PUIG

Risk Control and Management Policy

Introduction

The Board of Directors of Puig Brands, S.A. ("Puig") is responsible for establishing risk management guidelines, for ensuring that the company maintains a sustainable long-term approach to risk, and for protecting the interests of its shareholders and other stakeholders. This commitment is met through the implementation of robust processes for the identification, evaluation, and mitigation of risk, as well as through the continuous supervision of internal control and information systems to guarantee transparency and informed decision-making at all levels of the organization.

Objective

The purpose of this Policy is to establish the basic principles and a general framework for action for the control and management of all those types of risks which could negatively affect the achievement of Puig objectives. These principles and the framework for action must be applied in accordance with the provisions of the Puig Ethical Code.

This Policy is developed and complemented through other specific policies that may be established in relation to certain risks, corporate functions, or businesses within the Puig perimeter. Risks are identified, analysed, assessed, managed, and controlled in a systematic way, using uniform criteria, and within the established risk thresholds or tolerance levels.

The business divisions' Executive Committees shall approve the specific risk limits applicable to each division, and implement the necessary systems of control to ensure compliance.

Scope

This Policy applies to Puig Brands, S.A. and its subsidiaries, and to any other legal entity that may be incorporated in the future over which Puig Brands, S.A. holds or may hold control (directly or indirectly), in accordance with Article 42 of the Spanish Commercial Code.

Risk Factors and Criteria for Risk Tolerance Levels

In general, risk is considered to be the effects, both positive and negative, of uncertainty on the achievement of objectives or reasonable business expectations. For the purposes of this Policy, risk factors are considered to be any possibility that a potential event, action, or omission would adversely affect these objectives or expectations. In a similar way, the positive effects of uncertainty on objectives are considered to be opportunities.

The Puig Risk Control and Management Policy is aimed at achieving a balanced risk/opportunity profile through a series of Key Principles that ensure the proper management of risk. The tolerance framework is established around guidelines, standards, and procedures that ensure that this management environment keeps risks within acceptable levels. The aim therefore is not to eliminate all risks, but to accept a prudent level of risk that allows recurring and sustainable value creation and optimises opportunities whilst maintaining risk at acceptable levels.

All those risks that are outside established tolerance levels must be subject to actions to restore the desired levels of risk, to the extent to which the risk is manageable and the cost of the mitigation measures is justified by the effect that the materialization of the risk could have.

Various identified risks are a consequence of Puig business activities and are inherent to the divisions, activities, and regions in which it operates. Among these, the following are worth highlighting:

- Corporate Governance Risks

  Derive from possible breaches of applicable legislation, the provisions of the system of governance and sustainability standards and policies, the recommendations of the Code of Good Governance of Listed Companies of the National Securities Market Commission ("CNMV") and its practical guides, and international standards on the subject.

- Strategic Risks

  Strategic Risks are those which derive from the Puig strategic position in the environment in which it carries out its activities, relations with third parties, the product portfolio, and planning and organization, and are considered to have the potential to cause difficulties in meeting the objectives defined in the Puig Strategic Plan.

Puig will focus its efforts on monitoring the profitability of its businesses in the areas in which it operates, and on investing in activities and tools that adapt its product portfolio and facilitate the adaptation of, progress towards, and achievement of strategic business objectives and their impact on society.

Additionally, in relation to the territories in which it operates, Puig will develop its business strategies within prudent general criteria and within a framework that assesses the risks of international socio-economic situations, including political risks.

- Financial Risks

  Financial risks are associated with disruptions in the financial markets and/or goods and services that affect the costs and revenues of the activity, including areas related to exchange rate management, liquidity, or interest rate risk, as well as credit risk related to the possibility that a third party does not comply with its contractual obligations and produces an economic or financial loss for Puig.

- Regulatory Risks

  Regulatory risks are associated with non-compliance with legal provisions, general norms, standards adopted, and codes of conduct applying in all the markets in which Puig operates. They may lead to sanctions and/or deterioration of reputation, and have an adverse impact on results and/or capital and/or on the expectations of business development. Especially relevant are crimes and offenses committed by the legal entity, fraud, and breaches of legal obligations arising from Puig activities.

- Tax Risks

  Tax risks are associated with decisions taken relating to tax, either by Puig or by the tax or legal authorities, which may have a negative impact on Puig financial statements or reputation. The group's activity entails the adoption of a set of decisions that have effects and impacts in the area of tax.

- Operational Risks

  Operational risks refer to direct or indirect economic losses caused by inadequate internal processes, technological failures, or human error, as well as those that arise as a result of external events, specifically including the risks associated with the design, manufacture, and marketing of Puig products, the creation and use of materials supporting the brands, human capital, and information technologies.

Key Principles

In order to implement the commitments described, the Board of Directors, through its Audit and Compliance Committee, supervises the adequacy of the internal assessment and control system for relevant risks, and has established the following key operating principles within the framework of its Risk Control and Management System:

- **Value protection**

  Risk Control and Management is considered to be a system for creating and protecting the value generated for all relevant stakeholders by aligning the acceptable level of risk with the ability to manage risk and opportunities.

- **Comprehensiveness, inclusiveness, and culture**

  The Risk Control and Management System covers all of Puig, both at corporate and business unit level, regardless of geographical location. It is incorporated into the strategic planning process, the definition of business objectives, and the day-to-day operations carried out to achieve these objectives, and takes into account both the distinct cultural characteristics of the areas and regions in which Puig operates and the company's various stakeholders. It also develops awareness of the culture of risk throughout the Puig workforce through communication and training programs.

- **Independence**

  The Puig Risk Control and Management System guarantees an appropriate segregation of functions between the different elements that it comprises, i.e. between the areas that assume and manage risks and the areas responsible for coordination, control, and supervision.

- **Dynamic and structured**

  The Risk Control and Management System promotes a proactive approach to risk management which incorporates controls in the design of processes to help mitigate risks, implements contingency plans, and establishes coverage for such risks when possible.

- **Coherence**

In general, risk management will be carried out maintaining coherence between the importance of the risk and the cost and the means necessary to reduce it. Likewise, the Risk Control and Management System must be consistent with the rest of Puig processes and its business model.

- **Communication and transparency**

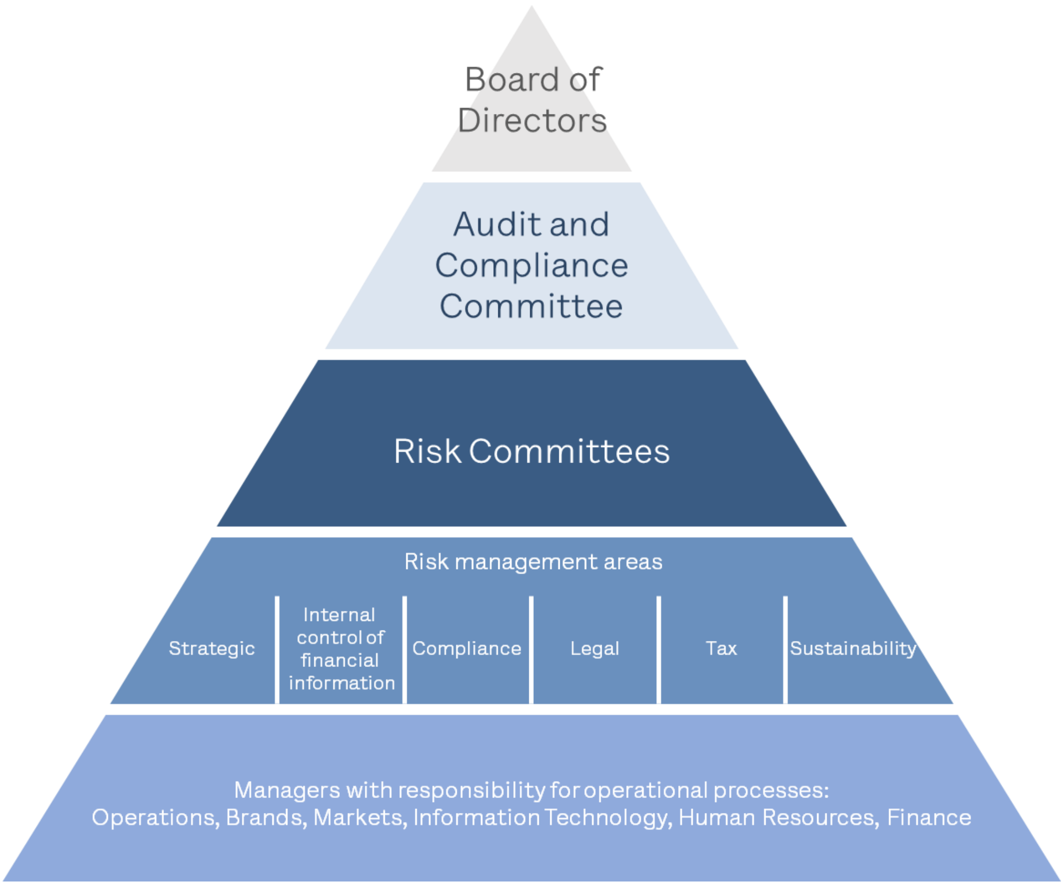
  Mechanisms must be guaranteed that ensure transparent and adequate information and communication with the bodies responsible for risk control (senior management, Audit and Compliance Committee, and Board of Directors).

- **Continuous improvement**

  The aim is to strengthen risk management by focusing on its efficiency and usefulness at all levels of the organisation (functions, operating units, and divisions), basing it on best practice, business context, risk appetite, learning and experience in its development, and following the continuous improvement framework (plan, execute, verify, act).

Comprehensive Risk Control and Management System: Organization and Responsibilities

Within its Risk Control and Management System, Puig has defined an appropriate organization and set of responsibilities to achieve its objectives. The main bodies and areas involved in risk control and management and their responsibilities are shown below:



- Board of Directors

Ensures the implementation of the Risk Control and Management System and monitors the internal information and control systems.

Approves risk control and management policies that define the basic management principles and guidelines for action aimed at mitigating risks.

- Audit and Compliance Committee

Supervises the effectiveness of the Risk Control and Management System, reviewing to ensure that the risk control and management policies are applied effectively.

Periodically reviews the global risk map, presenting recommendations and proposals to the Board of Directors on these matters.

- Risk Committees

At defined intervals, manage the risks defined in the section “Risk factors and criteria for risk tolerance levels” above, under the coordination of the risk management area and considering the requirements derived from the policies of the control areas involved.

  - Senior management and management team

    - Participate in risk committees, and work to meet the committees’ objectives, functions, composition, and processes ("*Terms of reference*").

    - Provide sufficient means for the development of Risk Control and Management activities, as well as define the functions and responsibilities of these activities.

  - Risk Owners

    - In coordination with the risk management area:

      - Identify and prioritize risk factors within their areas of responsibility, as well as risk tolerance levels.

      - Define controls to mitigate risk factors, and risk control indicators.

      - Evaluate the risk indicators for which they are responsible, and propose and implement response measures if necessary.

- Participate in the periodic identification of risk factors, controls, and monitoring indicators.
- Keep management informed of agreed response measures.

- Risk Management Area

Lead the process of preparing, maintaining and periodically updating the global risk map.

Ensure the proper functioning of the Risk Control and Management System by ensuring its identification, prioritisation, evaluation, quantification, processing and monitoring, and provide reasonable assurance of its proper functioning by providing the information and tools necessary for its maintenance.

Integrate the control measures identified by the different risk managers into the Risk Control System.

Raise awareness of the importance of the Risk Control and Management System by promoting the creation of a risk management culture at all levels and the periodic assessment of the management model.

- **Manager responsible for each control area**

  Identify and manage the necessary controls according to their specific policies and the processes that may exist.

- **Manager responsible for operational processes**

With the support of the risk management area:

- Identify, assess, and prioritize operational risks in their area.
- Design and activate appropriate controls according to risk appetite and the cost and means required.
- Regularly monitor the level of risk and act accordingly.

Internal Audit

The Internal Audit area is responsible for periodically auditing the comprehensive Risk Control and Management System and the design and effectiveness of all established controls.

Approval, Publication, and Review

This Policy was proposed by the Audit and Compliance Committee and approved by the Board of Directors of Puig Brands, S.A. on January 27, 2025, and came into force at that time. This Policy is available on the Intranet, on the Puig website, and will be communicated to Puig employees and other interested parties where appropriate.

The General Auditor of Puig, in coordination with the corresponding areas, will be responsible for publishing, reviewing, updating, and improving this Policy as necessary.

In the event of discrepancy between this Policy and the specific policies that develop and complement it with relation to certain risks, corporate functions, or businesses within the Puig perimeter, this Policy shall prevail.

In the event of non-compliance, Puig will adopt the legal measures (including those of a disciplinary nature), or contractual measures that correspond to the nature of the non-compliance.