

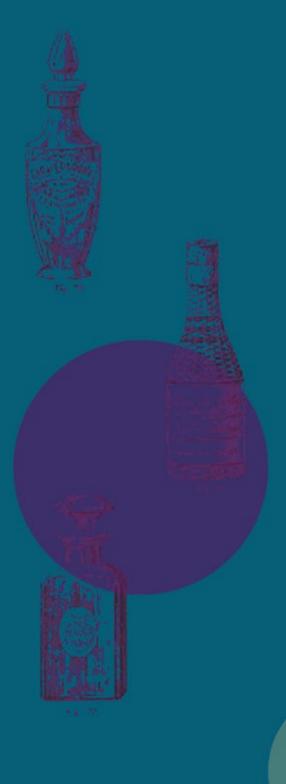
### 2016 Sustainability Report





### 2016 Sustainability Report















Contents













CEO Letter	6
1. About the Group	7
1.1. 2016 Company Highlights	7
1.2. Approaching Sustainability	8
<b>1.3.</b> Perfume Holding and its Corporate Governance	11
1.3.1 Corporate Governance	11
Perfume Holding's priorities	13
2. Product stewardship	14
2.1. Responsible products	14
2.2. Quality and safety for customers	16
2.3. Product Innovation and R&D	17
<b>2.4.</b> Labeling and packaging	18
2.5. Customer satisfaction	19
2.5.1. Customer privacy	20
3. Creating value for people and society	21
3.1. Employees	21
<b>3.1.1.</b> Development and training	22
3.1.2. Health & Safety at work	23
<b>3.2.</b> Supporting the local community	24
3.3. Value creation	25
4. Respecting the environment	26
4.1. Energy and Emissions	26
<b>4.2.</b> Water	27
<b>4.3.</b> Waste	28
4.4. Animal welfare	29
5. Note on Methodology	30
6. Performance Indicators	32
<b>7.</b> Explanation of the material topics and its boundaries and correlation	36
with GRI Standards	
8. Correlation between UN Global Compact and GRI Standards	37
9. GRI Standards – Content Index	38

This document represents the Group's first Sustainability Report and is a very important achievement for us. It will be marked as a key milestone for the company, manifesting our commitment to sustainability. In fact, the publication of this report falls exactly ten years after Morris Profumi obtained the environmental certification UNI EN ISO 14001.

The company's priority is ensuring our business activities respect both the environment and people, and together with the implementation of our Environmental, Safety and Social Responsibility Policy, our objective is to reach the perfect balance between natural resource consumption and economic growth in the long run, while working towards sustainable development and an improved quality of life.

The environmental and social issues that we face on a daily basis push us to shift our attention towards sustainability more and more, thriving to reach the equilibrium between environmental, economic and social aspects and ensuring we meet the needs of current generations without compromising the needs of future generations.

Hence, it is clear that manufacturing companies play an important role in this context and we do not want to pull back, contrarily, we want to be an example in demonstrating that it is possible for financial growth and protection of nature and people to go hand in hand and in line with green economy and sustainable development principles.

For this reason, we have adhered to the UN Global Compact and we are committed to working in conformance with its ten principles - which focus on labor, human rights, environment and anti-corruption - and working in consonance with the Agenda 2030 for Sustainable Development, which builds on the 17 Sustainable Development Goals of the United Nations. These goals include poverty eradication, gender equality, health & safety and fighting climate change.

Our achievements have been many, but the sustainability path is still long and we want to walk it with courage, faith and enthusiasm. We want this report to be the first of a long series in demonstrating our concrete and constant commitment.



### 1.1 2016 Company Highlights

15 brands

**360°** integrated approach

**€81 million** 2016 revenues

Distribution in 80 countries

55k pieces/day production capacity

176 employees

More than 30 training courses

74% women

**84%** of the workforce based in Parma

**62%** of waste sent to recovery plants

**538.9** tCO<sub>2</sub>eq GHG Emissions

10%
reduction in
water
discharge
compared to
2015

. About the Group

### 1. About the Group

### 1.2 Approaching Sustainability

Within a context of increasing awareness and worldwide attention for sustainability topics, in 2016, Perfume Holding decided to embark on its journey towards corporate sustainability, seeking to grow the business while considering both positive and negative impacts of its operations on society and the environment, and publishing its first Sustainability Report. This report aims to give a clear picture of the Group's approach to sustainability, bringing institutional, economic and social insights related to the main internal and external initiatives the Group has promoted, highlighting the impact generated and the value created for society.

For the preparation of this Report, Perfume Holding carried out a materiality analysis in order to identify and address all the relevant sustainability issues for the Group's business and its stakeholders.

The process was undertaken by applying the 2016 GRI Sustainability Reporting Standards and was composed of several phases.

First, Perfume Holding identified and selected its stakeholders to be involved in the materiality analysis – through a preliminary analysis (e.g. industry benchmark) – in order to better understand their expectations and translate them into actionable objectives.

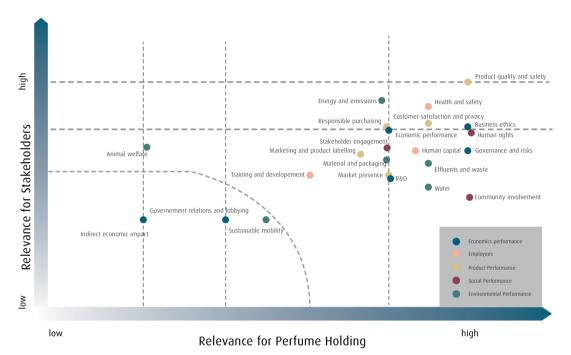
### Stakeholder Mapping



Next, the Group identified the most significant economic, environmental and social aspects that could potentially influence the assessment and decisions of stakeholders. These topics were analyzed on the basis of the results of an industry benchmark and the GRI Sustainability Reporting Standards. Subsequently, both internal and external stakeholders were surveyed in order to evaluate and prioritize the topics based on their importance to the Group and to its key stakeholders. Finally, these topics were mapped to create the **first materiality matrix** which,

on the x-axis, represents the relevance of the topics for Perfume Holding, and on the y-axis, their relevance for stakeholders. The picture emerging from the matrix serves as a tool for defining the Group's sustainability strategy, hence the aspects that are covered within this Report.

The matrix will be reviewed and updated when necessary to ensure it fully reflects the Group's sustainability priorities, critical issues and future opportunities.



The most relevant topics, presented in the top-right corner, mostly relate to the product quality, business responsibility, environment and health & safety. The-

se topics reflect Perfume Holding's priorities and its commitment to its customers and its people, and are therefore the focus of this Report. The topics that fall below the dashed line are classified as irrelevant to the Group's core business.

### **UN GLOBAL COMPACT**

In order to reinforce its dedication to sustainability, Perfume Holding became a signatory of the UN Global Compact in 2016 and is committed to working towards its 10 principles. The global initiative, supported by the United Nations, is based on universal sustainability principles addressing four

key areas: **Human Rights, Labor, Environment** and **Anti-corruption**. In being a signatory to the UN Global Compact and integrating the principles into the company's core business, Perfume Holding not only confirms its main responsibilities to people and the planet, but also sets the stage for long-term success.



### **10**

### About the Group

### Perfume Holding's Sustainability Path

Perfume Holding has been working towards sustainability for many years. The key steps in the Group's sustainability journey are the following:



- Perfume Holding becomes a signatory of the UN Global Compact in 2016 and defines its commitment towards its 10 principles.
- The Group prepares its first Sustainability Report.

2015

- Morris Profumi S.p.A. earns the "**Silver Recognition Level**", ranking among the top 30% of performers evaluated by EcoVadis<sup>1</sup>.
- For the first time, Perfume Holding includes non-financial information into the 2015 Annual Report, in order to provide stakeholders an overview of its sustainability approach.

2013

- The Code of Ethics is approved by the Board of Directors of Morris Profumi S.p.A.
- Morris Profumi S.p.A. obtains the **UNI EN ISO 22716:2008** certification.
- The production plant in Parma is thermally insulated.

2007

• Morris Profumi S.p.A. obtains the **UNI EN ISO 14001:2004** certification. For the first time, a roadmap with environmental, health and safety targets is defined, to be updated on an annual basis.

<sup>&</sup>lt;sup>1</sup> Ecovadis is a collaborative platform that rates sustainability performance of companies based on CSR policies and supply chain management.

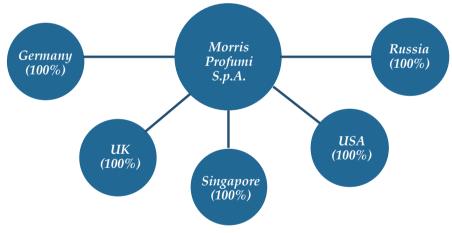
### 1.3 Perfume Holding and its Corporate Governance

Perfume Holding is an international Group that offers a unique integrated approach, from the creation to the production and distribution of perfumes.

Driven by creativity and passion, the Group boasts prestigious portfolio<sup>2</sup>, consisting of proprietary brands such as Atkinsons London 1799, I Coloniali, English Garden and Morris, and also licensed brands like Dirk Bikkemberas, Ferrari, Iceberg, Liu Jo, Sergio Tacchini and the addition of ting and communications. Fiat 500 as of 2016.

Perfume Holding's corporate goal is to be the leader in the niche and selective segment of perfumes and cosmetics markets. Its scientific know-how and its unique integrated approach allow for the choice of the finest essences in the laboratory, a strategic distribution through the network, product selection according to the target market, as well as outstanding marke-

Perfume Holding's operations are mainly based in Italy with R&D, Regulatory Affairs, Quality Control, Manufacturing and Production. Sales, Finance, Marketing and Creation departments. Products are distributed in over 100 countries, with representative offices in the U.S.A., United Kingdom, Germany, Italy, Russia, United Arab Emirates and Singapore.



The Group is owned by Investindustrial, a leading European investment firm, and Orlando Management, a company operating in the private equity sector.

### 1.3.1 Corporate Governance

Corporate governance is the driving force behind all the decision making processes and plays a key role in establishing relationships of trust between the Group and its stakeholders: integrity and ethical

behavior of all members and collaborators is key to maintaining Perfume Holding's reputation and to ensure trust of all parties. Perfume Holding has implemented a control and governance system based

on a Board of Directors, comprising 7 members, which is entrusted to ensure the ordinary and extraordinary management of the Company.

<sup>&</sup>lt;sup>2</sup> A more detailed description of the Product Portfolio can be found in the Group's 2016 Annual Report

## . About the Group

### **Board of Directors\***

Chairman **Giovanni Borri**  Chief Executive Officer
Consolato Pace

Non Executive Director **Alessandro Fogo** 

Non Executive Director **Paolo Frigati** 

Non Executive Director **Roberto Maestroni** 

Non Executive Director

Martina Peterlini

Non Executive Director

Paolo Scarlatti

\*The Board of Director has been appointed on January 9, 2017, after the completion of the merger between Perfume Holding and Morris.

Perfume Holding recoanizes the importance of ethical behavior and social responsibility in the conduct of its corporate and business affairs and is committed to respecting the legitimate interests of its stakeholders and the community in which it operates. Although there is no specific training dedicated to human right policies or procedures, the Group's conduct and activities are guided by the Code of Ethics of Morris Profumi S.p.A., which was approved by the Board of Directors in 2013 and shared throughout the Group. This Code of Ethics represents the set of ethical values and standards of conduct, already deeply rooted

in the Group's culture, on which people working for the Group base their activities. The Code of Ethics is an instrument designed to preserve the value and the integrity of the company over time and represents a set of positive principles and standards the Group has chosen to adopt as a concrete expression of its commitment.

Moreover, the Group believes respect for Human Rights is the foundation for liberty, justice and peace. The organization, management and control model adopted complies with the provisions of Legislative Decree 231/2001 and implements procedures, crite-

ria and sanctions designed to ensure compliance with ethical values and standards of conduct set in the Code of Ethics. A number of preparatory activities have been carried out for the construction of a risk prevention and management system in line with the provisions of Legislative Decree 231/20013. Furthermore, the Group also takes environmental aspects into consideration in its risk management approach.

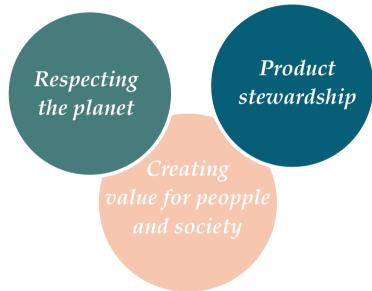
As a result of Perfume Holding's attention to these topics, no incidents of discrimination or corruption were recorded in the year.

<sup>&</sup>lt;sup>3</sup> More information is provided within the Code of Ethics and the 231 Model (both available on the website)

### Perfume Holding's priorities

The following chapters focus on the three key areas that guide Perfume Holding's sustainability agenda, based on the materiality analysis.

In particular, these priorities can be clustered into three different dimensions:



The year 2016 in brief

Product stewardship

More than 400 new product formulas tested

Development of new skincare products

Creating value for people and society

26.7 tons of products donated to charity

More than 1000 hours of employee training

Respecting the environment

10% reduction in water discharge

0.77% reduction in absolute electricity consumption

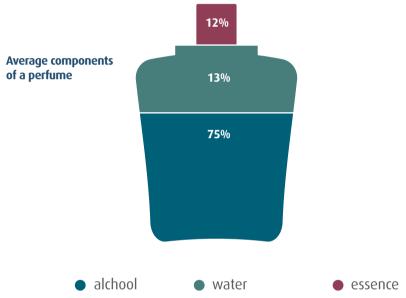
# Product stewardship

### What's inside your perfume?

For the production of the fragrance, the primary materials used are alcohol (usually around 75-78% of the fragrance), essence and water.

In 2016, 527 tons of alcohol and 95 tons of essence were used in the production plant.

Furthermore, around 95 tons of water were also used for the preparation of fragrances in 2016.



The main components for the production of perfume bottles and their packaging are glass, paper and cardboard, plastic (ferrules, caps, pipettes) and aluminum. All components are sourced from suppliers and not produced by the company itself. Glass, paper and aluminum are highly recyclable materials, and for this reason Morris Profumi S.p.A. sorts them separately from the remaining material in order to ensure they undergo a recovery process. The company is committed to eliminating secondary packaging of certain product lines in order to reduce paper and

cardboard consumption. The reduction in packaging size is also very important for the Group, with the aim of maintaining an adequate proportion between the size of perfume bottles and their packaging and consequentially reducing the amount of packaging required per product.

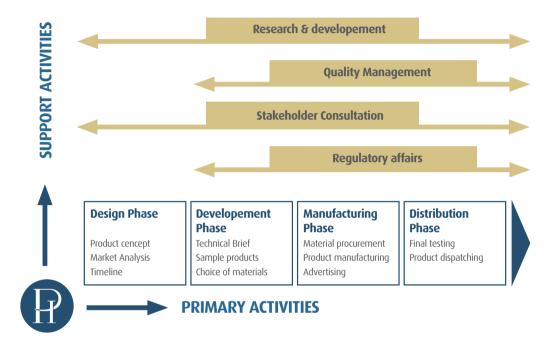
### 2.1 Responsible products

Perfume Holding's 360 degree integrated approach is one of the company's key strengths: the Group's activities include creation, development, production and

distribution of products. Having direct control over all stages makes Perfume Holding a unique actor within the industry due to its in-depth understanding

and expertise of the sector. The Group works with suppliers throughout all activities, from product design to product distribution.

The following figure illustrates Perfume Holding's 360° integrated approach:



### 360° Integrated Approach<sup>4</sup>

The Group's impacts lie not only in its operations and final products but also in its suppliers' and customers' operations. For this reason, Perfume Holding is committed to ensuring responsible procurement and excellence throughout the value chain. The Group has a qualification and evaluation procedure for suppliers as well as for subcontractors, which mainly consists in a questionnaire with queries on the quality management system, environmental impact, health

and safety of employees and CSR approach. A quality audit is conducted for all new subcontractors in order to sign a quality agreement to guarantee quality standards and procedures are being met. This allows Perfume Holding to ensure all suppliers and subcontractors apply the Group's standards throughout the supply chain. Furthermore, all environmental authorization is assessed to ensure their validity and respect of expiry dates. Suppliers are then ranked according to

their responses and if any specific issues are identified, corrective actions are taken (e.g. official communication, audits, etc.).

In 2016, a total of 96 suppliers (51%) have been assessed and the Group is committed to extending the process to 100% of suppliers. In addition, main suppliers are also required to sign Perfume Holding's Code of Ethics and operate in compliance with its principles.

<sup>&</sup>lt;sup>4</sup> A detailed description of the Integrated Approach can be found in the Group's 2016 Annual Report

### 2.2 Quality and safety for customers

key

and

DLO-

Holding's

priorities

quality

safe

offerina hiah

One of Perfume 100% of products are compliant with relevant EU regulations

ducts to customers. 100% of products are compliant with relevant European regulations and are assessed for health and safety impacts by qualified external safety experts before being launched into the market. The **product** safety assessment process involves expert knowledge with respect to the product composition, the chemical and physical properties of the ingredients, the manufacturing process and the method of application of the product. All the data needed for safety assessment is kept by the Regulatory Affairs department as part of the Production Information Forms (PIFs) and Cosmetic Product Safety Reports (CPSRs). The experts undertaking the assessment combine their in-market experience with best available techniques in order to perform proper safety evaluations. Relevant information is also collected from the distributors of the products, as they have useful sales and

market information.

The main steps of a safety assessment are:

- Ingredient testing, including potential effects of product packaging on the safety of the product;
- Identification of the final product and its compliance with Good Manufacturing Practices (GMP);
- Stability testing of the product before and during the use-phase, ensuring no additional safety risks are identified;
- · Analysis of product performance to ensure safety of exposure to substances. When possible, the safety margins are obtained. In cases where it is not possible to obtain the safety margins, bibliographic information of the ingredients is evaluated in order to assess health and safety impacts;
- Verification of the product labeling to ensure accuracy of the instructions and warning information provided and that all legal requirements are being met.

No episode of non-compliance relating to product quality and safety has been reported in 2016.

Morris Profumi S.p.A. demonstrated its commitment to continuous quality improvement by obtaining the ISO UNI EN 22716:2008 certification in June 2013. ISO UNI EN 22716:2008 is a harmonized standard and quideline for Good Manufacturing Practices (GMP) in the cosmetic sector.

The application of such standards allows to comply with provisions of the new European regulation 1223/2009 governing the composition, labelling and packaging of finished cosmetic products and ensuring a high degree of safety, transparency and objectiveness of product information.

Holding the ISO UNI EN 22716:2008 certification requires having a Quality Assurance System that, in order to maintain product warranty and safety, quarantees high quality and security of finished products through various procedures, such as: process mapping; criticality monitoring: internal and external planned audits in order to verify the compliance of the processes; and, employee training in line with Standard Operating Procedures (SOP). The Standard also certifies compliance with GMP throughout the whole supply chain.

Product stewardship

Morris Profumi S.p.A. is the first company in the perfume manufacturing industry to obtain the ISO UNI EN 22716 certification by in awareness of quality

DNV Business Assurance in Italy. Being certified implies the entire staff is working towards a common target procedures and policies as well as their impact on everyday operations and human health.

### 2.3 Product Innovation and R&D

The research and development (R&D) laboratory presents a combination of passion for science and intuition for creativity. The mission of the R&D department is to fulfil the continuously increasing requests of customers who see cosmetics as a daily necessity. The creation of new product formulas is a meticulous process: in order to define the perfect formula, adjustments need to be made ingredient by ingredient until the perfect outcome is achieved.

Working in the laboratory, with the use of cuttingedge resources, the scientists explore the resources offered by the market and follow a set of criteria in order to choose which ingredients to use for Perfume Holding's formulas. When possible, suppliers of primary resources are chosen according to their commitment to social and environmental responsibility. For example, suppliers with certifications relating to product traceability and workina conditions prioritized for the procurement of ingredients. The R&D lab cooperates with external partners to translate scientific discoveries into healthy skincare products.

In 2016, in collaboration with the University of Pavia, Perfume Holding developed innovative formulas for a new generation of "I Coloniali" skin care products in which scientific excellence is mixed with the knowledge of traditional herbs and spices.

Moreover, in 2016 an innovative perfume flask was developed by Perfume Holding: a phone cover integrated with a perfume container that allows consumers to have ready-touse and accessible perfume anytime and anywhere. The product was designed maintaining the chemical characteristics of the perfume, ensuring thermal and physical isolation for the mobile phone.

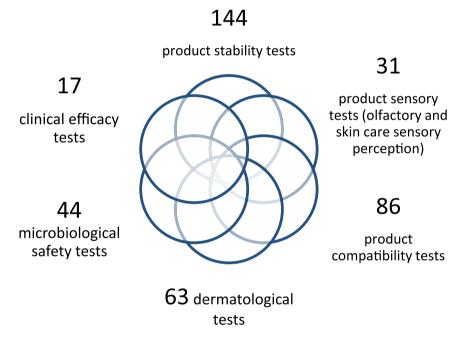
More than 400 preliminary formulas for product developement

63 formulas approved for product launch

The R&D lab develops and tests hundreds of product formulae every year. These formulae undergo several stages before being approved for production and launch. In 2016, 436 preliminary product formulas

were tested for new product development out of which 63 formulas were approved for production and 17 effectively produced in 2016 after undergoing several testing phases<sup>5</sup>.

The remaining 46 could be used for future production. The tests managed by the R&D lab are represented in the following figure:



### 2.4 Labeling and packaging

Perfume Holding ensures customers have access to accurate and adequate information on the products and services they consume, both from a product labeling and a marketing communication perspective. Fair and responsible marketing communications, transparency on product composition and their proper use and disposal,

allows customers to make informed choices.

Perfume Holding's internal policy on labeling and packaging is defined and supervised by the Regulatory Affairs department and is periodically updated. Products, product packaging and product labeling are compliant with all relevant European regulations

applicable to the industry and contain all necessary information to sell products worldwide, including Asia, Russia, Far East, Middle East, and South America. Required product information includes product components, content, and safe use and disposal of the product. Distributors must check the packaging of the products and verify that re-

<sup>&</sup>lt;sup>5</sup> For more detailed data and information regarding the R&D lab activities in 2016, please refer to the Group's 2016 Annual Report.

Product stewardship

quired information is present on the label, including whether certain information is in the language required under the applicable national law.

Furthermore, all of Perfume Holding's fragrances are compliant with the Standards of the International Fragrance Association (IFRA Standards), a globally accepted and recognized risk management system for the safe use of fragrance ingredients. The Standards represent a self-regulating framework of the industry, based on risk assessments carried out by an independent Expert Panel.

A Cosmetic Product Safety Report is prepared for every finished product being placed on the market and is reviewed on a regular basis. To that end, potential undesirable effects on human health resulting from product use are filed and taken into account in the next safety assessment of the product. For packaging in direct contact with the cosmetic product, specific regulatory verifications are carried out.

All of Perfume Holding's products comply with applicable regulations, including:

• **Regulation 1223/2009** of the European Parliament governing the composition, labeling and packaging of finished cosmetic products in the European Union. The regulation was adopted to

improve the protection of human health and the environment from the risks that can be posed by chemicals, while enhancing the competitiveness of the EU chemicals industry. It also promotes alternative methods for the hazard assessment of substances in order to reduce the number of tests on animals.

- **Directive 94/62/EC** of the European Commission on packaging and packaging waste.
- **REACH (EC 1907/2006)** regulation on the use of chemicals.
- Directive 75/324/EEC regarding aerosol dispensers.
- Regulation (EC) No. 1272/2008 on labeling and packaging of substances and mixtures.

### 2.5 Customer satisfaction

Perfume Holding keeps customer care and product quality at the top of its agenda. In 2016 the percentage of reclaimed products and their packaging material was below 1% and no product batches were taken off the market. Customer complaints are managed through an internal Standard Operating Procedure (SOP) for Complaint Management as required by ISO UNI EN 22716:2008 and ISO UNI EN 9001:2005, which include procedures

for quality management, customer satisfaction and guidelines for complaints handling in organizations.

The SOP Complaint Management provides guidance for handling complaints related to both commercial and non-commercial activities. These procedures are intended to benefit both Perfume Holding and its customers, and provide opportunity for improvements in products, processes, company reputation

and competitiveness. Furthermore, the value of efficient SOP Complaint Management within a global marketplace becomes even more evident as it ensures consistent complaint treatment and reinforces customer confidence, loyalty and satisfaction.

In particular, the complaint management process allows Perfume Holding to:

 provide a complainant with access to a transparent

# . Product stewardship

and responsive complaint management process;

- enhance its ability to resolve complaints in a consistent, systematic and responsive manner;
- enhance its ability to identify trends and eliminate causes of complaints;
- improve the organization's operations;
- create a customer-focused approach to resolving complaints, and encourage employees to improve their skills in working with customers.

End-users can directly contact Perfume Holding and the company's internal policy requires all signals to be singularly addressed within 24 hours by the Quality Assurance division. Each filed complaint is assessed for non-compliance

with regulations and/or voluntary codes. As prescribed by the internal policy, all complaints are analyzed and corrective or preventative actions are taken when required.

The nature of complaints in 2016 were in line with previous years. The percentage of complaints classified as technically founded was around 45% (33 cases). The severity of the technically founded complaints was also aligned to previous years:

- 55% critical defect: important defect which inhibits the use by the enduser:
- 27% major defect: which inhibit the purchasing of the product by the enduser:

• 18% minor aesthetical defects: which give a negative impression on the quality of the product to the end-user.

Complaints filed for reasons that are not related to technical defects are also addressed by Perfume Holding, classified as "unfounded". These types of complaints allow to understand how certain customers actually perceive the products and services offered by the company and take preventative actions. In 2016, the percentage of unfounded complaints was 55%, of which 79% were from end-users and the remaining 21% from suppliers, distributors and partners.

### 2.5.1 Customer privacy

All personal data which identifies the final consumer is censored in accordance with the classification of the internal code. Personal data includes: name and surname, email

address, telephone number and any data that could identify the final consumer.

Moreover, the email addresses of complainants are accessible solely to the defined internal reference person. During 2016, Perfume Holding received no complaint concerning breaches of customer privacy and loses of customer data.

21

The sustainable value generated by Perfume Holding relies, in large part, on the relationship with its people and the local community in which the Group operates.

In order to promote sustainable growth, a company needs to rely on human resource capability and willingness to implement and act on all strategic decisions of the management. People are the most important, central resource and are treated as the crucial factor for the company's success. At the same time, the Group relies on society and its resources, and con-

sequentially benefits from the value generated for the society itself.

For these reasons, the value generated for employees and society is one of the key focus areas that guide Perfume Holding's sustainable pathway.

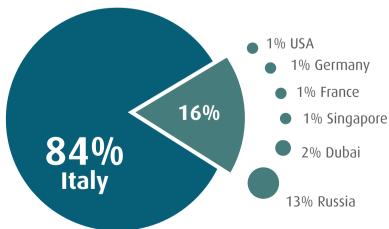
### 3.1 Employees

Perfume Holding considers its workforce a fundamental, strategic factor for the achievement of the company's objectives. For this reason, it protects and values its staff, with the aim of improving and enhancing the wealth and competitiveness of the skills that each employee has.

As at 31 December 2016, the Group had **176** emplo-

yees, **4**% higher compared to 2015, showing a prevalence of women compared to men (**74**% of women against **26**% of men). The Group employees are distributed mainly in the Italian production site (**84**% in Parma, Morris Profumi S.p.A.); the remaining 16% are based in Russia, Dubai, Germany, France, United States and Singapore.





Total number of employees by gender and geographical area									
Country	As at 31st of December 2016 As at 31st of December 2								
Country	Male	Female	Total	Male	Female	Total			
Italy	37	110	147	32	108	140			
United States	1	-	1	-	-	-			
Germany	1	-	1	1	-	1			
Dubai	2	1	3	-	-	-			
Singapore	-	1	1	-	2	2			
Russia	4	18	22	n.a.	n.a.	17			
France	-	1	1	n.a.	n.a	10			
Total	45	131	176	33	110	170			

\*For 2015, the gender breakdown is not available for Russia and France

The Group mostly provides permanent contracts (96%, in 2016) for its employees in order to promote retention and development, while enhancing, at the same time, the employees' feeling of being a part of the Group. In 2016, 93% percent of employees worked full-time, remainagement.

ning almost unchanged with respect to the prior year (94% in 2015). Interim employees have been hired for seasonal changes to the production line.

All of Perfume Holding's employees are covered by collective bargaining agreements, as required by

national law. Minimum notice periods can be found in corporate policies and standard employment contracts. Moreover, Morris Profumi S.p.A. has an internal business policy that includes employee contract details in addition to the general reference legislation.



### Sustainability in the workplace

In order to increase employees' awareness of environmental issues, the Group will endeavor to actively promote and participate in public initiatives (e.g. "Puliamo il mondo").

### 3.1.1 Development and training

Perfume Holding offers equal employment opportunities to all employees based on professional qualifications and capabilities, without any form of discrimination. The selection, recruitment, remuneration

and career development plans are based exclusively on merit and skills, without any discrimination regarding political or religious beliefs, membership of unions, race, language, gender, age, working timetable, family status or role within the company, in compliance with the current and relevant legislations and employment contract.

Regarding people training and development, Perfume Holding strongly supports continuous skill development of its employees. All training activities have been designed to improve both interpersonal relationships and to establish a positive work environment. Induction for new employees is usually carried out in Parma, Perfume Holding's headquarters, intro-

ducing the Group's culture and explaining the basic policies to be followed. Furthermore, the Group monitors the training hours related to environment, health and safety and process quality/Good Management Practices (GMP) topics. In particular, regarding the production site, each employee is informed on the environmental and safety aspects the activi-

ties through the delivery of an informative booklet. In addition, each employee receives training on the above mentioned themes through specific courses organized internally or externally. Each year, a training plan is prepared, verifying deadlines and training requirements on environmental, occupational safety and quality/GMP processes.



In 2016, **33 training courses** were organized on **environmental and safety issues**, for a total of **1,104 hours** of training (**7.5 hours per person**), of which 66% to women and 34% to men due to the largest number of women in the company. On average, each employee participated in 3 courses throughout the year.

Perfume Holding is also active in promoting high quality of work of its employees and work-life balance. On this issue, at the productive site in Parma, for example, the Group has a contract with local public transporta-

tion to provide a shared and free bus for its employees. This solution is aimed at increasing the awareness of environmental practices, provide transportation options to employees who do not own a vehicle and enhance employee safety on the way to work. The company provides a bonus for working parents to cover part of preschool fees. Furthermore, the company has a canteen that provides meals at a reduced.

### 3.1.2 Health & Safety at work

Perfume Holding works hard to ensure a culture of safety, by developing awareness of risks, promoting responsible behavior on the part of all employees and endeavoring to preser-

ve employee health & safety, especially with preventative actions. The Group works to reach the goal of "zero injuries".



An updated
Environmental,
Safety
and Social
Responsibility
Policy will
become effective
in 2017

In particular, the holding company, Morris Profumi S.p.A. has implemented a work safety management model following the UNI-INAIL guidelines. The management system includes a business policy, training plans and other numerous procedures (such as noncompliance management, emergency management, periodic monitoring of all plant facilities, communications management, etc.). All the risks<sup>6</sup> faced by the company are constantly monitored, and four security audits are carried out

each year, in accordance with Model 231. Meetings are organized periodically with all manufacturing departments and different area managers to discuss business issues and take on suggestions on health and safety at work, environment and quality.

Perfume Holding's activities present a low number of accidents: in 2016, a total of **4 injuries** were recorded at the production site in Parma, which lead to **123 days of absence**. Due to the considerably limi-

ted number of employees and hours worked and as a consequence of the high number of lost days per injury in 2016, each episode deeply influenced the calculation of injury rates. and makes it difficult to analyze their general trend. All of the recorded injuries in 2016 were classified as minor and did not strongly impact the health of any employees. Health and safety indicators are reported in the "performance indicators" section, at the end of this Report.

### 3.2 Supporting the local community

Perfume Holding holds direct, responsible relationships with the community in which it operates. The company has been engaged in charitable activities with local organizations for several years, usually donating products to volunteering associations, in order to support their activities.

In 2016, the Group donated around **26 tons of products** (e.g. body wash, etc.) to associations helping the communities affected by the earthquakes that hit central Italy and provided financial support to LILT association (Lega Italiana per la Lotta contro i Tumori).



Moreover, in 2016 the Group was involved in several other initiatives supporting local communities, such as:

• the Group sponsored cultural events for the city of Parma, such as the "Festival Verdi" festival and sport events (e.g. "**Giocampus**" summer camp);

26 tons of products donated to charity is sent to recovery plants

- a number of employees of Morris Profumi S.p.A. participated in the environmental volunteering initiative "Puliamo il Mondo" promoted by Legambiente;
- the company participated in educational projects ("alternanza scuola-lavoro") hosting students for temporary internships;

<sup>&</sup>lt;sup>6</sup> At Morris Profumi S.p.A, the productive site, the main risks include: fire risk, explosion hazard, chemical risk, biomechanical overload risk due repetitive work and manual handling of loads.

• the Group promoted an initiative from CONAI regarding paper recycling in the month of September: for every additional ton of collected paper (taking September 2015 as baseline) an economic compensation was collected for the communities affected by the earthquake. In 2016, around 3,200 kg of paper were collected.

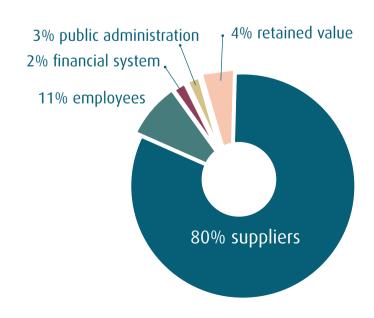


### 3.3 Value creation

The added value represents the wealth produced by the Group which is distributed to its stakeholders under various forms. Data related to creation and distribution of the added value provides, an indication of how the Group has created values for its stakeholders through a reclassification of the consolidated income statement and highlights the economic effects generated by the business' management.

During 2016, the added value generated by the Group amounts to € 80,078,000. It is mainly distributed towards suppliers and emplovees and is broken down as follows:

### Distribution of the 2016 added value



26

Morris Profumi has been committed to respecting the environment and expanding its activities sustainably for many years. The head company (Morris Profumi S.p.A.) holds the UNI EN ISO 14001:2004 certification as of 2007 and is working to align the company to the new reference standard ISO 14001:2015 by February 2018. In 2016, the top management proposed an **Environmental**, Safety and Social Respon**sibility Policy**, effective from 2017, with the aim of reaching the perfect balance between natural resource consumption and long-term economic

growth while ensuring high quality of life to present and future generations. The main objectives of the policy include reducing pollution and ensuring compliance with environmental regulations.

Perfume Holding monitors and assesses environmental risks and opportunities (as required by ISO 14001) to subsequently set guiding targets and objectives. Furthermore, the Group is committed to: improve employee training and development; ensure all collaborations have high levels of attention for environmental and so-

cial aspects; systematically measure all environmental indicators and periodically communicate progress and achievements to all emplovees.

There have not been any cases of non-compliance with environmental regulations or standards were verified in 2016.

The Group, for the first time in 2016, started working on the calculation of its **Carbon Footprint** in order to periodically monitor their impacts and implement preventative and corrective measures to reduce the Group's impacts.

### 4.1 Energy and Emissions

Although the production process, in general, is not energy intensive, energy consumption of the production plant is monitored on a monthly basis. Morris Profumi S.p.A. consumes electricity and natural gas, the latter solely for heating purposes. In 2015, an energy audit was conducted and the results confirmed that the majority of the com-

pany's energy consumption derives from heating/cooling, hence highly dependent on external climatic conditions.

Total energy consumption in 2016 was **5,364 GJ**, 1.4% higher compared to 2015.

**0.77% reduction** in absolute electricity consumption

Energy reduction targets have been set and the Group is committed to aligning all activities to these objectives. Several initiatives have been introduced



Energy consumption within the organization by fuel type (GJ)								
Fuel type	Fuel type As at 31st of December 2016 A							
Natural gas	2,830	2,737						
Electric energy	2,534	2,553						
Total	5,364	5,290						

in order to work towards these goals. For example, installation of LED lighting in internal and external spaces; installation of timers for air-conditioners and vending machines for office closing hours; employee education and awareness raising; and the application of darkening film on

several external windows. Total greenhouse gas (GHG) emissions amounted to **538.9 tCO2eq** and include Scope 1 and Scope 2:

• Scope 1 emissions include direct emissions of GHGs from installations owned or controlled by Morris Profumi S.p.A. (e.g. natural gas, diesel fuel, continuous le-

asing fleet) and in 2016 amounted to 267.9 tCO2eq.
• Scope 2 emissions include indirect emissions from energy consumption, that is, GHG emissions from electricity, heat and steam imported and consumed by Morris Profumi S.p.A. (e.g. electricity) and in 2016 amounted to 271.0 tCO2eq.

	Emissions (tCO <sub>2</sub> eq)	
Scope	As at 31st of December 2016	As at 31st of December 2015
Scope 1	267.9	259.1
Scope 2	271.0	273.1
Total	538.9	532.2

In 2013, the entire production plant was thermally insulated, significantly reducing CO2 emissions resulting from lower energy requirements for heating. In addition, Morris Profu-

mi S.p.A. reached its 30% target of business trips with collective means of transportation (company shuttle), another initiative introduced to reduce emissions.

Nitrogen oxides (NOx) and Volatile Organic Compounds (VOCs) are also monitored to ensure emissions are minimized and compliant with standards and regulations.

### 4.2 Water

At the headquarters in Parma, water for manufacturing and office activities is mainly sourced from public aqueducts and is monitored every month. The company also uses well water for irrigation purposes and for the fire system. If irregular values are detected, the company intervenes in order to identify the causes and take corrective measures. Over the years, the irrigation system has been optimized with the installa-



tion of an automated mechanism.

The Group promotes employee education and sharing of best practices to reduce water consumption and waste.

To ensure efficient monitoring of the quality of water flows and potential water contamination, two little wells for water withdrawal were installed in 2016 to allow the company's internal experts to regularly extract small samples for testing. All tests that have been completed have confirmed the high quality of the groundwater streams under the production plant and office headquarters.

Total water consumption in 2016 amounted to 4,462 cubic meters, of which around 1000 cubic meters were used for irrigation.

Water consumption by source (m³)								
Source	As at 31st of December 2016	As at 31st of December 2015						
Groundwater	1,005	568						
Municipal water supplies	3,457	3,371						
Total	4,462	3,939						

Morris Profumi S.p.A.'s water discharge totaled 3,274 cubic meters, a 10% reduction with respect to 2015<sup>7</sup>. The main sources of water discharge are sanitation facilities and only a small portion is due to production activities. The company owns an authorized

and regulated water purification plant used to treat all volumes of water discharge before it is emitted into a surface water body. The purifier is constantly monitored and the quality of the wastewater is tested by a qualified external lab every two weeks.

Perfume Holding's efforts to reduce waste discharge include the retrofitting of sanitation facilities and the constant education and awareness raising on water consumption for all employees.

### 4.3 Waste

Perfume Holding has a waste management procedure in place throughout the entire productive plant to regulate the sorting process according to waste type. A proper sorting and management of waste allows for all waste types to be destined to proper recovery and treatment processes and avoids waste flows sent to landfill and incineration. In 2016, the total amount

In 2016, the total amount of waste generated at the Group's headquarters in Parma was around **245 tons**, a 17% increase compared to 2015, due to the

handling of waste resulting from the closing of the offices in Milan and Paris.

However, thanks to Perfume Holding's efficient collection and sorting processes, in 2016, 62% of the waste generated was sent to recovery plants.

**62%** of waste generated is sent to recovery plants



<sup>&</sup>lt;sup>7</sup> Water discharge volumes exclude water consumed for irrigation purposes.

Waste production by type and disposal method (t)									
Disassal sasthad	As at 3		6						
Disposal method	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total			
Recovery (including energy recovery)	7.8	144.2	152.0	4.1	119.2	123.3			
Incineration	-	55.7	55.7	-	50.4	50.4			
Landfill	-	33.8	33.8	-	34.8	34.8			
Preliminary deposit	1.5	2.4	2.9	1.4	0.01	1.4			
Total	9.3	236.1	245.4	5.5	204.5	209.9			

In 2016, Morris Profumi S.p.A. collected around **38.6 tons of recyclable material**, including 32.9 tons of wooden pallets, 2.1 tons of paper and 3.6 tons of mixed packaging, and returned them to suppliers for reuse.

In the headquarters' canteen, an automatic water dispenser has been installed in order to reduce the consumption of plastic bottles. The reduction in waste resulting from plastic bottles is estimated to be around 510kg per year, the equivalent of **33 thousand bottles**.

Furthermore, Perfume Holding is committed to minimizing the quantities of unsold products that go to waste and is determined to channel at least 40% of unsold products to charity.

In order to reduce waste products, the company has a procedure in place to allocate the quantities of unsold products to retailers that have had high demand for those products.

When this is not possible, the products are collected

at the production plant and donated to charity.

In 2016, 26.7 tons of waste were avoided by donating unsold products to charity. In 2016, around 30% of paper purchased at the headquarters was recycled and around 70% held Ecolabel and FSC certifications.



**33,000 bottles** avoided per years thanks to the water dispenser

### 4.4 Animal welfare

All of Perfume Holding's products and ingredients are tested with alternative procedures in order to ensure safe and high quality products.

Perfume Holding complies with the European Directive against animal testing (2003/15/EC), in force since 2004, hence does not allow any form of animal testing for its products.

Furthermore, as of 2009, it is prohibited to market products containing ingredients that have been tested on animals (EC No 1223/2009).



# . Note on Methodology

This first 2016 Sustainability Report, represents an evolution towards a transparent and structured reporting process, developed by the Group for the benefit of its stakeholders. It supplements the information regarding sustainability disclosed in the 2016 Annual Report, providing details on the Group's sustainability performance and the industry's key indicators, and giving the proper attention to the expectations of all stakeholders who, either directly or indirectly, are interested in the activities of the Group.

The document is prepared in accordance with the "GRI Sustainability Reporting Standards" issued in 2016 by the GRI - Global Reporting Initiative. The breadth and detail with which the issues in the Sustainabilitv Report are covered are a reflection of the materiality analysis carried out according to the approach described in the paragraph "Approaching sustainability". The level of adherence to the GRI Reporting Standards is "In accordance -Core option".

### Scope of reporting

This document is the first public edition of Morris Profumi Group's Sustainability Report. The Group is also commercially known as "Perfume Holding" and for this reason "Perfume Holding" and "the Group" are used interchangeably in this Report, both referring to Morris Profumi Group. The Group's logo has not changed. The reference "Morris Profumi S.p.A." solely refers to the parent company.

The reported information and data refer to 2016 (from 1 January 2016 to 31 December 2016), unless otherwise noted. Any data referring to previous years is presented for comparative purposes only, so as to allow an assessment of the evolution of the Group's operations over time. Where the data comes from estimates, it is flagged accordingly. The performance indicators were collected on an annual basis and the reporting frequency will be annual.

The scope of the reported data in some cases is different from the origin of the data, as following:

- the operating and financial data refers to the Group (parent company and subsidiaries consolidated on a line-by-line basis) and were taken from the Annual Report as at 31 December 2016;
- for human resources information, the reporting

scope refers to the Group (parent company and subsidiaries consolidated on a line-by-line basis), with the exception of the data related to training and health and safety indicators, which refers only to Morris Profumi S.p.A.

• for environmental data, the reporting scope refers to Morris Profumi S.p.A.

The Group's headquarters are in Strada Maretto 13, Roncopascolo (Parma). The scope of reporting is consistent with the content reported above with the exception of some data explicitly indicated in the text.

The reporting period considered (ended 31 December 2016) was characterized by certain corporate operations which fall into the greater reorganization of Morris Profumi Group. These changes are described in detail in the 2016 Annual Report.

### 31

### 68

### Calculation criteria

Several deoperating partments of the Group have been actively involved in the process of data gathering and report drafting, in order to shape the Report. One of the ultimate objectives of the Group is, through the Sustainability Report, to further strengthen its reporting system, and to enhance the accuracy and reliability of the information and data provided.

As for the calculation criteria:

- The **Injury Rate** is calculated as the ratio between the total number of injuries leading to an absence of more than 1 day (excluded the one in which the injury happened) and the total number of hours worked, multiplied by 200,000.
- The Lost Day Rate is calculated as the ratio between the total number of lost days (due to injuries or occupational diseases) and the total number of hours worked, multiplied by 200,000.
- The **Absentee Rate** is calculated as the ratio between the total number of absentee days lost and the total days scheduled to be worked.

- The Occupational Disease Rate is calculated as the ratio between the frequency of occupational diseases and the total number of hours worked
- Direct (scope 1) and indirect energy emissions (scope 2) have been calculated using the GHG Protocol emission factors

For further information about this Sustainability Report, please contact: Morris Profumi S.p.A. Strada Maretto 13 403126 Roncopascolo (PR) - Italy Tel: + 39 0521 662111 e-mail: parma@perfumeholding. . Note on Methodolog

### 6.1 Human Resources indicators

Total number of employees by employment contract and gender

Total number of employees by employment contract and gender										
Type of employment	As at 31st of December 2016 As at 31st of December 20									
contract	Male	Female	Total	Male	Female	Total				
Permanent	45	124	169	33	110	143				
Temporary	-	7	7	-	-	-				
Total	45	131	176	33	110	143				

<sup>\*</sup>The breackdown and total value for 2015 do not include data for France and Russia

Total number of employees by employment type and gender

Total number of employees by employment type and gender									
As at 31st of December 2016 As at 31st of December 20									
Full-time/Part-time	Male	Male Female Total Male Fem							
Full-time	44	119	163	32	103	135			
Part-time	1	12	13	1	7	8			
Total	45	131	176	33	110	143			

<sup>\*</sup> The breackdown and total value for 2015 do not include data for France and Russia

Total number of employees by employment category and gender

Employees by employment category and gender									
Employment category	As at 3	1st of Decemb	er 2016	As at 31	st of Decemb	er 2015*			
Employment category	Male	Female	Total	Male	Female	Total			
Senior Managers	8	2	10	5	1	6			
Middle Managers	8	14	22	7	6	13			
White collars	21	60	81	12	46	58			
Blue collars	8	55	63	9	57	66			
Total	45	131	176	33	110	143			

<sup>\*</sup>The breackdown and total value for 2015 do not include data for France and Russia

33

### Total number of employees by employment category and age group

Employees by employment category and age group										
	As at	As at 31st of December 2016 As at 31st of December 2015*								
Employment category	<30	30- 50	>50	Total	<30	30- 50	>50	Total		
Senior Managers	-	6	4	10	-	3	3	6		
Middle Managers	-	9	9	18	-	8	5	13		
White collars	6	64	15	85	4	45	9	58		
Blue collars	4	39	20	63	5	40	21	66		
Total	10	118	48	176	9	96	38	143		

<sup>\*</sup>The breackdown and total value for 2015 do not include data for France and Russia

### Total number of governance bodies' members by gender and age

Governance bodies' members by gender and age group														
		As at 31st of December 2016 As at 31st of Decem						nber	2015					
		<30 30-50 >50 M F M F M F				<.	30	30-	-50	> 5	50	<b>.</b>		
Board Members	М	F	М	F	М	F	iotai	М	F	М	F	М	F	Total
	-	-	4	1	2	-	7	-	-	2	1	2	-	5

### Total number of external workers by employment category and gender <u>for Morris Profumi S.p.A.</u>

Number of external workers by employment category and gender								
Employment category	As at 3	31st of Dec 2016	ember	As at 3	31st of Dec 2015*	ember		
	Male	Female	Total	Male	Female	Total		
Self-employed persons	5	1	6	5	1	6		
Workers hired through external agencies	-	8	8	-	5	5		
Total	5	9	14	5	6	11		

### Employee hiring and turnover rate by gender for Morris Profumi S.p.A.

E	imployee hi	ring and tu	rnover rate	e by gende	sı	
Rate and	As at 31	Ist of Decemb	er 2016	As at 31	st of Decemb	er 2015
percentage	Male	Female	Total	Male	Female	Total
Hiring rate	24%	7%	12%	34%	14%	19%
Turnover rate	11%	5%	7%	19%	25%	24%

<sup>\*</sup>The turnover rate in 2015 is due to an internal company restructuring, which was managed in agreement with trade unions.

### Employee hiring and turnover rate by age group for Morris Profumi S.p.A

	Employee	hiring and	d turnov	ver rate	by age	group		
Rate and	As a	t 31st of De	cember 2	2016	As a	nt 31st of C	ecember	2015
percentage	<30	30-50	50>	Total	<30	30-50	50>	Total
Hiring rate	44%	12%	4%	12%	44%	16%	19%	19%
Turnover rate	22%	8%	2%	7%	0%	19%	42%	24%

<sup>\*</sup>The turnover rate in 2015 is due to an internal company restructuring, which was managed in agreement with trade unions

### Average hours of training by employment category and gender <u>for Morris Profumi S.p.A.</u>

Avera	ge hours	of traini	ng by em	nploymen	ıt catego	ry and g	ender	
	As a	at 31st of D	ecember 2	016		at 31st of D	ecember 2	015
Average hours	Total hours	Average men *	Average female	Total average	Total hours	Average men *	Average female	Total average
Senior Managers	28	-	14.0	4.7	11	2.8	-	2.8
Middle Managers	68	8.5	-	3.8	45	4.0	2.8	3.5
White collars	392	11.8	4.5	6.5	216	7.4	2.8	3.8
Blue collars	616	13.0	9.3	9.8	408	20.3	3.9	6.2
Total	1,104	10.1	6.7	7.5	680	9.7	3.4	4.9

<sup>\*</sup>The value of average hours of training for men is higher because of their participation in fewer, longer courses compared to females

### Health and safety indicators by employees and external <u>workers for Morris Profumi S.p.A.</u>

Avera	ige hours of train	ing by employmer	nt category and g	ender
Number and rate	As at 31st of (	December 2016	As at 31st of D	ecember 2015*
Number and rate	Employees	External workers	Employees	External workers
Injuries	3	1	-	-
Occupational disease rate	-	-	-	-
Work-related fatalities	-	-	-	-
Absentee days	92	31	-	-
Absentee rate	42%	n.a.	-	-
Injury Rate	2.6	3.7	-	-
Lost Day Rate	80.3	116.0	-	-

<sup>\*</sup>In 2015 no injuries or occupational disease were recorded

35

### 6.2 Environmental performance indicators<sup>8</sup>

Materials used by weight for Morris Profumi S.p.A.

	Non-renewable materials used	by weight (t)
Material	As at 31st of December 2016	As at 31st of December 2015
Alcohol	527.00	543.00
Essence	95.00	103.00
Glass	14,578.00	15,962.00
Paper and cardboard	3,864.00	3,959.00
Plastic	1,836.00	1,450.00
Aluminum	55.10	24.60
Steel	32.49	37.80
Total	20,987.59	22,079.40

<sup>&</sup>lt;sup>8</sup> All environmental data refers solely to Morris Profumi S.p.A.

### boundaries and correlation with GRI Standards • Explanation of the material topics and its

The following table presents the correlation between material topics for the Group and GRI Standard aspects and the explanation of the material topics and their boundaries.

				Вои	ndary
#	Material Topic	GRI Standard Aspect	Explanation	Where the impact occurs	Perfume Holding's involvement
1	Product quality and safety	Customer health and safety	Creating and selling high quality, long-lasting, safe and sustainable products	Perfume Holding; Suppliers	Direct; Contribution
2	Business ethics	Anti-corruption	Promotion of a good Corporate Governance, inspired by the highest standards related to ethics, integrity and compliance to laws and regulations	Perfume Holding; Suppliers	Direct; Contribution
3	Human rights	Human rights assessment	Respect, promotion and protection of human rights	Perfume Holding; Suppliers	Direct; Contribution
4	Governance and risks	n.a.	Implementation of a structured system that allows to identify, evaluate and manage risks from an economic, social and environmental point of view	Perfume Holding	Direct
5	Community involvement	Local communities	Involvement and support of local communities through activities and initiatives	Perfume Holding	Direct
6	Health and safety	Occupational health and safety	Complying with laws and regulations concerning security, prevention, hygiene and health in the workplace	Perfume Holding	Direct
7	Customer satisfaction and privacy	Customer privacy	Management of customer privacy and ability to build customer relationships that are long-lasting and based on trust	Perfume Holding; Distributors and franchising	Direct; Contribution
8	Effluents and waste	Effluents and waste	Promotion of an efficient waste management policy	Perfume Holding	Direct
9	Water	Water	Promotion of sustainable water management	Perfume Holding	Direct
10	Human capital	Diversity and equal opportunities	Implementation of decent working practices and adequate working conditions to ensure equal opportunities	Perfume Holding	Direct
11	Energy and emissions	Energy; Emissions	Promotion of energy efficiency policies and contribution to climate change mitigation and adaptation	Perfume Holding	Direct; Indirect
12	Economic performance	Economic performance	Creation and distribution of economic value	Perfume Holding	Direct
13	Responsible purchasing	Supplier environmental assessment	Selecting suppliers, collaborators	Perfume Holding	Direct
14	Stakeholder engagement	n.a.	Involvement of key stakeholders in decision-making processes	Perfume Holding	Direct

15	Materials and packaging	Materials	Use of safe and sustainable materials, including responsible packaging	Perfume Holding; Suppliers	Direct; Contribution
16	Research and development	n.a.	Research and development activities in order to mprove product quality	Perfume Holding; Schools and Universities	Direct; Contribution
17	Market presence	n.a.	Presence of the organization at the national and international level	Perfume Holding	Direct
18	Marketing and product labelling	Marketing and labelling	Providing accessible and adequate information on the impacts of products	Perfume Holding	Direct
19	Training and development	Training and education	Offering training and development programs to strengthen employee skills	Perfume Holding	Direct
20	Animal welfare	n.a.	Promotion and safeguard of animal welfare	Perfume Holding	Direct

The following table presents the correlation between the 10 principles of the UN Global Compact and the GRI Disclosures co-

vered in this Report, which aims to become a *Communication on Progress (COP)*, a document that communicates to Perfume Holding's stakeholders its progress in applying the 10 Principles to its core business.

Category	UN Global Compact Principle	GRI Standard Disclosure
Human Right	Businesses should support and respect the protection of internationally proclaimed human rights	412-1, 412-2, 103-2, 413-1
	Business should make sure they are not complicit in human right abuses	414-1
	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	102-41, 402-1
Labor	Businesses should uphold the elimination of all forms of forced and compulsory labor	409-1
Laboi	Businesses should uphold the effective abolition of child labor	408-1
	Businesses should uphold the elimination of discrimination in respect of employment and occupation	102-8, 401-1, 404-1, 405-1, 406-1
	Businesses should support a precautionary approach to environmental challenges	302-1, 303-1, 305-1, 305-2, 305-3, 305-7
Environment	Businesses should undertake initiatives to promote greater environmental responsibility	302-1, 303-1, 305-1, 305-2, 305-3, 306-1, 306-2, 301-3, 307-1, 308-1, 103-2
	Businesses should encourage the develop- ment and the fusion of environmentally friendly technologies	n.a.
Anti-corruption	Businesses should work again corruption in all its forms, including extortion and bribery	102-16, 205-3

The following table presents the GRI Disclosures covered by this Report according to the option "In Accordancecore", as prescribed by the GRI Sustainability Reporting Standards 2016 of the Global Reporting Initiative. For each Disclosure, a brief description is provided and the paragraph of the 2016 Sustainability Report in which the information can be found. A specific comment is provided for Disclosures that have not been covered, or have only been partially covered.

Disclosure	Description	Paragraph/Notes
	DARD DISCLOSURES	
Organizational p	profile	
GRI 102-1	Name of the organization	5 (Note on Methodology)
GRI 102-2	Activities, brands, products, and services	1.3
GRI 102-3	Location of headquarters	5 (Note on Methodology) 1.3
GRI 102-4	Location of operations	5 (Note on Methodology)
GRI 102-5	Ownership and legal form	1.3
GRI 102-6	Markets served	1.3
GRI 102-7	Scale of the organization	1.1; 3.1
GRI 102-8	Information on employees and other workers	3.1; 6.1
GRI 102-9	Supply chain	2.1
GRI 102-10	Significant changes to the organization and its supply chain	5 (Note on Methodology)
GRI 102-11	Precautionary Principle or approach	1.3.1
GRI 102-12	External initiatives	1.2; 8
GRI 102-13	Membership of associations	1.2; 8
Strategy		
GRI 102-14	Statement from senior decisionmaker	CEO Letter
GRI 102-15	Key impacts, risks and opportunities	1.3.1; 3.1.2
Ethics and integ	rity	121
GRI 102-16	Values, principles, standards, and norms of behavior	1.3.1
Governance		
GRI 102-18	Governance structure	1.3.1
Stakeholder eng	pgement	
GRI 102-40	List of stakeholder groups	1.2
GRI 102-41	Collective bargaining agreements	3.1
GRI 102-42	Identifying and selecting stakeholders	1.2
GRI 102-43	Approach to stakeholder engagement	1.2
GRI 102-44	Key topics and concerns raised	1.2
Reporting practi	ce	
Disclosure	Description	Paragraph/Notes
GRI 102-45	Entities included in the consolidated financial statements	5 (Note on Methodology)
GRI 102-46	Defining report content and topic Boundaries	1.2; 7
GRI 102-47	List of material topics	1.2
GRI 102-48	Restatements of information	5 (Note on Methodology)

GRI 102-49	Changes in reporting	5 (Note on Methodology)
GRI 102-50	Reporting period	5 (Note on Methodology)
GRI 102-51	Date of most recent report	5 (Note on Methodology)
GRI 102-52	Reporting cycle	5 (Note on Methodology)
GRI 102-53	Contact point for questions regarding the report	5 (Note on Methodology)
GRI 102-54	Claims of reporting in accordance with the GRI Standards	5 (Note on Methodology)
GRI 102-55	GRI content index	9
GRI 102-56	External assurance	This report has not been externa assured.
TOPIC SPECIFIC S	STANDARDS	assureu.
ECONOMIC		
Material aspect -	- Economic performance	
	Explanation of the material topic, the management approach and a	2.2
103-3	evaluation of the management approach	3.3
GRI 201-1	Direct economic value generated and distributed	3.3
Material aspect -	- Business ethics	
GRI 103-1;103-2;		
103-3	evaluation of the management approach	1.3.1
GRI 205-3	Confirmed incidents of corruption and actions taken	1.3.1
ENVIRONMENTA	L	
Material aspect -		
GRI 103-1;103-2;	Explanation of the material topic, the management approach and a	2
103-3	evaluation of the management approach	2
103-3	evaluation of the management approach	
GRI 301-1	Materials used by weight or volume	2; 6.2 The Group is committed to extending the reporting on data materials used
GRI 301-1	Materials used by weight or volume	The Group is committed to extending the reporting on data
GRI 301-1 Material aspect - GRI 103-1;103-2;	Materials used by weight or volume  - Energy  Explanation of the material topic, the management approach and	The Group is committed to extending the reporting on data
GRI 301-1 Material aspect - GRI 103-1;103-2; 103-3	Materials used by weight or volume  - Energy	The Group is committed to extending the reporting on data materials used
GRI 301-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1	Materials used by weight or volume  - Energy  Explanation of the material topic, the management approach and evaluation of the management approach  Energy consumption within the organization	The Group is committed to extending the reporting on data materials used
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2;	Energy Explanation of the material topic, the management approach and evaluation of the management approach Energy consumption within the organization  - Water Explanation of the material topic, the management approach and a	The Group is committed to extending the reporting on data materials used  4.1
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3	Explanation of the material topic, the management approach and evaluation of the management approach Energy consumption within the organization  - Water  Explanation of the material topic, the management approach and a evaluation of the management approach	The Group is committed to extending the reporting on data materials used  4.1  4.1
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1	Explanation of the material topic, the management approach and evaluation of the management approach Energy consumption within the organization  - Water  Explanation of the material topic, the management approach and a evaluation of the management approach Water withdrawal by source	The Group is committed to extending the reporting on data materials used  4.1  4.1
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect -	Explanation of the material topic, the management approach and evaluation of the management approach Energy consumption within the organization  - Water  Explanation of the material topic, the management approach and a evaluation of the management approach Water withdrawal by source  - Emissions	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2;	Explanation of the material topic, the management approach and evaluation of the management approach Energy consumption within the organization  - Water  Explanation of the material topic, the management approach and a evaluation of the management approach Water withdrawal by source  - Emissions  Explanation of the material topic, the management approach and a	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2; 103-3	Explanation of the material topic, the management approach and evaluation of the material topic, the management approach and evaluation of the management approach  Energy consumption within the organization  - Water  Explanation of the material topic, the management approach and a evaluation of the management approach  Water withdrawal by source  - Emissions  Explanation of the material topic, the management approach and a evaluation of the management approach	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2  4.1
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 GRI 303-1 GRI 305-1	Explanation of the material topic, the management approach and evaluation of the management approach Energy consumption within the organization  - Water  Explanation of the material topic, the management approach and a evaluation of the management approach Water withdrawal by source  - Emissions  Explanation of the material topic, the management approach and a evaluation of the management approach Direct (Scope 1) GHG emissions	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2  4.1  4.1
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 GRI 305-1 Disclosure	Explanation of the material topic, the management approach and evaluation of the material topic, the management approach and evaluation of the management approach  Energy consumption within the organization  - Water  Explanation of the material topic, the management approach and a evaluation of the management approach  Water withdrawal by source  - Emissions  Explanation of the material topic, the management approach and a evaluation of the management approach	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2  4.1
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 GRI 305-1 Disclosure	Explanation of the material topic, the management approach and evaluation of the management approach Energy consumption within the organization  - Water  Explanation of the material topic, the management approach and a evaluation of the management approach Water withdrawal by source  - Emissions  Explanation of the material topic, the management approach and a evaluation of the management approach Direct (Scope 1) GHG emissions	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2  4.1  4.1
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 305-1 Disclosure GRI 305-2	Explanation of the material topic, the management approach and evaluation of the management approach Energy consumption within the organization  - Water  Explanation of the material topic, the management approach and a evaluation of the management approach Water withdrawal by source  - Emissions  Explanation of the material topic, the management approach and a evaluation of the management approach Direct (Scope 1) GHG emissions  Description	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2  4.1  4.1  Paragraph/Notes
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 305-1 Disclosure GRI 305-2 Material aspect - GRI 305-2 Material aspect	Explanation of the material topic, the management approach and evaluation of the management approach Energy consumption within the organization  - Water  Explanation of the material topic, the management approach and a evaluation of the management approach Water withdrawal by source  - Emissions  Explanation of the material topic, the management approach and a evaluation of the management approach Direct (Scope 1) GHG emissions  Description Energy indirect (Scope 2) GHG emissions  - Effluents and waste	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2  4.1  4.1  Paragraph/Notes  4.1
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 305-1 Disclosure GRI 305-2 Material aspect - GRI 305-2 Material aspect - GRI 305-2 Material aspect - GRI 103-1;103-2;	Explanation of the material topic, the management approach and evaluation of the management approach Energy consumption within the organization  - Water  Explanation of the material topic, the management approach and a evaluation of the management approach Water withdrawal by source  - Emissions  Explanation of the material topic, the management approach and a evaluation of the management approach Direct (Scope 1) GHG emissions  Description Energy indirect (Scope 2) GHG emissions  - Effluents and waste	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2  4.1  4.1  Paragraph/Notes  4.1
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 305-1 Disclosure GRI 305-2 Material aspect - GRI 103-1;103-2; 103-3	Explanation of the material topic, the management approach and evaluation of the management approach Energy consumption within the organization  - Water  Explanation of the material topic, the management approach and a evaluation of the management approach Water withdrawal by source  - Emissions  Explanation of the material topic, the management approach and a evaluation of the management approach Direct (Scope 1) GHG emissions  Description Energy indirect (Scope 2) GHG emissions  - Effluents and waste  Explanation of the material topic, the management approach and a	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2  4.1  4.1  Paragraph/Notes  4.1
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 305-1 Disclosure GRI 305-2 Material aspect - GRI 103-1;103-2; 103-3 GRI 305-2 Material aspect - GRI 103-1;103-2; 103-3 GRI 306-1 GRI 306-1 GRI 306-2	Energy  Explanation of the material topic, the management approach and evaluation of the management approach Energy consumption within the organization  Water  Explanation of the material topic, the management approach and a evaluation of the management approach Water withdrawal by source  Emissions  Explanation of the material topic, the management approach and a evaluation of the management approach Direct (Scope 1) GHG emissions  Description Energy indirect (Scope 2) GHG emissions  - Effluents and waste  Explanation of the material topic, the management approach and a evaluation of the management approach Water discharge by quality and destination Waste by type and disposal method	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2  4.1  4.1  Paragraph/Notes  4.1  4.2
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 305-1 Disclosure GRI 305-2 Material aspect - GRI 103-1;103-2; 103-3 GRI 305-2 Material aspect - GRI 103-1;103-2; 103-3 GRI 306-1 GRI 306-1 GRI 306-2	Explanation of the material topic, the management approach and a evaluation of the material topic, the management approach and a evaluation of the material topic, the management approach and a evaluation of the material topic, the management approach and a evaluation of the management approach  Water withdrawal by source  Emissions  Explanation of the material topic, the management approach and a evaluation of the management approach  Direct (Scope 1) GHG emissions  Description  Energy indirect (Scope 2) GHG emissions  - Effluents and waste  Explanation of the material topic, the management approach and a evaluation of the management approach	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2  4.1  Paragraph/Notes  4.1  4.2  4.2  4.1
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 305-1 Disclosure GRI 305-2 Material aspect - GRI 103-1;103-2; 103-3 GRI 305-2 Material aspect - GRI 103-1;103-2; 103-3 GRI 306-1 GRI 306-1 GRI 306-2 Aspect - Environ	Energy  Explanation of the material topic, the management approach and nevaluation of the management approach Energy consumption within the organization  Water  Explanation of the material topic, the management approach and a evaluation of the management approach Water withdrawal by source  Emissions  Explanation of the material topic, the management approach and a evaluation of the management approach Direct (Scope 1) GHG emissions  Description Energy indirect (Scope 2) GHG emissions  - Effluents and waste  Explanation of the material topic, the management approach and a evaluation of the management approach Water discharge by quality and destination Waste by type and disposal method mental compliance	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2  4.1  4.1  Paragraph/Notes  4.1  4.2  4.2  4.3
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 305-1 Disclosure GRI 305-2 Material aspect - GRI 103-1;103-2; 103-3 GRI 305-2 Material aspect - GRI 103-1;103-2; 103-3 GRI 306-1 GRI 306-1 GRI 306-2 Aspect - Environ GRI 103-1;103-2;	Energy  Explanation of the material topic, the management approach and nevaluation of the management approach Energy consumption within the organization  Water  Explanation of the material topic, the management approach and a evaluation of the management approach Water withdrawal by source  Emissions  Explanation of the material topic, the management approach and a evaluation of the management approach Direct (Scope 1) GHG emissions  Description Energy indirect (Scope 2) GHG emissions  - Effluents and waste  Explanation of the material topic, the management approach and a evaluation of the management approach Water discharge by quality and destination Waste by type and disposal method mental compliance	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2  4.1  Paragraph/Notes  4.1  4.2  4.2  4.3
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 305-1 Disclosure GRI 305-2 Material aspect - GRI 103-1;103-2; 103-3 GRI 306-1 GRI 306-1 GRI 306-2 Aspect - Environ GRI 103-1;103-2; 103-3	Explanation of the material topic, the management approach and a evaluation of the material topic, the management approach and a evaluation of the material topic, the management approach and a evaluation of the material topic, the management approach and a evaluation of the management approach  Water withdrawal by source  Emissions  Explanation of the material topic, the management approach and a evaluation of the management approach  Direct (Scope 1) GHG emissions  Description  Energy indirect (Scope 2) GHG emissions  - Effluents and waste  Explanation of the material topic, the management approach and a evaluation of the management approach  Water discharge by quality and destination  Waste by type and disposal method  mental compliance  Explanation of the material topic, the management approach and a	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2  4.1  4.1  Paragraph/Notes  4.1  4.2  4.2  4.3
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 305-1 Disclosure GRI 305-2 Material aspect - GRI 103-1;103-2; 103-3 GRI 306-1 GRI 306-2 Aspect - Environ GRI 103-1;103-2; 103-3 GRI 307-1	Explanation of the material topic, the management approach and a evaluation of the material topic, the management approach and a evaluation of the material topic, the management approach and a evaluation of the material topic, the management approach and a evaluation of the management approach  Water withdrawal by source  Emissions  Explanation of the material topic, the management approach and a evaluation of the management approach  Direct (Scope 1) GHG emissions  Description  Energy indirect (Scope 2) GHG emissions  - Effluents and waste  Explanation of the material topic, the management approach and a evaluation of the management approach  Water discharge by quality and destination  Waste by type and disposal method  mental compliance  Explanation of the material topic, the management approach and a evaluation of the management approach	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2  4.1  4.1  Paragraph/Notes  4.1  4.2  4.2  4.3
Material aspect - GRI 103-1;103-2; 103-3 GRI 302-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 303-1 Material aspect - GRI 103-1;103-2; 103-3 GRI 305-1 Disclosure GRI 305-2 Material aspect - GRI 103-1;103-2; 103-3 GRI 306-1 GRI 306-2 Aspect - Environ GRI 103-1;103-2; 103-3 GRI 307-1	Energy  Explanation of the material topic, the management approach and nevaluation of the management approach Energy consumption within the organization  Water  Explanation of the material topic, the management approach and a evaluation of the management approach Water withdrawal by source  Emissions  Explanation of the material topic, the management approach and a evaluation of the management approach Direct (Scope 1) GHG emissions  Description  Energy indirect (Scope 2) GHG emissions  - Effluents and waste  Explanation of the management approach Water discharge by quality and destination Waste by type and disposal method mental compliance  Explanation of the management approach and a evaluation of the management approach Non-compliance with environmental laws and regulations  - Supplier environmental assessment	The Group is committed to extending the reporting on data materials used  4.1  4.1  4.2  4.2  4.1  Paragraph/Notes  4.1  4.2  4.2  4.3

PARMA

Morris Profumi Spa Strada Maretto, 13 43126 Roncopascolo (PR) Italy phone +39 0521 662 111

parma@perfumeholding.com

LONDON

Perfume Holding UK Limited SAS House 1 Chertsey Road, Woking Surrey GU21 5AB wiesbaden@perfumeholding.com NEW YORK

Perfume Holding Corp. 60 Broad Street Suite 3502 New York, NY 10004

newyork@perfumeholding.com

DUBAI

Morris Profumi Spa (dmcc branch) Jumeirah Bay Tower X3 Plot No: JLT-PH2-X3A Jumeirah Lakes Towers Dubai, UAE dubai@perfumeholding.com SINGAPORE

Perfume Holding Asia Pte. Ltd. 108, Middle Road, the Prospex, Singapore 188967

singapore@perfumeholding.com

MOSCOW

Perfume Holding LLC
1-ya Tverskaya Yamskaya st.
23, bld.1, ent. 3 125047 Moscow,
Russia
moscow@perfumeholding.com

Wiesbaden

MSB Perfume Holding Diffusion GmbH Rheingaustraße 32 65201 Wiesbaden, Germany

wiesbaden @perfumeholding.com

MILANO

Perfume Holding
Via Savona, 87
20144 Milano (MI) Italy
phone +39 02 359 60200
milano@perfumeholding.com

