consideration when nominating and selecting the Board members included both shareholders' views and expertise concerning the beauty industry, as in the case of the independent member who was the former CEO of a primary company active in the cosmetics industry.

Passione Beauty acknowledges the strategic role that the Board of Directors plays in overseeing the management of the organization's impacts on the economy, environment, and people; consequently, sustainability related aspects have been included in our Board's agenda starting from January 2023. Our Board members discussed about the integration of sustainability-related aspects within corporate culture and strategy and assigned roles and responsibilities. Our General Director, reporting to the Board of Directors, has been appointed as ESG coordinator, in charge of integrating ESG aspects into our day-to-day business activities. In addition, the agenda included the discussion on the introduction of ESG objectives as a component of certain top management variable compensation (this will be formalized in 2023 and applicable from 2024).

- **Board of Statutory Auditors**

Our Board of Statutory Auditors is composed of a chairman, two statutory auditors and two alternate auditors in charge of monitoring and supervising the compliance with the law and with the principles of proper administration.

Matteo Carfagnini	<i>Chairman</i>
Ilaria Mariani	<i>Statutory Auditor</i>
Marcello Margotto	<i>Statutory Auditor</i>
Simone Fidanzi	<i>Alternate Auditor</i>
Marco Fabio Giulisano	<i>Alternate Auditor</i>

2.2 Business Ethics and Transparency

We are committed to conduct our business operations with integrity and honesty, and we uphold high ethical standards in all our activities.

With the objective of developing a solid ethical structure, in 2021 we adopted an anti-corruption management system pursuant to the Italian Legislative Decree 231/2001, including a Code of Ethics and a whistleblowing system, as mechanism to strengthen business ethics and prevent crimes that could determine the liability of the Group.

The Code of Ethics provides a clear definition of the rules of conduct that all recipients must adhere to promote an ethical conduct of our business activities. The [Code of Ethics](#) is publicly available for all our stakeholders on the Company website.

Employees are encouraged to reports any potential violations or suspects of violations of the Code of Ethics to the Supervisory Board (*Organismo di Vigilanza* in Italian). We guarantee to carry out checks on any report of violations of the Code, taking - in the event of an ascertained violation - appropriate measures.

Thanks to the promotion of an ethical conduct, no legal action regarding anti-competitive behavior, violations of anti-trust and monopoly legislation, nor incidents of corruption have ever been reported.

To raise awareness amongst employees about the importance of acting with integrity and transparency, we have set specific qualitative objectives to be achieved by 2023, as reported in the table below.

MATERIAL ESG TOPICS	HIGH-LEVEL GOALS
Business Ethics	Strengthen the integration of the anti-corruption management system and increase employees' awareness on business ethics

2.3 The sourcing process

We intend to foster a responsible management of our supply chain, by promoting the integration of ESG considerations in our sourcing process and actively engaging with our suppliers to ensure a continuous improvement of their environmental and social performance.

Considering the high level of uncertainty that characterizes our current business scenario, linked to e.g., inflation, EUR/USD exchange rate, raw materials scarcity, and the increase of their transportation's costs and delivery times, we acknowledge the importance of addressing significant challenges associated with supply chain efficiency and flexibility.

The main categories of supplied materials include bulk products (e.g., gel polish, semi-permanent nail polish and nail varnish), nailcare products packaging materials (e.g., glass polish bottles, brushes, plastic packaging, carton box, and labels), and finished products

(e.g., lamps, cutters, and nails files). In addition to raw materials' suppliers, we rely on external suppliers to perform bottling, labelling, packaging production, and transport activities.

We recognize that the identification and selection of appropriate collaborative partners represents a critical prerequisite for guaranteeing high product quality standards. In addition to the application of selection criteria linked to price, on time delivery and compliance with our quality standards, we are currently working on reviewing our suppliers' selection criteria to include ESG related aspects (e.g., holding management system certifications, use of renewable/recycled sources as product components etc.). Moreover, with the aim of limiting the level of risk exposure of our supply chain, we are working to reduce our reliance on a few suppliers for the procurement of our best-selling products by expanding our suppliers' base.

To foster continuous improvement in promoting responsibility in our sourcing process and to monitor supply chain's ESG risk and performance, we have set specific objectives to be met. Short-term objectives are indicated below.

MATERIAL ESG TOPICS	high-level goals
Responsible Supply Chain	Strengthen control over the supply chain to improve responsible supply chain management

2.4 Relations with our customers

We are committed to create and maintain a long-lasting and trustworthy relationships with our customers by fostering an on-going communication and active engagement with them. Simultaneously, we intend to guarantee high level of data security, by putting effort in minimizing the risk of data breach.

Our relations with customers are characterized by an open communication channel to foster the development of a strong connection between them and our brand. This has led to positive results in terms of customer retention, as proved by the repeat purchase rate (in 2022, accounting for about 85% of the sales).

Our main communication and engagement channels are our website and social media, the latter representing an effective tool to drive conversation into purchases. In fact, by utilizing both social media platforms to share new releases, product applications, and tutorials as well as Customer Relationship Management (CRM) tools for gathering feedback and potential requests, we have been able to develop a loyal social community through regular interactions (monthly active member rate > 70%).

Our Facebook brand Group represents one of the most important channels for establishing a constant dialogue with our customers, enabling them to provide feedback, which is then translated into catalog innovation.

With the aim of promoting a direct involvement in the management of our customers' relationships, we have opted for establishing an in-house customer care. Our customer care offices are in charge of fostering continuous interactions with our customers by leveraging on the use of the CRM tool to collect feedback and purchase requests.

Since we conduct our business online, protecting the security of data and payments is essential to us. We are committed to ensure the highest information security standards to

guarantee data protection in line with General Data Protection Regulation (GDPR). As a proof of our commitment to protecting personal data, we have adopted a Privacy Policy to inform our users about how their personal data are collected, used, and protected.

We require customer's specific consent for the use of the data collected for commercial and promotional purposes for direct marketing activities, including the sending of commercial communications, promotional material and direct offers for the sale of products and/or services.

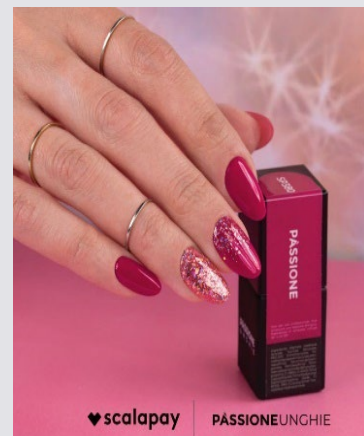
The choice of trusted partners for managing the data storage and the adoption of data security procedures allow us to minimize the risk of data breach. To strengthen the overall security of our proprietary e-commerce website, we leverage on the use of web application firewall (WAF), which consists of a security tool for monitoring, filtering and blocking incoming and outgoing data packets from website. Moreover, every three months, we conduct a vulnerability assessment of the entire website to assess the overall level of data security.

During 2021 and 2022, we recorded a total number of substantiated complaints related to customer privacy violations equal to zero.

PARTNERSHIP WITH SCALAPAY

For our Group, listening to customers' needs entails using feedback and requests to constantly improve the services and functionality of its e-Commerce. Among these, keeping up with major international trends in the development of online payments is a strategic key to expand the services.

For this reason, Passione Beauty in 2022 integrated the eCommerce with Scalapay, a BuyNowPayLater payment method that simplifies and instalments payments.



3 People-first: Our Group culture

3.1 Our People

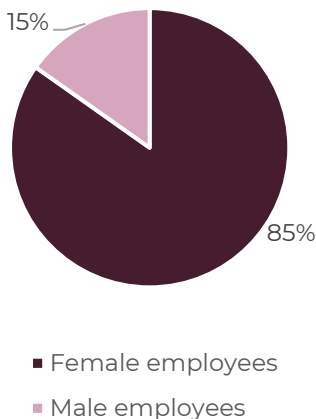
We are committed to promote a corporate culture that encourages continuous learning and skills development, empowerment and engagement of employees.

Our employees are our greatest asset and the reason why we are able to consistently provide outstanding value. We therefore seek to assist them in establishing a welcoming, accepting, safe, and inclusive workplace where they can further progress in their careers. We pursue this objective by promoting interpersonal relationships between employees founded on respect, loyalty and transparency.

Our people are managed internally by our Human Resources (HR) Manager (appointed in February 2023), who in charge of outlining a strategy with shared actions, defining common HR management and development approach, including e.g., welfare measures, retention initiatives and training programs.

At the end of 2022, our workforce comprised of 92 employees, of whom 78 females (85% of the total workforce) and 14 men (15%). Additionally, in 2022, we relied on a freelancer.

Graph 1: Workforce composition by gender



Of our 92 employees, the 80% is hired under a permanent employment contract and over 95% is hired with a full-time contract. The 100% of the staff is hired according to the National Collective Labor Agreement of the commercial sector (*Contratto Collettivo Nazionale del Lavoro* "CCNL" *Commercio*) under the Italian Law.



Table 4: Employee information

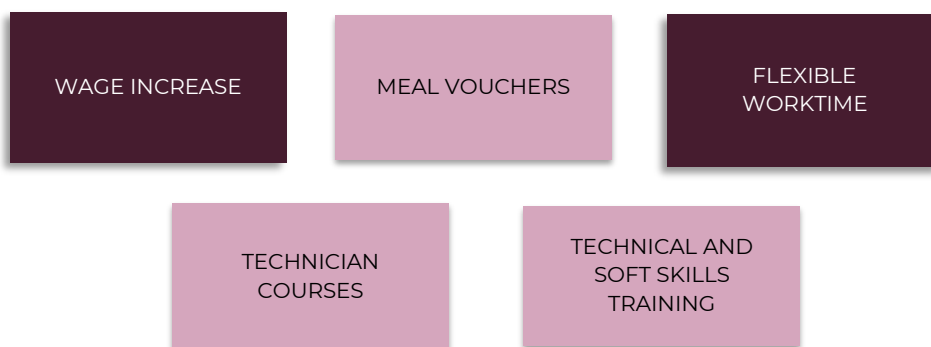
Nr. of Employees	Unit of measurement	2021	2022
Number of employees	Number (headcount)	74	92
Of whom female	%	84%	85%
Of whom male	%	16%	15%
Number of permanent contracts	Number (headcount)	55	74
Of whom female	%	82%	84%
Of whom male	%	18%	16%
Number of temporary contracts	Number (headcount)	19	18
Of whom female	%	89%	89%
Of whom male	%	11%	11%
Number of full-time contracts	Number (headcount)	69	88
Of whom female	%	83%	84%
Of whom male	%	17%	16%
Number of part-time contracts	Number (headcount)	5	4
Of whom female	%	100%	100%
Of whom male	%	0%	0%
Number of employees belonging to vulnerable groups and/or minority groups	Number (headcount)	5	3

In 2022, we increased the number of employees by 25%, i.e., 50 new hires (10 more with respect to 2021), as evidence of the rapid growth that Passione Beauty is facing. In 2022, the Group experienced a turnover of 43%.

Table 3: Employment information

New employee hires and employee turnover	Unit of measurement	2021	2022
New hires in reporting year	number (head count)	40	50
Hiring rate (tot)	%	54%	54%
Of whom female	number (head count)	30	39
Hiring rate female	%	48%	50%
Of whom male	number (head count)	10	11
Hiring rate male	%	83%	79%
Of whom < 30 years old	number (head count)	21	30
Hiring rate <30	%	43%	75%
Of whom 30 <= x <= 50	number (head count)	17	19
Hiring rate 30<=x<=50	%	77%	39%
Of whom > 50 years old	number (head count)	2	1
Hiring rate >50	%	67%	33%
Leavers in reporting year	number (head count)	13	32
Leavers' rate (tot)	%	18%	35%
Of whom voluntary leavers	number (head count)	13	18
Of whom female	number (head count)	7	25
Leavers rate female	%	11%	32%
Of whom male	number (head count)	6	7
Leaver rate male	%	50%	50%
Of whom < 30 years old	number (head count)	7	14
Leavers rate <30	%	14%	35%
Of whom 30 <= x <= 50	number (head count)	6	17
Leavers rate 30<=x<=50	%	27%	35%
Of whom > 50 years old	number (head count)	0	1
Leavers rate >50	%	0%	33%

In Passione Beauty, we recognize the importance of retaining the talents we hire. For this purpose, we have implemented a variety of initiatives to provide our staff with opportunities for both personal and professional development and increase employee motivation.



In 2022, we increased the wages for 100% of our employees (considering meal vouchers) and adopted a more flexible approach to the work-hours schedule.

Furthermore, we offered employees technical and soft skills trainings, as well as specific trainings on the most advanced techniques used in the nailcare industry.

Table 5: Training and education

Training data	Unit of measurement	2021	2022
Total hours of voluntary training provided to employees (excluding H&S)	hours/year	292	884
Of which technical training	hours/year	262	740
Of which soft skills training (e.g., project management, etc.)	hours/year	30	144
Hours of training provided per employee	hours/employee	4	10
Total hours of training provided to female employees	hours/year	222	784
Hours of training provided per female employees	hours/employee	4	10
Total hours of training provided to male employees	hours/year	70	100
Hours of training provided per male employees	hours/employee	8	7
Total hours of training provided to Managers	hours/year	0	0
Total hours of training provided to White Collars	hours/year	292	674
Hours of training provided per White Collar	hours/employee	4	8
Total hours of training provided to Blue Collars	hours/year	0	210
Hours of training provided per Blue Collar	hours/employee	0	35

To further generate value for our employees and our local community, we have undertaken multiple initiatives to engage our people in the city hosting our headquarters (Vicenza), such as the collaboration with the cosmetic and beauty school Victory. Furthermore, the Group is in the process of developing a long-term partnership with a network of 30 schools spread across Italy, including the [PoliEstetico](#) in Milan.

COLLABORATION WITH COSMETIC AND BEAUTY SCHOOL IN VICENZA

In 2022 we organized multiple-day training courses for our employees in collaboration with the cosmetic and beauty school [Victory](#), based in Vicenza. The aim was to provide our employees with the most up-to-date know-how and expertise in the world of nailcare to constantly deliver excellent service to our customers.

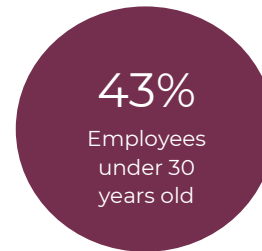


MATERIAL ESG TOPICS	HIGH-LEVEL GOALS
People Attraction, Retention and Development	<ul style="list-style-type: none"> □ Monitor relevant HR-related KPIs □ Develop an employees' training plan for promoting the professional development of employees

3.2 Diversity and inclusion

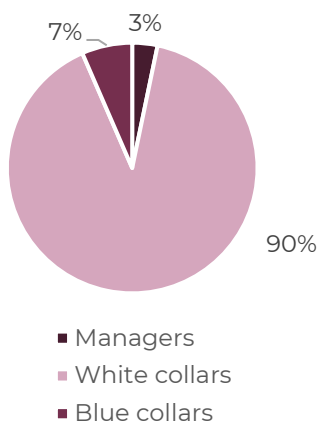
We are committed to create and maintain a diverse and inclusive workplace, ensuring access to the same opportunities for all employees.

At Passione Beauty we acknowledge the value generated and the strategic importance of a diverse workforce and of creating an environment where employees feel free to express themselves and reach their full professional potential. Hence, we oppose to discrimination based on any criteria, including gender, age, religion, nationality, etc. during the entire relationship with the Group.

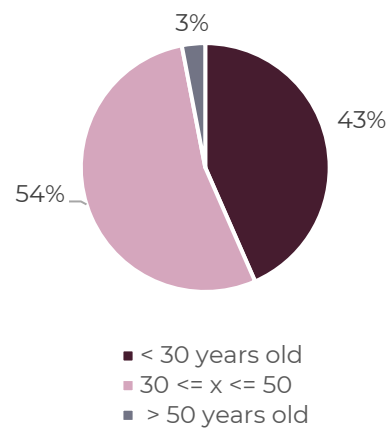


Our workforce is composed of a total of three managers, 83 white collars, and 6 blue collars (engaged in warehouse activities). As evidence of the dynamic work environment, the 43% of the total workforce is under 30 years of age and the 54% is aged between 30 and 50.

Graph 3: Diversity of workforce



Graph 2: Diversity of workforce by age



In 2022, the female component accounted for 85% of total workforce, mainly due to the characteristics of the business in which the Group operates. In 2022, the management was

composed by three members, among whom no woman was present. Considering this data, we are committed to work on improving gender balance across our management structure. As a first step towards this goal, at the beginning of 2023 we hired a HR female manager in charge of the whole recruitment process and the management of our employees.

Table 4: Diversity among employee categories

Diversity by employee category (in % out of total number of employees)	2021	2022
Percentage of Managers	4%	3%
Of whom female	0%	0%
Of whom men	100%	100%
Of whom < 30 years old	0%	0%
Of whom 30 <= x <= 50	100%	100%
Of whom > 50 years old	0%	0%
Percentage of White Collars	92%	90%
Of whom female	91%	94%
Of whom men	9%	6%
Of whom < 30 years old	72%	47%
Of whom 30 <= x <= 50	24%	49%
Of whom > 50 years old	4%	4%
Percentage of Blue Collars	4%	7%
Of whom female	0%	0%
Of whom men	100%	100%
Of whom < 30 years old	0%	17%
Of whom 30 <= x <= 50	100%	83%
Of whom > 50 years old	0%	0%

We also promote the integration of employees with disabilities in our workforce: in 2022, we employed 3 people belonging to vulnerable groups and/or minority groups and we are currently in the selection and recruitment process of new personnel.

To guarantee the respect of our values in terms of diversity and inclusion, we have established a whistleblowing channel system through which all our employees can report to the Supervisory Board any violations and case of discrimination. All references to the communication channel are indicated in our [Code of Ethics](#), available on our corporate website and on which all of our employees will receive a dedicated training in the next year.

MATERIAL ESG TOPICS	HIGH-LEVEL GOALS
Diverse and inclusive work environment	<ul style="list-style-type: none"> <input type="checkbox"/> Implement measures aimed at ensuring fair and equal treatment <input type="checkbox"/> Improve gender balance across our leadership roles

3.3 Promoting Health & Safety

We are committed to provide a safe workplace to our employees in line with compliance to the health and safety legislation.

Considering the activities carried out at our offices and warehouse in Vicenza, which do not include manufacturing nor resource transformation, the exposure to health and safety hazards is limited. Nonetheless, we strive to minimize occupational risks by implementing a health and safety management system and by providing relevant trainings to our employees.

In promoting and managing health and safety issues, we are supported by an external consultancy firm specialized in safety services of primary standing².

The Health & Safety (H&S) Manager (role covered by an external consultant) monitors and implements H&S procedures for the headquarters and the warehouse in Vicenza and drafts the Health and Safety Risk assessment (*Documento di Valutazione dei Rischi* or DVR, in Italian) as per Italian law (Legislative Decree 81/08). The most relevant risks identified for our Company are presented in the table below.

Table 5: Most relevant occupational risks for our Group

Interference among workers
Interference with moving equipment
Fires and emergencies
Falling loads from the shelves

In compliance with Legislative Decree 81/08, the Group regularly delivers health and safety trainings to its employees. In 2022, it provided 132 hours of health & safety trainings, a 56% increase compared to 2021.

As a result of the attention paid to H&S issues, the Group recorded only 3 injuries in 2022, of which all were non-serious injuries and the rate of recordable work-related injuries (resulted from the relation between total lost time injuries and first aid over total worked hours) decreased from 27.5 to 23.0 in 2022. Furthermore, no work-related illnesses (i.e., illnesses caused by work conditions, physical agents, and mental illnesses) were ever recorded.

² The company was recognized as one of the 1000 best European companies for growth trajectory by the Financial Times as well as honored with award 100 Italian Excellencies, 8th Edition.

Table 6: Disclosure on work-related injuries

Work-related injuries	Unit of measurement	2021	2022
Number of injuries	number/year	3	3
Of which serious Lost time injuries (LTI) (injuries causing permanent disabilities or more than 40 work lost days)	number/year	0	0
Of which non serious LTI	number/year	3	3
Of which first aid (FA)	number/year	0	0
Rate of serious LTI work-related injuries (excluding fatalities)	(Serious LTI/Worked hours) x 1,000,000	0	0
Rate of recordable work-related injuries	[(Total LTI+FA)/Worked hours] x 1,000,000	28	23
Number of commuting injuries	number/year	0	3
Number of work-related ill health	number/year	0	0
Number of worked hours	hours/year	109,097	130,694
Number of fatalities	number/year	0	0

As evidence of the commitment to ensure the highest standards of safety, we are currently in the process of developing a management system aligned with the ISO 45001, the standard for occupational health and safety, and it is our goal to pursue the ISO certification.

MATERIAL ESG TOPICS	HIGH-LEVEL GOALS
Employees' Health and Safety	<ul style="list-style-type: none"> <input type="checkbox"/> Develop a H&S management system in line with ISO 45001 standard <input type="checkbox"/> Promote additional employees' awareness on Health and safety through the provision of specific trainings

4 Our products

4.1 A diversified product offering

At Passione Beauty, we aim to offer our clients a large and diversified product offering. We do not want to simply keep up with the latest trends, but we want to anticipate them and provide our clients with innovative and exclusive products.

Over the years, we have expanded our product offering reaching over 1,900 stock-keeping units (“SKUs”) and enriching our product catalogue by about 30 new launches per month.

As a result, we are able to provide our clients with all the necessary instruments and products to navigate in the nailcare world and express their personality through new colors of semi-permanent gels, new trends and techniques for nail art.

Our core products consist of UV semipermanent, UV builders to allow nail modelling, and UV gels, nail polishes curable in UV/LED light to ensure long lasting effects.

To provide a complete nail care experience and reinforce our concept of one-stop-shop, our product offering includes equipment such as UV lamps, dust collectors, files, and buffer; accessories such as manicure and pedicure products; liquids such as nail preparation products and, lastly, nail builders and decorations including glitters, flakes, pearls, decals and transfer foils.

4.2 Product quality and safety

We are committed to offer products that meet regulatory requirements in terms of quality and safety, by conducting/monitoring tests on products throughout the supply chain. Moreover, we ensure management of product recalls through the definition of a procedure for withdrawing products from the market and appropriate prevention measures.

At Passione Beauty, we are committed to ensure the highest standards of safety of our products by complying with the European safety laws and by having thorough control over the safety and quality standards of our suppliers.

Before contracting a new supplier, quality checks are performed to test and select the formulations. Consequently, all our suppliers are required to provide an exhaustive documentation concerning the compliance with the provisions of law and the UE Cosmetics Regulation 1223/2000 in terms of safety of the products to be purchased, including the declarations of conformity of cosmetic products and the ingredients used, cosmetic products safety reports and assessments, declarations of products conformity for pregnant and breastfeeding women, and certificates of no animal testing.

As a result of this control, we were able to record zero number of accidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products and services, as well as zero product recalls from the market.

With regards to our product offering, we provide a HEMA-FREE³ product category, representing the 28.4% of our products, which is free from HEMA and Di-HEMA, two components that might lead to allergic responses.

³ HEMA is a monomer commonly used in cosmetics and nail products to adhere the gel to the nail that can cause allergies.

MATERIAL ESG TOPICS	HIGH-LEVEL GOALS
Product Quality & Safety	<ul style="list-style-type: none"> <input type="checkbox"/> Formalize a procedure to ensure product quality and safety

4.3 Product innovation and sustainability

We are committed to respond to market’s demand for more sustainable products, and to meet evolving environmental and social regulations, through the incorporation of ESG considerations in products’ characteristics.

In providing our customers with a unique experience and a diverse product offering, we constantly keep in sight the innovation and sustainability of our products.

We continuously monitor our market to ensure our products keep up with the most recent and upcoming trends in terms of sustainability and innovation. According to the market research, customers place increasing attention on the sustainability of products in terms of formulation and packaging preferring products made with natural and organic ingredients and bundled in environmentally friendly packaging.

All our products are cruelty-free with no animal testing and some of them are vegan-proof. We also intend to introduce new product lines in the coming years to adapt to the emerging preferences and to evaluate the possibility to obtain specific product certifications.

In addition, we have started monitoring the sustainability initiatives of our existing and potential suppliers, favoring those who demonstrate the greatest commitment to the cause in terms of emissions reduction and environmental targets.

MATERIAL ESG TOPICS	HIGH-LEVEL GOALS
Product Innovation and Sustainability	<ul style="list-style-type: none"> <input type="checkbox"/> Determine product requirements to obtain product-specific certifications issued by suppliers

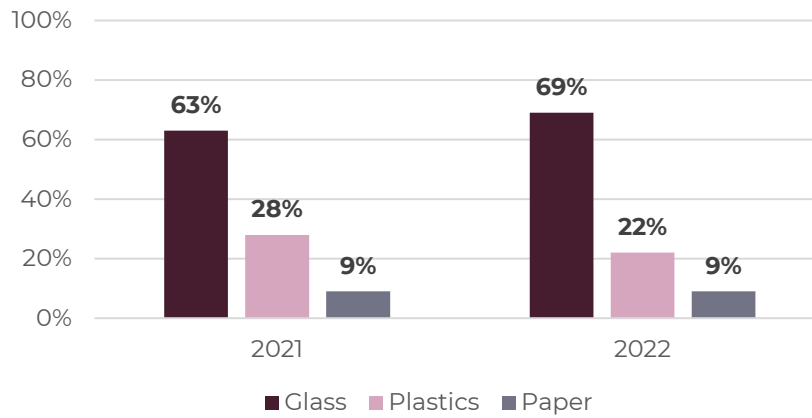
4.4 Sustainable packaging solutions

We are committed to caring about the design and materials used for primary and secondary packaging encouraging the use of recycled materials.

We recognize the importance of working on more sustainable packaging solutions for our products to reduce the environmental impact of our offerings. For this reason, we have worked over the years to improve the packaging of our products by making it more sustainable, such as increasing the percentage of recycled materials in our packaging, as well as using more durable and recyclable materials, such as glass instead of plastic.

With regards to our primary packaging, from 2021 to 2022 we were able to further reduce the percentage of plastic composition from 28% to 22%, which had already been drastically reduced in previous years, and increase the share of glass from 63% to 69%.

Graph 4: Material composition (in %) in primary packaging



In 2022, with respect to 2021, we have increased the percentage of recycled glass in primary packaging from 7% to 9% over total glass and the percentage of recycled plastics over total plastics from 22% to 27%. Nevertheless, since we still employ virgin plastic in the primary packaging, we are committed to investigating more sustainable alternatives in the future.

In addition, we have introduced larger formats for certain product categories, allowing us to save packaging material in relation to product weight and reduce our environmental impact associated with product disposal.

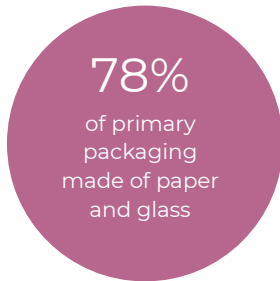


Table 7: Recycled input materials used for primary packaging

Recycled input materials used	Unit of measurement	2021	2022
Total weight of materials that used to package the organization's primary products	Tons/year	192	246
Percentage of recycled input materials	%	11%	13%

Our secondary packaging is composed of external cardboard and an internal filling to protect the product and a non-woven fabric bag.

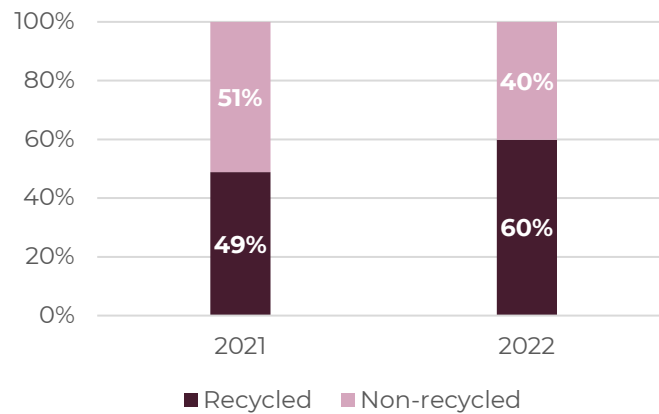
Over the course of 2021, we replaced the internal plastic filling with 100% recycled paper. As a result, at the end of 2021 the secondary packaging was composed for the 78% of cardboard, of which the 50% was recycled, and for a 22% of paper, which was 100%

recycled. Thanks to this improvement, at the end of 2021, the total amount of recycled material over total weight of secondary packaging was on average 49%.

To further improve the sustainability of our secondary packaging, in 2022 we were successful in increasing the recycled cardboard quota from 50% to 60% of the total cardboard used, which resulted in the increase of the quota of recycled material over total material used for the secondary packaging from 49% to 60% in 2022.

To continuously moving towards a more sustainable packaging solutions, we decided to progressively remove the non-woven fabric bag from all secondary packaging starting from 2023.

Graph 5: % of recycled and non-recycled materials in secondary packaging



MATERIAL ESG TOPICS	HIGH-LEVEL GOALS
Packaging	<ul style="list-style-type: none"> □ We are committed to improve the amount of recycled packaging used in primary and/or secondary packaging

5 Environmental impact

5.1 Reducing our environmental footprint

We are committed to continuously reduce our environmental footprint along the entire value chain by implementing initiatives to reduce our carbon footprint and enhance energy efficiency.

Due to the nature of our operations, the direct impact on the environment caused by our activities can be considered limited. Nevertheless, we pledge to minimize to the lowest our environmental footprint by efficiently managing resources, measuring our performance, and collaborating with our business partners on projects intended to support ongoing process of innovation and sustainability.

Over the reporting year, we started monitoring our emissions of greenhouse gases (GHG) according to the GHG Protocol standard⁴, a crucial step to identify improvement and reduction opportunities. In 2022, we generated in our headquarters and warehouse total GHG emissions of 191.8t CO₂e, of which 122 are Scope 1 emissions (direct emissions) and 69.8 Scope 2 emissions (indirect emissions), which mainly stem from electricity, natural gas, and refrigerant gases consumption (the latter in the maintenance operations of cooling units).

Table 8: GHG Emissions according to scope (in tCO₂e)

Scope of GHG emissions	2022
Total scope 1 and Scope 2	191.8
Scope 1	122*
Scope 2 (location-based) ⁵	69.8**
Scope 2 (market-based) ⁶	0

*Source of Emission factor: Defra 2022

**Source of emission factor: International Energy Agency (IEA) 2022.

Due to the relocation to a larger office, our electricity consumption increased from 171,505 kWh in 2021 to 262,666 kWh during the reporting year. Therefore, we implemented reduction solutions to promote resource efficiency which include the replacement of lamps with LED lights in all our offices and warehouse. In addition, we obtained 100% of our electricity from renewable sources (covered by Guarantees of Origin certificates).

With regards to natural gas, we were able to reduce its consumption from 14,341 in 2021 to 8,778 cubic meters in 2022 as a consequence of the upgrade of our heating system to class A.

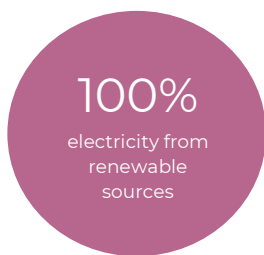
⁴ GHG Protocol: global accounting standards for greenhouse gases

⁵ Location-based: calculation method of Scope 2 GHG emissions that reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data)

Market-based: calculation method of Scope 2 GHG emissions that reflects emissions from electricity that an organization has purposefully chosen (or its lack of choice)

Table 9: Energy consumption

Energy source	Unit of measurement	2021	2022
Electricity consumption	kWh/year	171,505	262,666
Of which purchased from certified renewable sources (covered by Guarantee of Origin certificates)	%	100%	100%
Natural gas consumption	m ³	14,341	8,778



Our commitment to minimize our environmental footprint includes shipping and logistics. This is why in October 2022 we adhered to the Climate Project of our main logistic provider, GLS.

By adhering to the program, we are financially supporting initiatives and activities aimed at reducing the emission of CO₂ linked to logistics, which include:

- Investments in energy efficient buildings of the logistic provider
- Investments in zero emissions vehicles used to ship our products
- CO₂ calculation over the whole supply chain (from production to last mile)
- Offsetting projects in collaboration with Climate Partner, a multinational company specialized in the calculation and reduction of CO₂ emissions.

OFFSETTING PROJECT IN BRAZIL OF OUR MAIN LOGISTIC SUPPLIER

Pacajá, Brazil - GLS is committed to providing its support to prevent the deforestation of the Amazon rainforest through land tenure rights.

MATERIAL ESG TOPICS	OUR SHORT-TERM OBJECTIVES
Energy Management and GHG emissions	<ul style="list-style-type: none"> □ Monitor data related to Scope 1 (direct) and scope 2 (indirect, related to energy use) □ Implement additional energy efficiency initiatives

With the aim of achieving a more detailed overview of the environmental impact our Group has along the entire value chain and identifying the categories where we can take action to reduce our carbon footprint, we will evaluate Scope 3 material categories to be included in the estimation of the total Greenhouse Gases Emissions of the Group in the next years.

Moreover, over the upcoming years we are planning to furtherly reduce our direct carbon footprint by implementing energy-efficiency measures.

5.2 Our approach to waste management

We intend to promote a responsible waste management process that minimizes the amount of waste directed to landfill, through the promotion of initiatives aimed at reducing waste production and encouraging recycling.

Since our operations consist mainly of office and warehouse activities, the waste we generate is entirely non-hazardous and consists mostly of paper and cardboard (ca. 80%).

Table 11: Non-hazardous waste

Non-hazardous waste
Paper and cardboard
Plastic packaging
Mixed packaging waste

Recognizing the value of improved resource management and being aware of our sources of waste generation, we work to guarantee that materials sent to disposal are minimized and possibly reused or recycled.

For this reason, we do not discard the packaging received from our suppliers, but rather reuse it throughout the supply chain.

To reduce the amount of paper waste generated in our office, we work to raise awareness about the issue among our employees and encourage them to use less paper when printing orders. Furthermore, we intend to raise recognition regarding proper waste separation and collection by improving our separation system for recyclable materials.

MATERIAL ESG TOPICS	OUR SHORT-TERM OBJECTIVES
Waste Management	<ul style="list-style-type: none"> <input type="checkbox"/> Improve our office-waste recycling system <input type="checkbox"/> Raise awareness among the employees of the importance of recycling

6 Methodological note

6.1 Principles and criteria used for defining report quality and contents

Passione Beauty 2022 Sustainability Report represents the first official disclosure of the Group's sustainability specific commitments and initiatives. The present document was prepared with reference to the GRI Sustainability Reporting Standard defined in 2016 and reviewed in 2021 by the Global Reporting Initiative (GRI).

The reporting period of the information and data included in the present Report covers the FY 2022 (from 01.01.22 to 31.12.2022), as well as performance trends for the 2021–2022 two-year period.

The present document was prepared according to the GRI reporting principles for defining report content:

- **Stakeholder Inclusiveness:** the content of the present Report considers internal and external stakeholders' expectations. Even though for the present year of reporting only investors were directly engaged through a survey, a review of internationally recognized reporting frameworks (SASB and GRI standards) and the competitive landscape was performed to define material topics.
- **Sustainability Context:** Passione Beauty's performances reported in this document are presented in the wider sustainability context of the business and sector's trends.
- **Materiality:** the material topics reported have been identified in terms of their relevance for the business and its stakeholders, following the double materiality approach– internal stakeholders were asked to evaluate the materiality of the topics through the adoption of both "outside-in" and "inside-out" perspectives. For more details concerning the double-materiality approach adopted for the definition of the material topics, please refer to the following section. External stakeholders were considered by performing a desktop analysis on main Sector Trends shaping the industry of reference and the competitive landscape.
- **Completeness:** the report covers the material aspects and their boundaries, which are sufficient to represent the most significant economic, social and environmental impacts of Passione Beauty's activities, and provide for an overview of the Group's performance in the reporting period.

Moreover, to ensure the quality of the reported information, the GRI reporting principles for defining report quality have been applied:

- **Accuracy:** the reported information is sufficiently detailed to understand and assess Passione Beauty's sustainability performance in the reporting period.
- **Balance:** the contents of this Report provide a balanced view of Passione Beauty's performance in the reporting period.
- **Clarity:** the information is presented to stakeholders in a clear and accessible manner by using an understandable language, describing the Group performance by means of graphs and tables and providing additional information complementing quantitative data, where needed.
- **Comparability:** the indicators presented in the document are reported for the 2021-2022 two-year period and accompanied by comments on their performance that allows an analysis of the Group's performance over time.
- **Reliability:** the information presented in the report has been gathered, analyzed and validated by the data owners, with the assistance of a consultancy firm. The economic data corresponds with the data in the financial statement.

- **Timeliness:** the present Report considers events occurring after 31 December 2022 that could be significant for assessing the Group’s performance by its stakeholders.

For any information regarding Passione Beauty’s Sustainability Report, please contact the Sustainability Coordinator, Gianluca Pappalardo, at the following email address: gianluca.p@pucosmetica.it.

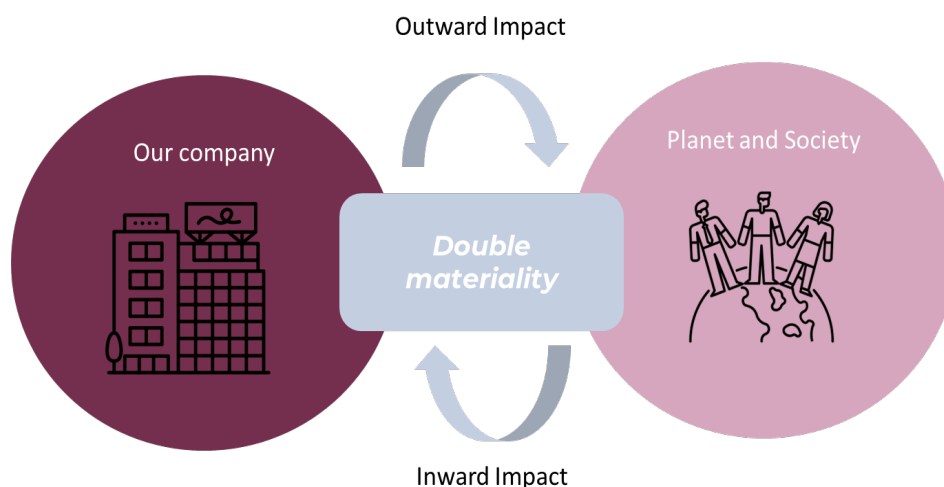
6.2 Materiality analysis – Double materiality approach

Passione Beauty’s material topics were identified through the performance of a materiality analysis in accordance with the GRI reporting principles for defining reporting contents.

The first step of the analysis is represented by the identification of the most relevant sustainability topics for our external stakeholders through the performance of both a peers’ benchmark analysis and a context analysis of key sustainability macro and industry’s trends. In this specific case, Sustainability Accounting Standards Board (SASB) standards for both “E-commerce” and “Household & Personal products” sectors and GRI sector specific Standards were reviewed. Moreover, we engaged directly with our investors, to get their perspective on sustainability topics to be prioritized within our sustainability strategy.

Once the sustainability topics of potential relevance were defined, we conducted a workshop activity involving the top management, to collect input on internal perspective on material topics. The top management evaluated the proposed sustainability topics through the double materiality approach as recommended by the Corporate Sustainability Reporting Directive (CSRD). Sustainability topics were assessed from a dual perspective:

- **Inside-out perspective** (Impact materiality): considering the positive and negative impacts, actual and potential impacts that Group’s management of a specific sustainability topics can have on society and the environment.
- **Outside-in perspective** (Financial materiality): considering the risks and opportunities arising from managing, correctly or otherwise, specific sustainability topics and the impact that they could have on Group’s financial and economic performance.

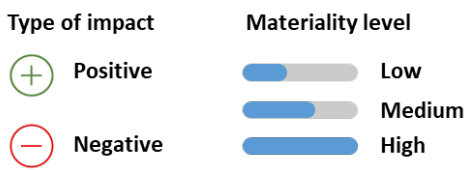


Considering the Impact materiality assessment, the following parameters were used to evaluate potential positive and negative impacts linked to each material topics in line with the requirements of the Corporate Sustainability reporting Directive and the [Double Materiality Guidelines](#) published by EFRAG in 2022:





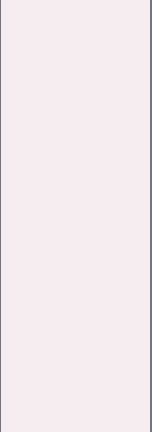






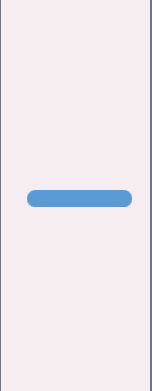


- Scale: Severity of impact;
- Scope: Perimeter of impact;
- Remediability: Ability to mitigate impact.

With respect to the financial materiality assessment, this was analyzed considering financial impact on growth and/or profitability.

An extract of the analysis (top material topics) is presented below:

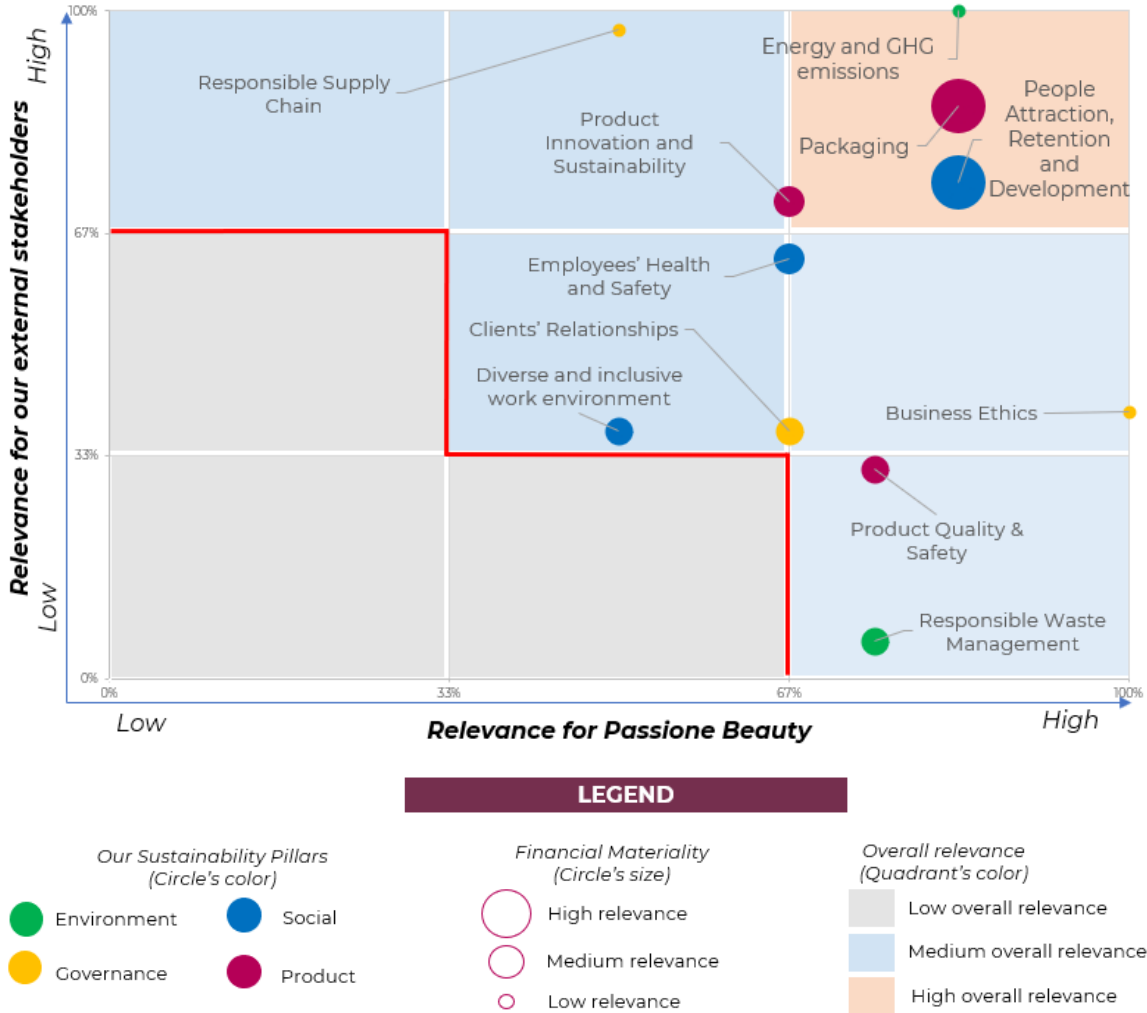


Sustainability Material Topics	Sustainability Impact (inside-out impact)						Financial Materiality (outside-in impact)	
	Our Material topics	Main generated impact	Type of impact	Scale	Scope	Reversibility of the impact	Impact Results	Impact on growth/profitability
Energy Management and GHG emissions	Monitoring of energy consumption and identification of possible areas for improvement to achieve a reduction in the emissions generated.							
	Not monitoring emissions would lead to an incorrect assessment of the company's impact in terms of emissions produced and the non-definition of reduction actions.							
People Attraction Retention and Development	Promotion of a corporate culture that encourages continuous learning and skills development and employee engagement in order to retain the most talented workforce and support the product innovation process within the company.							
	Potentially high level of employee turnover. Negative social and economic impact on the society in which the company operates.							

Packaging	Reduced impact on the environment due to reduced exploitation of virgin raw materials, reduced production of waste and scraps, easier recycling and reuse, promoting the circular economy.						
	Difficulties in reducing raw material consumption and difficulties in recycling materials.						
Product Innovation and Sustainability	Product innovation that takes into account sustainability, to be on top of market trends and gain market share.						
	General customer dissatisfaction and failure to gain market/align with competitors' initiatives						

The output of the materiality assessment exercise, has led to the definition of the materiality matrix reported below:

Figure 8: Our Materiality Matrix



For each material topic, a description is provided, together with the related GRI disclosure.

Material Topic	Description	GRI Disclosure
Responsible Business Management		
Business Ethics	Adoption on an ethical attitude in the conduction of business activities (e.g., by implementing anti-corruption measures, anti-competitive practices, through the definition of the Italian Organizational Model pursuant to Legislative Decree 231/2000). Provision of training and activities concerning the implemented business ethics practices to employees and stakeholders.	-Anti-corruption -Anti-competitive Behavior

Responsible Supply Chain	Selection of suppliers through criteria that include environmental and social aspects. Management of suppliers' relations to improve their environmental and social performance.	-Supplier environmental assessment; -Supplier social assessment.
Customers' Relationships	Management of risks related to the use of personally identifiable information (PII) and other data of customers or users for secondary purposes, including marketing through affiliated and unaffiliated partners. Guarantee of the security of online payments, assistance through a dedicated customer service and management of product feedback (e.g. in terms of sustainability, product quality and safety, etc.) received	-Customer privacy.
People-first: Our Group culture		
People Attraction, Retention and Development	Definition of a process for the recruitment of qualified personnel. Promotion of a corporate culture that encourages continuous learning and skill development, empowerment, and involvement of employees in order to retain talented personnel and support the innovation process within the Group	-Employment; -Labor Management relations; -Training and education;
Employees' Health and Safety	Ability to create and maintain a healthy and safe work environment by ensuring optimal management of workplace safety practices even beyond regulatory compliance	-Occupational Health & Safety
Diverse and inclusive work environment	Creating and maintaining a diverse and inclusive workplace (regardless of gender, age, cultural background, skills, race, religion, sexual orientation, and disability), ensuring access to the same opportunities for all employees.	-Diversity and Equal opportunities; -Non-discrimination.
Our products		
Product Quality & Safety	Offer of products that meet regulatory requirements in terms of quality and safety, by conducting/monitoring tests on products throughout the supply chain. Ensure management of product recalls through the definition of a procedure for withdrawing products from the market and appropriate prevention measures	-Customer Health and Safety
Product Innovation and Sustainability	Provision of a response to market's demand for more sustainable products (e.g., resulting from the collection of their feedback) and meet evolving environmental and social regulations, through the incorporation of environmental, social	-Materials.







	and governance considerations (ESG) in products' characteristics (e.g., development of certified product lines and/or plant based).	
Packaging	Attention to the design and materials used for primary and secondary packaging, to reduce its environmental impact (e.g., selection of packaging made from recycled and/or certified materials).	-
Environmental impact		
Energy and GHG emissions management	Implementation of initiatives to promote energy efficiency and consumption reduction. Active commitment of the Group to reduce its environmental impact along the entire value chain (Scope 1, 2, 3) by implementing initiatives to reduce direct and indirect greenhouse gas emissions	-Energy; -Emissions.
Responsible Waste Management	Promotion of a responsible waste management process in order to reduce the production of waste directed to landfill, through the implementation of initiatives aimed at recycling waste materials.	-Waste.



6.3 Reporting Scope

The present document represents the first Sustainability Report of Passione Beauty and contains a description of the initiatives and activities in 2022, as well as performance trends for the 2021–2022 two-year period. Moreover, a brief description of the activities that are planned for 2023 is provided in the present Report. Performance indicators are collected annually, and reporting is also annual.

The reporting scope is aligned with that of the Passione Beauty Financial Statements. Any exception is indicated in the table below, which, as defined by the GRI principles, identifies the boundary of each material topic's impact along the entire value chain of our Group, explaining whether this is internal or external.

Table 12: The boundary of Passione Beauty's material topics

	SUPPLY CHAIN 	PRODUCTION AND PACKAGING 	COMMERCIALIZATION & LOGISTIC 	SHIPPING 	CLIENTS 	END OF LIFE 
RESPONSIBLE BUSINESS MANAGEMENT						
Business Ethics						
Responsible Supply Chain						
Clients' relationships						
OUR PEOPLE						
People Attraction, Retention and Development						
Employees' Health and Safety						
Diverse and inclusive work environment						
OUR PRODUCTS						
Product Quality & Safety						
Packaging						
Product Innovation and sustainability						
ENVIRONMENTAL IMPACT						
Responsible Waste management						
Energy and GHG Emissions						

LEGEND	
	Impact
	Internal
	External

7.4 Calculation Methods

Information on the calculation methods used for certain indicators reported in the Sustainability Report is provided below.

Hiring and Turnover rate

- **Hiring rate:** calculated as the number of new hires during the year compared to the number of Group employees as of 31 December of the same year.
- **Turnover rate:** calculated as the number of employees who left the Group during the year compared to the number of Group employees on 31 December of the same year.

Training

- Average training hours: total number of training hours / total number of employees (headcount).

Health and safety indicators

Work related injuries refer to accidents with at least one workday lost (excluding the day of the accident). Injuries include commuting injuries.

The health and safety indicators have been calculated as follows:

- Recordable injury rate: number of injuries that occurred in the year (including illnesses) / hours worked* 1,000,000

Energy consumption

Energy consumptions are calculated by a third-party consultant. The conversion factors used to standardize energy consumption derive from National Inventories (the most recent version).

Greenhouse gas emissions

Greenhouse gas (GHG) emissions are calculated by a third-party consultant, based on the principles of GHG Protocol. The greenhouse gases considered were carbon monoxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). The emission factors used to calculate GHG emissions derive from National Inventories (the most recent version).

6.4 GRI Content Index

Passione Beauty has reported the information cited in the following GRI content index for the period 2021-2022 with reference to the GRI Standards.

GRI Standard	Disclosure	Chapter / Paragraph	Notes	Omission
GRI 2: GENERAL DISCLOSURES 2021				
THE ORGANIZATION AND ITS REPORTING PRACTICES				
2-1	Organizational Details	3.1 About us		
2-2	Entities included in the organization's sustainability reporting	3.1 About us 4.1 A lean governance structure		
2-3	Reporting period, frequency and contact point	6. Methodological Note		
2-4	Restatements of information		Not applicable as first reporting year	
ACTIVITIES AND WORKERS				
2-6	Activities, Value Chain and other business relationships	3.2 Driving our market		

2-7	Employees	5.1 Our people		
2-8	Workers who are not employees	5.1 Our people		
GOVERNANCE				
2-9	Governance Structure and Composition	4.1 A lean governance structure		
2-10	Nomination and Selection of the highest governance body	4.1 A lean governance structure		
2-11	Chair of the highest governance body	4.1 A lean governance structure		
2-12	Role of the highest governance body in overseeing the management of impacts	4.1 A lean governance structure		
2-13	Delegation of responsibility for managing impacts	4.1 A lean governance structure		
2-15	Conflict of interest	4.1 A lean governance structure		
2-16	Communication of critical concerns	4.1 A lean governance structure		
2-17	Collective Knowledge of the highest governance body	4.1 A lean governance structure		
2-18	Evaluation of the performance of the highest governance body	4.1 A lean governance structure		
2-19	Remuneration policies	4.1 A lean governance structure		

2-20	Process to determine remuneration	4.1 A lean governance structure		No data available concerning the process to determine remuneration
2-21	Annual Total Compensation Ratio	4.1 A lean governance structure		No data available concerning the annual total compensation Ratio
GOVERNANCE				
2-22	Statement on sustainable development strategy	1.Letter from Chairman		
2-23	Policy Commitments	4.2 Business Ethics and transparency		
2-24	Embedding Policy Commitments	4.2 Business Ethics and transparency		
2-25	Processes to remediate negative impacts	4.2 Business Ethics and transparency		
2-26	Mechanisms for seeking advice and raising concerns	4.2 Business Ethics and transparency		
2-27	Compliance with law and regulations	4.2 Business Ethics and transparency		
2-28	Membership Associations	3.2 Driving our market		No data available concerning membership associations
STAKEHOLDER ENGAGEMENT				
2-29	Approach to stakeholder engagement	3.4 Our stakeholders		
2-30	Collective bargaining agreements	5.1 Our People		
GRI 3: DISCLOSURES ON MATERIAL TOPICS				

3-1	Process to determine material topics	3.5 The journey towards Sustainable Development 8.2 Materiality Analysis		
3-2	List of material topics	8.2 Materiality Analysis		

GRI Standard	Disclosure	Chapter / Paragraph	Notes	Omission
MATERIAL TOPICS				
ECONOMIC PERFORMANCE				
GRI 3: Disclosure on Material Topics				
3-3	<i>Management of material topics</i>			
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	3.3 Economic Performance		
ANTI-CORRUPTION				
GRI 3: Disclosure on Material Topics				
3-3	<i>Management of material topics</i>			
GRI 205: Anti-corruption 2016				
205-2	Communication and training about anti-corruption policies and procedures	4.2 Business Ethics and transparency		
205-3	Confirmed incidents of corruption and actions taken	4.2 Business Ethics and transparency		
ANTI-COMPETITIVE BEHAVIOR				
GRI 3: Disclosure on Material Topics				
3-3	<i>Management of material topics</i>			
GRI 206: Anti-competitive Behavior 2016				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	4.2 Business Ethics and transparency		
MATERIALS				

GRI 3: Disclosure on Material Topics				
3-3	Management of material topics			
GRI 301: Materials 2016				
301-2	Recycled input materials used	5.2 Sustainable packaging solutions		
ENERGY				
GRI 3: Disclosure on Material Topics				
3-3	Management of material topics			
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	7.1 Reducing our environmental footprint		
EMISSIONS				
GRI 3: Disclosure on Material Topics				
3-3	Management of material topics			
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	7.1 Reducing our environmental footprint		
305-2	Energy indirect (Scope 2) GHG emissions	7.1 Reducing our environmental footprint		
WASTE				
GRI 3: Disclosure on Material Topics				
3-3	Management of material topics			
GRI 306: Waste 2020				
306-4	Waste diverted from disposal	7.2 Our approach to waste management	The Group did not register waste diverted from disposal by recovery operation in 2021 and 2022.	
SUPPLIER ENVIRONMENTAL ASSESSMENT				
GRI 3: Disclosure on Material Topics				
3-3	Management of material topics			
GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using	4.3 The sourcing process	In 2021 and 2022, Passione Beauty has not applied	

	environmental criteria		environmental criteria in the screening process of new suppliers.	
EMPLOYMENT				
GRI 3: Disclosure on Material Topics				
3-3	Management of material topics			
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	5.1 Our people		
OCCUPATIONAL HEALTH AND SAFETY				
GRI 3: Disclosure on Material Topics				
3-3	Management of material topics			
GRI 403: Occupational health and safety 2018				
403-9	Work-related injuries	5.3 Promoting health and safety		
TRAINING AND EDUCATION				
GRI 3: Disclosure on Material Topics				
3-3	Management of material topics			
GRI 404: Training and education 2016				
404-1	Average hours of training per year per employee	5.1 Our people		
404-3	Percentage of employees receiving regular performance and career development reviews	5.1 Our people	In 2021 and 2022, no employee received regular performance and career development reviews because the human resources manager hadn't yet been hired.	
DIVERSITY AND EQUAL OPPORTUNITY				
GRI 3: Disclosure on Material Topics				

3-3	<i>Management of material topics</i>			
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	5.2 Diversity and inclusion		
NON-DISCRIMINATION				
GRI 3: Disclosure on Material Topics				
3-3	<i>Management of material topics</i>			
GRI 406: Non-Discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	5.2 Diversity and inclusion		
SUPPLIER SOCIAL ASSESSMENT				
GRI 3: Disclosure on Material Topics				
3-3	<i>Management of material topics</i>			
GRI 414: Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria	4.3 The sourcing process	In 2021 and 2022, Passione Beauty has not applied environmental criteria in the screening process of new suppliers.	
CUSTOMER PRIVACY				
GRI 3: Disclosure on Material Topics				
3-3	<i>Management of material topics</i>			
GRI 418: Customer Privacy 2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.4 Relations with our customers		
NOT GRI DISCLOSURE				
PRODUCT QUALITY AND SAFETY				
NOT GRI	Number of recalls issued	6.2 Product quality and safety		

NOT GRI	Percentage of HEMA-free products	6.2 Product quality and safety		
PACKAGING				
NOT GRI	Percentage of plastic packaging over total	6.4 Sustainable packaging solutions		

Passione Beauty's Sustainability Report 2022 was approved by the Board of Directors on March 30th, 2023, assessing its completeness and consistency with the topics identified in the materiality matrix.