



PUIG

Compliance and Crime Prevention Policy



Context and purpose	4
Scope	4
Principles and objectives	4
Compliance model and prevention of criminal risk	6
Prevention	6
Detection	8
Reaction	9
Monitoring, supervision, and reporting	9
Approval, publication and review	10





Context and purpose

The **Puig**¹ Ethical Code brings together the values that come from the shareholders and develops a range of company commitments. These values define the behaviours and ways of working and interacting with our stakeholders that exist at **Puig**, and shape an organization characterised by its entrepreneurial spirit, which integrates the vision of our brands' founders with people's talent.

This Compliance and Crime Prevention Policy (subsequently 'the Policy') is part of the organisation's strong commitment to acting according to applicable legislation and the values and standards of behaviour required by the Ethical Code and other internal regulations. This Policy describes the ethical and compliance principles which apply in **Puig** and defines the characteristics of the Compliance and Criminal Risk Prevention Model (subsequently 'the Model') which was established in 2017 with the objective of developing an environmentally and socially sustainable business within a structure of good corporate governance.

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.

Scope

As a result of this, the Board of Directors of **Puig** Brands, S.A. approves and fosters this Policy which applies to all **Puig** entities and activities and promotes compliance with this Policy amongst external stakeholders (suppliers, clients, third party company and professionals, amongst others) who, though not employees, have a relationship with **Puig** through their business activity.

The various **Puig** divisions and local business units are permitted to develop this Policy within a divisional or local policy and in such situations such divisional or local policy will comply with the terms, principles and behaviours contained within this Policy.

It is the responsibility of the company's governing body, managers, and employees in general to know, comply with and ensure that others comply with this Policy. The Chief Compliance Officer, the compliance area and the compliance structure will ensure the implementation and appropriate application of this Policy and the Model.

Principles and objectives

This Policy, following the Ethical Code and other internal regulations, describes the ethical principles and objectives which apply in **Puig**.



- To promote business activity which is ethically honest and responsible in all its internal and external actions and decisions and is guided by the values and commitments defined in the Ethical Code by the company's shareholders, by internal regulations, and by applicable law. For this reason, all those in receipt of this Policy must observe both applicable law and the internal **Puig** regulations which apply to them when carrying out their professional functions and responsibilities. The company will apply a standard of zero tolerance towards illicit actions, especially those of a criminal nature.
- To create a solid and effective culture of ethics and compliance based on the commitment and active participation of all those who this Policy applies to, and especially those holding roles of responsibility within the organisation: "Compliance starts with me".
- To safeguard the reputation of **Puig** as an organization that behaves in a respectful and trustworthy way towards the market and its stakeholders, and one which is established on very high standards of business and ethics. All those to whom this Policy applies must exercise maximum care and due diligence in preserving the image and reputation of **Puig** in their professional activities and public appearances.
- The creation of a hybrid organisational structure of compliance, comprising the Chief Compliance Officer, the compliance area, and those persons who are appointed in the various business divisions and territories. This structure, which will be continuously adapted to the company's organisation, will be responsible for supervising the operation of and compliance with this Policy, and of the Model and its associated controls.
- The establishment of a system for preventing and controlling compliance risk, and for ensuring its adequate management and supervision in the processes and activities of **Puig**.
- The promotion of awareness and training initiatives linked to the Ethical Code, the Model, and derived internal regulations.
- The promotion of a culture of open communication, the "Speak Up culture", based on the principles of trust and transparency. **Puig** encourages anyone, inside or outside the organization, who detects a failure to comply with applicable law or the Ethical Code and other internal regulations to report it through the channels provided for this purpose.
- The raising of internal and external awareness of the consequences of failure to observe the Model.
- The setting of specific compliance targets aligned with this Policy and the results of the identification and evaluation of compliance risks at **Puig**.
- The application of the changes necessary for the continuous improvement of the Model.



All compliance objectives will be supervised by the Chief Compliance Officer and reported to the management committees of the various business divisions, Audit and Compliance Committee and to the Board of Directors.

Compliance model and prevention of criminal risk

The Compliance and Criminal Risk Prevention Model comprises a set of means, actions and initiatives designed to prevent possible illicit actions that have the potential to affect **Puig**. It arises from the prevention and control of criminal risk and it is extended to all those risks associated with compliance with applicable law becoming an integrated system. The characteristics of this Model are described below.

Prevention

The prevention of illicit acts comprises the following elements:

- Governance. The Model is structured around three differentiated lines of defence, each being assigned specific responsibilities which are continuously adapted to the company's organisation.
 - First line of defence. This comprises all those employees and managers of the various areas and divisions of **Puig** who apply and promote policies and processes, develop and participate in communication and training activities, and participate in the identification and evaluation of the risks associated with the **Puig** business and their mitigation through the use of adequate controls, in coordination with the second line of defence: "Compliance starts with me".
 - Second line of defence. This comprises the Chief Compliance Officer, the compliance area, and those persons who are appointed in the various business divisions and territories from time to time.
 - The Board of Directors of **Puig** Brands, S.A. appoints the Chief Compliance Officer so that, independently and autonomously, and with a specific assignation of resources and the support of the compliance structure, he can carry out the following functions amongst others:
 - Promote and develop a culture of compliance at **Puig**, in which everyone is aware of compliance, and is committed to acting according to high standards of compliance and with zero tolerance of illegality, especially of a criminal nature.



- Define and continuously review the Model and its corresponding internal policies and procedures, ensuring compliance with and continuous improvement of the Model, and identifying changes in law that require implementation.
 - Implement the management of compliance risk by identifying those activities which could give rise to illegality especially of a criminal nature, establishing adequate controls for the risks identified, and carrying out monitoring and periodic review.
 - Manage the Reporting Channel established by **Puig** for the reporting of breaches of applicable law, the Ethical Code, and other internal regulations.
 - Ensure that **Puig** employees know, understand, and comply with the Ethical Code, the policies derived from it, and relevant current legislation, and provide appropriate training for this purpose.
 - Communicate to all **Puig** areas and divisions the need to be aware of the Model and participate actively in its implementation, assigning responsibility for the various risks and controls to **Puig** employees according to their functions, the organisational structure, and applicable legislation.
 - Support **Puig** employees and any other person linked to **Puig** to implement a compliance culture, and with the management of risks and the interpretation and application of the legislation and internal policies and procedures.
 - Ensure that sanctions are applied when breaches of the law, the Model, or other **Puig** internal regulations are detected, in coordination with the management committees of the business divisions and the heads of the corporate areas.
 - The Chief Compliance Officer makes periodic reports on the supervision and monitoring of the Model and compliance risks to the Audit and Compliance Committee and at least once a year to the Board of Directors. In the same way, those responsible for the compliance function in the business divisions and territories report periodically to the Chief Compliance Officer.
- Third line of defence. This comprises the Internal Audit area which is an independent function responsible for supervising and ensuring the Model, and of the actions of the first and second lines of defence, verifying the compliance and efficiency of internal policies and processes periodically as required by the annual audit plan and applicable law.



- Assignment of responsibilities. Each person in **Puig** is essential to guarantee and promote a compliance culture (“Compliance starts with me”). Recurrent organisational analyses will be carried out to determine who should take responsibility for the identification and control of risks and the spreading of a compliance culture.
- Communication and training. Continuous communication and training ensure the spread of a compliance culture and the prevention of compliance risk. Additionally, specific training will be provided for employees holding positions particularly exposed to compliance risks (especially criminal risks) and for those who are responsible for areas or issues which impact specific risks.

Detection

The following tools are used to identify possible illicit actions and breaches of internal **Puig** regulations:

- **Reporting Channel**

Puig promotes a Speak Up culture in which any behaviour which breaches the Ethical Code or applicable legislation, especially if it is of a criminal nature, can be reported. **Puig** has established a Reporting Channel through which any behaviour, action or decision which breaches the law or is ethically unacceptable can be reported formally in a way which is secure, confidential, and anonymous if desired. The Reporting Channel allows traceability and is accompanied by measures that protect those making reports from retaliation, as required by current law. The Reporting Channel is available at the following link <https://Puigreportingchannel.ethicspoint.com/> and is regulated by the Reporting Channel Policy and other procedures regulating its use.

- **Risk map and controls**



Puig has a compliance risk map managed by the Chief Compliance Officer which contains the risks associated with the company's activity and through which they are evaluated and prioritised. This risk map measures the evolution of compliance risks over time, especially those of a criminal nature, as well as the existing controls and their efficiency.

The identification and evaluation of compliance risks, and specifically those of a criminal nature, is a process which analyses instances of risk associated with internal and external factors which may give rise to breaches of applicable legislation. To do this, the **Puig** context and interested parties are analysed. Periodically, the risks identified are reviewed and revised in the light of changes in applicable legislation or the business activity of **Puig**.

Reaction

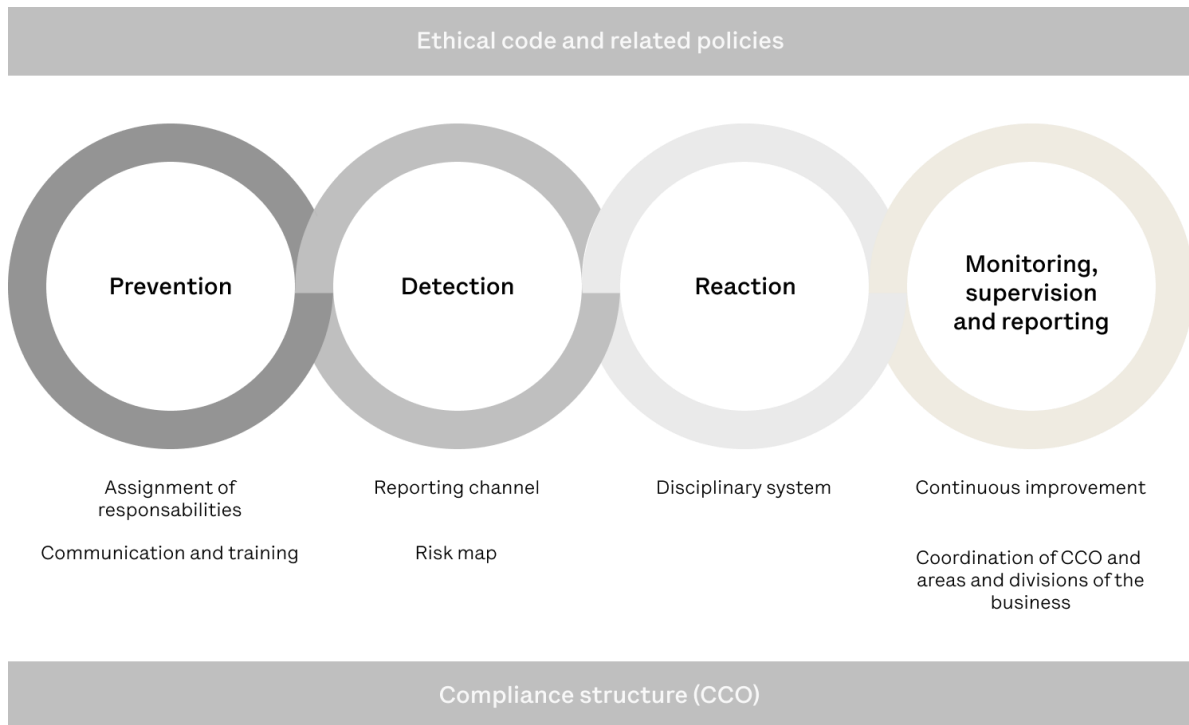
Reaction to breaches of the Ethical Code and applicable legislation is channelled through the disciplinary system applying at the time aligned with applicable labour law, and, depending on the nature of such breaches, any other legal action. The Chief Compliance Officer, in coordination with the heads of the various functions at **Puig**, will ensure that appropriate sanctions are applied according to the type of breach.

Monitoring, supervision, and reporting

The Model is based on the principle of continuous improvement, and its effectiveness and compliance are revised periodically and whenever significant changes are detected either in the organisational structure, **Puig** business activity or applicable law, or when non-compliance of the Model itself is noted.

The areas and divisions of the business will inform the Chief Compliance Officer of any operational, functional or legal changes which affect their areas of the business, and which could require the revision of the compliance risks or the controls established to prevent them, as well as whenever improvements are necessary.

The Chief Compliance Officer will also periodically report on the monitoring and supervision of the Model and compliance risks to the Audit and Compliance Committee, and at least once a year to the Board of Directors.



Approval, publication and review

This Policy has been approved by the Board of Directors of **Puig** Brands, S.A. on 30 of May of 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 is subject to continuous review and improvement, and its contents will be revised as required. It replaces and supersedes any previous Policy or procedure.

In case of non-compliance with this Policy, **Puig** will take legal measures (including of a disciplinary nature) or contractual measures, according to the nature of the non-compliance.