



Puig Tax Transparency Report 2023



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Message from the CFO

At **Puig**¹ one of our core values is “fairness and respect”. We are wholly committed to paying all taxes due in countries where value is created for our business. In addition, we adhere to the highest standards of transparency and compliance in our interaction with tax authorities globally.

Taxation is always a consequence of business; Our approach to tax strategy and compliance is based on our strategy and business needs, and paying taxes according to existing local legislation in our operating countries.

Taxes are one of many factors that we need to take into consideration and our business approach is not driven by tax considerations but supported by the **Puig** Tax Team through the pursuit of predictability and certainty of our tax impacts.

The purpose of the present report is to complement the information disclosed in both the “Puig Brands S.A. and Subsidiaries Consolidated Accounts 2023 report” and the “**Puig** Annual report 2023”, providing clarity and transparency to our stakeholders with regard to our approach to taxation and tax contribution, disclosing **Puig**’s tax principles, strategy and governance in this area, including our risk management and control system.

Transparency means being open and transparent with the Tax Authorities about the Group’s performance by promptly answering all requests they may have, but also with our stakeholders, employees, clients, and providers.

Taxes play an important role in our ESG commitments, and we believe they are key to creating a better world for future generations.

The Tax landscape is constantly evolving for multinational companies which need to rapidly adapt to new regulations and requirements, such as “Public Country by Country Reporting” and “Pillar2 OECD initiative”, which sets a minimum level of tax on the income arising in each jurisdiction where they operate.

At **Puig**, we closely monitor all relevant developments to adhere to the upcoming changes in the tax reporting area. To do so, we work in partnership with our tax advisors, statutory auditors, and Tax Authorities to ensure that the right amount of tax is being paid in the right place at the right time.

¹ Puig” refers to the Puig Brands, S.A. company and its subsidiaries and other entities in which Puig Brands, S.A. holds direct or indirect control, according to article 42 of the Spanish Commercial Code



Our business makes a significant contribution to society, not only through direct taxes applied to our activities, but also through the collection of taxes on behalf of third parties to which we are economically related. Our total tax contribution in 2023 was EUR 303 million in taxes borne and EUR 339 million in taxes collected.

We are committed to improving all processes and systems related to tax and risk management, following best practices to ensure the maximum level of tax compliance and certainty are achieved.

Joan Albiol - Chief Finance Officer

Who we are

Over the course of its 110-year history, **Puig** has grown into a leading player in fragrance, fashion, makeup and skincare, operating across 32 countries with 17 Love Brands, including Rabbane, Charlotte Tilbury and Carolina Herrera. The third generation of the **Puig** family leads the business today, as it enters its new chapter as a publicly listed company.

Puig in 2023

€4.304 M

Net Revenues

€465 M

Net Profit

32

Countries

7

Production plants in four countries

11,124

Employees

€642 M

In taxes



Our purpose

Puig is a home of Love Brands, within a family company, that furthers wellness, confidence and self-expression while leaving a better world.

Our values

Restless Curiosity

Restlessly looking for opportunities and ideas that shape tomorrow, balancing boldness and wisdom to deliver excellence.

Entrepreneurial Audacity

A house of founders, promoting entrepreneurship from every chair to disrupt and innovate, in a way which is agile, action-oriented and resilient.

Contagious Enthusiasm

Endless energy, creativity and a can-do attitude that make us feel empowered to achieve more and express our authentic selves.

Fairness and Respect

Always treating each other with fairness, with integrity, transparency and genuine respect for our commitments guiding all our interactions.

Shaping tomorrow

Committed to long-term value creation and acting as a force for sustainable change for both people and planet, building a company that is fit for years to come and leaves a lasting legacy.

For further information on Puig's company profile we refer you to the Puig [Annual Report 2023](#) (Pages 15 to 47).



Our approach to taxation

Tax behavior and ESG commitments.

The **Puig** Ethical Code brings together our shareholder values and puts forward a range of company commitments, including respect for the places we operate in and communities we engage with.

We have adopted the values from our [Ethical Code](#) as a frame of reference to promote the implementation of responsible tax behaviour and good tax practices by all **Puig** entities. This takes into consideration the interests and sustainable economic development of the communities we engage with, which is a significant part of our ESG commitments.

We understand that taxes fund the public sectors of each jurisdiction where we are present, and are therefore, one of **Puig's** contributions to society. For this reason, transactions are always carried out in accordance with applicable regulations in the various territories where our products are sold.

Equally, **Puig** behaves transparently in tax matters and cooperates with the various administrative bodies as required.

Find details of **Puig's** approach to tax treatment and payment in the following sections of this report.

For further information on **Puig's** ESG commitments we refer you to the **Puig Annual Report 2023** (Pages 75 to 147).

Tax Strategy and Governance framework

Tax strategy and Policy overview

The **Puig** tax strategy is established in the [Corporate Tax Policy](#) (or “Tax Policy”), and it has been designed to ensure compliance with current tax regulations, prevent tax risk, and establish guidelines and principles of action that must be followed by all Puig personnel.

The Tax Policy is applicable to all members of the Board of Directors, as well as to **Puig** executives and managers, employees, and professionals whose actions or decisions may have an impact on the tax area. It is also applicable to all **Puig** entities and business divisions, in relation to all their activities, and in accordance with the provisions of each legal system in which they operate, being considered as a mandatory regulatory framework.



Governance and structure

The Board of Directors of Puig Brands, S.A. is the highest representative body of Puig, and Spanish law provides it with the non-delegable authority to determine the tax strategy as part of its responsibility for the definition of the general strategy.

Both the Board of Directors of Puig Brands, S.A. through its Chairman and Chief Executive Officer and senior management, promote the monitoring of the principles and good tax practice established in the Tax Policy, and of those activities that may have a significant tax impact.

The Company's Tax Department is responsible for coordinating the good tax practices described below by establishing the control mechanisms and the appropriate internal guidelines to ensure compliance with current regulations. The implementation of these practices may be carried out by the various departments and business units that, directly or indirectly, perform tax-related functions.

This task involves all the countries and territories in which **Puig** is present and includes all Puig activities to promote the coherent and homogenous management of tax risk.

Under the supervision of the Audit and Compliance Committee, **Puig** also adopts the necessary mechanisms to monitor all Puig entities' compliance with tax regulations and the principles described in the Tax Policy, in order to identify risk and define and develop prevention and correction measures, as well as internal control procedures.

Finally, all individuals or legal entities, as well as all other **Puig** departments, coordinate with the Company's Tax Department to inform and consult about those actions or operations which have particular tax significance.

Tax Principles

Puig has adopted the values contained in its [Ethical Code](#) as a frame of reference to guide the behaviour of all Puig entities in tax matters within the specific context of each territory.

The Tax Policy requires that the following basic principles be followed:

- Ensure compliance with applicable tax regulations in all countries in which Puig operates in line with the activity pursued and promote responsible tax practice.



- Establish relations with authorities, regulatory bodies and Public Administrations following the principles of cooperation and transparency.
- Manage the appropriate coordination of **Puig** entities' tax policies, following the approval of this Policy and in accordance with the procedures established by local legal systems, through the definition and establishment of review and control frameworks for the tax function.
- Promote tax behaviour which takes into consideration the interests and sustainable economic development of the environments and territories in which we operate, given that the taxes paid are the principal contribution to the maintenance of their public sectors, and therefore, one of **Puig's** contributions to society.
- Fight fraud and support the prevention of fraud.
- Inform the Board of Directors or corresponding governing body in each territory of the principal tax implications of transactions or issues submitted for their approval, where they may represent a significant issue or risk.

Good tax practice

In order to promote responsible tax behaviour, **Puig** evaluates exposure to both long-term and short-term tax risk in terms of potential economic and reputational impact, taking into consideration shareholders, customers, employees and other areas of the organization.

When fulfilling its tax obligations, **Puig** aims to maintain cooperative and satisfactory relationships with the Tax Administrations in the countries and territories in which it operates.

To promote the fulfilment of the commitments that comprise the Principles of Action, the provisions of the Tax Policy are developed through various internal standards and/or procedures, of mandatory compliance, which constitute **Puig's** tax risk management and control system:

Main Tax procedures

- **Tax Function general framework** sets the framework for the management of tax-related matters at **Puig**. More specifically, focuses on detailing and describing the structure, organization, roles, and responsibilities of tax nature assigned to the Tax Function at **Puig**, including the Corporate Tax department, the Operational Tax structure (composed of various Operational Tax departments plus some



positions in Finance), and any other department that carries-out tax-related tasks.

- **Tax Risk management:** identification, assessment, review, approval, and report of the potential tax risks arising from transactions carried out or planned by **Puig**, paying special attention to those transactions characterized by their special tax significance.
- **Tax Reporting:** defining the main objectives to be met by any tax report at **Puig** as well as describing the guidelines that must be followed during the process of gathering the relevant information, its processing, analysis, and final communication.
- **Tax Audits & litigations management:** defining and describing those responsibilities, behaviours and conducts to be followed by the members of **Puig** in order to manage with due diligence and in due time the obligations related to the different tax procedures that **Puig** may face.

Compliance and reporting of breaches

Any breach of the Tax 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 is not any retaliation against those who report actual or suspected breaches in good faith.

Puig investigates any reported breach and, in case of non-compliance with the Tax Policy and or the Puig Ethical Code, takes legal measures (including of a disciplinary nature) or contractual measures, according to the nature of the non-compliance.

Presence in non-cooperative jurisdictions

Puig has always prioritized business reasons when setting a new subsidiary or entering a partnership or joint agreement.

As a consequence, we don't use artificial structures, unrelated to the activities of **Puig** entities, for the sole purpose of reducing tax burden, avoiding and evading taxes, or hindering the work of the Tax Administrations or Tax Authorities of each territory.



Puig Tax Contribution 2023 (highlights)

Total Tax Contribution 2023

In the countries where we operate, **Puig** is both a taxpayer and a tax collector.

- Taxes borne are those that are a direct cost to the company.
- Taxes collected are not a direct cost of business but collected from others on behalf of governments and remitted to local tax authorities and involve costs of compliance for **Puig**.

For the purpose of informing of the **Puig** Total Tax contribution, all taxes paid by **Puig** (either borne or collected) have been classified, in accordance with the 5P's OECD criterion, in the following categories: **People / Profit / Product / Planet / Property**

- **People Taxes:** taxes on employment, both borne and collected from employees including personal income tax and social security contributions.
- **Profit Taxes:** corporate income taxes paid in all countries where Puig operations generate business profits.
- **Product Taxes:** indirect taxes on the production, consumption and sale of goods including VAT, sales tax, customs duties, etc....
- **Planet Taxes:** environmental & production taxes, mainly related to materials used.
- **Property Taxes:** taxes on the ownership, sale, transfer or occupation of property.

In 2023, **Puig** administered taxes of EUR 642 Million³, broken down as follows:

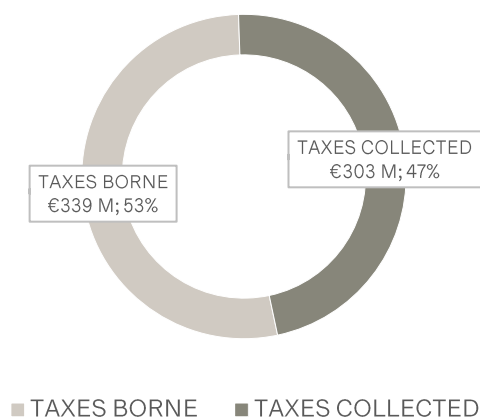
Taxes borne = EUR 303 Million

Taxes collected = EUR 339 Million

³ See additional information on the scope of this report in section: "Basis of preparation for the 2023 Puig Total Tax Contribution".

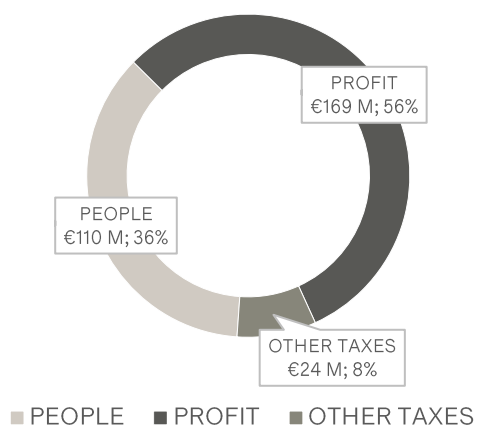


Puig Total Tax Contribution 2023 (€642 M)



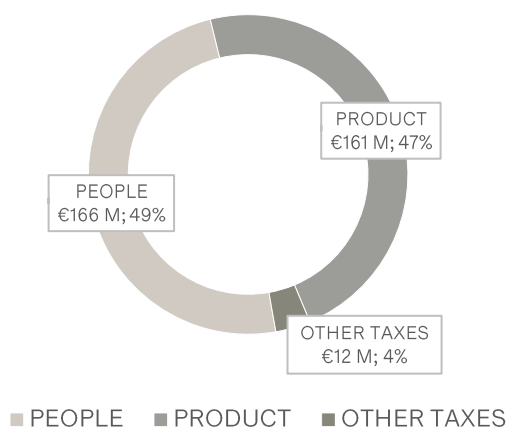
For the sake of simplification, taxes corresponding to categories with a lower relevance for Puig have been grouped in the graphs below in a category of “Other Taxes”:

Taxes borne (€303 M) (by tax category)





Taxes collected (€339 M) (by tax category)



Basis for calculating the Puig Total Tax Contribution 2023:

The basic rules applying in calculating the **Puig** Total Tax Contribution are the following:

- The amounts of tax contributions, represent the total of the taxes borne or collected in all jurisdictions where Puig entities (understood as Puig Brands and its subsidiaries) operate.
- For the investments in joint ventures and associates that are equity accounted by **Puig**, no amounts have been included.
- All tax contributions are presented on a cash paid basis for the financial year ended 31 December 2023.
- All payments have been reported in EUR, using the average exchange rates applied for **Puig** FY2023 financial statements

Corporate Income Tax 2023

Corporate Income Tax paid

Top 10 countries based on net revenue for Puig. They represent 62% of the total.



	2022		2023	
in €M	Profit before tax	Corporate tax paid	Profit before tax	Corporate tax paid
US	74,109.4	13,372.8	74,030.0	15,182.4
United Kingdom	119,495.8	19,313.4	154,185.7	36,693.5
Spain	141,429.1	40,497.0	175,572.6	39,980.0
France	59,210.4	16,990.8	44,841.3	11,196.9
Brazil	21,200.3	13,998.9	23,145.0	6,489.0
Germany	3,764.0	4,098.4	4,340.1	-469.9
China	-39,222.1	-30.7	-12,315.8	0.0
Mexico	20,440.0	7,541.8	30,687.1	9,760.5
Italy	-717.9	273.6	1,595.9	984.9
Chile	13,891.0	4,277.9	11,248.0	3,243.2
Rest of world	135,232.7	16,487.3	142,566.6	31,740.3

Top 10 countries based on net revenue for Puig. They represent 62% of the total.

- **Puig ETR (Effective Tax Rate) 2023⁴:** it was of 22,3% vs profits before tax.
- **Pillar 2 impacts:**

The legislation of Pillar 2 has been approved in certain jurisdictions where Puig operates. The legislation will be effective for **Puig's** annual exercises beginning on January 1, 2024. Puig has conducted an assessment to determine if it is potentially exposed to Pillar 2 taxes. The assessment of potential exposure to Pillar 2 taxes is based on the most recent tax returns, country-by-country reports, and financial statements of the entities forming the Group. According to this assessment, the effective tax rates of Pillar 2 in most jurisdictions where the Group operates are above 15%. The Group does not expect material exposure to Pillar 2 taxes in those jurisdictions.

⁴ For further details on Puig's Tax Contribution 2023, including reconciliation between the expense for tax on profits before tax and the tax rate applicable, we refer you to the Puig Consolidated Annual Accounts 2023 (Pages 44 to 46)