



**PUIG**

# Tax Policy



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## Introduction

The **Puig**<sup>1</sup> 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.

**Puig** understands that taxes paid in each jurisdiction where it is present contribute significantly to the progress and development of these communities. Consequently, when defining its tax strategy, **Puig** aims to create value for its shareholders, customers, employees and for other stakeholders in a sustainable manner. For this reason, transactions will always be carried out for business reasons in accordance with applicable regulations and take account of the possible impact of tax decisions in the various territories where **Puig** products are sold. Likewise, **Puig** will behave transparently in tax matters, and cooperate with the various administrative bodies as required.

This Tax Policy, which is compulsory, is 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.

## Purpose and scope

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 tax strategy as part of its responsibility for the definition of general strategy. The Board of Directors of **Puig** Brands, S.A. is therefore responsible for approving the Tax Policy.

To carry out this responsibility, this document establishes the Tax Policy of **Puig** Brands, S.A. (hereinafter "the Company").

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.

<sup>1</sup>"**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.



## Purpose

The Policy is intended to establish the governance framework, values, guidelines and principles of action to guide behaviour and decision-making relating to tax matters at **Puig**.

The provisions of the Policy are developed through various internal standards and/or procedures, of mandatory compliance, which constitute **Puig's** tax risk management and control system.

With all of the above, **Puig** aims to ensure compliance with the applicable tax regulations in each territory where the Company operates and the appropriate coordination of the tax policies followed by **Puig** entities, in accordance with the long-term business strategy, avoiding tax risks and inefficiencies in their operations and in the execution of business decisions.

In this context and within the framework of corporate social responsibility, **Puig** promotes responsible tax behaviour taking into consideration the interests and sustainable economic development of the territories where it is present, ensuring the satisfactory implementation of good tax practices.

## Scope

The tax strategy of this Policy will be applicable to all the entities and business divisions that form part of **Puig**, in relation to all its activities, with the particularities and requirements applicable in accordance with the provisions of the legal system<sup>2</sup> of each territory in which they operate, having the consideration of a mandatory regulatory framework.

In addition, the tax strategy will have its effects on all direct taxes, indirect taxes and taxes on employment income, capital gains and real estate income, local taxes and other tax obligations that apply to **Puig** in general in accordance with the tax regulations applicable in each territory, as well as all information disclosure obligations that exist with the respective Tax Authorities.

This Policy is also 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 (hereinafter "Personnel").

<sup>2</sup> Legal system in this sense means the regulations applicable in each territory for the approval of the Tax Policy, as well as the tax regulations that may apply.



# Content

## Principles of action

The policies and the values which underlie this Policy are supported by and aligned with the corporate principles on which **Puig** is built. Consequently, the Company, in its role as head of **Puig**, has adopted the values contained in the 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 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.
- **Puig** is committed to respecting the various environments and territories in which it operates. In the context of the tax area, this implies promoting tax behaviour which takes into consideration the interests and sustainable economic development of these environments and territories, 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, the objective of **Puig** is 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, **Puig** has incorporated the following procedures into common practice:

### **Prevention of tax risk**

As part of the obligations inherent in their activities, all **Puig** entities will observe a tax policy based on the following directives to:

- Promote practices aimed at the prevention and mitigation of tax risk by ensuring, through the use of internal information and control systems, that **Puig** tax behaviour is aligned with the structure and the location of the business activity, and human and material resources.
- Not use artificial structures, unrelated to the activities of **Puig** entities, for the sole purpose of reducing tax burden, evading taxes or hindering the work of the Tax Administrations or Tax Authorities of each territory.
- Analyse the financial, legal, accounting, and business impacts that may arise from recurrent and extraordinary operations through the establishment of adequate communication channels between different departments.

In particular, **Puig** will ensure:

- That it properly evaluates investments and transactions in advance that may have particular tax significance, and that it documents the financial, accounting, legal and tax consequences that may arise from them.
- That it carries out structural and Due Diligence analysis to identify and control potential tax risk in all transactions which entail the acquisition of significant assets, entities or businesses.
- Define the framework for action for deciding transfer pricing in operations of all kinds as well as ensuring control mechanisms to comply with the arm's length principle of market valuation. **Puig** undertakes to meet the transfer pricing documentation obligations contained in the tax legislation of each territory and will periodically review and update its transfer pricing policy to adapt it to current regulations and business circumstances.
- Not incorporate or acquire companies resident in tax havens except where there are valid economic reasons for doing so, and never for the sole purpose of avoiding tax obligations.
- Reduce the risk of entering into conflicts derived from the interpretation of applicable regulations by: (i) using the services of independent reputable and recognized tax experts, and (ii), wherever possible and necessary using Tax Authorities' procedures for prior consultation and pre-existing pricing agreements.



### **Relationship with tax administrations**

**Puig** will promote a proper relationship with Tax Administrations or competent Tax Authorities based on the principles of integrity, respect, excellence, trust and flexibility, adopting the following good practices:

- Tax regulations and the provisions of International Treaties will be reasonably interpreted; where contradictory interpretations of tax criteria exist, potential conflicts with the Tax Authorities will be limited wherever possible by confirming the appropriate tax treatment using the instruments offered by the jurisdiction in question (binding consultations, advance pricing agreements, etc.).
- Tax returns will be filed in a proper and timely manner as per the applicable tax regulations in each country and territory; taxes payable will be duly paid and tax incentives provided by local regulations will be applied in line with the activities carried out by **Puig**.
- Requests for tax information and documentation and the requirements of tax audits or inspections carried out by competent Tax Administrations will be complied with in a clear, precise and complete manner.

### **Information to the Board of Directors and/or the Audit Committee or equivalent body, consistent with the provisions established by the legal system of each territory**

Before the preparation of the Annual Accounts and the filing of the Company's Corporate Income Tax return, the person responsible for tax matters at **Puig** will inform the Board of Directors of **Puig** Brands, S.A., directly or through the Audit and Compliance Committee, of the tax situation, the strategies followed, and in particular, of the degree of compliance with this Policy, as well as of the most significant risks that may have been identified.

Transactions that entail significant risk will be subject to the approval of the Board of Directors of **Puig** Brands, S.A., which must also be informed of any associated tax consequences.

**Puig** subsidiaries located in territories other than Spain will be subject to the provisions of the corresponding local legal system, and the person responsible for tax matters or the Audit and Compliance Committee will keep **Puig** headquarters informed of the company's tax situation, the strategies followed, the degree of application and compliance with this Policy, and all other significant tax matters.





### **Information to other relevant stakeholders about compliance with the good tax practice outlined in this policy**

**Puig** promotes the transparent, clear and responsible communication of its principal financial and tax information by sharing with relevant stakeholders (shareholders, clients, employees, etc.) information related to the payment of applicable taxes in each jurisdiction in which it is present.

In particular, financial data, including results before and after taxes and the annual percentage that Corporate Income Tax represents for **Puig**, is posted on the **Puig** public website.

Additionally, **Puig** will audit on a periodical basis the effective compliance with the good tax practice established in this Policy.

## Governance and structure

With regard to Spain, under the provisions established by the Law on Corporations, the Board of Directors is responsible, in a non-delegable manner, for determining tax strategy.

Therefore, both the Board of Directors through its Chairman and Chief Executive Officer and senior management will promote the monitoring of the principles and good tax practice established in this Policy, and of those activities that may have a significant tax impact.

The Company's Tax Department will be responsible for coordinating the good tax practices described previously 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 that, directly or indirectly, perform tax-related functions.

This task will involve all the countries and territories in which **Puig** is present and include all **Puig** activities, in order to promote the coherent and homogenous management of tax risk.

**Puig**, under the supervision of the Audit and Compliance Committee, will also adopt the necessary mechanisms to monitor all **Puig** entities' compliance with tax regulations and the principles described in this 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 areas and departments of **Puig**, will coordinate with the Company's Tax Department to inform and consult about those actions or operations which have particular tax significance.



# Communication, compliance and revision of the Tax Policy

## Communication of the Tax Policy

This document will be communicated to all **Puig** Personnel whose actions or decisions in the performance of their duties have or may have tax consequences, through the intranet (“internal communication”), and through the **Puig** corporate website or other communication channels to third parties (“external communication”). In the latter case, a reduced version of this document may be provided if deemed appropriate.

In addition, for those Personnel with responsibility for tax decisions or closely involved in the management of tax matters, **Puig** will promote the assimilation of this Policy’s contents through appropriate online or face-to-face training, and will expressly demand proof that the Policy has been read and accepted.

## Compliance and 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, in case of non-compliance with this Policy, will take legal measures (including of a disciplinary nature) or contractual measures, according to the nature of the non-compliance.

## Approval and review of this policy

This Policy has been approved by **Puig** Brands, S.A. as the parent company of **Puig**, on 18 of December of 2023, and will apply indefinitely.

In order to achieve the maximum continuous efficiency of the Corporate Tax Policy, it will be reviewed, as many times as necessary, to adapt it to:

- Modifications of the different aspects contained in the Policy
- Modifications in applicable regulations (both legal and internal)



The ownership and responsibility of the Corporate Tax Policy lies with the Board of Directors of **Puig** Brands, delegating its preparation and maintenance to the **Puig** Corporate Tax Department, which, under **Puig**'s Corporate Financial Directorate, will be responsible for publishing and disseminating its content and informing all divisions, departments and entities of **Puig**.

After each update, the policy will be reviewed by **Puig** Corporate Finance and approved by the **Puig** Brands Board of Directors, following approval from **Puig**'s Audit and Compliance Committee.