



Puig | Sustainable
Sourcing
Policy



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Context

The Puig Ethical Code sets forth the values and commitments which guide the company's activity developed by a set of Corporate Core Policies. As part of such commitments, Puig undertakes to conduct business in a sustainable way aiming at growing in a responsible manner and conscious of the human rights, environmental and social impact related to its operations.

In 2021, the company approved a new strategic sustainability plan, the 2030 ESG Agenda, structured into 6 pillars and 16 programs, further developed through the Climate Policy.

Puig expects its suppliers to conduct business responsibly in alignment with such commitments, integrating sustainability criteria within its own supply chain.

Purpose

This Sustainable Sourcing Policy establishes the environmental, social and governance standards that suppliers have to comply when doing business with Puig.

Scope

This Policy, approved by the Board of Directors of Puig Brands, S.A., reflects the requirements to be met by those companies acting as suppliers when doing business with Puig¹. It also becomes a guide for suppliers to be applied by their own subcontractors, manufacturers and suppliers.



¹. "Puig" refers to the Puig Brands, S.A. company and its subsidiaries and other entities that may be incorporated in the future in which Puig Brands, S.A. holds or may hold direct or indirect control, according to article 42 of the Spanish Commercial Code.

International references

This Policy is based on the values and commitments reflected in the Puig Ethical Code and the following internationally recognized standards and initiatives:

- UN Sustainable Development Goals;
- UN Guiding Principles on Business and Human Rights;
- International Bill of Human Rights consisting of the Universal Declaration of Human Rights, International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights; and the Declaration of the International Labor Organization on Fundamental Principles and Rights at work;
- International Labor Organization conventions;
- Paris Agreement.



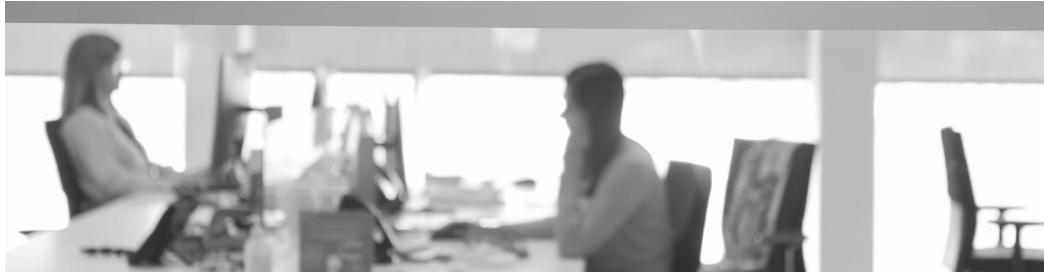
Requirements for doing business with Puig

As contemplated by Puig Ethical Code and the Policies² derived from it, the company is committed to doing business and growing in a sustainable way by preserving the environment, respecting the communities in which it operates and creating value for society, always complying with the applicable legal framework.

Puig requires their suppliers to comply with all applicable laws and regulations within the countries in which they operate.

Suppliers must respect human rights and commit to the following compulsory requirements.

² "Policies" refer to the Corporate Core Policies on Anticorruption, Antitrust, Tax, Reporting Channel and Compliance and Crime Prevention and also to the 2030 ESG Agenda and the Climate Policy.



Social

Puig requires its suppliers to respect the following commitments:

- The Supplier will ensure that employment relationships shall be based on the principle of voluntariness. No forced labor in any form is accepted.
- The Supplier will not employ any person under the legal age for working in each country.
- Work performed must be on the basis of recognized or lawful employment relationship established through national law and practice. The Supplier will not avoid applicable obligations to employees under applicable employment or social security regulations through the use of inappropriate contractual or apprenticeship schemes.
- The Supplier will treat its employees with respect and dignity:
 - Any discriminatory practice based on age, social background, gender, race, religion, sexual orientation or disability is forbidden.
 - Any physical, sexual, psychological or verbal harassment or abuse or to other forms of intimidation is not tolerated.
- Wages paid by the Supplier will meet the minimum legal obligations related to wages.
- The Supplier will ensure adequate working hours and rest days to promote the health and well-being of workers.
- The Supplier will provide employees with a safe and healthy working environment. The Supplier will set up procedures and ongoing trainings to detect, avoid, and mitigate as much as possible any hazards that constitute a risk to the health, hygiene, and safety of staff. The Supplier will regularly conduct health and safety risk assessments and implement measures to manage any risks identified.
- The Supplier will acknowledge, without distinction, its employees' right to join or form trade unions of their own choosing and to bargain collectively. The employer should adopt an open attitude towards the activities of trade unions and their organizational activities. Employees' representatives are not discriminated or intimidated against and have access to carry out their representative functions in the workplace. Where the right to freedom of association and collective bargaining is restricted under law, the Supplier will not hinder the development of parallel means for independent and free association and bargaining.



Governance

Puig requires its suppliers to respect the following commitments:

- Any form of corrupt behaviour, decision, or initiative is prohibited.
- The Supplier will ensure that transactions and commercial relationships are tracked and monitored transparently.
- The Supplier will not, directly or indirectly, offer or make payments to public officials³ to facilitate processes with public administrations.

3. A public official or equivalent is understood to be:

- Any person who occupies, as holder, a position or job in a public administration, a public company, in public control or in an international public organization, at any level and regardless of decision-making power or seniority.
- Representatives or persons who carry out official functions on behalf of a public administration, a public company, in public control or in an international public organization.
- Leaders or members of political parties and candidates for public or political office.



- The Supplier will not, directly or indirectly, offer, promise, deliver or accept money, discounts or other things of value not permitted by law to or from representatives of other companies with whom the Supplier does business.
- Any form of money laundering, broadly understood to be any action aimed at introducing money of illicit origin into the economy, is prohibited.
- Any conduct leading to the financing of terrorism is prohibited.
- Any gifts or hospitality to or from Puig employees shall be subject to the specific internal regulations approved by the Puig business area or division and in any case, are to be of moderate value and as a consequence of the Supplier's normal business and not intended to receiving unjustified preferential treatment or commercial advantage or to exert undue influence on the beneficiary in any way.
- In case of conflicts of interest in which the interests of the Supplier conflict with Puig interests:
 - Such situations need to be reported, either through formal or informal channels, or directly through the Puig Reporting Channel as part of Puig speak up culture.
 - A person who has a conflict of interest must not be involved in any decision-making processes which may be affected by the conflict of interest.
- The Supplier agrees not to register or apply to register any trademark, design, invention, intellectual property work, company name or domain name related to Puig products to avoid any confusion that could arise with those owned by Puig or that could generate a risk of association between the parties.
- Confidential information and know-how in the Supplier's possession regarding Puig will be safeguarded. Under no circumstances will this information be disclosed to any third party or used for any purpose other than for the fulfillment of the obligations of each of the parties.
- Products and services are delivered to meet the specifications and quality and safety criteria specified in the relevant contract documents and are safe for their intended use. Research and development are conducted responsibly and based on good clinical practice and generally accepted scientific, technological and ethical principles.
- Manufacturers and ingredient suppliers must not conduct or commission any animal tests for the ingredients or formulations they provide Puig.

Environmental

Puig requires its suppliers to comply with the following commitments:

- Suppliers must have an environmental policy or commitments to protect the environment, biodiversity and compliance with applicable laws and continuous improvement.
- All applicable legal requirements for environmental licenses and permits must be met and, in particular:
 - Specific environmental certifications are required for certain materials such as palm oil, cardboard and alcohol.
 - Appropriate permits for onsite waste storage must be obtained and maintained, where required. Hazardous and non-hazardous waste must be segregated.
 - Appropriate permits for onsite waste disposal must be obtained and maintained. Waste reduction programs are deployed where possible. Open burning or waste disposal by burial must not be conducted. Waste for offsite treatment and disposal must only be delivered to contractors permitted by the appropriate authority.
 - Appropriate legal permits must be obtained and maintained for wastewater and any effluents discharge.
- Applicable legal requirements for energy use and greenhouse gas emissions must be met. Records of direct and indirect greenhouse gas emissions must be maintained.
- All waste must be maintained in good condition and have legible and informative labels. It must be handled, stored and transported in a safe and appropriate manner to control risks of accident.
- Where applicable, all facilities must have a drainage system in place to convey wastewater and effluents to a legally-permitted treatment plant or final discharge point.
- Atmospheric emissions will be considered and treatment equipment will be monitored for possible leaks and unintended releases.
- Products will be sourced in a manner that maintains or enhances high conservation values in the surrounding landscape. HCV refer to biological, ecological, social or cultural value of outstanding significance or critical importance. Puig expects that its suppliers have measures implemented across the supply chain to respect animal welfare, natural capital and biodiversity.
- Facilities will comply with legal noise pollution limits.
- Puig requires its suppliers to have an environmental management system in place.
- Suppliers must have and execute an environmental training plan for those personnel who carry out tasks that imply a significant environmental impact.

Best practices

Puig encourages suppliers to work towards meeting continuous improvement for best practice. Implementing best practices will take time, so every effort made by suppliers will be positively considered to embrace sustainability within their business.

This chapter contains a non-exhaustive list of best practices:

Social

- Ongoing training is provided to all employees to broaden their skills and enable them to progress in their employment.
- Employees are developed, motivated, recognized and rewarded.
- Foster communication and training of the non-discrimination formal commitment.
- Employee recruitment is objective, and controls are in place to prevent arbitrary decisions based on biases.
- Test policies and training effectiveness by collecting and analyzing human resources data, looking for possible areas of discrimination.
- Encourage an appropriate work-life balance and effectively monitor it.
- Occupational health and safety committees are in place.



Governance

- Guidelines describing business integrity expectations are in place and readily available to all employees.
- Regular reviews are conducted to verify compliance with the relevant policies.
- Regular training about integrity issues is provided to employees.
- Non-compliance is subject to penalties and remediation plans.
- Provide a secure Reporting Channel which employees and other stakeholders can raise concerns ensuring confidentiality and allowing anonymity as well as implement effective grievance mechanisms to listen and respond to employee views on working conditions, following applicable law.

Environmental

- Public commitments are made to support sustainable agricultural practices.
- Facilities are supplied, at least partially, by energy from renewable sources, for instance, photovoltaic self-generation.
- Impact assessments are conducted with participation of affected communities.
- Energy consumption is tracked.
- Carbon footprint is measured and there is a plan in place to reduce it based on science.
- Targets on water and energy consumption reduction or efficiency are set.
- Targets on waste reduction are set.
- Third party certifications are obtained for key raw materials sold to Puig.
- Regular sustainability assessment in recognized platforms (ex. EcoVadis or Sedex) and progress measurement towards a sustainable growth model.
- Evaluation through CDP Supply Chain (Carbon Disclosure Project)
- Suppliers have a sustainable sourcing policy consistent with this Policy for their own suppliers.
- A sustainability strategy is in place and progress against targets are published regularly.



Compliance and reporting of breaches

Compliance

This Policy shall be mandatorily accepted by all suppliers before the commencement of a business relationship with Puig.

The requirements set forth in this Policy form part of the agreement between Puig and the Supplier. If a Supplier is not in compliance with this Policy, Puig will take appropriate action to address such non-compliance, which may include depending on the materiality of the non-conformity, (i) the implementation of a corrective action plan by the Supplier and timeline to effectively and promptly resolve the breach, (ii) the nonrenewal of the supply contract at its term or (iii) the immediate termination of the business relationship.

The requirements reflected herein must be deployed into the Supplier's own internal regulations and business activity.

The Supplier will authorize Puig to carry out regular verifications of the application of this Policy. Puig identifies, assesses and addresses priority ESG risks and impacts in the supply chain using a risk-based approach with a due diligence.

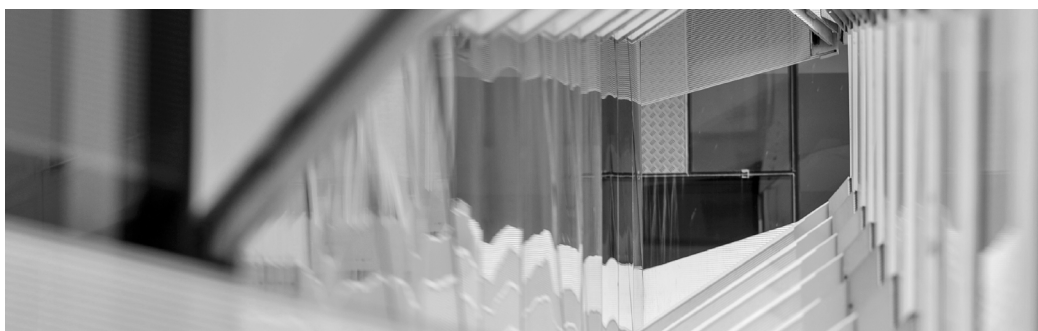
The requirements reflected in this Policy will be replaced and superseded by any internal or external applicable regulation that sets a higher standard of diligence.

Reporting of breaches

Any breach of this Policy should be immediately reported to allow Puig to take appropriate action. These concerns can be reported through Puig Reporting Channel which is located at Puig corporate website. This Reporting Channel is embedded in the company's speak up culture and ensures confidentiality and allows anonymity of the reporter.

There will not be any retaliation against those who report actual or suspected breaches in good faith.

Puig will investigate any reported breach and discuss findings with the Supplier.





Approval, publication and revision

This Policy has been approved by the Board of Directors of Puig Brands, S.A. on July 25, 2023 and came into force at that time. This Policy is also available on the intranet, on the Puig website and will be communicated to Puig employees and other stakeholders where appropriate.

This Policy may be reviewed and revised when necessary and replaces and supersedes any previous policy.

Failure to comply with this Policy may lead to disciplinary measures and other legal consequences.

Annex

Raw Materials Principles

At Puig, we recognize the importance of sourcing our products from high quality, sustainable materials. For this reason, Puig has set targets for the strategic materials that are most relevant to the group and that generate the greatest impact in terms of sustainability.

The following principles relating to strategic raw materials complement this Policy whereby Puig expects its supply chain to comply and implement with and respect the pre-requisites, defined in this Policy. Related to scope, as is defined in this Policy, this raw material principles apply to the whole Puig supply chain, which means that cover the entire purchase of raw materials by both Puig and its suppliers.

Likewise, in terms of compliance and monitoring, as well as reporting breaches, Puig supply chain shall also comply with the provisions of this Policy. In this context, if there is a lack of cooperation or untimely implementation of corrective action plans, this may result in the nonrenewal of the supply contract at its term or immediate termination of the supplier relationship.

In specific situations, regarding the following raw material principles, Puig will evaluate the possibility of making temporary exceptions to certain pre-requisites if the suppliers commit and takes a corrective action plan to comply with this Policy in the short term. These exceptions shall be approved by the CSO⁴ office.

Palm Oil

Puig is committed to procure 100% of palm oil and its derivatives certified by the Roundtable on Sustainable Palm Oil (RSPO) by 2030. Thus, suppliers must demonstrate compliance with the RSPO principles and criteria most updated. These principles are based on the standards, principles and criteria of Sustainable Palm Oil Production, approved in 2018 by the RSPO Governing Board, and the 2023 RSPO draft of principles and criteria.

To this end, supply chain must specially comply with the social and environmental requirements defined in this Policy, mainly due to the negative impacts of palm oil on the environment, people and local communities. In addition, because palm oil faces specific environmental challenges, particularly about its effect on deforestation, Puig does not nor will allow the following actions:

- New palm clearing or development in high carbon stock ('HCS'), high conservation value ('HCV') forests.

⁴ "Chief Sustainability Officer"

- Deforestation, including conversion of natural forests and high conservation value forests to agriculture, tree plantations or other land uses, or severe human-induced degradation.
- Grow on peat and no new development on peatland for agricultural purposes.
- Exploitation of local or indigenous communities.
- Burning in the preparation of new plantings and re-plantings.

Additionally, suppliers that are members of the RSPO or equivalent, as well as being certified in relation to palm oil by an independent third party or that can demonstrate that they meet the requirements of the most stringent certifications in this area, will be considered an asset.

Furthermore, local or indigenous communities must be involved in decision making about projects which will affect them.

Paper & Board

Puig is committed to procure 100% of paper and board packaging certified by the Forest Stewardship Council (FSC) by 2030. Thus, suppliers must ensure sourcing from well-managed forests or from recycled origin. For this purpose, Puig works in partnership with the paper and board packaging suppliers to ensure that they meet the best expectations for social and environmental responsibility.

The supply chain must respect the pre-requisites defined in this Policy, and the following principles must also be respected in order to continue a business relationship with the group:

- Paper and board must be from FSC certified sources, as the supplier must demonstrate that they meet the requirements of the most stringent certification in this area.

Furthermore, Puig will work with its supply chain, employees and other stakeholders to:

- Reduce, reuse and recycle packaging across the supply chain.
- Minimize paper consumed in day-to-day operations.
- Maximize the recovery of used paper and fiber-based packaging for recycling.
- Replace single-use packaging with reusable alternatives wherever possible.
- Innovate and find new ways to package our products, by applying circular design and by using more sustainable materials, in order to make better packaging through smart design and sustainable materials.

Alcohol

The commitment of Puig is to purchase 100% of alcohol certified by the Sustainable Agriculture Initiative (SAI) by 2030. Thus, Suppliers must ensure sourcing from natural, respectful of biodiversity and non-ecotoxic sources.

For this reason, Puig's supply chain must respect the pre-requisites defined in this Policy. In this sense, all alcohol-containing ingredients, finished products and alcohol supplied to Puig must comply with the sustainability requirements described below:

- Provide documentation certifying the quality and purity of the alcohol.
- Provide accurate information on plant feedstocks and geographical origin of feedstocks for alcohol, to have 100% traceable alcohol.
- Ensure that the alcohol supplied is GMO-free origin.
- Be certified by the Sustainable Agriculture Initiative (SAI) in the highest levels, gold or silver.

Additionally, suppliers that succeed in reducing water consumption in the production of alcohol, its carbon footprint in the production and transportation, and occupational accident frequency rate, will be valued positively.

Mica

The extraction and processing of mica have a significant environmental and social impacts, such as labor exploitation, hazardous working conditions, among others. Therefore, Puig is committed to working with suppliers to minimize that impact and purchase 100% traceable mica, that comes from verified sources by 2030.

In this regard, in order to sustainably supply with mica material, Puig's supply chain must respect the pre-requisites defined in this Policy. Further, all mica supplied as a cosmetic ingredient or part of finished cosmetic products to Puig must comply the following principles:

- Ensure that extraction techniques that minimize water consumption are used and that wastewater generated during the process is adequately treated.
- Suppliers sourcing mica from India should provide information on the processing units and the location of the country/province of origin of the mica.
- Suppliers shall have traceability and third party verifications to processing units and mines. More specifically:
 - Suppliers sourcing mica and mica derivatives from India: an independent third party verification against the Global Workplace Standard for Mica Processors of Responsible Mica Initiative (RMI) of all primary mica processing facilities will be required annually.
 - Suppliers sourcing mica and mica derivatives from other countries: an independent third party verification shall be provided against at least one of the following standards: SA8000 or SMETA equivalent to the RMI Global Workplace Standard.
 - If any supplier provides another related standard, Puig will continue to do business with that supplier as long as they provide acceptable levels of traceability, social and environmental sustainability assurance in mica supply chains.

In addition, Puig will positively value suppliers that are members of RMI or can demonstrate complying with the principles of supply chains transparency, those who use sustainable practices by promoting alternative materials or products using recycled mica, and those who innovate in the development of sustainable products and technologies that minimize their impact on the environment and society.



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