

C O T Y



California Transparency in Supply
Chains Act of 2010 disclosure
-and-
UK Modern Slavery Act Statement

DECEMBER 2018

THIS DOCUMENT IS INTENDED TO SERVE AS:

- (1) Annual statement required to be published for the purposes of the United Kingdom's Modern Slavery Act 2015.
- (2) The required disclosure for the purposes of the California Transparency in Supply Chains Act of 2010.

Consistent with Coty Inc.'s ("Coty" or "We" or "Our") longstanding commitment to excellence and corporate responsibility, including its commitment to employees and consumers throughout the world and to the communities and the environment in which Coty and its products are present, Coty confirms its dedication to ensuring that the supply chains it employs in the sourcing and manufacturing of its products do not include, utilize or tolerate human trafficking, slavery and forced or child labour.

Consistent with its assessment of the potential risks, and in accordance with the California Transparency in Supply Chains Act of 2010 and the UK Modern Slavery Act 2015 (the "Acts"), Coty describes below the efforts that it makes and has made over the past financial year to ensure human trafficking, slavery and forced or child labour are not present in its operations or the operations of its contractors, subcontractors and suppliers (together "Business Partners").

This document outlines Coty's progress in identifying and managing the risk of modern slavery. We are in the process of aligning our various non-financial reporting disclosures. As a result, starting in 2019, we intend to publish our annual UK Modern Slavery update every November referencing progress from our previous financial year.

About Coty

Coty is one of the world's largest beauty companies with over \$9 billion in revenue, an iconic portfolio of brands and a purpose to celebrate and liberate the diversity of consumers' beauty. Founded in 1904, today, Coty is the global leader in fragrance, a strong number two in professional salon hair color and styling, and number three in color cosmetics. Coty has 20,000 colleagues globally and its products are sold in over 150 countries and territories.

Coty operates through three divisions:

- Consumer Beauty is primarily focused on color cosmetics, retail hair coloring and styling products, body care and mass fragrances.
- Luxury is primarily focused on prestige fragrances, premium skincare and premium cosmetics.
- Professional Beauty is primarily focused on hair and nail care products for salon professionals.

We have made significant progress over the last year creating a Responsible Growth Strategy which was informed by our initial materiality assessment in 2016 and further internal and external stakeholder engagement. The priorities for this strategy include exploring circular design in our ingredients and packaging and inclusive beauty. As part of this we announced the launch of our *We Stand for You* program which engages our

employees and our wider network in taking a stand against prejudice and discrimination based on gender, sexual orientation, disability and ethnicity.

Our approach

We are committed to respecting and promoting fundamental human rights throughout our own operations and extended supply chain. This includes a dedication to ensuring our sourcing and manufacturing supply chains do not include, utilize or tolerate human trafficking, slavery and forced or child labour and comply with all applicable laws.

Our policies in this area are guided by international standards including the UN Declaration of Human Rights, the fundamental rights set out in the International Labour Organization's (ILO) Declaration on the Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises.

We are a signatory to the UN Global Compact (UNGC) and support the ten principles on human rights, labour, environment and anti-corruption. In April 2018, we joined the UNGC UK Network Modern Slavery Working Group to develop our understanding of identifying and managing modern slavery risks and share best practice with our peers.

We are also involved in a number of industry efforts related to respecting and advancing human rights. We recently joined AIM-Progress which includes a focus on the impact of sourcing strategies on human rights. We co-founded the Responsible Beauty Initiative to collaborate and share best practices with other beauty companies to improve sustainable practices and joined the Roundtable on Sustainable Palm Oil.

Internal Policies and Training

Our employee Code of Conduct sets out what our employees must do to ensure high ethical standards. It also outlines the reporting process and protocol if they have any concerns. All employees receive the Code of Conduct, and undergo a range of mandatory on-line trainings.

We have appointed a Head of Global Compliance who, in collaboration with senior leadership, is responsible for ensuring a robust Global Compliance Program that is designed to detect and prevent violations of the law and promote a culture of ethical business practice. We recently launched an internal Compliance site which contains training information and resources for employees.

As part of the Global Compliance Program, we have developed an enhanced ethics and compliance hotline to receive and investigate allegations of misconduct. It is available to employees as well as third parties, and accessible via phone or online in over 200 languages. It provides a safe and convenient way for anyone to raise questions or concerns about topics covered in the Code of Conduct.

All Code of Conduct-related complaints from our compliance hotline are routed directly to our head of Global Compliance who is responsible for the prompt and appropriate handling of the complaint and appropriate investigations. We regularly track data from the hotline to assess and address concerns regarding awareness or access to the hotline, as well as behavioural trends and emerging risks.

Supply Chain Policies and Training

Our commitment to respecting human rights extends throughout our supply chain to our Business Partners. We require our Business Partners to sign and comply with Coty's Code of Conduct for Business Partners which includes specifically the eradication of slavery and human trafficking in their own businesses and materials supply chains. Any incidents of non-compliance would be escalated to appropriate senior leadership.

100 of our major global suppliers have signed our Code of Conduct for Business Partners as part of the commercial contract signing process in the last year. Internally, our ongoing training covers our Code's impact on suppliers, what they need to do to demonstrate compliance and how we will deploy it effectively with them.

Risk Assessment

We have undertaken a supplier risk assessment exercise, based on the risk of non-compliance to our Code of Conduct for Business Partners with a special emphasis on modern slavery risks. This covers suppliers making up 80% of our third-party spend. All major categories of spend have been included; in packaging and raw materials, logistics and transport, selected indirect spend categories and Third Party Manufacturing facilities.

The next steps are to focus on those suppliers representing a higher risk of non-compliance to our Code of Conduct for Business Partners. We will work with these suppliers, to put plans in place for them to demonstrate compliance with our Code within an agreed timeframe. This will be done either via an assessment (through EcoVadis) or a third party ethical audit uploaded onto the Sedex platform. These audits will either be announced or semi announced (undertaken within a two to three-week timeframe). These audits will be performed on-site by independent audits and cover the areas of labour and human rights (including modern slavery), health and safety, environmental standards and business integrity. This will form the basis of our supplier compliance activity, which we intend to be able to measure and report on in years to come.

In addition, since we joined the Responsible Mica Initiative in 2017, we have been working with others across our industry to eradicate child labour and unacceptable working conditions in the Indian mica supply chain where there are known instances of child labour and slavery. We have made progress with the development of traceability tools, engagement with local government and the implementation of community empowerment programs on areas including livelihoods, quality education and health.

Ongoing Supplier Assessment

We continue to use EcoVadis to assess and evaluate suppliers on a number of risks, including the risks of human trafficking and slavery/forced labour.

For further information regarding Coty's efforts to eradicate human trafficking and slavery/forced labour from its supply chains, you may contact Coty through our online contact form.

Approved by the Board on December 2018

A handwritten signature in black ink, appearing to be 'P. Laubies', with a large, sweeping flourish extending to the right.

Signed by Pierre Laubies
Chief Executive Officer, Coty