

2020 NON-FINANCIAL ANNUAL REPORT



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A WORD FROM THE CHAIRMAN AND CEO

#STRONGERTOGETHER
#WEAREALLPUIG

As a family business with more than 100 years of history, we are proud to remain faithful to our mission of building unique, highly desirable fashion and beauty brands that reinforce self-esteem and allow self-expression, while respecting the set of values and principles that characterize us and are part of our legacy.

We are committed to leaving behind a better world for the next generation, and for this reason, we have raised our levels of ambition on the road to sustainability. The company as a whole works within an ESG (environmental, social and governance) framework, and has adopted a global approach that encompasses all business units, and has also defined a sustainability agenda for each brand with a focus on environmental and social aspects.

Our ambition is to be in the top quartile for sustainability, which would make us one of the companies in the sectors where we operate which is most respected in this area.

2020 was the final year of our Da Vinci Plan, an ambitious strategic plan that focused on developing our core fragrance business and expanding the category into new territories through innovation.

Although our results at the beginning of the year were very satisfactory, the year was cut short by the Covid-19 pandemic, an unprecedented health and economic crisis which has left almost every sector severely shaken by its effects.

“THE COVID-19 PANDEMIC HAS ACCELERATED SOME CHANGES THAT WERE ALREADY TAKING PLACE IN THE INDUSTRY AND THAT WE HAD ALREADY DETECTED: THE DIGITAL REVOLUTION AND THE EXPLOSION OF THE CHINESE MARKET.”

The fragrance market fell 29% globally and our sales in this segment experienced a 32% drop, penalized by a portfolio and geographical distribution that were discordant with the trend in the sector.

For the first time in our history, we ended the year with a loss.

We watched as our clients around the world began to close down: perfumeries, department stores, airport shops and shopping malls. Our products were no longer a necessity for consumers.

In response to this situation, we created a crisis committee that helped us navigate our way through the storm.

Our priority was the safety of our employees, making it possible for them to work remotely and implementing strict security protocols in those cases where onsite working was essential. We contributed to the fight against the pandemic by adapting our Vacarisses factory to manufacture hydroalcoholic gels and our fashion workshops to produce PPE,¹ thus supporting the needs of thousands of health workers and caregivers in hospitals and nursing homes.

Liquidity was also a priority, which we monitored and protected by cutting expenses and investments in fixed assets.

A solid balance sheet, a team of dedicated people, a desire to overcome the crisis and return to the workplace, together with a powerful portfolio of brands, showed that we were prepared to face this crisis.

The Covid-19 pandemic has accelerated some changes that were already taking place in the industry and that we had already detected: the digital revolution and the explosion of the Chinese market.

At Puig, we always adopt a long-term vision and, from our beginnings, our mission has always been to leave behind a bigger and better company to future generations. Therefore, we see this pandemic as an isolated event for the business. Over the past few years we have been making decisions that have allowed us to adapt to changes in the environment, building brands through fashion and projecting them into the world of fragrances. This has led us to achieve a market share close to 10%.

¹ Personal protective equipment.

“DURING THE PERIOD OF FULL LOCKDOWN, WE ANNOUNCED THE ACQUISITION OF CHARLOTTE TILBURY, A COSMETICS BRAND THAT IS AMONG THE TOP 20 MAKEUP BRANDS IN THE UNITED KINGDOM AND THE UNITED STATES.”

During the period of full lockdown, we announced the acquisition of Charlotte Tilbury, a cosmetics brand that is among the top 20 makeup brands in the United Kingdom and the United States. Including Charlotte Tilbury, total revenues for Puig in 2020 were 24% less than in 2019.

At the end of the year, we announced the construction of the company's new vision, structured around three solid divisions: the Beauty and Fashion Division, Charlotte Tilbury and the Derma Division. This restructuring will enable us to compete with a more diversified portfolio as far as categories, channels and geographical areas are concerned, while at the same time it will allow us to give continuity to the family business project: multiplying talent, dedicating energy and efforts to its development and maintaining control of our destiny.

This enables the legacy of Puig to live on and offers the means to pass it down to future generations, staying faithful to our vision as a family business and in a way that respects the environment and contributes to society and the development of the communities in which we live.



Marc Puig
Chairman and CEO

A handwritten signature in black ink, consisting of a stylized 'M' followed by a flourish and a closing bracket.



REPORTING FRAMEWORK

This document containing the company's Non-Financial Information Statement has been drafted in line with the requirements established by Law 11/2018 of December 28, 2018 on Non-Financial Information and Diversity approved on December 13, 2018 by the Congress of Deputies and modifying the Commercial Code, the consolidated text of the Capital Companies Act and Law 22/2015 on Account Auditing, in matters of non-financial information and diversity.

The data contained in this Non-Financial Information Statement corresponds to Puig S.L. and its subsidiary companies, hereinafter Puig. Where the information falls outside this scope, this is duly indicated. Data for Charlotte Tilbury is not included in this 2020 report because it was only incorporated into the Puig portfolio halfway through the year and was not integrated into our IT systems.

The Non-Financial Information Statement is an annual document, and this is the third year in which Puig has drafted this report. Puig has been preparing this report since 2018 in accordance with the Core option of the GRI Standards.

We would like to stress that the effects of the Covid-19 pandemic make comparing this report with previous years difficult, especially in terms of the employment and environmental data. Therefore, in certain parts of the report we offer the appropriate data but without the percentage variation over previous years. Furthermore, in 2020 we reviewed the materiality matrix, the details of which are reported in the corresponding section.

The data required by the law 11/2018 contained in this report has been duly verified by an external body. In addition, this document includes data which Puig presents voluntarily to provide additional context and information. This information does not require external verification.

For general queries about this document, our different stakeholders may contact the Communications Department at Plaza Europa, 46-48, 08902, L'Hospitalet de Llobregat, Barcelona, or send an email to [**press@puig.com**](mailto:press@puig.com).



ABOUT US

Puig builds unique, highly desirable beauty and fashion brands that reinforce self-esteem and individual personality. As a family business we aspire to leave behind a better world for future generations.

Since 1914, our entrepreneurial spirit, our creativity and our passion for innovation have positioned us as a significant player in the field of beauty and fashion.

Present in fashion and in the three prestige beauty categories (fragrances, makeup and dermocosmetics) the Puig brands generate engagement and connect with people's emotions through great storytelling. That is why we define them as love brands.

At Puig we defend the values and principles established by three generations of family leadership, which have guided us in the consolidation of a century-old, long-term, profitable and sustainable business project.

Integrity

We believe in doing things right, which means not only following the Ethical Code to the letter but also upholding the spirit of the company's values.

Respect

We treat others with equality, dignity and courtesy, and we are always conscious of how our decisions affect them.

Excellence

We believe there is always a better way of doing things and achieving better results, we are committed to constantly improving the aspects of the business we are involved in.

Trust

We trust others and believe in their competence and honesty.

Flexibility

We do not fear change and are capable of adapting ourselves to any challenges and opportunities that may arise. We encourage curiosity and are always ready to adjust to the changing realities of the world we live and work in.



GEOGRAPHICAL PRESENCE

We have two main offices, from which our fragrance business is managed:

Barcelona: Plaza Europa, 46-48
08902, L'Hospitalet de Llobregat, Barcelona
Paris: 65-67, Avenue des Champs-Élysées
75008, Paris

We also have premises in the following locations:

NICHE BRANDS

Penhaligon's	1 Cathedral Piazza, 3 rd -4 th Floor 123 Victoria Street, London SW1E 5BP (United Kingdom)
L'Artisan Parfumeur	1, Rue Charles Tellier – Zone industrielle de Beaulieu, 28000 Chartres (France)

MAKEUP BRANDS

Charlotte Tilbury	8 Surrey Street, London, WC2R 2 nd (United Kingdom)
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FASHION BRANDS

Carolina Herrera	Headquarters	501 7 th Avenue, New York, NY 10018 (USA)
	Flagship Store	954 Madison Avenue, New York, NY 10021 (USA)
Dries Van Noten	Headquarters	Godefriduskaai 36, 2000 Antwerp (Belgium)
	Flagship Store	Het Modepaleis Nationalestraat 16, 2000 Antwerp (Belgium)
Jean Paul Gaultier	Headquarters	325, Rue Saint-Martin, 75003 Paris (France)
Nina Ricci	Headquarters	39, Avenue Montaigne, 75008 Paris (France)
	Flagship Store	39, Avenue Montaigne, 75008 Paris (France)
Paco Rabanne	Headquarters	17, Rue François 1 ^{er} , 75008 Paris ((France)
	Flagship Store	12, Rue Cambon, 75001 Paris (France)



PRODUCTION PLANTS

Spain	Barcelona	Carrer Potosí, 21, 08030 Barcelona
	Vacarisses	Carrer Berlín, 12 (Pol. Industrial Can Torrella), 08233 Vacarisses, Barcelona
	Alcalá	Calle Blas Cabrera, 18 – La Garena, 28806 Alcalá de Henares, Madrid
France	Chartres	1, Rue Charles Tellier – Zone industrielle de Beaulieu, 28000 Chartres

INTERNATIONAL PRESENCE (SUBSIDIARIES AND REGIONAL OFFICES)

1. Argentina	14. Mexico
2. Australia	15. Panama
3. Austria	16. Peru
4. Belgium	17. Portugal
5. Brazil	18. Russian Federation
6. Canada	19. Saudi Arabia
7. Chile	20. Singapore
8. China	21. Spain
9. Colombia	22. Switzerland
10. France	23. The Netherlands
11. Germany	24. United Arab Emirates
12. Italy	25. United Kingdom
13. Malaysia	26. United States

In 2020 our products were sold in more than 150 countries. In addition, the new incorporations into our portfolio in recent years have increased the number of our points of sale worldwide.





PORTFOLIO

		OWN BRANDS	LICENSES AND CELEBRITIES
FASHION		CAROLINA HERRERA PACO RABANNE JEAN PAUL GAULTIER NINA RICCI DRIES VAN NOTEN	
FRAGRANCES AND COSMETICS	PRESTIGE	CAROLINA HERRERA PACO RABANNE JEAN PAUL GAULTIER NINA RICCI	PRADA PARFUMS
	NICHE	PENHALIGON'S L'ARTISAN PARFUMEUR ERIC BUTERBAUGH LOS ANGELES	COMME DES GARÇONS PARFUMS CHRISTIAN LOUBOUTIN
LIFESTYLE	INTERNATIONAL FRAGRANCES		ANTONIO BANDERAS UNITED COLORS OF BENETTON SHAKIRA
	REGIONAL FRAGRANCES	AGUA BRAVA QUORUM	ADOLFO DOMINGUEZ AGATHA RUIZ DE LA PRADA PACHÁ
	LOCAL FRAGRANCES	VICTORIO & LUCCHINO AZUR ROYAL REGIMENT LAVANDA AÑEJA	DON ALGODÓN SPRINGFIELD BUSTAMANTE PAULA ECHEVARRÍA JULIANA PAES MALÚ MARC MARQUEZ AITANA ARISTOCRAZY RAPSDIA
	TOILETRIES	AGUA LAVANDA PUIG HENO DE PRAVIA	
	MAKEUP	CHARLOTTE TILBURY	
LOCAL CONQUERORS		GRANADO LOTO DEL SUR KAMA AYURVEDA	

COMMITMENT TO SUSTAINABILITY

In 2014 we undertook a genuine commitment to sustainability across our entire business model. Our 2014-2020 Sustainability Program² has enabled us to address important issues, challenges and opportunities that have driven us towards a sustainable transformation of the company as a whole.

Our commitment, flexibility and ability to adapt have been key to our performance. In 2017, having achieved most of the objectives we had initially set, we carried out a review of the plan that allowed us to advance in our commitment to a more sustainable and low-carbon economy, bringing us into line with important international initiatives such as the Paris Agreement³ on climate change, the EU Action Plan for the Circular Economy⁴ and the UN Sustainable Development Goals (SDGs).⁵

This first Puig Sustainability Program focused on three SDGs, fundamentally related to the environmental dimension, which at the time we considered to be the ones where we could have the most impact:



Industry, Innovation and Infrastructure

Technological innovation and investment in our facilities are priority areas in the growth of our business, as are the creation of more sustainable products through ecodesign, the circular economy and efficiency in the use of resources.



Responsible Consumption and Production

We apply sustainability criteria throughout our value chain and evaluate the impacts generated throughout the entire life cycle of our products and services.



Climate Action

We contribute to the fight against climate change through our emission reduction strategy throughout the entire value chain.

² The scope of this program is the fragrance business unit in Spain and France.

³ The Paris Agreement is the first universal and legally binding agreement on climate change, adopted at the Paris Climate Conference (COP21) in December 2015.

⁴ New Circular Economy Action Plan, of 11 March 2020, for a cleaner and more competitive Europe.

⁵ On 25 September 2015, world leaders adopted a set of global goals to eradicate poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets that must be achieved in the next 15 years.



As a result of the effort and commitment of all Puig employees, these seven years have also resulted in a cultural transformation within the company, as can be seen in the natural expansion of the scope of the initial program to the dimensions of people and society and to that of governance.

Our commitment to this social dimension is reflected in our relations with our employees, the communities in which we work and our consumers, and in our willingness to make an impact through social action initiatives in those settings in which we do not operate directly. 2020 has been a particularly significant year in this area. Due to the pandemic, we have worked tirelessly to look after our people and to offer society the products necessary for hygiene and prevention.

Our commitment to governance underlies our approach towards ensuring the sustainability of the company through our governing bodies. In 2020 we introduced changes, taking steps towards a future generational change and aligning ourselves with societal trends.

With the Puig Sustainability Program now complete and amidst an exceptional and highly complex environment, we have strengthened ourselves to move towards a new reality. During 2020 we began the transition towards a new commitment to future sustainability, with the aim of establishing new, more ambitious long-term goals. In 2021 we plan to finish defining the new 2030 Agenda and its associated actions, among which the fight against climate change and the reduction of carbon footprint will continue to be priorities for Puig. Accordingly, at the end of 2020 we decided to create a delegate committee of the Board of Directors, the ESG Committee (more details in the Governance chapter) to implement our commitment.

Throughout this report we want to demonstrate, once again, our firm commitment to aligning ourselves as much as possible with the Sustainable Development Goals, as well as to reflecting the holistic and comprehensive approach that we want sustainability to have at Puig.

Our contribution to the SDGs





COMMITMENT TO PEOPLE AND SOCIETY

THE PEOPLE AT PUIG

Faithful to the values reflected in our Ethical Code which guide us as a family business, we care about the working lives of our people and about their growth at every stage of their career at Puig. Aligned with this commitment, in 2020 we dedicated additional efforts and resources to maintaining the safety and health of our employees.

The year of Covid-19: management, measures and results

In 2020, our concern for our people was directly marked by the global Covid-19 crisis. They were our priority and we acted quickly to maintain their health and safety with a series of actions that we put in place from the first moment and that we have maintained, updated and monitored throughout the entire pandemic.

On 26 February 2020, we established a Covid-19 Committee, led by the CHRO⁶ and the COO,⁷ which included all those directly involved in one aspect or another of the management of the crisis. The aim was to facilitate agile and rapid decision-making in a situation in which there was a high level of uncertainty.

⁶ Chief Human Resources Officer.

⁷ Chief Operating Officer.



The composition and responsibilities of the Committee were as follows:

- Chief Human Resources Officer: co-leader.
- Chief Operating Officer: co-leader.
- Corporate HR Compensation & Labor Legal Director: analysis of current legislation and extraordinary regulations, proposal of measures for the correct communication and execution of the decisions that affected each of the units.
- Corporate HR Organization Director: coordination of the implementation at the Barcelona headquarters of health and safety issues, equipment, labor measures and guidelines established by the Committee. Spokesperson on the Workplace internal channel.
- Markets & Headquarters HR Director: ensuring the alignment of the measures adopted by the Committee with local regulations and recommendations, and their implementation in all business units around the world.
- Operations HR Director: reporting of the specific aspects of the factories to the Committee. Alignment and implementation of all measures and recommendations in all Puig factories.
- Digital, Media & IT Vice President: definition and implementation of technological solutions to support teleworking during the state of alarm and subsequent phases. Support in the management of health and safety in work areas.
- Facility Management Director: implementation of technical standards and measures in all Puig buildings to ensure the safest possible environment. Coordination of strategies with the industrial team in relation to cleaning, maintenance and specific needs of the factories.
- Occupational Health & Safety & Environment Director: technical advice on health and safety for all units. Implementation at all centers in Spain.

A protocol was established to convey the decisions made by the Crisis Committee to the relevant persons in charge so that they could be implemented quickly.



As a company with its own industrial production, we had three different situations:

- Office personnel: they began to telework as soon as the governments of the different countries in which we operate decreed states of alarm. This was possible thanks to the digital optimization we had implemented in previous years. Starting in May, workers gradually returned to their physical workplaces in Spain, in which a series of rules and measures to ensure health and safety were implemented. Each country adapted the measures to its own situation in the context of the pandemic. These measures were periodically reviewed by the Committee, a process that will continue throughout 2021.
- Sales personnel and Brand Ambassadors: they did not provide any services during the periods of shutdown decreed by different governments and returned to work as each country resumed its business activity.
- Factory personnel:
 - Alcalá, Barcelona and Chartres: a shutdown of production was not planned. However, due to the impossibility of receiving material from certain suppliers we were forced to shut down the three centers for four weeks.
 - Vacarisses: production continued throughout since the factory was used to produce hydroalcoholic gel.

Periodic meetings were held to assess how the situation was progressing with the most recent information available internally and from the health authorities. The Executive Committee scheduled two weekly meetings to monitor the situation.

Internal measures were implemented in all the countries in which we are present, adapting them to local regulations at all times.

The key to the success of the measures was the teamwork and commitment of the entire organization, from the Chairman and CEO all the way down through the company. Global Internal Corporate Communications adopted all the means necessary to ensure that the entire workforce, in all the countries where we operate, was always informed and kept up to date. In addition, Marc Puig, as the most senior executive, addressed several communications to the entire workforce through Workplace.



Preventive measures taken

We immediately implemented a series of preventive measures and recommendations in four areas:

1. Organizational measures.
2. Personal and work environment hygiene measures.
3. Personal protection measures.
4. Health measures.

Preventive organizational measures

Measures to minimize contact between workers, promoting physical distancing, as far as possible not less than 2 m (1.5 m maximum). We redesigned the layout of workstations, the organization of transit areas, the distribution of spaces, etc. In this regard, we launched a whole series of actions:

- Offering the option of teleworking (depending on the position).
- Establishing shifts in canteens to minimize the accumulation of people.
- Freeing up parking spaces so that all employees could park in the building (in the case of the Barcelona headquarters).

To manage the three aforementioned points, an application was created that allowed employees to reserve days, shifts and parking spaces, enabling us to also control capacity in the facilities.

- Limiting the capacity in elevators, depending on their size.
- Limiting the number of people in changing rooms and break rooms.
- Offering more flexibility in work schedules to reduce the number of people present in the same space and avoid crowds.
- Limiting travel.
- Limiting events which could attract a large number of attendees.
- Restricting the entry of third parties in all centers. Placing a temporary ban on visits.



Preventive personal and work environment hygiene measures

These actions consisted mainly of personal hygiene measures, both in the workplace and outside the workplace, and the cleaning and disinfection of the work environment.

- Personal hygiene measures. We provided our employees with the material necessary to control the pandemic, such as:
 - Hand hygiene products (soap, hydroalcoholic gel).
 - Tissues or paper towels for hand drying.
 - Wastebins that can be opened without touching them to dispose of tissues or paper towels.
- Work environment hygiene measures. We implemented cleaning and disinfection measures for the work environment, such as:
 - Increased cleaning and disinfection in work centers.
 - Increased cleaning of high-traffic areas such as cafeterias, canteens, meeting rooms and equipment.
 - Increased cleaning frequency of facilities, objects and surfaces with disinfectant products, and especially those that workers are usually in contact with.
 - Suspension of fingerprint access controls.
 - Increased ventilation in the facilities.
 - Comprehensive periodic disinfection of work centers with approved disinfectants.

Personal protection measures

On a daily basis, at the entrance to work centers, the appropriate protective equipment was provided for each position, while the use of personal masks was not allowed in these spaces. The following criteria were established for the type of protection needed according to the situation:

- Surgical mask: when the distance between workers was necessarily less than that established in the regulations.
- FFP2 mask: for people who were especially susceptible or vulnerable if exposed to SARS-CoV-2.
- Nitrile or latex gloves: for job positions involving the handling of packages or documentation from external sources, such as at reception, security controls, mailroom or goods reception areas.



Health measures

- A protocol was established to identify, notify and monitor employees with Covid-19 symptoms and to identify their contacts, both close and not so close.
- Identification of high-risk personnel, analyzing each case with Health Surveillance and applying the most appropriate preventive measures.
- Implementation of body temperature control using thermographic cameras at the entrance to Puig centers in Spain. In France this control was implemented using infrared thermometers, always in compliance with what was legally established and permitted.
- Execution of several voluntary Covid-19 detection campaigns for all staff members wishing to take part (within Spain):
 - May 2020 (return to work after the state of alarm): antibody detection campaign, using rapid serological tests. Total: 1,084 tests performed.
 - September 2020 (return to work after the holidays): antibody detection campaign, using rapid serological tests. Total: 1,220 tests performed.
 - At the end of the year we scheduled a new campaign to coincide with the return to work after the Christmas holidays.

These campaigns will be performed periodically in 2021.

Our day-to-day

As stated in our Ethical Code, we are committed to non-discrimination based on gender, race, religion or any other characteristic, ensuring that our recruitment processes guarantee equal opportunities. We believe diversity to be a fundamental asset for our organization, since it stimulates innovation and creativity, in addition to helping us understand the different environments in which we operate. We are committed to ensuring that the day-to-day activity in our work environment is carried out in line with our values and objectives, always respecting the applicable legislation and taking that extra step when our resources allow us, to offer our employees a suitable working environment, looking after their growth and well-being and providing uniform and transparent working conditions.

We care about improving the experience of our employees from the moment they join the company to the moment they leave. To achieve this, we have tools that ensure a high degree of satisfaction and provide us with data for analysis and subsequent improvements.



For the last few years, we have been working continuously to optimize the onboarding process for all the people who join our group, regardless of the location. Our Experience Puig internal portal includes a system that defines all the procedures for an efficient and satisfactory joining process. Although this system was successfully deployed in Spain in 2019 and its implementation in the rest of the units was scheduled for 2020, due to the evolution of the Covid-19 crisis this deployment was postponed, as were other onboarding processes that were planned for this year.

Looking after employees in the work environment

As previously explained, in 2020 we put in place exceptional measures to ensure the health and safety of the entire workforce around the world in the wake of the Covid-19 crisis. These actions also helped promote an improved work-life balance.

Under normal circumstances, working hours at each of our premises are determined based on the legislation, the applicable collective agreements and, additionally, on what is agreed with those who work at Puig. Whenever possible we try to introduce measures to optimize working hours.

All employees who work at Puig have access to mechanisms aimed at improving work-life balance, which are always in compliance with current legislation in each of the locations in which we operate and which depend on the job position. Our employees are able to take maternity and paternity leave without restrictions if they so wish and their return to the company is guaranteed. Furthermore, they can freely benefit from any work-life balance measure provided for in the applicable regulations. Likewise, and for those groups and units where it is feasible, Puig has implemented flextime and intensive working hours on Fridays. In 2020, for obvious reasons resulting from the pandemic, the entire office workforce was able to take up teleworking.

In 2020 in Spain, 57 children were born to Puig employees. All the parents were able to take their corresponding paternity and maternity leave, distributed as follows:

PATERNITY AND MATERNITY LEAVE

	Taken	Waived
Men	16	-
Women	36	-



In 2020 there were several cases of multiple births.

All those wishing to do so were able to take up their job positions afterwards.

- 31 people rejoined their jobs with no change.
- 21 people were still on leave at the end of the year.

In order to offer the best possible working environment, we regularly plan improvements which go beyond what is legally required, to ensure that our work centers comply with different international standards:

- ISO 9001:2015 Quality Management.
- ISO 14001:2015 Environmental Management.
- ISO 45001:2018 Occupational Health and Safety.
- ISO 22716: 2008 Cosmetics — Good Manufacturing Practices.

Our Integrated Management System, certified by TÜV Rheinland, describes all the processes implemented for the management of our employees' health and safety:

- Risk assessment and control.
- Emergency management.
- Health surveillance management.
- Management and investigation of accidents.
- Jobs with special risks.
- Coordination with external companies.
- Identification and compliance with legal requirements, etc.

The scope of this certification includes the company's four production plants and the Barcelona headquarters. The Paris offices on Champs-Élysées and Rue Washington already have the processes in place for future certification.

The Occupational Health & Safety team collaborated very actively with the overall management of the Covid-19 crisis. Apart from this work, in 2020 other significant improvements were carried out:

- Implementation of a new health and safety management software, SmartOSH, in the Chartres production plant. This software was implemented in the centers in Spain in 2019, and implementation began in 2020 at the Chartres plant, which is scheduled to end in 2021.



- Implementation of a risk analysis methodology for non-routine tasks, in order to minimize the risks in those tasks that are carried very sporadically. This methodology (Pre-Task Analysis) will be fully implemented in all production centers and at the Barcelona headquarters during the course of 2021.
- Implementation of action plans to ensure proper compliance with all aspects related to the health and safety of employees and facilities in all Puig subsidiaries. In addition, indicators were set to systematically monitor this compliance, thus bringing the methodology of the subsidiaries into line with that of the factories and headquarters.

Our commitment to health and safety allowed us to reach two very significant milestones at the Alcalá plant in 2020. On 21 February we celebrated two years without any accidents resulting in medical leave, and on 18 November 1,000 days had passed without any accidents resulting in medical leave.

We monitor OHS⁸ data monthly in all our Spanish units and at the Chartres plant. The headquarters in Paris is not yet integrated into the monthly reporting, but we have access to real-time data for monitoring⁹ purposes.

Committed to training and mobility

2020 was also a very unique year in terms of training, with a large number of planned on-site courses affected by the impact of the pandemic. Despite this, we made every effort to be consistent with our commitment to having a workforce with a differential set of skills, new knowledge and new ways of thinking in order to adapt to this uncertain, volatile and changing environment.

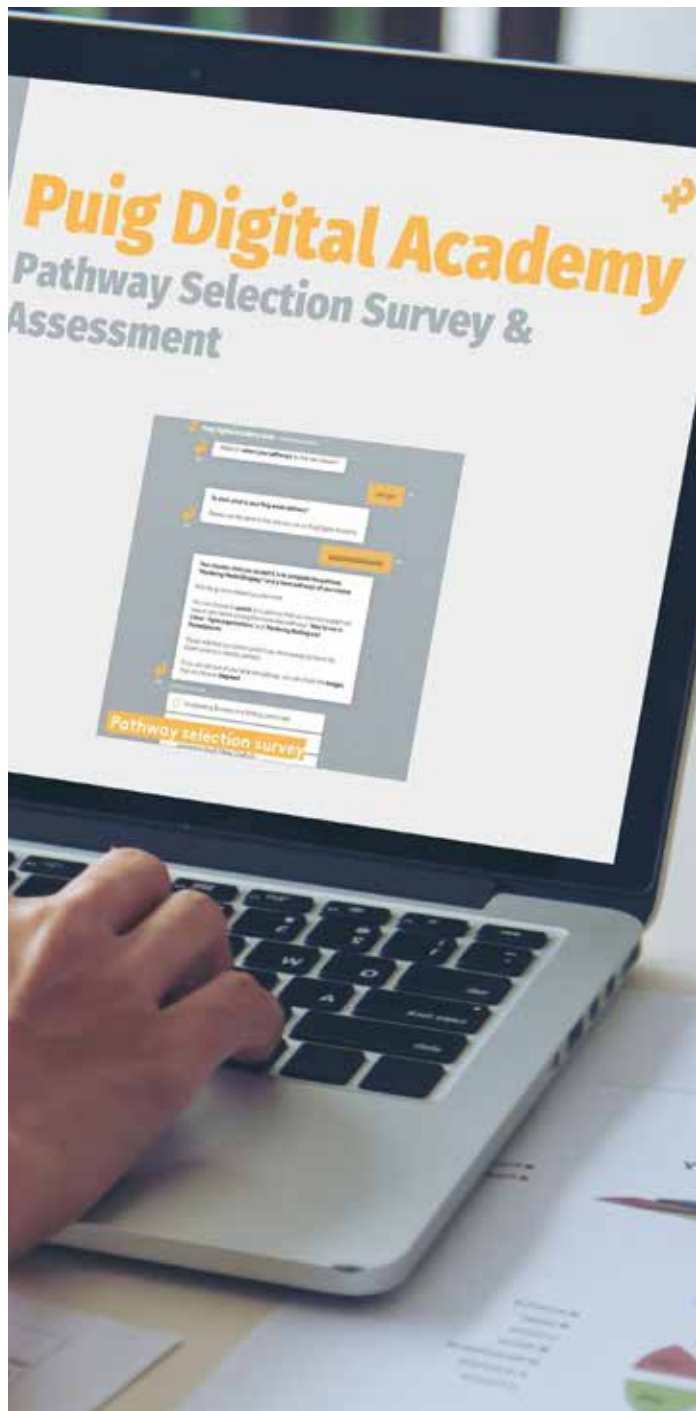
Although a 30% increase in training was planned for 2020, the pandemic resulted in some programs being delayed and others being cancelled altogether, as a result of which at year end our real investment was €1.53 million in training.

In 2020, our different career development options were structured around four lines of action:

- Strategy: to ensure that the business has the main skills and areas of knowledge considered necessary for the execution of the strategy.

⁸ Occupational Health & Safety.

⁹ In Paris, 280 people were included in the reporting scope and, therefore, although we presented two-year's worth of data, the scope is not comparable.

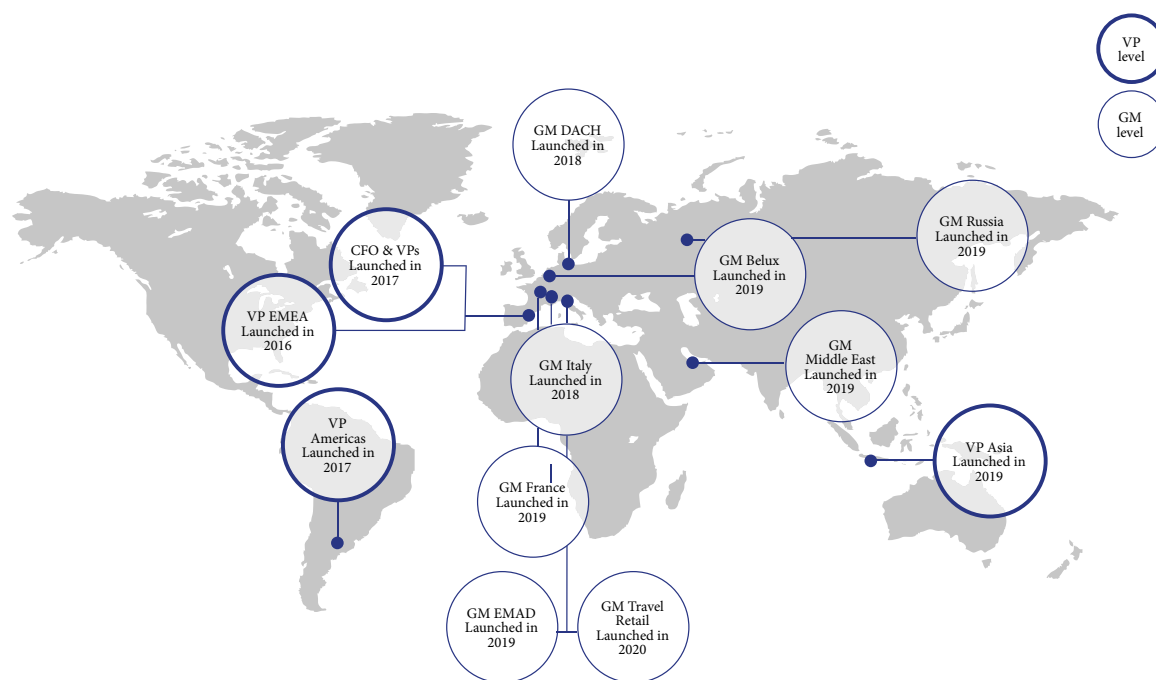


The Puig Digital Academy, launched in 2019, was expanded in 2020. This training program was offered online to all levels of the organization on a platform that integrated and blended learning initiatives and experiences. The participants received personalized training itineraries based on the levels of knowledge already acquired and their current needs. In 2020 more than 750 people participated in the program.

The Puig Digital Academy is a key initiative that is aligned with the essence of the strategic plan, with the evolution of the environment and with the growth plans of the business. The impact among participants continues to be significant and it was one of the most valued programs offered by the company in 2020.

- **Leadership:** actions in this area provide leadership and people management training to various groups in the organization to enhance their ability to inspire teams in order to achieve the best possible results and transmit the culture and values of Puig to the business. An example of this type of initiative is the Intact Teams program, offered since 2016 to Vice Presidents, General Managers and their teams. In 2020 it was expanded to the Travel Retail business with two events in Switzerland, while the coaching work associated with the programs in EMAD and France continued.

INTACT TEAMS PROGRAM 2020





- Functional: we seek to improve skills by *métier*. An example is the Packaging School, a long-term development program specifically designed for all our packaging engineers with the aim of developing skills, retaining talent and promoting the cooperation of our teams in Spain and France. In 2020, except for the peer reviews¹⁰ (which were carried out online), we had to postpone the planned activities due to Covid-19.
- Individual: each person's training plan is structured around the Performance & Development Journey. This is an annual process in which each manager sets the year's objectives for their team, both quantitative, linked to the business, and qualitative, linked to the Puig competency model, in addition to drawing up a personal development plan based on each employee's individual appraisal. Development plans are individual, with the aim of increasing the knowledge and skills of each team member to perform their current role and to prepare them for future positions. It is a process with a broad impact across the organization in which a large number of employees take part.

In 2020, 2,127 Puig employees joined the Performance & Development Journey program, compared to 1,761 in 2019. This increase is due to new people being incorporated into the program, and the result of a pilot carried out with the fashion teams in Paris.

We believe it is key that we identify and develop people with the motivation and ability to grow professionally, not only to fill leadership positions but also to ensure that the company's culture and values are transmitted in the best way possible to new hires. To achieve this, some time ago we created a set of three talent development programs that operate at several levels in the organization with differing but complementary objectives.

- Graduate Program – Building Foundations: aimed at identifying young candidates with potential, attracting them to the company and offering them valuable experiences to encourage them to carry out their professional careers at Puig.
- Talent Pool Program – Forging Futures: aimed at locating and developing emerging talent within the organization, with the objective of preparing these employees to take on middle management roles in different areas of the company when opportunities arise.

The third edition of the Talent Pool Program, launched on-site in July 2019 in Barcelona, continued during 2020, though this time in an online format due to the pandemic.

¹⁰ Meetings with all members of the primary and secondary packaging teams where key projects, challenges, problems and solutions are shared for mutual learning.



This edition of the program was based on three fundamental elements: self-knowledge, knowledge of the company and the creation of a network of contacts and opportunities for visibility and interaction with members of senior management.

- Janus Program – Inspiring Leaders: aimed at identifying highly skilled people within our company with the potential to occupy management positions in the future, giving them visibility, providing them with knowledge about the company's strategy, and preparing them to take on these roles.

As well as these training opportunities, and with the aim of encouraging internal mobility as a fundamental way of helping our people grow, we continue to promote the Job Opportunities Portal in all fragrance business units. Launched in 2017 as part of Experience Puig, this portal advertises all the job vacancies that arise in the group, including those that are published externally. This means that we open up opportunity to all our employees who wish to apply and ensures that our internal promotion process is transparent.

The Job Opportunities Portal is leading to a significant cultural change in the way in which the vacancies are handled and in 2020, despite the circumstances caused by the pandemic, 17 positions were filled as a result of applications received through the platform.

Ethical commitment to our people

In accordance with our Ethical Code, we aspire to take further steps in equality issues at all levels and in all aspects of the professional lives of our employees.

In terms of equality, in 2020, the Standing Committee for Equality continued its work with meetings that focused on reviewing and structuring everything that has been done so far and on ensuring the new regulatory requirements are met.

In 2020 we began drafting a new Equality Plan that would cover all the new requirements provided for in the regulations that came into force in January 2021. The aim is to ensure compliance with the provisions of Royal Decree 901/2020¹¹ on Equality Plans and their Registration, as well as Royal Decree 902/2020¹² on Equal Pay Between Men and Women. At the end of the process, we will register the new Equality Plan in the Equality Plan Register for Companies.

¹¹ Royal Decree 901/2020, of 13 October, which regulates equality plans and their registration and modifies Royal Decree 13/2010, of 28 May, on registering and depositing collective bargaining agreements.

¹² Royal Decree 902/2020, of 13 October, on Equal Pay Between Women and Men.



We also have mechanisms in place to ensure objectivity in the process for determining remuneration. These include the use of external consultants and the Compensation and Nomination Committee, also made up of external members, which annually monitors and approves the general guidelines.

Three factors are taken into account in determining the remuneration for the year:

1. The provisions on this matter established in the Collective Agreement for those units where it applies.
2. The evolution of the company.
3. Merits and individual performance of each employee.

We observe the minimum wage established by law in every country in which we operate. However, differences in the standard of living of these different countries can affect the averages by category, increasing or decreasing them, depending on the number of people per country.

The evolution of the average remuneration by professional category was as follows in 2020:¹³

AVERAGE REMUNERATION BY PROFESSIONAL CATEGORY (€)			
	2018	2019	2020
Top executives	224,412	235,466	244,202
Sales and Marketing	58,762	61,323	60,878
Brand Ambassadors	14,917	14,105	12,749
Technical employees	47,174	50,416	49,383
Administrative employees	42,033	45,848	44,241
Production	31,039	33,554	32,342

¹³ Calculation taking into account the annual base salary and the annual bonus.



The average remuneration of directors and top executives in 2020 was €277,799 (-0.4%), including the annual base salary, the annual bonus and the variable salary linked to each strategic plan.

In terms of remuneration, we also monitor the salary gap¹⁴ annually between comparable jobs with a defined Hay level.

SALARY GAP				
	No. of people	Gap	Top	Others
2018	3,517	0.30%	5.5%	0.0%
2019	4,211	0.36%	4.0%	0.2%
2020	4,089	-0.52%	1.90%	-0.4%

In compliance with the Avenir Law,¹⁵ we published our equality index for 2020 in all of our units in France, which was 93/100 (+ 22.3%). The result is calculated out of a total of 100 points, based on five criteria:

- Differences in salary between men and women (40 points).
- Differences in salary increase between men and women (20 points).
- Differences in annual promotion (15 points).
- Increase in salary upon return from maternity leave (15 points).
- Number of women among the ten highest salaries in the company (10 points).

Puig guarantees all its employees the freedom of association and the right to collective bargaining, as stipulated in the agreements of the International Labor Organization. In addition, we respect the legal representation of Puig employees, in those cases where it is applicable. In 2020, workers had legal representation at the following work centers:

- In Spain, the three production centers (Alcalá, Barcelona and Vacarisses).
- In France, the industrial center of Chartres and the offices of the fashion and fragrance businesses, all located in Paris.

¹⁴ We consider comparable jobs to be those between Hay grades 5 and 25.

¹⁵ Law 2018-771, of 5 September, "pour la liberté de choisir son avenir professionnel".



- In Argentina, the Brand Ambassadors collective.
- In Mexico, the Brand Ambassadors collective.

Employee-company dialogue is channeled through the representative bodies in the terms provided for by law. Both in Spain and in France there are representative bodies which assess and decide upon occupational health and safety issues in which both the company and workers participate:

- Spain: Health and Safety Committees (HSC) for the production plants of Alcalá, Barcelona and Vacarisses. The percentage of employees whose place of work is monitored by the organization and who are represented by formal employee-company health and safety committees is 47% in Spain (percentage corresponding to 100% of the workers in the three factories in this country).
- France: CSE¹⁶ both in the Chartres production plant and in the Champs-Élysées headquarters. The percentage of employees whose place of work is monitored by the organization and who are represented by formal employee-company health and safety committees is 100% in France.

In the two countries with the most employees, Spain and France, the labor relations of 100% of the workers are governed by the applicable sectoral collective agreements in accordance with the activity carried out. Likewise, the Brand Ambassadors in Argentina and Mexico are subject to the corresponding collective agreements.

We are committed to accessibility in all our facilities in compliance with current regulations, and whenever required, action is taken to eliminate barriers.

Sensitive to the integration of people with special needs, in 2020 the situation was as follows:

- Direct hiring at Antonio Puig, S.A. of 24 employees (+9%) with a degree of disability greater than 33%.
- Hiring of the temporary workforce in the Alcalá plant through the Integra Foundation, which works to promote the employment of people at risk of social exclusion and people with disabilities.

16 Comité Social et Économique (Social and Economic Committee).



- Promoting the employability of people with disabilities by outsourcing part of our production processes to special employment centers. This is an alternative measure to direct contracting established in the General Disability Law, which benefits this group, allowing them to work in a supportive environment adapted to their needs, while contributing to their occupational development. In 2020 we continued to collaborate with the most important centers, although these were also affected by the drop in activity:

INVOICING (€)				
Supplier		2018	2019	2020
Arco Iris Foundation	Madrid	€595,403	€688,794	€459,295
TPC Scop	France	€679,804	€579,289	€666,579
DAU Private Foundation	Barcelona	€591,262	€544,233	€358,052
Trefemo, S.L.U.	Madrid	€84,401	€127,097	€106,575
ILUNION Servicios Industriales	Barcelona	€7,136	-	-
Total		€1,958,006	€1,939,412	€1,590,501

Commitment to communicating with our employees

The 2020 pandemic inspired us to increase further our efforts in terms of internal communication to keep our workforce around the world connected, informed, aligned and engaged despite the exceptional circumstances experienced everywhere involving lockdown and teleworking.

We managed to create an agile internal communication strategy to ensure that our teams received the appropriate information, at the right time and through the right channel, anticipating their needs and resolving their possible doubts.

We came up with this inspiring slogan, which pervaded all internal communications and initiatives launched during the pandemic and became a motivational mantra across the organization during those exceptional circumstances.

#STRONGERTOGETHER

#WEAREALLPUIG



We designed a global internal communication strategy, which placed our employees at the center, always with their health and safety as the top priority, keeping them informed and united.

We adopted a much more open, close, human and authentic tone, ensuring the regular dissemination of positive, relevant and useful news.

The video messages that our Chairman and CEO, Marc Puig, sent periodically from the beginning of the crisis to the entire workforce were key to ensuring the workplace was free of misinformation, speculation or rumors and, above all, they helped align, guide and inspire the entire organization.

All those actions and initiatives aimed at keeping up morale and fostering a sense of belonging and team spirit were hugely important.

Our internal social network Workplace by Facebook, which we launched in 2017 and to which 100% of our workforce has access, played a key role in 2020 in managing communications in an agile way and ensuring that our employees felt more united than ever.

Effective communication of Covid-19 security measures

One of the priorities of Puig was to accompany the implementation of measures aimed at protecting the health and safety of people upon their return to work with an internal communication campaign. The Corporate Human Resources, Occupational Health Safety & Environment, Facility Management and Global Internal Corporate Communications teams worked together and against the clock to design and develop all of the materials, media and signage, as well as to implement them in all Puig offices and points of sale, to ensure the measures could be easily understood and adopted by everyone.

#BeCampaigns: a wellness program adapted to the circumstances

We also had to reorient our program aimed at promoting the well-being of our employees to adapt it to the pandemic safety measures and especially to the need to maintain social distancing.

Despite the situation in all the countries in which we operate, we not only continued to organize actions within the #BeCampaigns program, but also expanded the number of subsidiaries that are part of the initiative, although for the most part this was all carried out online. Below are some of the actions that were conducted:



COUNTRY	PILLAR	INITIATIVES
Spain	#BeHealthy	Conference: "Covid-19: an updated view", with Dr Antoni Trilla
	#BeHealthy	Conference: "Back to normal", with Patricia Soler
	#BeHealthy	Conference: "Tips to improve our immune system", by Dr Josepa Rigau
	#BeFit	Barcelona Half Marathon: 50% of the registration fee was subsidized
	#BeSociallyAware	Two annual campaigns: collection of clothes and toys for donation
Germany	#BeSociallyAware	"Christmas in a box": joint action involving wrapping gifts for children at risk of exclusion
	#BeSociallyAware	Fundraising among employees for a local project that distributes Christmas presents to children
	#BeProud	2020 kick-off and welcome event followed by a team-building dinner
	#BeProud	Virtual Christmas event with surprise gift
Argentina	#BeProud	Event to celebrate and review the year-end results
	#BeCreative	Workshop: "Fragrance academy"
	#BeCreative	Workshop: "Digital development to use the Workplace community"
Brazil	#BeHealthy	Webinar: "Breathing and stretching"
	#BeHealthy	Webinar: "Doctor across the screen"
	#BeSociallyAware	Training: "Social Responsibility Committee"
	#BeSociallyAware	Webinar: "Yellow September – Mental health campaign in Workplace"
	#BeSociallyAware	Webinar: "Pink October – Campaign on breast cancer in Workplace"
	#BeSociallyAware	Webinar: "Blue November – Prostate cancer campaign in Workplace"
	#BeSociallyAware	Workshop: "Good practices guide for teleworking"
	#BeProud	Digital sales convention
	#BeProud	Online campaign in Workplace: "Work on you", to share knowledge about the tool
	#BeSustainable	Online campaign in Workplace: "Recycled paper for printing"
The Middle East	#BeCreative	Online development program through the Tabmedia platform
	#BeFit	Dubai fitness 30x30 challenge: exercise 30 minutes a day for 30 days



COUNTRY	PILLAR	INITIATIVES
Chile	#BeHealthy	Psychosocial survey
	#BeHealthy	Workshop: "The pandemic situation and care (Metlife)"
	#BeHealthy	Training: "The new normal and protocols"
	#BeHealthy	Training: "First aid at home"
	#BeHealthy	Workshop: "Emotional support" (two editions)
	#BeFit	"Share your talents": dance classes given by staff members
	#BeFit	Workshop: Zumba
	#BeProud	Challenge: #YoMeCuido
	#BeProud	Challenge: #SomosCuidado – #SomosPuig
	#BeProud	Training: "Benefits and use of supplemental insurance"
	#BeProud	Motivational activity for BAS to prepare for the end of the year
	#BeCreative	Team challenge: Culinary / Art
	#BeCreative	Workshop: "Personal image"
Italy	#BeHealthy	Conference: "How to handle the mental health aspects of lockdown" with a coach
	#BeProud	Annual Puig Values Awards
Peru	#BeHealthy	Conference: "Emotional support"
	#BeHealthy	Workshop: "Laughter therapy"
	#BeHealthy	Conference: "Cholesterol and triglycerides"
	#BeHealthy	Conference: "Strengthening the immune system"
	#BeHealthy	Workshop: "Stress management"
	#BeHealthy	Conference: "First aid"
	#BeHealthy	Conference: "Spine and posture"
	#BeHealthy	Conference: "My immunity and how it works"
	#BeFit	Workshop: "Active breaks (exercises)"
	#BeFit	Conference: "Nutrition and weight management"
	#BeFit	Workshop: Yoga
	#BeFit	Workshop: Zumba
	#BeProud	Challenge: #YoMeQuedoEnCasa
	#BeProud	Challenge: #ContigoPeru



COUNTRY	PILLAR	INITIATIVES
United Kingdom	#BeHealthy	Smoothie Bike Challenge: sports competition in which employees could win smoothies by pedaling on exercise bikes
	#BeHealthy	Webinar: "Maintaining a positive mindset"
	#BeHealthy	Webinar: "Sleep school"
	#BeHealthy	Online session of ergolates (pilates + ergonomics)
	#BeHealthy	Webinar: "Tools for resilience"
	#BeFit	Brighton Half Marathon
	#BeFit	Online session of yoga and meditation
	#BeFit	Webinar: "Mental fitness"
	#BeProud	Annual Puig Values Awards
	#BeCreative	Webinar: "Managing digital distractions"
Russia	#BeProud	Annual Puig Values Awards
	#BeHealthy	Webinar: "Stress management"
	#BeSociallyAware	Social action by our employees: fulfilling the dreams of children with special needs
Switzerland and EMAD	#BeProud	Three Kings Day celebration
	#BeHealthy	Monthly breakfast in the office with local, seasonal and healthy fruit



Our people at year end

At the end of the year, Puig had 4,785 employees, compared to 5,213 in 2019.

The distribution of our employees in 2020 was as follows:

HEADCOUNT DISTRIBUTION BY GENDER

	Women	Men	Total
2018	3,175	1,138	4,313
2019	3,857	1,356	5,213
2020	3,536	1,249	4,785

WORKFORCE DISTRIBUTION BY AGE GROUP

	<30 years of age	31-50 years of age	>51 years of age
2018	837	2,706	770
2019	1,127	3,189	897
2020	873	3,038	874

WORKFORCE DISTRIBUTION BY CATEGORY

	2018	2019	2020		
	Total	Total	Women	Men	Total
Top executives	206	221	95	117	212
Sales and Marketing	1,228	1,453	1,071	347	1,418
Brand Ambassadors	1,228	1,767	1,240	198	1,438
Technical employees	996	1,073	668	386	1,054
Administrative employees	71	85	74	10	84
Production	584	614	388	191	579



WORKFORCE DISTRIBUTION BY TYPE OF CONTRACT

	2018	2019	2020
Permanent	4,001	4,849	4,536
Temporary	312	364	249
Total	4,313	5,213	4,785

		Women			Men		
		Permanent contract	Temporary contract	Total	Permanent contract	Temporary contract	Total
<30 years of age	2018	471	162	633	156	48	190
	2019	627	210	837	248	42	290
	2020	524	132	656	183	34	217
31-50 years of age	2018	1,882	81	1,963	730	13	743
	2019	2,248	79	2,327	844	18	862
	2020	2,141	63	2,204	825	9	834
>51 years of age	2018	572	7	579	190	1	191
	2019	680	13	693	202	2	204
	2020	666	10	676	197	1	198
Total	2018	2,925	250	3,175	1,076	62	1,138
	2019	3,555	302	3,857	1,294	62	1,356
	2020	3,331	205	3,536	1,205	44	1,249



DISTRIBUTION BY COUNTRY			
	2018	2019	2020
Argentina	164	192	161
Australia	6	7	7
Austria	8	7	6
Belgium	20	113	119
Brazil	258	296	282
Canada	6	5	7
Chile	363	330	234
China	-	-	13
Colombia	5	6	6
France	670	764	722
Germany	47	49	48
Hong Kong	16	41	36
Italy	42	48	47
Macao	-	7	6
Mexico	53	389	344
Netherlands	10	10	11
Panama	37	39	35
Peru	189	175	129
Portugal	22	23	21
Russian Federation	64	64	63
Saudi Arabia	101	101	94
Singapore	44	62	60
Spain	1,719	1,760	1,645
Switzerland	77	80	77
Taiwan	-	17	25
UAE	26	23	19
United Kingdom	222	444	374
USA	144	161	194



EXITS BY GENDER				EXITS BY AGE RANGE		
	Women	Men	Total	<30 years of age	31-50 years of age	>51 years of age
2018 ¹⁷	102	51	153 ¹⁸	30	92	31 ¹⁹
2019 ²⁰	223	75	298	58	185	55
2020	293	86	379	59	223	97

TOTAL ABSENTEEISM IN THOSE CENTERS WITH ATTENDANCE CONTROL IN 2020 OVER TOTAL HOURS FOR EACH CENTER						
	2018		2019		2020	
	No. of hours	%	No. of hours	%	No. of hours	%
Alcalá plant	2,871	8.35%	2,064	5.87%	2,012	7.14%
Barcelona plant	4,111	7.18%	4,175	6.98%	3,912	7.61%
Vacarisses plant	2,101	8.25%	2,656	10.70%	2,807	12.06%
Chartres plant	1,509	8.14%	1,344	7.34%	1,338	7.31%

WORK ACCIDENT FREQUENCY RATE ²¹ (FR)									
	2018			2019			2020		
	Average	Women	Men	Average	Women	Men	Average	Women	Men
Alcalá plant	5.22	4.90	5.59	0.00	0.00	0.00	0.00	0.00	0.00
Barcelona plant	15.49	11.85	22.36	12.01	11.57	12.81	4.86	7.80	0.00
Vacarisses plant	16.24	17.92	12.68	26.96	34.91	11.40	19.72	23.15	12.37
Chartres plant	9.02	7.67	10.93	14.11	0.00	31.98	4.92	8.65	0.00
Barcelona headquarters	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Madrid	0.00	0.00	0.00	0.00	0.00	n/ap	0.00	0.00	n/ap
Sales force Spain	5.63	6.78	0.00	10.93	13.07	0.00	7.33	9.27	0.00
Paris headquarters	n/av	n/av	n/av	3.64	2.42	7.31	0.00	0.00	0.00
Overall	7.64	6.33	8.42	7.23	7.21	7.29	3.49	4.65	1.00

FR = No. of work accidents resulting in medical leave * 1,000,000/Total number of hours worked

¹⁷ We do not have verifiable figures for the full year. The data corresponds to the six months from 1 July to 31 December.

¹⁸ Includes five deaths or medical leave due to disability.

¹⁹ Includes five deaths or medical leave due to disability.

²⁰ We have modified the 2019 data to exclude deaths

²¹ Calculated for 2020 with the effective hours worked taking into account the temporary employment regulation periods in the different locations.



SEVERITY INDEX²² (SI)

	2018			2019			2020		
	Overall	Women	Men	Overall	Women	Men	Overall	Women	Men
Alcalá plant	0.14	0.07	0.21	0.00	0.00	0.00	0.00	0.00	0.00
Barcelona plant	0.28	0.15	0.54	0.33	0.26	0.46	0.02	0.03	0.00
Vacarisses plant	0.83	1.04	0.38	1.02	1.48	0.13	1.34	1.68	0.62
Chartres plant	0.09	0.08	0.10	0.19	0.00	0.44	0.02	0.03	0.00
Barcelona headquarters	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Madrid	0.00	0.00	0.00	0.00	0.00	n/ap	0.00	0.00	n/ap
Sales force Spain	0.10	0.12	0.00	0.57	0.68	0.00	1.37	1.37	0.00
Paris headquarters	n/av	n/av	n/av	0.10	0.04	0.26	0.00	0.00	0.00
Overall	0.19	0.15	0.21	0.25	0.28	0.18	0.23	0.32	0.05

SI = No. of days lost due to work accidents * 1,000/Total number of hours worked

OCCUPATIONAL ILLNESSES

	2018			2019			2020		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Alcalá plant	1	0	1	0	0	0	0	0	0
Barcelona plant	1	0	1	0	0	0	0	0	0
Vacarisses plant	2	2	0	0	0	0	0	0	0
Chartres plant	0	0	0	0	0	0	3	3	0
Barcelona headquarters	0	0	0	0	0	0	0	0	0
Madrid	0	0	0	0	0	0	0	0	0
Sales force Spain	0	0	0	0	0	0	0	0	0
Paris headquarters	n/av	n/av	n/av	0	0	0	0	0	0
Overall	4	2	2	0	0	0	3	3	0

22 Calculated for 2020 with the effective hours worked taking into account the temporary employment regulation periods in the different locations.



SOCIAL ACTION

In line with our commitment to society that has been part of the Puig DNA since our origins, and aware that we must continue to contribute in any way we can, we channel our social action along two lines:

- Invisible Beauty global program.
- Local actions suggested and managed by each unit.

Total contributions from social actions in 2020 was €888,835 of which €177,160 were donations in kind.

Invisible Beauty

In 2014, coinciding with our 100th Anniversary, we decided to undertake a commitment to be more sustainable and build a stronger social ethic with a greater impact. At the time, through the Puig Foundation and accompanied by a recognized third sector actor, Ashoka, we launched the Invisible Beauty program, an entrepreneurship (learning by doing) initiative, through which we support entrepreneurs with social ideas to improve their communities. This project allows everyone at Puig to be involved in some way: from choosing projects through voting to volunteering if they so wish.

Invisible Beauty Makers

Through our Invisible Beauty Makers initiative we get involved in projects led by young entrepreneurs that have a social impact. We choose projects that have huge potential for helping make the world a better place. The objective is to contribute to the United Nations Sustainable Development Goals and to give back to society through our knowledge and strength. We provide all our infrastructure, know-how and experience so that these ideas can grow.

The Invisible Beauty Makers program is underpinned by eight values:

ENTREPRENEURSHIP	CREATIVITY	INNOVATION	TRANSFORMATION
EXCELLENCE	PASSION	CONVICTION	EMPATHY



ALL VOICES
ARE EQUALLY
IMPORTANT



The projects are selected based on the following criteria:

1. Originality: innovative projects with a systemic focus to make a difference.
2. Creativity: teams with the ability to visualize reality in a different way.
3. Entrepreneurial quality: teamwork, cohesion, leadership and management skills.
4. Social impact: potential social and transformational impact of the project.
5. Unquestionable ethics: consistency with its values, exemplary nature, objectives and means to achieve them.

We contribute financially to these projects in two ways:

- Contribution to the development of the project in the form of a grant.
- Travel allowance: this contribution was added in 2018 to allow access to the initiative to entrepreneurs located outside the scope of our participating headquarters. This enables us to broaden our impact.

Everyone who works at Puig has the opportunity to take part at different levels:

- The Doers, who help choose the projects with their votes. In 2020 we collected more than 2,200 (+26%) votes from our people around the world.
- The Mentors, who give their time to accompanying the chosen teams for two years. They are highly engaged in the projects, acting as mentors by contributing their knowledge to the entrepreneurs and mentoring them continuously during this period.
- The Trainers, who provide advice or training in specific needs. It is an on-demand form of involvement.
- The Online Trainers (former Helpers) are our internal ambassadors, giving valuable support in the dissemination of the project to the rest of Puig employees.

In 2020 we had to reinvent ourselves and adapt to the circumstances and resulting restrictions. Not surprisingly, we became much more digital.

On 24 November we launched the 6th edition of the program, under the slogan Got a Chance. A total of 26 applications for projects by young social entrepreneurs were presented at an online gala that was watched by more than 1,700 Puig employees from every market and in which participated our



Chairman and CEO, Marc Puig. Our internal Puig experts also took part, sharing their knowledge on issues that concern society, since one of the requirements of the projects is that they must provide a solution to one of the SDGs. The chosen projects will be launched in 2021.

With the votes of the Doers, 15 projects were selected for this new edition:

INVISIBLE BEAUTY MAKERS VI

Argentina	Convidarte Manos del Monte
France	Tissu Solidaire Trizzy Istya
Mexico	Idase María Josefina Yana
Spain	Timpers Nikarit I tu qui ets? Break the Silence
United Kingdom	Chayn Fat Macy's Heads Above the Waves

The participation of Puig employees is a fundamental pillar which underpins the Invisible Beauty Makers programs. For the 6th edition of the program which will start in 2021, 44 people have signed up to volunteer as mentors and 120 will be part of the team of trainers.

Apart from launching the new edition, in 2020 we continued working on projects from previous editions, with the following results:



Voices for Change

INVISIBLE BEAUTY MAKERS IN FIGURES

	2019	2020
Doers	1,800	2,268
Social projects supported	10 Spain ²³ 2 France 2 Argentina	9 Spain ²⁴ 3 France 3 Argentina
Young entrepreneurs supported	24	22
Countries of origin of the entrepreneurs	3	3
Mentors	28	40
Trainers	22	30
Helpers	89	
Online Trainers ²⁵		120
Interviews with top management	14	15
Hours of support for entrepreneurs	1,186	1,025

COMMITMENT TO LOCAL DEVELOPMENT

Direct impact of our locations

We are committed to prioritizing local contracting in all our units in order to maximize the positive impact on our surroundings, promoting the development of nearby communities and thus generating employment and wealth. This commitment is reflected both in our direct contracting and in the suppliers with whom we work. For temporary hires in our production centers, we prioritize proximity by working with local companies.

²³ In Spain, the programs last two years. This figure corresponds to five entrepreneurs from the Makers 3 edition of 2018-2019 and another five from the Makers 4 edition of 2019-2020.

²⁴ Idem.

²⁵ In 2020 we replaced the role of the Helper, who could only act locally, for that of the Online Trainer in order to have a greater geographical reach.



In 2020, as in previous years, the average percentage of workers in each country hired locally was above 96%.

Puig is especially committed to employing locally at each of its factories. In 2020, the impact of Covid-19 led to a decrease in hiring in all centers, mostly affecting temporary hires, although our permanent workforce remained practically unchanged.

- Alcalá plant: in 2020 we employed 221 people with permanent contracts and an annual average of five temporary hires. 99% of the total came from the towns in the vicinity. All temporary hiring was carried out through Randstad.
- Barcelona plant: in 2020 we employed 368 people with permanent contracts and 15 with temporary contracts. The annual average number of temporary hires was five. For temporary hires we asked Manpower, located in the area (Badalona), to give priority to finding personnel from within the vicinity of the plant.
- Vacarisses plant: in 2020 we employed 153 people with permanent contracts. The average number of temporary contracts was nine people per month, to cover the periods of higher production due to significant increases in the activity of our main client. Due to the Covid-19 pandemic, the number of temporary workers was reduced from May to less than half, and further reduced to zero from September to December.

The geographical location of the factory means that we hire employees from all over the Vallès Occidental region and 77% of all employees live less than 15 km from the factory. To help them commute to work, we provide our employees with a bus service from the town with the highest concentration of people (Terrassa) for the two main shifts.

For temporary hires, and always keeping in mind proximity to the workplace, we collaborate with Manpower and Randstad, companies with which we have agreements in place to promote the training of temporary personnel to increase their employability when their relationship with Puig ends.

- Chartres plant: in 2020 we employed 142 people with permanent contracts and two interns. The average number of temporary contracts was three, mainly to cover temporary disability leave.



Nearby suppliers

We continued with our policy of working mainly with suppliers close to our production centers, both in terms of inventory and non-inventory material.

LOCATION OF SUPPLIERS OF INVENTORY MATERIAL			
	2018	2019	2020
Europe	94%	83%	83%
Spain + France	77.9%	78.2%	71.2%
The Americas	2%	2%	5%
Asia	4%	15%	12%

We also follow a policy of selecting suppliers within the environments in which we are located when we outsource. As a result, all outsourcing suppliers in 2020 were still located in Europe.

Impact of our production activity in the territories in which we operate

We actively take part in initiatives involving the social and productive fabric near our centers, enabling us to enrich the ecosystem of which we are part. To highlight two key initiatives:

Vacarisses: we are part of the Executive Committee of the Can Torrella Industrial Estate, which carries out its activity in Vacarisses. This Committee was established to manage the activity of the wastewater treatment plant of the industrial estate until the transfer of this activity to the Town Council is finalized.

Chartres: since 2002, Puig has been one of the promoters of the Cosmetic Valley,²⁶ a cluster which currently encompasses more than 550 companies related to the perfumery and cosmetics sectors, including companies along the entire value chain. Its goal is to support the development of the sector through different initiatives, for example in business development or improving competitiveness.

²⁶ Cosmetic Valley is part of the French government's cluster strategy.



RELATIONSHIP WITH OUR CONSUMERS

Our desire to leave behind a strong company to future generations and our commitment to the safety of our products for consumers is evident through our constant monitoring of the most recent legislation and our updating of our manufacturing, labeling and packaging standards.

Our entire portfolio of products is subject to several legislations, the most important one being Regulation (EC) No. 1223/2009 of the European Parliament and of the Council, of 30 November 2009, on cosmetic products, which harmonizes the rules in the EU in order to achieve an internal market for cosmetic products while ensuring a high level of protection of human health.

We strictly comply with IFRA²⁷ recommendations and national legislation. Moreover, we have internal standards which are even more demanding than the legal requirements in some aspects of the life cycle of our perfumery and cosmetic products.

Monitoring is carried out throughout the product development workflow, and can be summarized in three main areas:

- Ingredients and packaging.
- Development of new formulas.
- Final product and labeling.

During 2020, new protocols were defined for the reopening of points of sale to the public, providing all the necessary measures to prevent the spread of Covid-19 so that both consumers and our staff could enjoy a safe environment.

We also care about serving consumers once they have purchased our products and, therefore, we have the necessary mechanisms in place so that they can contact us to report any claims. In order to guarantee this process, we follow a protocol based on EU regulations.

Claims can be very diverse, from very specific minor reactions to the normal use of the cosmetic product (cosmetovigilance) to problems with orders from our direct customers.

²⁷ International Fragrance Association.



As an indicator of our cosmetovigilance monitoring, we can say that the number of alerts classified as “likely” and “very likely” in 2020 for every million units sold was 0.37, which puts our products in the “Very good tolerance” category.

In terms of claims management, in 2020 we recorded an increase when compared to 2018 (2019 is not comparable),²⁸ mainly due to the incorporation of makeup products into the portfolio and the demanding expectations of the Asian consumer. In addition, the impact of the lower volume of units produced as a result of the Covid-19 crisis, caused the PPM indicator to double. Meanwhile, the management in 2020 of a claim regarding the difference in color of 7,000 units of Nina miniatures manufactured in 2019 also had a negative impact.

CLAIMS		2018	2019	2020
Units sold		101,652,832	105,871,543	74,698,117
Customer claims	Related product units	12,057	163,657 ²⁹	17,800
	PPM ³⁰	119	1,546	238
Consumer claims	Related product units	1,451	1,818	1,424
	PPM ³¹	14	17	19

Our contribution to the SDGs



²⁸ In 2019 we already reported the impact of a defect in the cap of some Lifestyle brands. If the effect of this is not taken into account, the claims remained stable.

²⁹ Idem.

³⁰ Parts per million units sold.

³¹ Parts per million units sold.



OPERATIONS

MILESTONES 2020

- Great ability to react and adapt our operations despite the fact that the impact of Covid-19 resulted in a considerable drop in sales and high uncertainty in the evolution of demand.
- Ability to respond of our Vacarisses plant which, two weeks after the decree of the state of alarm in Spain, was able to start manufacturing hydroalcoholic gels. We produced a total of 1,204,928 units of gel, of which 500,000 were donated through the Puig Foundation to nursing homes, foundations, NPOs, as well as to certain city and provincial councils. The rest was supplied to the Ministry of Health, hospitals and other provincial councils.
- Despite the economic downturn caused by the closure of our production plants and suppliers for several weeks, we managed to maintain a high level of service and record a stock reduction of more than 20%.
- We continued with the Operations' digitalization program in line with the planned objectives.
- We easily hit the Operations' targets regarding the Puig Sustainability Program.

INDUSTRIAL STRATEGY

We are an industrial company, so manufacturing is one of our core processes. We adopt an approach of continuous improvement, despite the fact that our environmental impact is low compared to other sectors and bearing in mind we are a chemical company.



The following significant actions were carried out in 2020:

- Launch of a project aimed at integrating our production processes to make them even more sustainable and aligned with the rest of the value chain. Technology 4.0, green energies and a reduction in the use of resources are the three pillars which underpin the transformation of our fragrance and cosmetic production.
- Implementation of a new document manager, called Nueva Library, in a SharePoint environment. It stores and manages all our documentation, allowing us to carry out all operations processes in a consistent and systematic way. The Nueva Library ensures that the document drafting, review and approval processes are robust and reliable.
- ISO 9001 certification of our building management processes, which were integrated into the Puig Integrated Management System during 2019. With this certification, all operations processes now follow the existing ISO standards.
- First steps in the deployment of a Digital Signage system for the internal communication of relevant content for Puig employees in factories and offices in Spain and France, especially useful for those who do not have access to a computer in their workplace. Using a cloud-based technology, it allows greater agility when publishing and updating information on screens located in both factories and offices. Due to the Covid-19 crisis, only very preliminary actions were taken in 2020 and deployment had to be postponed to 2021.
- Implementation of the Paperless Factory project.
- Obtaining of authorization to manufacture biocides (hydroalcoholic gel) in our cosmetic plant in Vacarisses.
- Implementation of the Factory 4.0 project, with the aim of introducing technological improvements in the four plants:
 - Implementation of the Manufacturing Execution System to provide with real-time efficiency the 50 filling lines.
 - Operational installation of three automated guided vehicles at the Alcalá plant for intralogistics tasks.
 - Implementation of an automatic control post with machine vision.
 - Installation of a secure OT network³² (protection against cyberattacks) for the four plants.



Due to the pandemic, the closure of stores, the state of alarm in different countries and the subsequent phases, in 2020 we produced a total of 86 million units (-35%) in our factories, excluding samples.

R&D

Despite the pandemic and the postponement of some of the planned launches, during 2020 more than 1,600 new products made it to the markets.

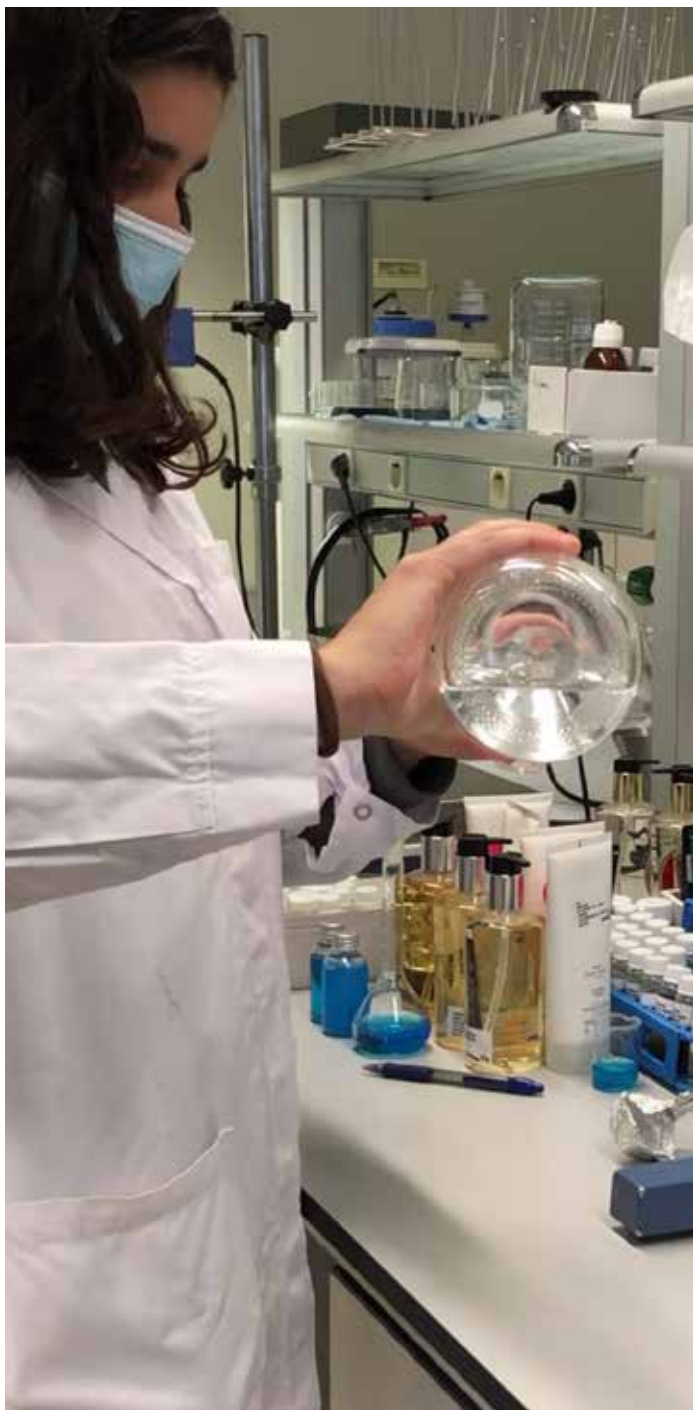
Makeup and niche projects have become increasingly important and already represent a third of all new products created. During the 2021-2022 period, new brands are planned to be introduced into these categories, the development of which began in 2020.

New launches in 2020 which stood out for their sophistication and complexity of development included the entire Carolina Herrera makeup line, the creative 212 Heroes, the parfum versions of our best-sellers 1 Million and Le Male, the refined Icon by Antonio Banderas, and the first collection of Christian Louboutin perfumes, developed entirely by Puig.

One of the fundamental focuses of our work in the R&D area is our commitment to a more sustainable product portfolio. Our actions are included in the Product Stewardship pillar within the Puig Sustainability Program. This pillar includes our Clean Formulation line of action, which regulates the ingredients that can and cannot be used and the level of naturalness of our formulas, and also our Ecodesign Packaging line of action, which, based on the circular economy, involves policies and actions aimed at improving the environmental impact of the packaging in our portfolio.

At FabLab we made further progress in our research into alternative and innovative technologies combining new materials (such as 3D-printed microceramics) with olfactory solutions to improve the experience at the point of sale by avoiding saturation, and in offering solutions for aromatizing ambiances. In 2020 the first pilot projects were carried out and in 2021 these will be extended to the main points of sale of some of our brands.

Also in 2020, the R&D team was enriched with the support and collaboration involved in certain projects for Kama Ayurveda, Loto del Sur and Charlotte Tilbury. This allows us to expand our know-how and continue to grow as a company.



PURCHASING

Inventory purchases

Due to the decrease in revenues resulting from the impact of Covid-19, the purchasing amount was less than previous year. In 2020, the total amounted to €302 million, compared to €424 million in 2019, a reduction of 29%.

SUPPLIERS OF INVENTORY MATERIAL

	2018	2019	2020	20/19
Amount (€M)	392	424	302	-29%
Number of suppliers	317	337	311	-8%

The service level (OTIF) was 95.5%, exceeding the 95% target for the second consecutive year.³³ It is worth highlighting the enormous effort made by the suppliers to adapt to the variability in demand caused by the pandemic, as well as their collaboration in the supply of alcohol and materials necessary for the manufacture of hydroalcoholic gels in a period of very high demand.

The purchasing department carried out an exhaustive monitoring of the risks associated with suppliers and of the management of payments.

Non-inventory purchases

During 2020, the IRIS Retail purchasing platform was successfully deployed to all subsidiaries. The objective was to optimize costs and monitor the quality of the materials necessary for the construction of permanent furniture at the point of sale.

In the brands area, negotiations took place to film adverts for 212 Heroes, Scandal and the digital campaigns for Christian Louboutin, among others. All contracts were renegotiated by the General Services department to adapt them to the new needs derived from the pandemic, including the purchase of PPE.

³³ On time in full: performance indicator used in the logistics industry to show the percentage of shipments that arrive on time with the product and quantity requested, and to the place indicated by the customer.



Sustainable Sourcing Policy

The results of the compliance of 189 suppliers with the SSP,³⁴ monitored by EcoVadis, were higher than the overall average of companies.

	Puig	Overall
EcoVadis score	57,48/100	43/100

ECOVADIS EVALUATION OF SUPPLIERS OF INVENTORY MATERIAL

	2019	2020
Number of suppliers of inventory material evaluated	111	118
Average score of suppliers evaluated	55.77	57.48
% volume of purchases from suppliers evaluated over total purchases	89%	86%

Following our commitment to increasing the use of sustainable materials and ingredients, 100% of the alcohol (the main raw material used by Puig) was of natural origin and the printing cardboard came entirely from sustainably managed forests.

In 2020, no campaigns for adherence to the Ethical Code were carried out since, as of this year, all new suppliers registered in our system, of both inventory and non-inventory material, were required to accept the Ethical Code on the platform. In 2020, we registered 29 suppliers of inventory and 1,944 of non-inventory material.

OUTSOURCED ACTIVITY

Part of our industrial strategy involves outsourcing to suppliers close to our production centers, something which has always enabled us to contribute to the economic activity of the region and also maintain a balance between internal and outsourced production depending on peaks of activity.



Given the impact of Covid-19 and its repercussions on our revenues, activity with outsourced suppliers dropped considerably in 2020, with approximately 36 million outsourced produced units and 56 million samples at year end, accounting for €29 M in turnover and a total of 40 suppliers.

All of our outsourcing suppliers are located in Europe, spread across Spain, Portugal, France, Italy and the United Kingdom.

VOLUME OF OUTSOURCED ACTIVITY						
Type	2018		2019		2020	
	No. of suppliers	Turnover	No. of suppliers	Turnover	No. of suppliers	Turnover
Handling	25	€28 M	19	€17 M	15	€10 M
Packaging	11	€10 M	4	€5 M	5	€2 M
Technological	18	€12 M	15	€16 M	20	€17 M
Total	54	€50 M	38	€38 M	40	€29 M

Audits carried out on outsourcing suppliers

We have an approval system that is applied to all new outsourcing suppliers, as well as a regular audit procedure for existing ones, both based on our Integrated Management System. The criteria applied are the same as in the audits of our factories: process, environment, occupational health and safety, and good manufacturing practices.

Based on the results obtained by the supplier, an action plan is drawn up that is regularly monitored, including visits to its facilities.

We also carry out checks with a more reduced format (check-list type controls) focused on good manufacturing practices, to identify quick improvements with our suppliers.

Due to the Covid-19 crisis, the established audit plan was affected and in 2020 we were only able to carry out three full audits in the month of February. We had planned to carry out technical audits on a whole series of suppliers that, due to the situation, were modified so they could be carried out online. The objective of the technical audits is, depending on the result, to decide together with the supplier what investments and improvement actions are required to provide a better technical solution (quality, price and service) to the Puig products that are manufactured in the supplier's facilities. A total of 18 audits were conducted in this format in 2020.



The evaluations and actions to be implemented for future re-evaluations of the main outsourcing suppliers are also managed through the EcoVadis portal.

A contract is drawn up for our main suppliers, the main clauses of which are aligned with our commitments on social and environmental issues. The status of contracts with outsourcing suppliers at the end of 2020 was as follows:

CONTRACTS SIGNED	CONTRACTS IN PROGRESS	CONTRACTS PENDING
23	8	4

85% of turnover was carried out by outsourcing supplier who are obliged to meet the requirements of the manufacturing contract. There is also a plan to extend the model to those suppliers that invoice us more than €100,000 per year.

SUPPLY CHAIN

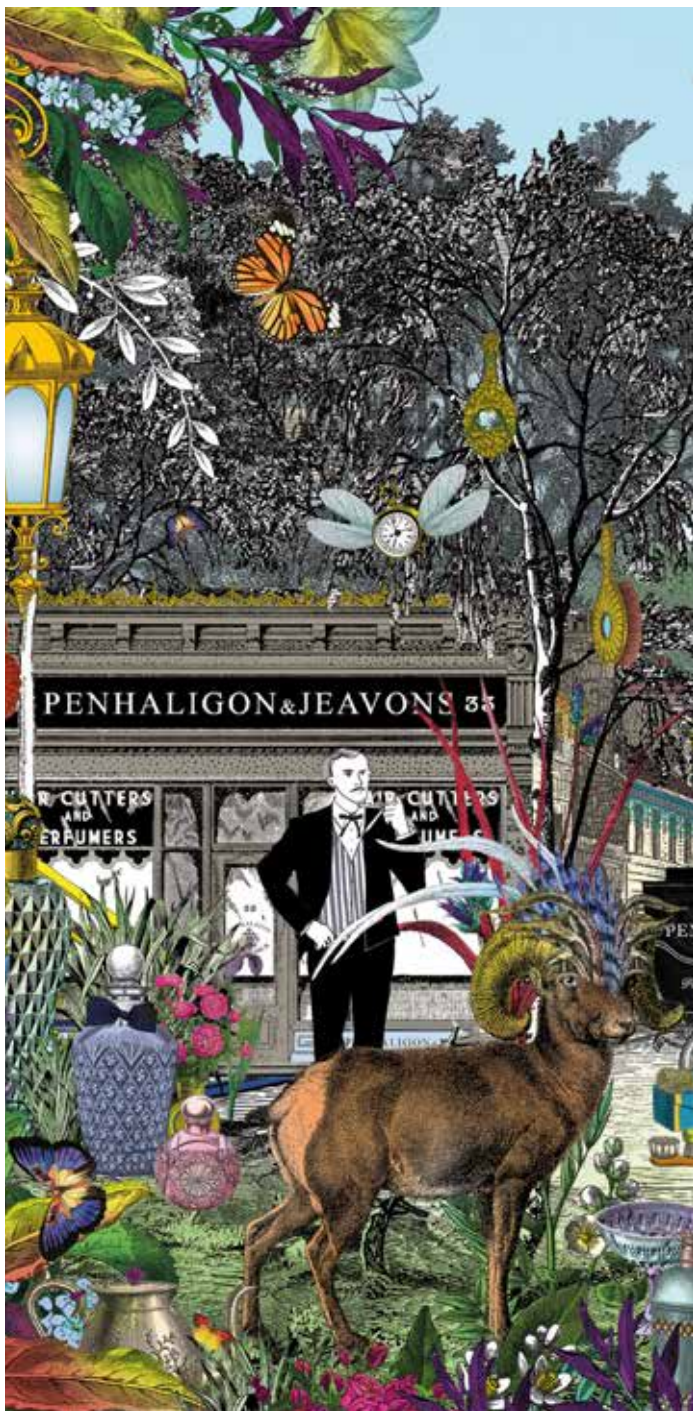
At an operational level, our supply chain was especially affected by the global impact of the Covid-19 pandemic.

A highly volatile environment in terms of sales forecasts, the temporary closure of production resources, the need to turn to alternative suppliers and cash flows tensions all meant we had to adapt our planning processes to more dynamic cycles. Weekly planning reviews were carried out, enabling versatile distribution from each of our distribution centers for the entire product catalogue and new tools were developed for daily control of operations. All this was thanks to the incredible dedication of our teams and their remote response.

Our excellent and rapid adaptation to the new environment allowed us to maintain our customer service standards (96% OTIF), with a considerable reduction in our inventories (-23% net inventory) and we ended the year with a MAT's³⁵ DSO³⁶ average of 66 days thanks to the strict control of our cash flow.

³⁵ Moving annual total.

³⁶ Days sales outstanding.



Product portfolio segmentation

The segmentation of our portfolio enabled a more agile analysis of new consumption trends and an adaptation of planning parameters to the new circumstances.

In this area, in 2020 we implemented a sales forecast management pilot project that includes sell-out data, an initiative that has allowed us to improve the makeup category management model.

Portfolio and infrastructures

Significant changes to our management scope included the inventory management of the Prada brand and the integration of Perfumers 1870 into our system.

In terms of logistics infrastructures and customer service, we launched the operation in North America, implementing our logistics and order-to-cash management processes.³⁷ We also launched logistics tenders in Argentina and in the United Kingdom, and in France for Perfumers 1870.

The departure of the United Kingdom from the European Union meant we had to adjust the flow of our customer restocking and, although we will continue to monitor the evolution of physical and administrative product flows, 2020 ended without any serious incidents.

Digitalization

In 2020 we continued to make progress in the digitalization of our supply chain, implementing the SAP/IBP Supply Planning module, thus consolidating demand and supply planning in a single, more integrated, flexible and agile platform.

The deployment of this platform without any negative impact on our operations, the innovation derived from the design, and the ambition of the project taking into account the context of uncertainty were recognized with the “Silver” SAP Quality award for technological innovation.

³⁷ Order to Cash is the business process that covers the entire processing of the order from the moment it is received to the moment it is posted in the accounts and the actual payment for it is received.



Direct-to-consumer

The development of our operational capabilities in the direct-to-consumer channel is a strategic action to address future omnichannel management.

In 2020 we incorporated the different Carolina Herrera product categories: fragrances and makeup in the UK and Spanish markets, and fashion in the US. These actions entailed a review of our customer service model, in addition to requiring an enhancement of our order preparation capabilities during the promotional events of this channel.

The Covid-19 crisis also had an impact on this channel, with the management of the donation of hydroalcoholic gel by the Puig Foundation and subsequent deliveries to care homes, hospitals and consumers.

Our contribution to the SDGs





THE ENVIRONMENT

THE PUIG SUSTAINABILITY PROGRAM

The first Puig Sustainability Program³⁸ completed its cycle in 2020, not only achieving all the set targets, but also exceeding them in several cases.

Aware that our activity has a greater impact on certain Sustainable Development Goals (SDGs), our first Sustainability Program focused mainly on environmental aspects.



Industry, Innovation and Infrastructure



Responsible Consumption and Production



Climate Action

Our firm commitment in this first program was to reduce the carbon footprint, promoting other complementary areas of work while ensuring the business continued to grow.

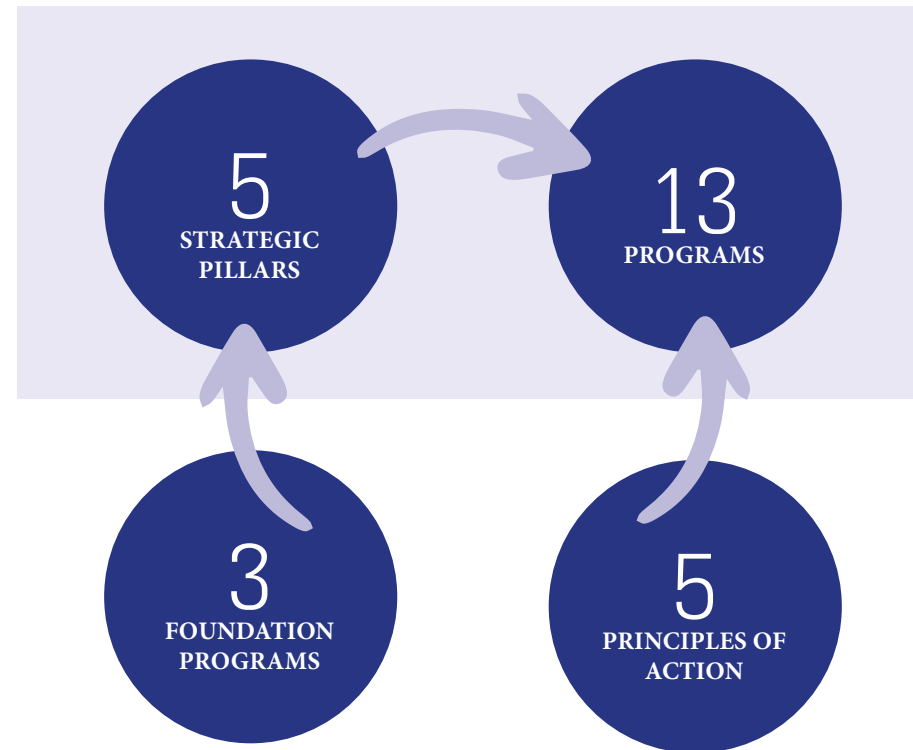
³⁸ The scope of this program was the fragrance business unit in Spain and France.



Structure of the 2014-2020 Sustainability Program

The 2014-2020 Sustainability Program promoted a 360° vision within the company for first time, not only through the actions defined, but also by engaging our governing bodies, professionals, suppliers, customers and consumers.

With a holistic approach, the program was structured around five pillars aligned with our value chain and 13 programs, as well as three support programs and five ways of working, to ensure the maximum positive impact.





STRUCTURE OF THE 2014-2020 SUSTAINABILITY PROGRAM

<p>PILLAR 1</p> <p>PRODUCT STEWARDSHIP</p> 	<ul style="list-style-type: none"> ✓ Offer one of the most sustainable product portfolios on the market. ✓ Promote innovation, ecodesign and the circular economy to optimize and reduce our packaging. ✓ Promote the use of sustainable materials and ingredients.
<p>PILLAR 2</p> <p>SUSTAINABLE SOURCING</p> 	<ul style="list-style-type: none"> ✓ Ethical management of our supply chain to guarantee environmental and social commitment. ✓ Include the sustainability variable as a requirement for contracting and qualifying as a supplier. ✓ Adherence of our suppliers to our policies. ✓ Guaranteeing the traceability of our raw materials.
<p>PILLAR 3</p> <p>RESPONSIBLE LOGISTICS</p> 	<ul style="list-style-type: none"> ✓ Transformation of our logistics processes in collaboration with our suppliers. ✓ Renewal of our fleets. ✓ Implementation of efficient and restrictive procedures in order to minimize emissions associated with our logistics.
<p>PILLAR 4</p> <p>RESPONSIBLE MANUFACTURING</p> 	<ul style="list-style-type: none"> ✓ Increase the sustainability of our processes through waste management, use of water and carbon neutrality in manufacturing.
<p>PILLAR 5</p> <p>EMPLOYEES AND FACILITIES</p> 	<ul style="list-style-type: none"> ✓ Sustainable transformation of all our buildings through energy-saving and efficiency measures that reduce the environmental footprint of our staff. ✓ Motivational campaigns to engage everyone in our Sustainability Program and its objectives.



THE 13 PROGRAMS



PRODUCT STEWARDSHIP

1. Reduce the weight and/or volume of packaging without compromising on design.
2. Increase the use of sustainable materials.
3. Raise awareness of the importance of using sustainable ingredients.
4. Determine the effect of sustainability criteria on consumer loyalty.



SUSTAINABLE SOURCING

5. Involve suppliers in the company's corporate sustainability plan.
6. Increase the company's use of sustainable materials and ingredients.



RESPONSIBLE LOGISTICS

7. Encourage transport and storage providers to adopt sustainability standards.
8. Reduce transport emissions.



RESPONSIBLE MANUFACTURING

9. Reduce waste.
10. Reduce emissions and improve energy efficiency.
11. Manage water more efficiently.



EMPLOYEES AND FACILITIES

12. Improve the environmental performance of facilities.
13. Minimize the environmental footprint of employees.

FOUNDATION PROGRAMS



1. CORPORATE GOVERNANCE, CAPACITY AND COMMITMENT

Develop a robust, transparent and responsible governance model that helps to integrate sustainability across the company's core activity and ensures compliance with the company's commitments.



2. PERFORMANCE AND ACCOUNTABILITY

Define the processes that enable managing and measuring the effectiveness of the sustainability strategy, evaluated in terms of providing necessary and adequate information to decision makers.



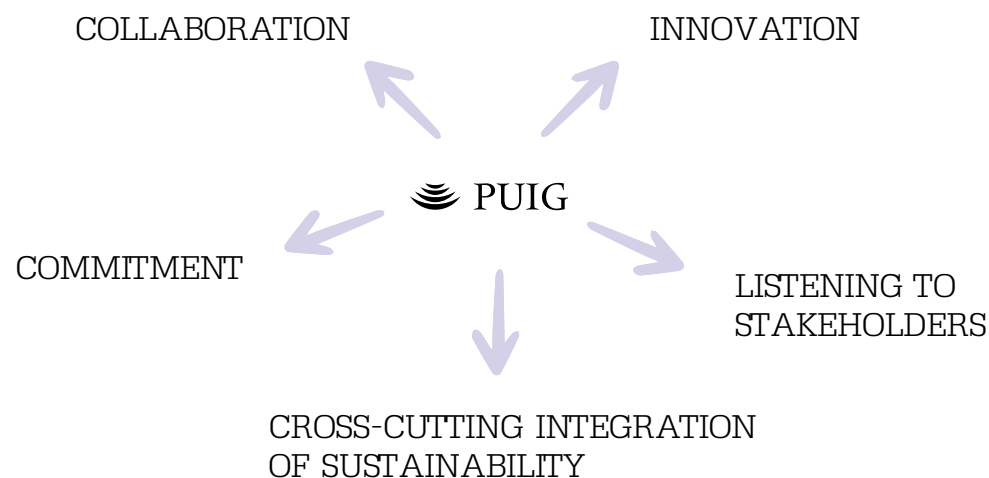
3. RELATIONS AND COMMUNICATION

Manage the company's relational capital, building strategic partnerships and solid long-term relationships that help generate shared value.





PRINCIPLES OF ACTION



Global achievements of the first 2014-2020 Puig Sustainability Program

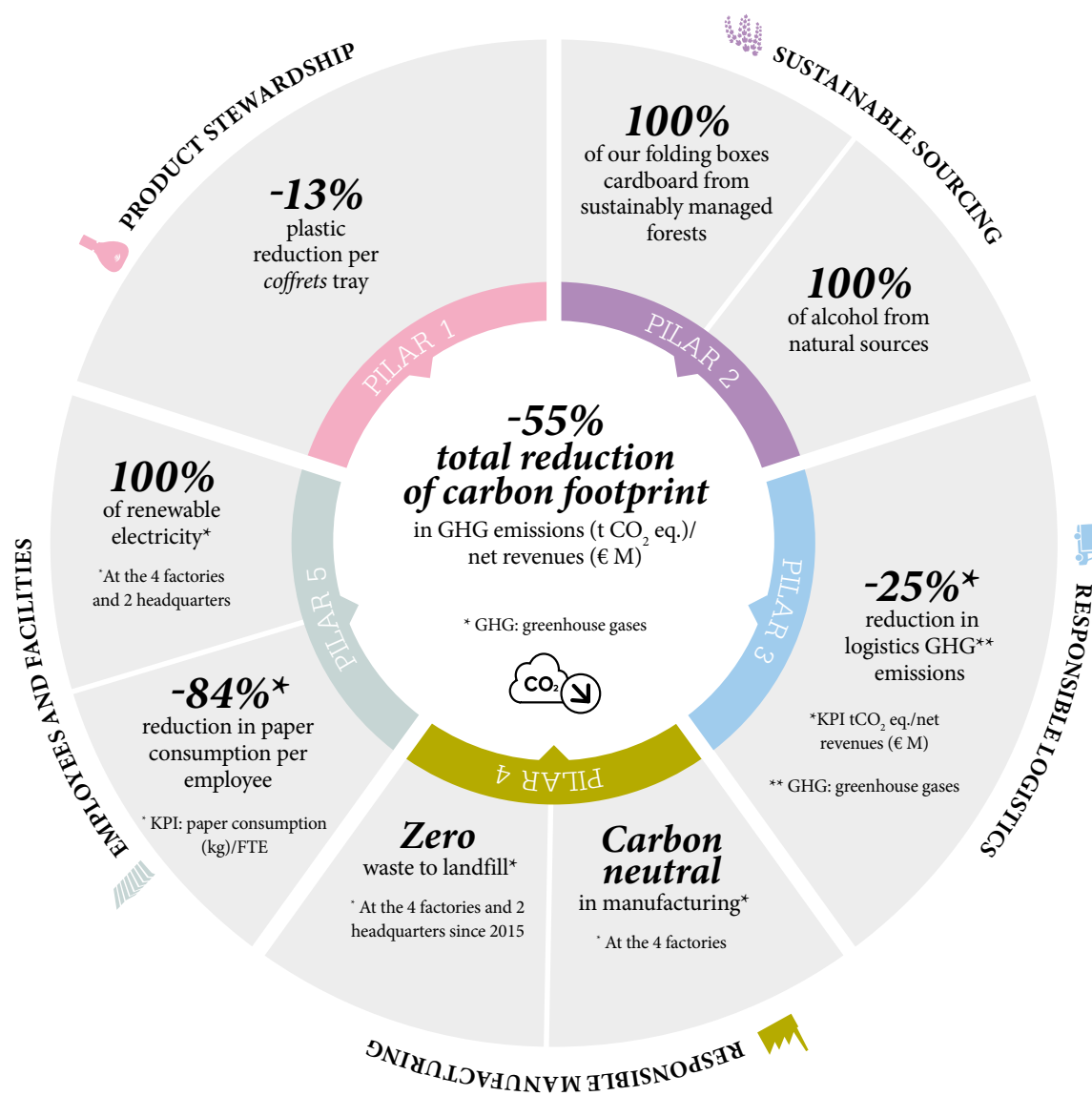
Over the course of recent years, we have successfully achieved the main objectives that we set ourselves in our 2020 Sustainability Program:

- 20-25% reduction in volume of Lifestyle brand *coffrets*.
- 100% of folding cardboard from sustainably managed forests.
- 100% of alcohol from natural sources.
- Zero waste to landfill.
- Carbon neutral production.
- 100% renewable electricity in the facilities managed by Puig.
- 84% reduction in paper consumption per employee.

The success of the achievements, reflected in the responsibility and leadership of the people who have participated in the initiatives, has driven the company to a new level of understanding regarding sustainability, with a higher level of awareness and commitment throughout the entire Puig value chain.



ACHIEVEMENTS 2014-2020





Achievements in 2020

The unexpected health crisis caused by Covid-19 and the consequent global social and economic crisis prompted us to develop a strategy internally to adapt and respond to the environment.

During 2020, we carried out a CDP³⁹ (Carbon Disclosure Project) climate questionnaire for the first time, taking a further step in the measurement, transparency and adoption of measures that directly reduce greenhouse gas emissions. Every year, the CDP gives a score to companies through this questionnaire based on their environmental disclosure and leadership. In 2020 we obtained a B grade.⁴⁰

Despite the completion of the program, we remain committed to the objective of continuing to promote the implementation of improvements to reduce carbon emissions.

Also in 2020, we undertook a new commitment: adherence to the global Science Based Targets⁴¹ (SBT) initiative, which helps companies set science-based targets aligned with the Paris Agreement's goal of limiting the global temperature increase to 1.5 °C. Through this commitment, expanding the scope of our carbon footprint calculation and defining a specific science-based reduction target will be a priority for Puig from 2021.

It should be borne in mind that the impact of Covid-19 does not allow for a comparison between the 2020 quantitative data and that of 2019.

39 CDP is a non-profit charitable organization that runs the global disclosure system for investors, businesses, cities, states, and regions to manage their environmental impacts.

40 The grading is as follows:

A/A-: Leadership (application of current best practices).

B/B-: Management (adoption of coordinated climate action).

C/C-: Awareness (knowledge of the climate impacts and issues).

D/D-: Disclosure (transparency on climate issues).

41 SBTi is an alliance between CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). SBTi shows companies how much and how quickly they need to reduce their GHG emissions to mitigate the worst effects of climate change.



ACHIEVEMENTS 2020



PILLAR 1 PRODUCT STEWARDSHIP

- ✓ **Drawing up of demanding and ambitious policies:**
 - We go further than the regulations, setting demanding standards for the entire portfolio of brands.
- ✓ **Making sustainability a more integral part of the strategy of each of our brands:**
 - We are designing a specific sustainability action plan per brand.
- ✓ **Incorporation of impact measurement tools in formulas and packaging:**
 - Research into the main tools available to measure the environmental impact of products.



PILLAR 2 SUSTAINABLE SOURCING

- ✓ **Ensure supplier compliance with our Sustainable Sourcing Policy (SSP).**
- ✓ **Supplier monitoring through EcoVadis:**
 - 4th campaign carried out.
 - 189 providers evaluated.
 - 83% of purchasing volume.
 - High average rating: 57.48 (average EcoVadis score: 43).
- ✓ **Maintaining the target achieved in 2019:**
 - 100% of our folding boxes cardboard from sustainably managed forests and 100% alcohol from natural sources.



PILLAR 3
RESPONSIBLE
LOGISTICS

- ✓ **Reduction of overall transport and distribution emissions:**
--16%.
- ✓ **Expansion of the fleet of tractors that use liquefied natural gas as fuel.**
- ✓ **Optimization of transport routes:**
- We promote the direct shipment of large volumes of packaging, from our French supplier to our new warehouse in Venlo.
- ✓ **Committed to finding alternatives to air transport:**
- We continue to work to substitute air transport for maritime transport and explore sustainable alternatives for our supply services.



PILLAR 4
RESPONSIBLE
MANUFACTURING

- ✓ **Carbon neutral in the production stage in our four production centers.**
- ✓ **100% renewable energy at the Chartres factory (France):**
- 100% renewable electrical energy and replacement of 100% natural gas with biomass energy.
- ✓ **Installation of photovoltaic panels at the Alcalá plant for the production of renewable energy for self-consumption:**
- Operational in 2021.
- ✓ **Notable impact on reducing emissions:**
- Replacement of gas with biomass in Chartres (-100%) and Vacarisses (-17%).



PILLAR 5
EMPLOYEES
AND FACILITIES

- ✓ **Reduction in paper consumption per employee:**
--44%.
- ✓ **Launch of the internal SustainbiliME campaign:**
- With the aim of providing employees with the necessary knowledge about sustainability.

**Other
actions:**

- ✓ Participation in the CDP Climate Change Questionnaire (Score: B).
- ✓ Commitment with SBTi: Science Based Targets.



Responsibility and commitment in management

Aware of our potential impact on the environment and with the aim of building a better future for the next generations, we remain fully committed to acting in a rigorous and demanding manner in all our production processes and activities, even though the impact of our industry is relatively low compared to other industrial sectors.

We set ambitious performance targets and uphold high standards of compliance in terms of waste, and water and energy efficiency, in order to minimize the impact generated by our activity.

In 2001 we implemented an Integrated Management System, certified under the ISO 14001:2015 standard,⁴² which allows us to monitor and act preventively on the most representative environmental aspects of our activity in the four factories and at the Barcelona headquarters. Likewise, we have the necessary insurance to cover any environmental liability.

We are committed not only to engaging with our value chain but also to ensuring the traceability of all our raw materials, especially those that are key to our business. For this reason, we have a Sustainable Supply Policy, which promotes the use of raw materials and energy sources of sustainable origin. We also establish strategic partnerships with our main suppliers to develop collaborative projects with the aim of improving the quality and sustainability of raw materials.

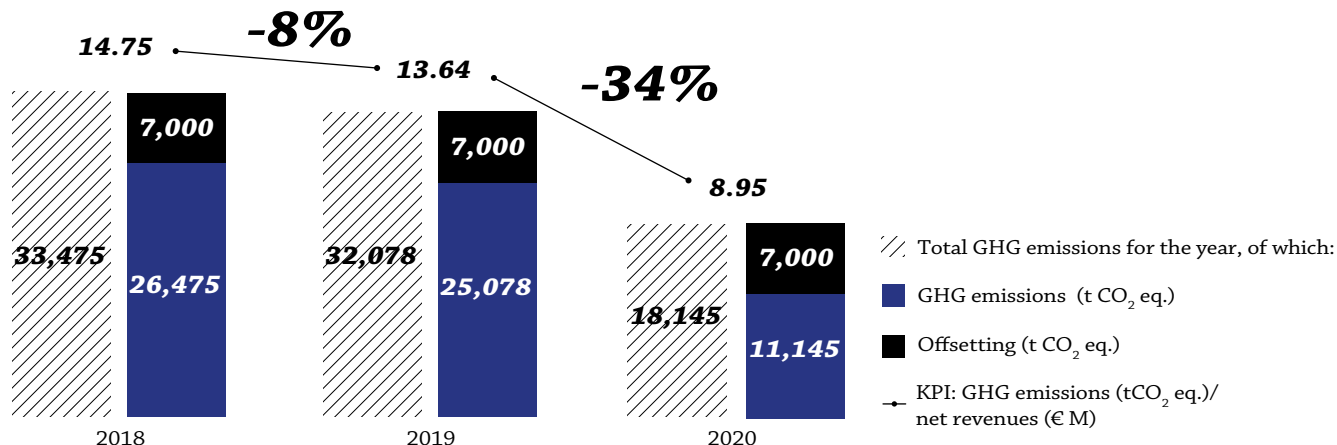
The main objective since the beginning of our program has been to maximize the reduction of our carbon footprint without compromising the leadership and growth of our company. During 2020, we reached the goal of being 100% carbon neutral at all four production sites and ensured that all the energy used in our factory in Chartres (France) was from 100% renewable sources.

Meanwhile, in 2020 the corporate carbon footprint decreased by 34%, due, on the one hand, to the continuity in the implementation of environmental initiatives and, on the other, to the high impact on the company's level of activity caused by the Covid-19 crisis. Despite having considerably reduced emissions, we decided to maintain our commitment to acquire carbon credits, further minimizing our environmental impact.

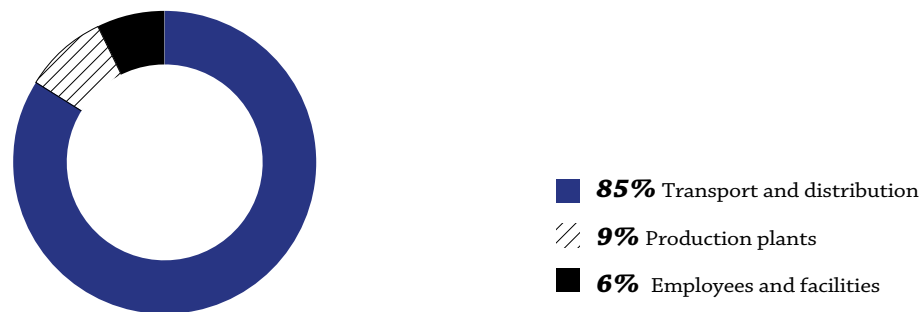
⁴² ISO 14001:2015: international standard that allows companies to demonstrate their commitment to protecting the environment through the management of environmental risks associated with their activity.



TOTAL GHG EMISSIONS IN RELATION TO NET REVENUES



DISTRIBUTION OF GHG EMISSIONS



Last year, we maintained our commitment to the fight against climate change through collaboration in emission offset projects. In 2020 we established a partnership with the Cikel Brazilian Amazon REDD APD Project, a sustainable forest management project located in the Rio Capim Complex, municipality of Paragominas (Eastern Amazon, Brazil). The program focuses on the conservation of the area with limited forest management activities under FSC⁴³ certification, with low impact logging practices. The project also has a positive social impact on the local community, providing employment and schools, and improving medical facilities. This project is certified by the VCS Program⁴⁴ and our participation contributed to offsetting 7,000 tons of CO₂.

⁴³ Forest Stewardship Council.

⁴⁴ Verified Carbon Standard.



Our reductions in 2020 came as a result of the following:

SCOPE	SOURCE	2018	2019 ⁴⁵	2020
		(tCO ₂ eq.)		
Scope 1 ⁴⁶	Gas consumption	1,619.15	1,208.23	882.79
	Vehicle fleet	565.16	701.11	594.41
	Refilling of refrigerant gases (air conditioning and refrigeration equipment)	206.44	269.43	133.15
	Subtotal Scope 1	2,390.75	2,178.77	1,610.35
Scope 2 ⁴⁷	Purchase of electricity	0.00	0.00	0.00
Subtotal Scope 2		0.00	0.00	0.00
Scope 3 ⁴⁸	Business trips	2,583.39	2,080.00	390.05
	Transport and distribution	27,758.33	26,978.50	15,366.48
	Waste generation	713.11	827.10	770.19
	Purchase of goods and services (water consumption)	8.47	8.65	7.44
	Purchase of goods and services (paper consumption)	21.27	4.88	0.64
Subtotal Scope 3		31,084.57	29,899.13	16,534.79
Total emissions		33,475.32	32,077.90	18,145

⁴⁵ Rectification of the total value of GHG emissions reported in the 2019 Non-Financial Annual Report, due to an adjustment in the emissions for the Alcalá plant and the change in the methodology for emissions accounting in paper consumption.

⁴⁶ Direct emissions produced by the burning of fuel by the emitter.

⁴⁷ Indirect emissions generated by energy. There are no emissions due to the purchase of renewable energy.

⁴⁸ Other indirect emissions.



COMPREHENSIVE MANAGEMENT OF OUR STRATEGIC PILLARS

Pillar 1: Product Stewardship

Over the last seven years we have set ourselves the major challenge of improving the sustainability of our products and our brands using more sustainable ingredients and materials. Our main actions were aimed at improving the formulation and packaging of our products in order to maximize efficiency, minimize the impact on the environment and be a benchmark for our sector.

In 2020 we made progress with various actions, achieving two major milestones. First, we made sustainability a more integral part of the strategy of each of our brands. Second, all our teams were much more proactive in incorporating recommendations and defining rigorous policies throughout the product life cycle, setting even more ambitious targets than the current legislation.

Some of the major actions in 2020 were as follows:

- Drawing up of demanding and ambitious policies in formulation and ecodesign of packaging that exceed current regulations. In 2020 we began defining minimum thresholds for the entire portfolio of brands and categories, which will be adapted and applied individually for each one according to their strategy. We also plan to design a transparency and communication policy concerning the measurement and reporting of the environmental impacts of our products.
- Rigorous analysis of materials, assessing different options and identifying their impact, for better decision making in their selection.
- Study of the reduction of packaging and optimization of our (primary, secondary and tertiary) packaging to avoid excess packing and promoting more compact containers without compromising their design, which will positively impact our logistics. At the Alcalá plant, we were able to carry out a pilot test to replace plastic with paper pulp in tertiary packaging, which offers a greater margin for optimization.
- Research into tools for evaluating and measuring environmental impacts, both in product formulation and packaging, which would allow teams to make decisions when selecting different materials. From 2021 we will begin to incorporate the chosen tool in the evaluation of our projects.



- Design, establishment and definition of metrics and indicators based on methodologies supported by external tools. We launched the study of a methodology to classify the eco-efficiency of all products.

In addition, we worked side by side with our R&D department to ensure we have an innovative, transformative and sustainable product portfolio that exceeds the regulatory requirements of the market and of our customers.

We also set new specific targets for efficiency and reduction of glass and paper in our packaging with the aim of continuing to reduce their environmental impact.

In 2020 we started working on two new strategic lines:

- Clean@Puig
 - Clean formula: developing an ambitious clean formulation for all Puig brands to be used as a guide for adoption, both internally and externally among our subcontractors, related to the development of all new products.
 - Traceability of our raw materials: guaranteeing the monitoring and quality of our products, increasing those of natural origin and biodegradability in the formulas.
 - Clean@Puig Policy: updating the list of ingredients, eliminating the use of some of them exceeding the requirements established by law, with the aim of achieving more sustainable formulas. This policy will be applied in the coming years to all new launches.
- Eco-efficient packaging
 - More sustainable materials: increasing the use of materials with very low environmental impact, primarily of natural origin, and promoting the use of recycled and recyclable materials over virgin materials.
 - Packaging optimization: reducing the volume and weight of packaging by minimizing packaging materials in order to improve our logistics, while generating less impact and lower emissions associated with the transport of products. Also, looking to use ecological components (recycled or bio-based).
 - Closing the circle: working to ensure that the different parts of the product can be separated and recycled, promoting the reuse and refilling of packaging.



In 2020, we made efforts to define a sustainability ecosystem that should lay the foundations for meeting our future challenges and that will be extended to all Puig teams. To achieve this, we plan to launch training sessions for the entire workforce in 2021.

Pillar 2: Sustainable Sourcing

Demanding and rigorous with our supply chain, in 2019 we already achieved some of the objectives set in terms of sustainable sourcing, increasing the use of sustainable materials and ingredients and involving our suppliers in the Puig Sustainability Program.

We are committed to our environment and protect natural resources and biodiversity through the sustainable supply of the main raw materials we use: paper, cardboard and alcohol. Despite the exponential demand for alcohol for the production of hydroalcoholic gels that we decided to produce in response to the Covid-19 crisis at our Vacarisses plant, we managed to maintain the goal of 100% alcohol from natural sources thanks our efforts and commitment to responsible sourcing. We also continued to source 100% of our folding boxes cardboard from sustainably managed forests.

Over these years, we have established important partnerships and agreements with our suppliers and we work together to align them with our Sustainability Policy. We undertook the major challenge of guaranteeing the traceability of key raw materials for our activity, which entails being closely involved with our suppliers. This year we held several meetings with our main perfume suppliers with the aim of identifying and evaluating the raw materials used in our perfumery and promoting the development of collaborative projects to improve traceability, transparency and quality.

In 2020, we carried out the fourth evaluation campaign with suppliers, reaching a total of 189 suppliers assessed, which represented 83% of the volume of our purchases. Our suppliers obtained an average score of 57.48 points, which places them above the EcoVadis average (43).

This fourth edition of the campaign was atypical, with a limited scope due to the Covid-19 crisis. We prioritized the health and safety of our collaborators and we followed all the protocols and recommendations for the prevention and containment of the virus. In 2020 we focused on monitoring our current suppliers, in order to advance our sustainable purchasing strategy.

Pillar 3: Responsible Logistics

We continued to develop strategies to optimize our distribution and reduce the impact of our carbon footprint associated with the transportation of our products.

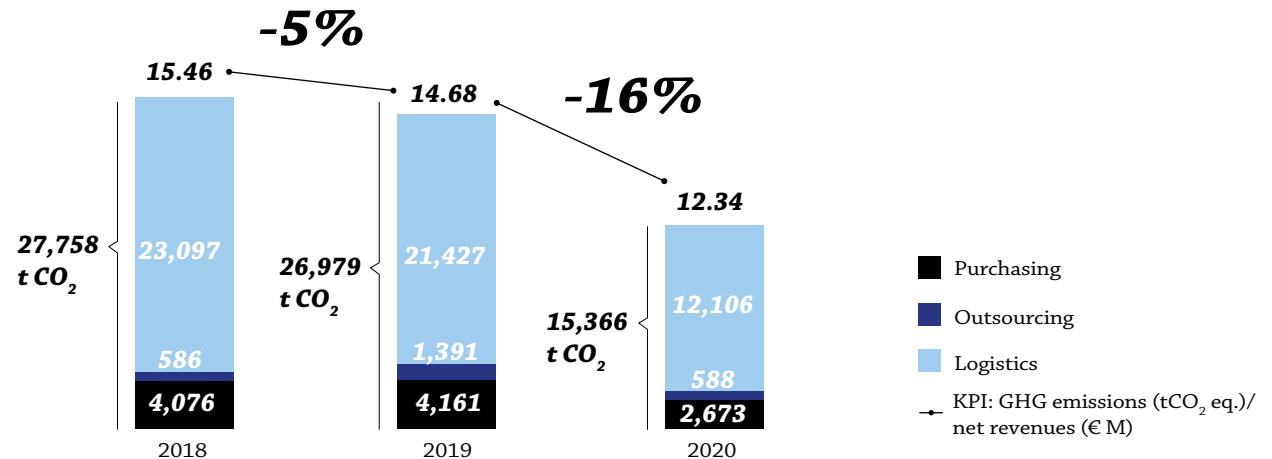
During 2020 we worked together with our suppliers and logistics partners. We were able to make progress in various initiatives and projects to minimize the environmental impact of our logistics processes. However, since this was one of the areas most affected by the global pandemic, some initiatives were postponed to 2021.

Although the data show a strong 16% decrease in our emissions associated with transport, it must be taken into account that this figure is influenced by several aspects:

- Reduction due to less activity as a result of the Covid-19 crisis.
- Decrease in the volume of purchases.
- Organic reduction.

Despite the situation, we continued to optimize both our inbound and outbound logistics,⁴⁹ developing competitive green transport solutions in terms of both price and delivery times, always ensuring the quality of the products we serve our customers.

GHG EMISSIONS ATTRIBUTABLE TO TRANSPORT AND DISTRIBUTION



⁴⁹ The term "logistics" includes inbound activities (from factories and subcontractors to distribution centers) and outbound activities (export and direct service).



We continued to work on reducing the volume of cargo through the optimization of (primary, secondary and tertiary) packaging and we promoted other initiatives aimed at improving our performance and taking steps towards more sustainable logistics. Below are the main initiatives we launched in 2020:

- Increasing the fleet of liquefied natural gas tractors, adding a new machine mainly for replenishment of our logistics platform located in Venlo (The Netherlands) from the Castellar del Vallès warehouse.
- Optimization of transport routes by promoting the direct shipment of large volumes of *coffrets* from our French supplier to the Venlo warehouse, replacing the intermediate route to Castellar del Vallès. This reduced the mileage, times, costs and the impact of our emissions associated with logistics.
- Focus on maritime transport, continuously working to replace air transport. In 2020 we hoped to expand this initiative which we had started in 2019 with five customers, but due to the pandemic it was postponed to 2021. In 2020, we focused on studying cargo volumes, types of services and transport times with the aim of identifying potential customers that could benefit from maritime forms of transport.
- Analysis of sustainable alternatives for international transport, studying the viability of restocking services by train (for our subsidiary in Russia), where a pilot test is planned for 2021.
- Study to replace the protective material in our products (expanded polystyrene) with recycled material made from our own packaging, making the process more ecological and economical. Implementation is planned for early 2021, initially for the Italian market.

In addition, we increased the number of logistics suppliers evaluated through EcoVadis, from 87% of the purchase volume to 93% in 2020.

Pillar 4: Responsible Manufacturing

In 2020, the overall activity in all our factories was affected by the Covid-19 crisis. During the first wave of the pandemic, we stopped production for four weeks at three of our factories (Alcalá, Barcelona and Chartres), while at the Vacarisses factory we started producing units of hydroalcoholic gel.



The production of hydroalcoholic gels between the months of March and August was highly efficient since the production process was less intensive compared to other products in our portfolio.

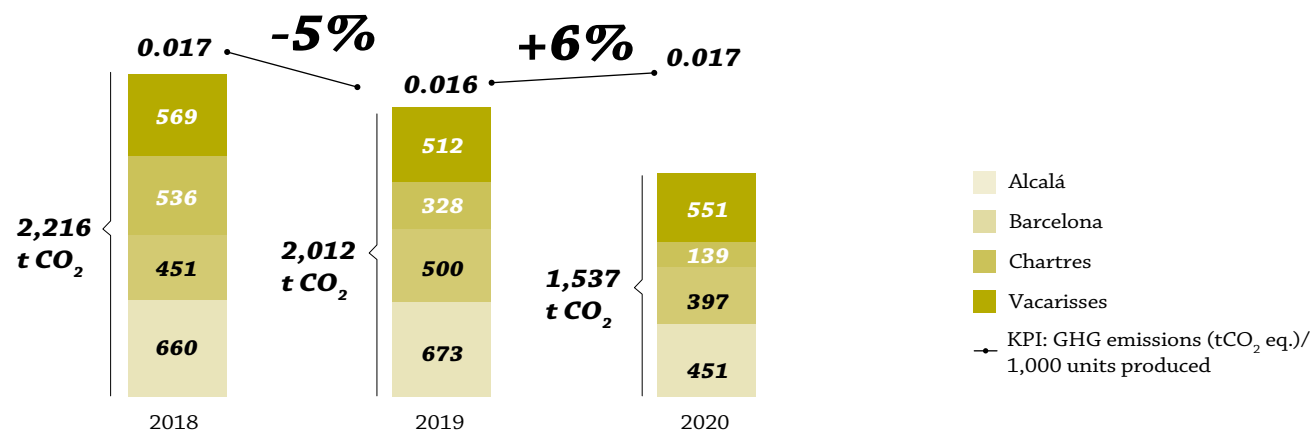
Moreover, it caused very few environmental impacts at the Vacarisses factory. These impacts consisted of an increase in the generation of sewage sludge derived mainly from the wastewater treatment of this alcoholic product and also an increase in the consumption of cardboard used in the packaging of the units of gel produced.

Despite the exceptional circumstances, we quickly resumed our activity after the state of alarm was lifted and we continued to work on various initiatives to optimize all our processes in order to be more efficient and have a minimal impact on our environment.

During 2020, we reduced emissions by 24% in absolute terms in our production activities. However, in comparable terms, taking into account a 28%⁵⁰ decrease in production at our plants, the balance of emissions actually stood at +6%.

The Covid-19 crisis and its consequences for production and mobility meant that several projects and investments that were planned for 2020 had to be canceled or postponed. However, we continued to work on optimizing consumption and in the design of future projects.

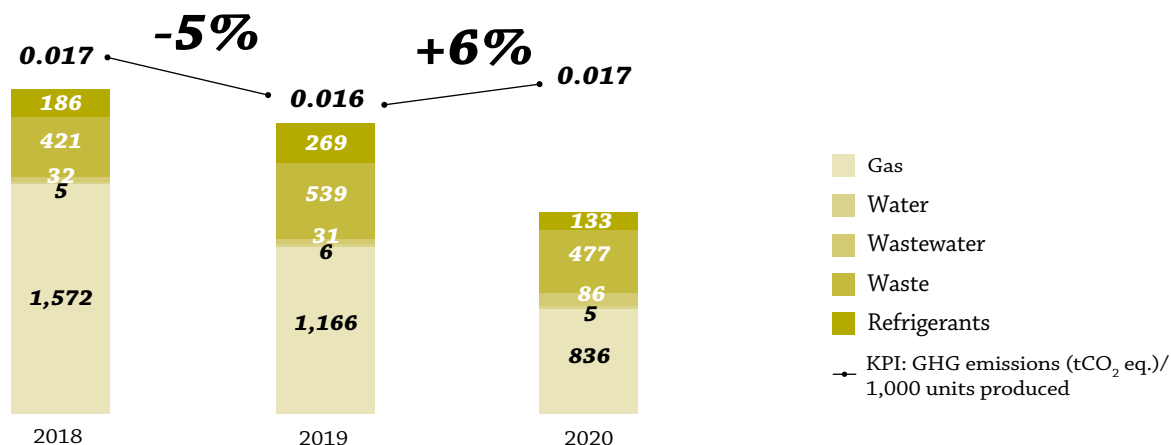
GHG EMISSIONS TREND PER PLANT



⁵⁰ Percentage calculated taking into account all the production of our plants, including samples.



GHG EMISSIONS BY SOURCE AND UNIT PRODUCED



Despite the context, we were able to achieve our goal of being 100% carbon neutral in all four production plants thanks to the different initiatives implemented in the three Responsible Manufacturing programs.

Meanwhile, we also managed to ensure that our factory in Chartres (France) was supplied with 100% renewable energy. This was possible thanks, first, to the purchase of electricity from renewable sources and, second, to the project implemented in 2019 to connect to the biomass cogeneration plant in Chartres, which in 2020 allowed us to replace all our natural gas consumption with biomass.

This milestone was a huge step forward in our objective of decarbonizing factories and in our commitment to renewable energies.

Efficient factories and sustainable production

Since 2001, all our factories have an Environmental Management System in place, certified in accordance with the UNE-EN-ISO 14001 standard, that allows us to continuously measure and improve our environmental performance, enabling us to produce with the highest levels of quality and efficiency and minimizing our environmental impact.

In order to improve the monitoring of our energy, water and gas consumption, in 2020 we reviewed and redefined the key indicators to make sure they were appropriate for each type of building and productive activity.



In the case of electricity and gas, we worked on a comprehensive project to define the baselines for each factory, thus making it possible to obtain more appropriate indicators for each type of production to measure the correct energy performance of each facility.

The water consumption indicators were also reviewed to differentiate those used in the hydroalcoholic factories, where the main use is domestic water (Barcelona and Chartres) and irrigation (Alcalá), from those used in the cosmetics factory (Vacarisses), where the main consumption is from the production process.

These new indicators were implemented in 2019, and in 2020 they already allowed us to measure the performance achieved and establish the variations. In addition, at the end of the year we continued working on incorporating all supplies from the four plants into the corporate Energy Management System (EMS) software, which is already installed and operating at the Barcelona headquarters. These initiatives allowed us to improve the management, monitoring and reporting of all our consumption.

In 2020, we also worked on various initiatives aimed at improving our performance and being more efficient in our production processes.

Energy efficiency and use of clean energies

Despite the context of the pandemic, we continued to follow the 2020-2023 Energy Minimization Plan for each of the factories, implementing improvements to optimize and reduce consumption, although some of the investments planned for the year had to be postponed.

Continuing with our renewable energy implementation plan, we continued to purchase 100% of our electricity for our production plants and headquarters from renewable sources (since 2015).

After replacing the natural gas in Chartres and propane gas in Vacarisses with biomass in 2019, we continued to significantly reduce emissions in our production plants, the main source of carbon footprint emissions in our manufacturing. By completely eliminating the consumption of natural gas at the Chartres plant, we reduced 100% of the derived emissions. In Vacarisses the reduction was 17%.

In another step further towards the use of renewable energies, in 2020, we carried out an important solar energy pilot project at the Alcalá plant which involved the installation of photovoltaic panels for the production and self-consumption of electricity. The facility became operational in December 2020.

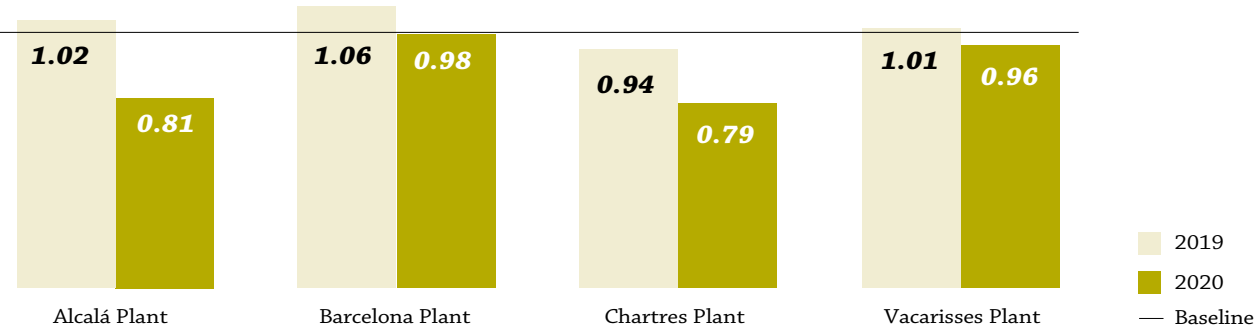
The electricity and gas consumption indicators have decreased at all plants. However, it must be borne in mind that this is largely due to the effects of the Covid-19 crisis, which caused a 28% drop in production in our factories and a lower occupancy of buildings due to the adoption to different degrees



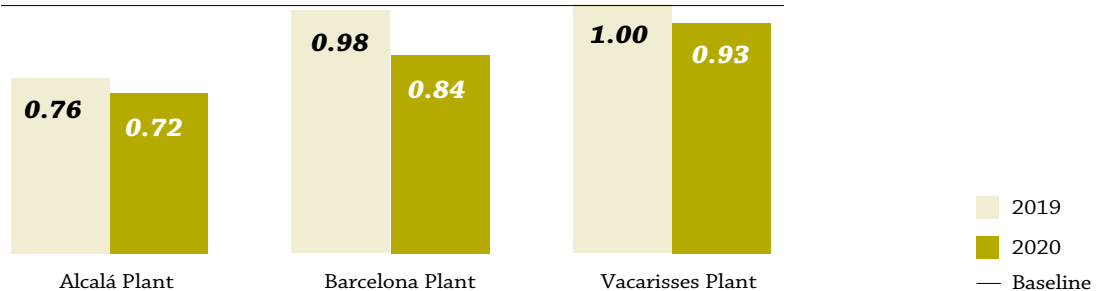
of teleworking depending on the period of the year. Nevertheless, in 2020 we reaped the benefits of the initiatives implemented in previous years, although with less impact than expected. Therefore, we can confirm that the energy performance of our buildings is increasingly efficient.

The gas and electricity consumption indicators for 2020 show that we have made good progress compared to the 2018 baseline.

ELECTRICITY CONSUMPTION (KWH/KWH MODEL)



GAS CONSUMPTION (KWH/KWH MODEL)





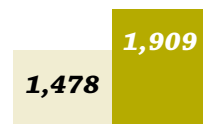
Responsible water consumption

This year we focused on making improvements to the Vacarisses factory, the Puig facility that consumes the most water. We implemented improvements in the water treatment plant, renewing the filtration membranes (osmosis and nanofiltration) and, therefore, improving the performance of the plant and reducing water rejections. This initiative is part of an ambitious long-term project to optimize water consumption in our production process and minimize wastewater discharges into the sewage system.

WATER CONSUMPTION IN HYDROALCOHOLIC PLANTS (LITERS/FTE)



Alcalá Plant

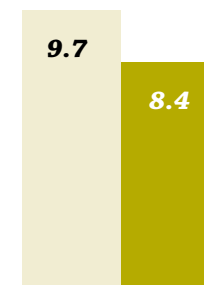


Barcelona Plant



Chartres Plant

WATER CONSUMPTION IN COSMETICS PLANTS (LITERS/KG PRODUCED)



Vacarisses Plant

2019
2020

Due to the change in the production mix in Vacarisses during the pandemic as a result of the manufacture of hydroalcoholic gel, there was a decrease in water consumption since there was a reduced production of emulsions.

In 2020 we recorded an increase in the water consumption ratio at the Barcelona and Chartres plants, as a result of there being fewer people working there during the different periods of teleworking owing to the Covid-19 crisis.

Part of the increase in the Barcelona factory was due to the increase in human consumption in the new reverse osmosis water sources installed in the dining room in 2019, as part of the Plastic Free project to eliminate single-use plastic bottles. In the case of Chartres, the increase in water consumption was caused by maintenance tests on the fire extinguishing system (sprinklers).

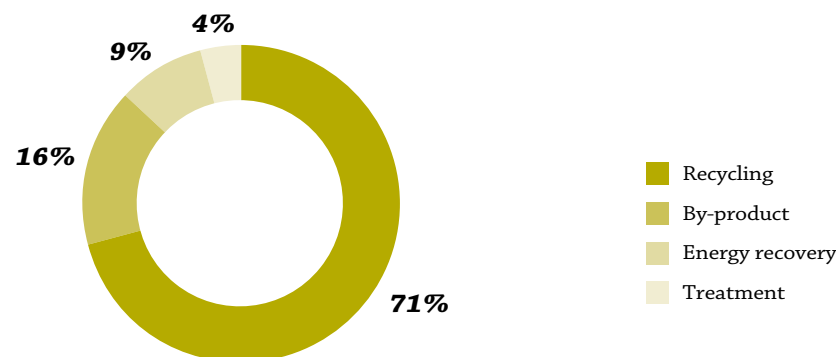


Efficient waste management and promotion of the circular economy

In 2020 we continued to promote the circular economy across our value chain. We are committed to responsibly managing our waste, as well as reducing its generation. Since 2015 we have maintained our goal of “zero waste to landfill” in the four factories and at the two headquarters. The recovery rate of waste generated during 2020 amounted to 96%, and is the sum of by-product, recycling and energy recovery.

When redefining our waste indicators, we have distinguished between by-product and non-by-product, so we can more efficiently monitor the different initiatives implemented and identify improvements in the circular economy.

BREAKDOWN OF WASTE MANAGEMENT



We reinforced our commitment to the circular economy by working on initiatives to optimize, reduce and recover our packaging waste, as well as searching for more sustainable alternative materials. The following actions were also carried out:

- Reduction of waste associated with plastic trays from our packaging component suppliers, promoting their re-incorporation into our supplier's value chain. This initiative, underway since 2019 at the Barcelona plant, was also implemented in January 2020 at the Alcalá plant. At the end of the year, the feasibility for implementation at the Chartres plant was being studied.
- Execution of a pilot test in Alcalá to replace the plastic in the trays with paper pulp, in line with the strategy of promoting the use of more sustainable materials while guaranteeing their functionality and quality.



- Study to replace the virgin plastic air bag packaging with recycled plastic in conjunction with the supplier of the factories in Spain. Its implementation in these three plants is scheduled for 2021 as is the feasibility study with the supplier of the Chartres factory.

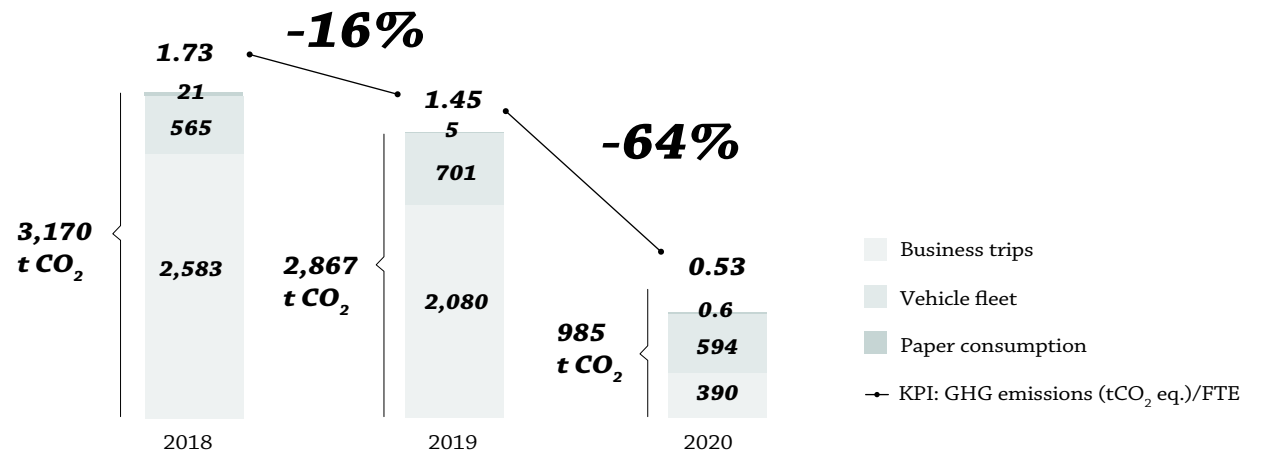
Regarding noise and light pollution, no significant impacts were identified in our factories and facilities, in which we comply with the technical characteristics required by applicable legislation and regulations. Also, in order to carry out the required verifications, each center has operating instructions which establish the frequency with which peripheral sound level tests should be carried out. Moreover, in 2020 the impact was even less due to the decrease in activity.

None of our centers has any direct impact on protected areas. However, the Vacarisses plant is located near a protected water channel and, therefore, since 2006 we have implemented a plan to reduce consumption and discharge.

Pillar 5: Employees and Facilities

In this pillar we promote the sustainable transformation of our buildings and the awareness of our employees to contribute to the global reduction of our carbon footprint.

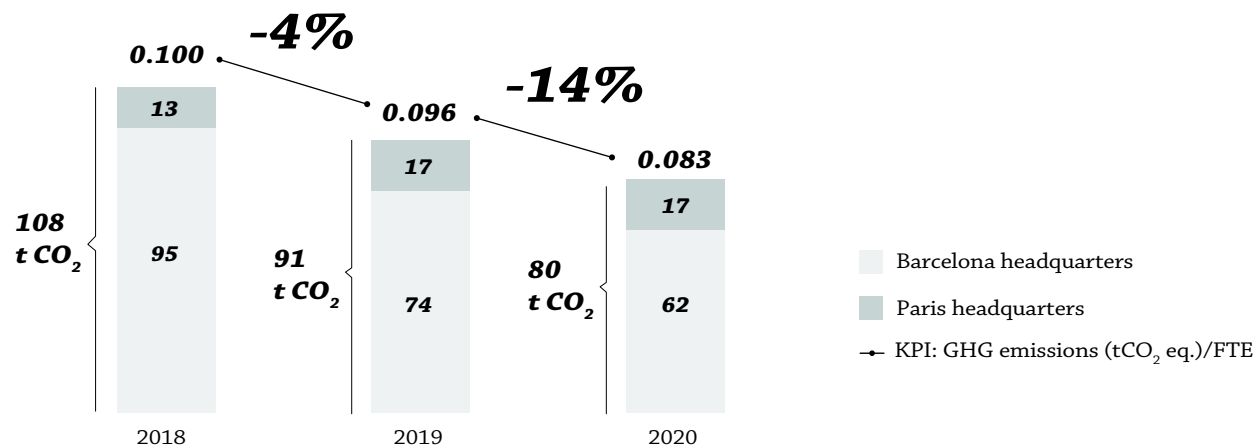
GHG EMISSIONS ASSOCIATED WITH EMPLOYEES IN SPAIN AND FRANCE





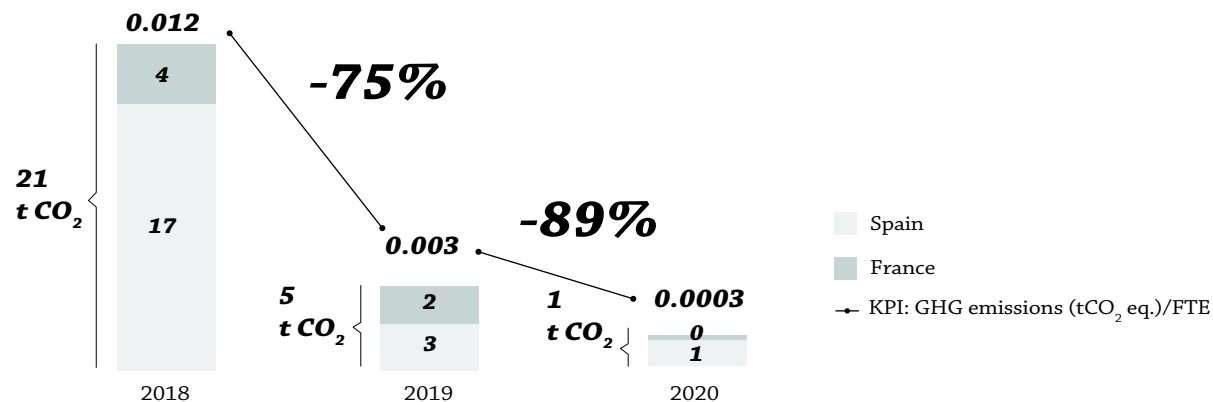
During the year we reduced GHG emissions related to the activity of our employees by 64% and those of our headquarters by 14%. This decrease is largely due to the Covid-19 crisis, during which 100% of the workforce teleworked for long periods and we recorded a decrease in business travel and trips made with company vehicles.

GHG EMISSIONS ASSOCIATED WITH CENTRAL HEADQUARTERS



In 2020 we continued with our initiatives to reduce paper consumption. Although in 2019 we already had accumulated savings of 79%, in 2020 we increased this figure to 84%.

GHG EMISSIONS ASSOCIATED WITH PAPER CONSUMPTION





Throughout the program we have implemented various initiatives related to paper consumption which have made it possible to achieve this goal, well above the initial target of 50%:

- 2014: centralization and reduction of the number of printers.
- 2016: digitalization of payment and invoice processes.
- 2017: digitalization of payroll.
- 2019: use of recycled paper instead of bleached virgin paper.
- 2020: change to a global printer supplier worldwide and to a common software in all business units.

During 2020 we took an important step forward in measuring the impact of paper consumption, centralizing the operations and software used to manage printing in all our business units in a single global supplier. As a consequence, we standardized the printing procedures and the quantification of consumption and its associated emissions, instead of calculating it based on the purchase of paper.⁵¹

In 2020, we decreased our paper consumption per employee (-44%) compared to 2019 and reduced the associated emissions by 87%. It should be noted that the state of alarm and the consequent teleworking in all units contributed greatly to these reductions.

Actions at the Barcelona headquarters

In 2020, despite the health crisis, we continued to promote the environmental improvement of our facilities and the optimization of our main consumption indicators. For the Barcelona headquarters, we defined new indicators which were implemented during the year and recalculated for 2019.

BARCELONA HEADQUARTERS CONSUMPTION ⁵²			
		2019	2020
ELECTRICITY	kWh/kWh model	1.05	0.85
GAS	kWh/kWh model	0.97	1.13
WATER	l/FTE/m ²	0.46	0.35

⁵¹ The method for measuring the emissions associated with the consumption of paper was changed, taking as a basis the copies printed instead of the purchase of paper. The values reported in 2019 have been updated.

⁵² We cannot offer data for 2018, since the way the indicator is calculated was changed in 2019.



The teleworking model during the state of alarm and subsequent phases had a direct impact on electricity and water consumption. However, the increase in gas consumption was due to an optimization in the programming of the water boilers of the air conditioning system, that enabled the machines to work more efficiently. This reprogramming also contributed to a decrease in electricity consumption and improved the performance of the air conditioning system in the offices.

As part of the Energy Efficiency Program, we continued to implement the actions to minimize energy consumption at the Barcelona headquarters defined for the 2019-2021 period:

- Integration of air conditioning equipment to the Building Management System (BMS) for more automated management.
- Reprogramming of the gradual ignition of the different boilers to optimize consumption.
- Automatic shutdown of building air conditioning systems based on occupancy.
- Automatic restart (every midday) of the air conditioning temperature setpoints.
- Improvement in the domestic hot water temperature conservation system thanks to the rooftop solar accumulators, which help maintain the temperature more efficiently.
- Sectorization of the lighting of various areas of the building into smaller units to be able to switch them off by zones.

Actions at the Paris headquarters

The Paris offices followed an identical pattern to the Barcelona headquarters, with a decrease in water and electricity consumption due to the teleworking model during the state of alarm and its subsequent phases, which meant a lower occupancy of the building and, therefore, less consumption.

Following the model implemented in the Barcelona headquarters and in the factories, we plan to review the electricity and water indicators at the Paris headquarters in the future.

PARIS HEADQUARTERS CONSUMPTION ⁵³			
		2019	2020
ELECTRICITY	Kwh/FTE ⁵⁴	1,213	1,020
WATER	L/FTE ⁵⁵	7,970	4,894

⁵³ We cannot offer data for 2018, since the way the indicator is calculated was changed in 2019.

⁵⁴ Full-time employee.

⁵⁵ Full-time employee.



Other initiatives

We continued working to strengthen the culture of sustainability with a cross-cutting vision: we trained our employees in aspects related to waste sorting through recycling campaigns. In particular during the year of the pandemic, we launched specific actions to train employees in the separation of Covid-19 waste, with precise instructions and prevention measures.

We accompanied the sustainable transformation of the company with the implementation of innovative actions and initiatives that seek to promote the participation and commitment of the entire Puig workforce:

- Publication of the company's sustainability reports.
- Continuity of the “We are the REgeneration” campaign, started in 2019, which includes various actions and initiatives in which employees take part in order to promote greater awareness of sustainability.
- Publication of sustainability content through the internal communication tool Workplace.

During 2020, we launched the internal SustainabiliME campaign, an intense training initiative that will help us build a strong culture of sustainability at Puig and that will enable us to turn our employees into ambassadors for change and achieve a true transformation in our company. This action will continue throughout 2021 and will be one of the basic lines of our next long-term sustainability plan.

Our contribution to the SDGs





GOVERNANCE

A LOOK AT OUR ENVIRONMENT AS AN EXERCISE IN RESPONSIBILITY

We continuously monitor our environment, our competitors, the latest trends, the markets and other leading companies who can provide us with ideas and ways of doing business. This constant surveillance has enabled us to react very quickly to the Covid-19 crisis situation. This is one of our main governance actions, allowing us to define a realistic future for ourselves and a legacy for future generations.

Factors and trends that could affect our progress

At the end of 2020 there were two factors that most significantly marked our progress:

Covid-19

Without a doubt, the emergence of Covid-19 was the most significant factor in 2020 and will continue to be so in 2021. The evolution of the pandemic, the speed at which governments are able to create herd immunity and the effectiveness of vaccines, among other related aspects, are issues that we must continue to monitor. But, above all, in terms of the business, we must be alert to possible changes in consumer habits, since they could affect our core categories, although we do not expect this to be the case for the moment.

The impact in 2020 on the global selective fragrances market led to a fall of 29%, with this decline increasing to 71% in travel retail. This market was affected by a decrease in passenger traffic that reached 90% in the months of April and May. From that moment on, the recovery was very gradual, driven by domestic traffic, but so far the decrease remains at approximately -60%. This resulted in the closure of a large part of airport duty free stores, which at year end remained shut, something which significantly affected us.

Asia was the region with the fastest recovery with an annual net impact of -6%.



The new normal

Throughout 2020 we kept hearing about the idea of “the new normal”, which we knew little about. But gradually we began to identify its most important aspects which we would need to take into account for our business.

The first has to do with consumers. We were able to identify a change in their values and preferences towards greater social and environmental awareness, a greater concern for safety concerning the purchase process in physical spaces, a greater interest in well-being, the value placed on locally rather than globally supplied products, and the search for brands that connect with their values and beliefs.

In addition, we noticed changes in their lifestyle habits, such as a reduction in travel, the discovery of having time at home, the experience of online shopping and less physical interaction, increasing digital forms of contact. The physical interaction barrier will inevitably change the point of sale experience, forcing a reinvention of both sampling and testing mechanisms.

The purchase of experiences plummeted and consumption shifted towards products. In addition, a significant part of the global population suffered a decrease in their purchasing power and, consequently, there was a reduction in consumption.

We recorded a lower use of our product categories derived from a restricted social life, which we expect will result in a simplification of the offering in the medium term, with a smaller but more relevant number of brands.

However, we believe that the main purchase and consumption motivations will continue to be valid and the category relevant, so we expect a recovery in the future.

Most of these changes resulted in strong growth in the online channel, which practically doubled its figures for 2019. We expect around 25% of our sales to stabilize in 2021. E-commerce, marketplaces⁵⁶ and pure players⁵⁷ experienced a huge boom in all sectors.

In relation to the markets, we foresee greater customs restrictions, an increase in preferences for local products and services, and a return to 2019 levels of consumption no earlier than 2023 in most of segments. Asia will be the main driver of growth, with an expected average of 8%, driven by China with a sustained growth of 20%.

We expect Latin America to also grow from 2022, ahead of the recovery curve in Europe and North America.

The forecasts show a global growth of the selective fragrances market of 12.7% in 2021.

⁵⁶ A marketplace is a type of e-commerce website where products or services are offered by multiple third parties.

⁵⁷ In the field of e-commerce, pure players are companies that only use the Internet as a sales channel for their products or services.



THE ORGANIZATION AND ITS FORWARD-LOOKING APPROACH

In 2020 we had time to reflect profoundly on the future, making decisions that should make us stronger and consolidate our position.

1. Greater commitment to sustainability. Having successfully completed our first Sustainability Program, our commitment has evolved towards an ESG framework that makes us a benchmark.

A new global approach, based on three aspects:

- E for environmental: new commitment to the environment, with ambitious goals for 2030, aligned with major international goals.
- S for social: to give continuity to the Invisible Beauty Makers program with the mission of sharing our know-how, enabling social entrepreneurship initiatives to create solid structures and to generate a more profound and real transformation of society.
- G for governance: managing the company as if it were a listed company, endowed with all the necessary mechanisms.

2. New structure for operating in the new environment: at the end of the year we reorganized our structure to respond better to the current circumstances and prepare ourselves for the future.

In June we acquired a majority stake in Charlotte Tilbury while at the end of the year we decided to add three dermocosmetics brands to the Puig portfolio from 2021. Until now these three brands Uriage, Apivita and the 50% stake in ISDIN - had been managed by the family-owned holding company. These additions led to a restructuring of the business to respond better to the greater diversification in categories, channels and geographies experienced in recent years. The result is the organization of the company into three divisions that was implemented on 1 January 2021:

- Beauty and Fashion Division: with three main brands within the top 15 selective fragrance brands (Carolina Herrera, Paco Rabanne and Jean Paul Gaultier), in addition to the rest of the Puig fragrance portfolio.
- Charlotte Tilbury, one of the top 20 makeup brands in the United Kingdom and the United States.
- Derma Division: incorporating Uriage, Apivita and ISDIN into our portfolio, making us now the third largest company in the European dermocosmetics sector.



INNOVATION, CREATIVITY AND TECHNOLOGY

The Covid-19 crisis has been the catalyst in changing consumer attitudes and behavior, while exponentially accelerating the pace of innovation.

At Puig, innovation and creativity are at the center of our growth strategy. We aspire to be changemakers, leading the transformation in the fragrance category, with a vision to bring back the magic to the discovery of perfumes and the shopping experience. We work to adapt our brands to this changing scenario by enticing consumers to engage with our brands and our category in new ways.

We believe that, especially in our category, we have to humanize innovation, fusing creativity, emotion and technology to create strong ties with our consumers.

In 2020 we restructured our teams to drive innovation from both a creative and technological perspective, and created two specific areas:

Innovation & Creative Lab

The Innovation & Creative Lab became an in-house partner of our brands to accelerate their innovation and optimize their creativity and performance. We collaborate with startups and creative technology agencies to breathe life into the consumer's *phygital* journey and reinvent the shopping experience for our brands.

We have merged and integrated three different functional areas:

1. Innovation Hub – We look for partners and technologies to manage digital acceleration and innovation throughout the consumer experience. In 2020 we carried out the following actions:
 - We launched two interactive playbooks with plug & play⁵⁸ solutions for our brands, designed to improve digital story-selling and promote *phygital* experiences.



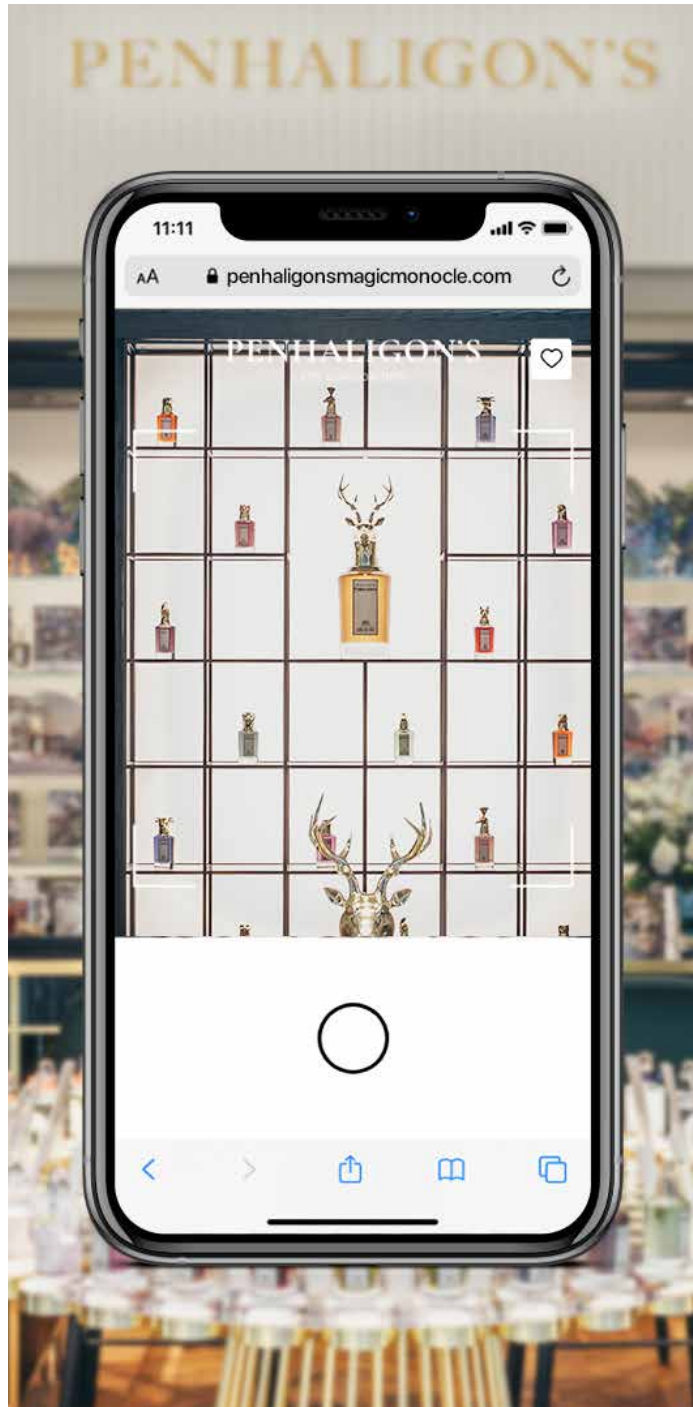
Together with the internal teams at Puig, we conducted innovation pilots in digital technologies, collaborating with startups and technological creativity agencies, to address the main pain points in the consumer experience, create new shopping experiences and take advantage of strategic business opportunities through innovation pilots and plug & play collaborations. Examples include the fragrance profilers exploring new creative angles, magic mirrors for testing makeup virtually, and craftpads for personalizing beauty products. We are constantly challenging the fragrance and beauty ecosystem to maintain our position as pioneers. We test new concepts and technologies, analyzing and assessing the potential and feasibility of each one with the aim of scaling them. Through this test-and-learn approach, we test and incubate projects without compromising our day-to-day activity, and then selectively transfer and integrate them into the core business.

- With the aim of building skills and fostering an innovative mindset, in 2020 we designed webinars, comparative analyses of new business models and digital cases to generate inspiring ideas, deepen our understanding of direct-to-consumer models, expand our digital talent and immerse our teams in an agile, startup mentality.
2. Creative Hub – Its mission is to provide our brand teams with inspiration, creative vision and relevant content for the business. Due to the Covid-19 crisis, our 2020 calendar of activities was considerably limited and, as a result, we switched to digital formats, integrating all our relevant content and learning experiences by creating an online platform for the Creative Hub, launched in May.
 3. Creative Studio – We conceptualize, develop and produce narrative and creative campaigns in partnership with our brand teams through multiple formats and platforms (TV, print, digital, social and experiential).

The Creative Studio is constantly expanding its network of agencies and creative talent, positioning itself internally as a “laboratory” to test, explore and learn about new formats, territories, media, technologies and experiences for creative communication.

Innovation and technology

At Puig, technology is a facilitator to attract the consumer in those areas in which the buyer is most reluctant to buy or where we have not been able to meet expectations. In this regard, in 2020 we focused on improving one of the main identified pain points, the choosing of the correct fragrance; and in satisfying the needs of our consumers, offering them personalized perfume and teaching them about perfumery.



In a short period of time we have developed disruptive technologies taking advantage of our enormous know-how in perfumery and thus offering solutions to these opportunities.

- **Profiler:** we have channeled years of perfumery experience into a software capable of visualizing the composition of a fragrance and recommending the ideal perfume based on consumer preferences. This technology can turn the act of choosing a fragrance into a personal and entertaining experience, simultaneously increasing the buyer conversion rate substantially and giving consumers access to a whole world of knowledge about perfumery.

In 2020 we very successfully launched and implemented our technology in a pilot with Douglas, which also allowed us to license the technology to other retailers, obtaining a recurring royalty payment and relevant data on consumer preferences.

This software feeds all the other point of sale technologies and facilities developed at Puig.

- **Ai.lice:** this is a new technology that we developed during the pandemic which, powered by the Profiler software, allows consumers to discover the scent of a fragrance before trying it. Consumers can use their smartphone camera to scan a QR code which provides information on the main ingredients of a fragrance, the olfactory notes and other relevant information about the product, in addition to offering product recommendations about similar items available in the store that match the individual's preferences.
- **AirParfum:** in 2020 we continued with the deployment of AirParfum, a unique technology that allows users to try our several perfumes without experiencing saturation. This solution, which makes the scent discovery process fun, interactive, personal and highly efficient in finding the perfect scent or gift, is scalable and last year we integrated it into an ecosystem of cross-platform profiling tools.
- **FabLab:** it is an internal hub for product and point-of-sale innovation, combining sophisticated 3D printers, new materials, and engineering and software expertise. Its inventions also provide improved and scalable solutions to overcome barriers in product testing. An example is olfactory microceramics.⁵⁹

59 See the Operations chapter.



GOVERNING BODIES

Although Puig is a family business, we ensure that we have in place good governance measures that go beyond what is legally required. The governing bodies execute, supervise, endorse and monitor the fulfillment of the strategic plans and consistency with our values and the way we act.

Our highest governing body is the Board of Directors, responsible, among other things, for approving our general policies and strategies and for overseeing the management of the company. We incorporate independent and external board members both to ensure greater objectivity to the decision-making process for the benefit of the business and to contribute knowledge of other sectors and experiences.

In 2020, the preparation for the transition from the 3rd to the 4th generation of the Puig family began, incorporating representatives of the four families to the Board, while maintaining a majority of non-family board members. As a result, at the end of 2020 our Board of Directors was made up of the following members:

CHAIRMAN AND CEO

Marc Puig (1)

VICE CHAIRMAN

Novaquern S.L.

(represented by Manuel Puig) (2)

EXTERNAL BOARD MEMBERS

Rafael Cerezo (Consejero Coordinador) (3)

Patrick Raji Chalhoub (4)

Jordi Constans (5)

Daniel Lalonde (6)

Exea Ventures, S.L.

(represented by Giovanna K. Monnas) (7)

Exea Empresarial, S.L.

(represented by Josep Oliu) (8)

Yiannis Petrides (9)

Xavier Puig (10)

Jordi Puig (11)

Marian Puig (12)

BOARD SECRETARY (NON-DIRECTOR)

Joan Albiol

BOARD VICE SECRETARY (NON-DIRECTOR)

Marta Sulé







The Board has delegate committees:

AUDIT COMMITTEE	COMPENSATION AND NOMINATION COMMITTEE
CHAIRMAN <i>Yiannis Petrides</i>	CHAIRMAN <i>Rafael Cerezo</i>
MEMBERS <i>Rafael Cerezo</i> <i>Daniel Lalonde</i>	MEMBERS <i>Jordi Constans</i> <i>Exea Ventures S.L., representada por Giovanna K. Monnas</i>

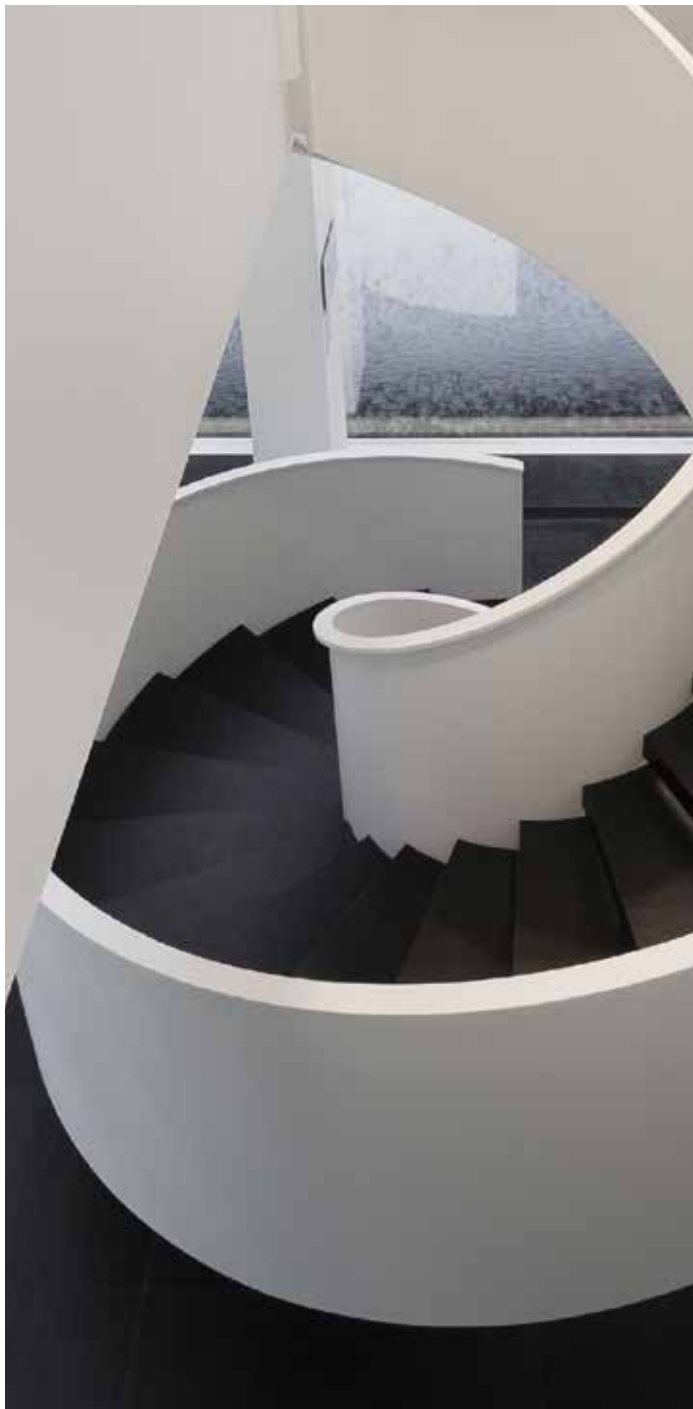
At the end of the year, the decision was taken to create a new delegate committee for 2021, reporting to the Vice Chairman of the Board: the ESG commission, in accordance with the commitment to give greater relevance as well as internal and external impact to sustainability at Puig.

The highest executive governing body is the Executive Committee, made up of the following members at the end of 2020:

- Chairman and CEO – Marc Puig
- Vice Chairman – Manuel Puig
- President Brands, Markets & Operations – José Manuel Albesa
- Chief Financial Officer – Joan Albiol
- Chief Human Resources Officer – Eulalia Alfonso
- Chief Operating Officer – Javier Bach
- Chief Brand Officer Carolina Herrera, Nina Ricci & Dries Van Noten – Ana Trias
- Chief Brand Officer Paco Rabanne & Jean Paul Gaultier – Vincent Thilloy
- Executive Vice President EMEA – Pilar Trabal
- Executive Vice President Americas – Pedro Escudero

In addition, François Xavier Billaud, Puig General Auditor, reports hierarchically to the Chairman of the Audit Committee (Yiannis Petrides) and administratively to the Chairman and CEO, Marc Puig.

The day-to-day management of the company and its subsidiaries is carried out by its senior management and the corporate bodies of its subsidiaries.



MATERIALITY

The continuous monitoring of risks allows us to determine and maintain up to date the identification of the main material issues for Puig, following the criteria recommended by the leading experts in the matter. This identification enables us to build a materiality matrix as a quick visualization exercise.

An example of this ongoing management was the inclusion of Covid-19 in the 2020 risks from the moment its impact was identified, not only at the company level but globally and taking into account its potential duration over time.

Therefore, in 2020 we continued to monitor the ten risks reported last year, plus the risk of SARS-CoV-2 that causes Covid-19, along with all the risks associated with these.

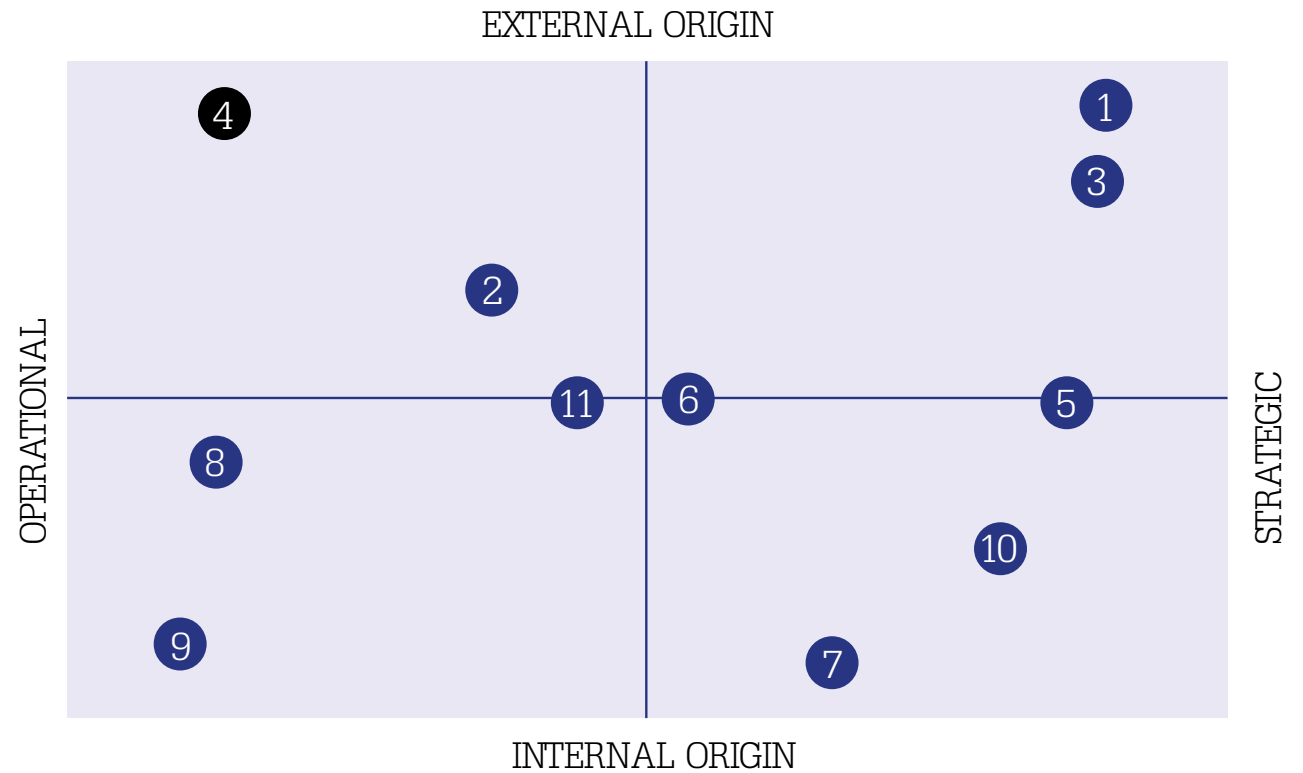
The graph below summarizes the 11 most significant issues for Puig in 2020. These aspects may originate within or outside the company and can be classified as more strategic or more operational.

This matrix has several characteristics:

- It is useful for strategic decision making.
- It can act as the basis for defining annual internal audit plans.
- It allows us to identify and monitor risks.
- It allows to focus on opportunities to adapt to changes in internal or external environments.
- It allows for continuous reflection, since it is not a static element.

There is a person responsible in the company for each aspect who manages the monitoring, reporting and proposal of measures in the event of any change in scenario. Monitoring indicators and measures to control and reduce their impact have been defined.

This process has allowed us to take a step forward in harmonizing corporate control tools and the strategic plan.



- | | | | |
|---|-------------------------------|----|-----------------------------|
| 1 | Regulatory aspects | 7 | Impact on launches |
| 2 | Cybersecurity | 8 | Digital business |
| 3 | Geopolitical context | 9 | Operations |
| 4 | Covid-19 | 10 | Succession in key positions |
| 5 | Competition | 11 | Talent |
| 6 | Digitalization of the company | | |



ALIGNED WITH OUR ETHICS AND OUR PRINCIPLES OF CONDUCT

Our Ethical Code is the primary document in the company's regulatory structure which underpins all our decisions. It ensures our future sustainability by setting the guidelines for the conduct of all those who work at Puig and is used as a basis to draft policies and processes.

We are aware that any inappropriate conduct, committed by an employee or a third party, can affect the company's reputation and image. For this reason, we implement the commitments established in the Ethical Code through the following Corporate Policies, which establish the framework of our relations internally, with our stakeholders and with society in general:

- Corporate Fiscal Policy.
- Compliance Policy.
- Policy for Providers and Suppliers.
- Policy on use of Workplace.
- Sustainable Sourcing Policy.
- Digital Disconnection Policy.
- Information Security Policy.
- Integrated Management System Policy.
- Internal Policy on Powers of Attorney.
- Policy on Conflict of Interest.
- Policy on use of telephone and IT resources.
- Competition Law Policy.
- Policy on receiving and offering gifts.
- Corporate Social Media Policy.
- Travel Allowance Policy.
- Travel Safety Insurance Policy.

To ensure that we comply with our values, internal regulations and current legislation and to promote an ethical culture in the company's business operations, we carry out the following actions:

- All Puig employees have access to the aforementioned Corporate Policies through the MyDesk application.
- All employees adhere to the Ethical Code and receive regular training. New hires follow the same process.



- As of 31/12/2020, 94% of employees in the fragrance business unit located in the centers in Spain and France had taken the online course launched in 2019 to strengthen their knowledge and practical application of the Puig ethics and compliance standards and had passed the final test (with 100% correct answers required).
- In 2020, the Corporate Legal Services area launched online training to reinforce knowledge and practical application of the Antitrust Laws. The course was basically aimed at the top managers, the sales teams of the subsidiaries and those employees who, due to the characteristics of their position, need to have some training on antitrust laws. 61% of the informed users had completed the course at the end of 2020. Starting in January 2021, we plan to launch a new campaign with users who have not yet completed the course.

Throughout 2021 other internal campaigns will be launched to continue strengthening the knowledge and practical application of the standards on specific aspects of ethics and compliance through the launch of new modules, aimed at specific positions within the organization.

- We continued with the campaign started in 2019 to guarantee the adherence of our distributors to the Puig Ethical Code. In 2020, the distributors who manage 74% of our sales had already formally adhered to our Ethical Code. In 2021 we will continue working to achieve the goal of reaching 100% of our distributors.

The contracts signed with any new distributor include clauses of compliance with the Puig Ethical Code and with all other local or international legislation that may be applicable to them.

We are currently drafting a new Anti-Corruption Policy, which will incorporate, and therefore, render ineffective, some of the aforementioned policies.

The company's commitment to the defense of human rights, with respect for individual and collective freedoms, rejecting any form of child labor and with respect for people is also included in our Ethical Code. Puig does not operate directly in environments where there is a risk of human rights violations or of forced or compulsory labor. Therefore, no claims have been received in this regard.

Our Ethical Code also clearly defines the company's position in favor of diversity and nondiscrimination based on sex, race, religion, age, marital status, disability, sexual orientation or nationality, nor do we accept any form of harassment, whether sexual, physical, mental or otherwise.



We have a complaints channel that reports directly to the Chairman of the Audit Committee of the Board of Directors, which guarantees full confidentiality and resolution in the event of any breaches of the Ethical Code. The total number of complaints received through the complaints channel in 2020 was nine, of which, at the end of the year, six had been resolved and three were in the process of being resolved.

COMMITMENT TO PAYING TAXES

At Puig we scrupulously comply with our tax obligations directly in the countries in which we are present. In this way we express our commitment to respect the different locations and regions where we operate.

The Corporate Tax Policy establishes the governance framework, principles, values, guidelines and standards that should guide our behavior in terms of paying taxes, as well as our decision-making to ensure correct compliance with tax regulations and mitigate risks. And all this always in line with our business strategy while ensuring the proper application of good tax practices and maintaining a relationship of cooperation and transparency with the different tax authorities. Puig does not receive public subsidies.

PROFIT ^{60 and 61}				CORPORATE TAX PAID ⁶²			
	2018	2019	2020		2018	2019	2020
Spain	191,913	156,525	-12,826	Spain	47,754	43,491	-4,789
Rest of Europe	83,721	73,804	-53,964	Rest of Europe	17,048	20,469	-7,708
Americas	44,628	42,241	34,726	Americas	8,153	15,281	-2,105
Rest of world	13,176	12,312	44	Rest of world	1,953	2,484	-2,214

Our contribution to the SDGs



60 In thousands of €.

61 Sum of the profits of the individual units in each geographic area.

62 In thousands of €.

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In Barcelona, on 24 March 2021

Mr. Marc Puig Guasch
Chairman and CEO

NOVAQUERN, S.L.
Represented by
Mr. Manuel Puig Rocha
Vice Chairman

Mr. Patrick Raji Chalhoub
Board member

Mr. Rafael Cerezo Laporta
Board member

Mr. Jordi Constans Fernández
(Identified in his passport as Jorge
Valentín Constans Fernández)
Board member

EXEA EMPRESARIAL, S.L.
Represented by Mr. Josep Oliu
Board member

EXEA VENTURES, S.L.
Represented by Ms. Giovanna
K. Monnas (Identified in her
passport as Ioanna Kampouri)
Board member

Mr. Daniel Lalonde
Board member

Mr. Yiannis Petrides
(Identified in his passport as
Ioannis Petrides)
Board member

Mr. Xavier Puig Alsina
Board member

Mr. Jordi Puig Alsina
Board member

Mr. Marian Puig Guasch
Board member

PUIG, S.L. and subsidiaries

**Independent Review of the Consolidated Statement on Non-Financial Information of
PUIG, S.L. and subsidiaries for the year ended 31 December 2020**

To the shareholders of PUIG, S.L.,

Pursuant to article 49 of the Spanish Code of Commerce, we have provided limited assurance on the Statement on Non-Financial Information (hereinafter SNFI) for the year ended 31 December 2020, of PUIG, S.L. (hereinafter the Parent Company) and its subsidiaries (hereinafter the Group) which forms part of the Group's 2019 consolidated Directors' Report.

The contents of the consolidated Directors' Report includes additional information to that required by prevailing mercantile legislation on non-financial information which it is not included in our assurance scope. In this regard, our assurance work was limited only to providing assurance on the information contained in table "Table of required contents pursuant to Act 11/18 of 28 December" of the accompanying consolidated Directors' Report.

Directors' responsibilities

The Parent Company's Board of Directors is responsible for the preparation and presentation of the SNFI included in the Group's consolidated Directors' Report. The SNFI has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in accordance with that mentioned for each subject area in table "Table of required contents pursuant to Act 11/18 of 28 December" of the aforementioned consolidated Directors' Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the SNFI is free from material misstatement, whether due to fraud or error.

The Parent Company's Directors are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for preparing the SNFI was obtained.

PUIG, S.L. and subsidiaries

**Independent Review of the Consolidated Statement on Non-Financial Information of
PUIG, S.L. and subsidiaries for the year ended 31 December 2020**

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialized in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed that refers exclusively to the year ended 31 December 2020.

We conducted our review engagement in accordance with International Standard on Assurance Engagements, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Performance Guide on assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

PUIG, S.L. and subsidiaries

**Independent Review of the Consolidated Statement on Non-Financial Information of
PUIG, S.L. and subsidiaries for the year ended 31 December 2020**

Our work consisted of making inquiries of management, as well as of the different units and responsible areas of the Group that participated in the preparation of the SNFI, in the review of the processes for compiling and validating the information presented in the SNFI and in the application of certain analytical procedures and sample review testing described below:

- Meetings with the Parent Company's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the SNFI for the year ended 31 December 2020 based on the materiality analysis performed by the Parent Company and considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the SNFI for the year ended 31 December 2020.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the SNFI for the year ended 31 December 2020.
- Corroboration, through sample testing, of the information relative to the content of the SNFI for the year ended 31 December 2020 and whether it has been adequately compiled based on data provided by internal and external information sources or third-party reports.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the SNFI of PUIG, S.L. and its subsidiaries for the year ended 31 December 2020 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and the content of the selected GRI Standards, in accordance with that mentioned for each subject area in the table "Table of required contents pursuant to Act 11/18 of 28 December" included in the aforementioned consolidated Directors' Report.

PUIG, S.L. and subsidiaries

**Independent Review of the Consolidated Statement on Non-Financial Information of
PUIG, S.L. and subsidiaries for the year ended 31 December 2020**

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

Barcelona, 22 April 2021.

AUDIAXIS AUDITORES



NOELIA ACOSTA SANCHEZ



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