# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A WORD FROM THE CHAIRMAN AND CEO</strong></td>
<td>4</td>
</tr>
<tr>
<td><strong>INTRODUCTION</strong></td>
<td>6</td>
</tr>
<tr>
<td><strong>COMPANY PROFILE</strong></td>
<td>8</td>
</tr>
<tr>
<td>Ethical Code</td>
<td>11</td>
</tr>
<tr>
<td>Presence in the world</td>
<td>11</td>
</tr>
<tr>
<td>Portfolio</td>
<td>14</td>
</tr>
<tr>
<td>Strategy and objectives</td>
<td>15</td>
</tr>
<tr>
<td>Governance and organization</td>
<td>16</td>
</tr>
<tr>
<td>Factors and trends that could affect our progress</td>
<td>16</td>
</tr>
<tr>
<td>Environment and sector: risks and opportunities</td>
<td>17</td>
</tr>
<tr>
<td>Supply chain</td>
<td>19</td>
</tr>
<tr>
<td><strong>ENVIRONMENTAL ISSUES</strong></td>
<td>22</td>
</tr>
<tr>
<td>Pollution</td>
<td>24</td>
</tr>
<tr>
<td>Carbon offsetting</td>
<td>25</td>
</tr>
<tr>
<td>Circular economy</td>
<td>25</td>
</tr>
<tr>
<td>Sustainable use of resources</td>
<td>26</td>
</tr>
<tr>
<td>Climate change</td>
<td>27</td>
</tr>
<tr>
<td>Protection of biodiversity</td>
<td>28</td>
</tr>
<tr>
<td><strong>SOCIAL AND PERSONNEL ISSUES</strong></td>
<td>29</td>
</tr>
<tr>
<td>General employment data</td>
<td>30</td>
</tr>
<tr>
<td>Employees with disabilities</td>
<td>32</td>
</tr>
<tr>
<td>Organization of work</td>
<td>33</td>
</tr>
<tr>
<td>Health and safety</td>
<td>34</td>
</tr>
<tr>
<td>Social relations</td>
<td>37</td>
</tr>
<tr>
<td>Training</td>
<td>38</td>
</tr>
<tr>
<td>Accessibility for people with disabilities</td>
<td>40</td>
</tr>
<tr>
<td>Equality</td>
<td>40</td>
</tr>
<tr>
<td><strong>RESPECT FOR HUMAN RIGHTS</strong></td>
<td>41</td>
</tr>
<tr>
<td><strong>FIGHT AGAINST CORRUPTION AND BRIBERY</strong></td>
<td>43</td>
</tr>
<tr>
<td>Contributions to foundations and non-profit organizations</td>
<td>44</td>
</tr>
<tr>
<td><strong>SOCIETY</strong></td>
<td>45</td>
</tr>
<tr>
<td>Commitment to local development</td>
<td>46</td>
</tr>
<tr>
<td>Subcontracting and suppliers</td>
<td>47</td>
</tr>
<tr>
<td>Consumers</td>
<td>49</td>
</tr>
<tr>
<td>Mechanisms for handling claims</td>
<td>51</td>
</tr>
<tr>
<td>Tax information</td>
<td>53</td>
</tr>
<tr>
<td><strong>TABLE OF CONTENTS LAW 11/2018 - GRI</strong></td>
<td>54</td>
</tr>
<tr>
<td><strong>INDEPENDENT REVIEW</strong></td>
<td>59</td>
</tr>
</tbody>
</table>
The global fragrance market is growing, with some areas developing at an especially high rate, and this trend is expected to continue in the coming years. However, we will face certain challenges, such as the slowdown in our core European market, a growing competitive spectrum with emerging brands not rooted in the world of fashion which are showing a strong capacity to connect with younger consumers, and the digital revolution.

The world is being transformed by this digital revolution, which does not, however, affect all industries in the same way. In any case, there is no category that is exempt from this transformation, especially in the need to adapt the way we communicate with new generations.

Omnichannel communications, permanently connected consumers who value experience at the point of sale and look for innovation, a growing concern for health and greater environmental awareness are trends that are shaping our future strategy and our organization.

In this new environment, and with our strategy in mind, we have adapted our organization to deliver creativity and innovation that goes beyond product excellence and storytelling, to build brands that will make our consumers fall in love with them.

We maintain our commitment to building a sustainable future, with the aim of extending this concept to the entire value chain of the business.

Our Ethical Code, as well as the policies developed as part of its framework, guarantee and promote equality between men and women and reflect our commitment to the defense of human rights, to respect for individual and collective freedoms, to non-discrimination and to respect for people.

Puig has always been a company committed to giving back to society a part of what we receive from it. In this regard, we launched the Invisible Beauty project at the hands of Ashoka, a renowned third sector partner, a project sponsored entirely by the Puig Foundation.

The collective talent of our teams who are dedicated to their work and full of ambition is one of our main assets. In Puig, our people represent... Commitment. Entrepreneurial spirit. Authenticity.

As a family business, we are able to set long-term goals and face up to future challenges. Our enduring excellence speaks for itself.

Marc Puig
Chairman and CEO
INTRODUCTION

This document containing the company’s Non-Financial Annual Report has been drafted in line with the requirements established by Law 11/2018 of December 28, 2018 on non-financial information and diversity approved on December 13, 2018 by the Congress of Deputies modifying the Commercial Code, the revised text of the Capital Companies Act and Law 22/2015 on Account Auditing, in matters of non-financial information and diversity.

The data contained in this Non-Financial Annual Report corresponds to Puig, S.L. and its subsidiary companies, hereinafter Puig. Those cases for which the information is outside of this scope are duly specified.

The Non-Financial Annual Report is an annual document and this is the first year in which Puig has drafted this report.

For general queries about this report, our different stakeholders may contact the Communications Department at Plaça Europa, 46-48. 08902, L’Hospitalet de Llobregat, Barcelona, or at press@puig.com.
COMPANY PROFILE

Puig, S.L. is a family business based in Barcelona which was founded in 1914. Dedicated to the fashion and fragrances sectors, it is currently managed by the third generation of the Puig family.

OUR OVER 100 YEARS OF HISTORY

1914 | Antonio Puig Castelló founds Antonio Puig, S.A.
1932 | Launch of Médely (lipstick made in Spain)
1944 | Launch of Agua Laveada Puig, the brand's signature perfume.
1946 | Construction of the new factory and headquarters of the company in Travessera de Gràcia (Barcelona).
1948 | Launch of Une des Temps by Nina Ricci, an enduring success.
1959 | Antonio, Mariano, José María, and Enrique Puig Planas, the second generation of the family, join the company.
1960 | Mariano Puig Planas approves the construction of a factory in the industrial park of Besós to meet the demands of the company's international expansion.
1962 | Puig establishes its first offices in the United States.
1966 | Launch of Mecara, bath and shower segment leader.
1968 | Creation of the Paco Rabanne perfumery division in France. Launch of the Agua Brava fragrance.
1969 | Launch of Calandre, the first perfume for women by Paco Rabanne.
1972 | Launch of Aqua, which will eventually become a long-standing leader in the female fragrance market.
1974 | Creation of the Puig affiliate in the United Kingdom.
1975 | Creation of Paco Rabanne Pour Homme, a fragrance that will revolutionize men's perfumery.
1976 | Construction of the company's perfume factory in Chartres (France).
1977 | Opening of the Puig affiliate in Panama.
1980 | Quorum, the company's most international line, wins the prize for the best packaging design at the FIAG Awards (New York).
1982 | Puig acquires the retail of the Paco Rabanne business, which includes the fashion and accessories division.
1983 | Launch of the first perfume by the designer Carolina Herrera.
1985 | Acquisition of the fragrance division Carolina Herrera New York.
1987 | Launch of 212 by Carolina Herrera New York. Agreement to produce the Antonio Banderas perfumes and launch of Dianola. Puig is established in China.
1988 | Acquisition of the Nina Ricci perfume and fashion business. Mariano Puig, CEO of the company, hands over the reins of the company to the Board of Directors. Puig enters the markets of Southeast Asia and Oceania.
1990 | Acquisition of the Spanish perfume group Myurgia, which includes brands such as Adolfo Dominguez, Agatha Ruiz de la Prada, and Mango. Puig establishes a joint venture with Chalhoub in the Middle East.
1992 | Puig signs an agreement to develop the perfumes of Comme des Garçons. Sales outside Spain exceed 50% of the total business.
1993 | Puig and Paula create a joint venture to manufacture and produce the Italian brand's perfumes.
1994 | Marc Puig is named CEO.
1997 | Marc Puig becomes Chairman and CEO.
1999 | Launch of 1 Million by Paco Rabanne, which becomes a worldwide success. Agreement with the singer Shakira to sell her perfumes.
2001 | Opening of affiliates in Russia and India.
2002 | Puig acquires a majority share in the French fashion firm Jean Paul Gaultier.
2004 | Puig celebrates its 100th Anniversary. Inauguration of the Rose; the new corporate headquarters of the company in Barcelona.
2005 | Puig acquires Festive and Jérémie Purmesse.
2006 | Puig incorporates Jean Paul Gaultier fragrances into its own brand portfolio.
2008 | Puig increases its shareholding in the Eric Buterbaugh Los Angeles perfumery, becoming majority shareholder.
Throughout our history we have established our own way of doing things, of facing challenges and of projecting our image. Our spirit can be summarized in three words:

**PASSION**
We put our heart and soul into our work. We feel passion for the quality of our products, the success of our company, the dreams of our customers. For Puig, passion is... Creativity. Innovation. Audacity. Emotion.

**PEOPLE**
The collective talent of our teams who are dedicated to their work and full of ambition is an essential tool to create and market some of the most personality-rich fragrances on the planet. At Puig, people represent... Commitment. Entrepreneurial spirit. Authenticity.

**PERFORMANCE**
As a family business, we are in a position to set long-term objectives and at the same time take advantage of opportunities when they arise. Our enduring excellence speaks for itself. At Puig, excellence is synonymous with... Long-term vision. Common sense. The ability to face challenges. Efficiency.

These three words project to the world the values that define who we are. Values that define a Puig style that guides us and helps us create a long-term, profitable and sustainable business project.

Our values are:

**INTEGRITY**
We always try to act the right way, respecting the law, the Ethical Code, the established norms, policies and internal and external processes.

**RESPECT**
We treat others with equality, dignity and courtesy, and we always consider the impact of our decisions.

**EXCELLENCE**
We believe that everything can be done even better and with better results, and we are committed to continuously improving those aspects of the company in which each of us are involved.

**TRUST**
We have faith in others and assume they are competent and honest and that is why we act honorably and trust in the intentions and capabilities of our colleagues.

**FLEXIBILITY**
We are not afraid of change and we are able to adapt to any challenges and opportunities that may arise. We encourage curiosity and we always adapt to the world in which we live and work.

Puig values are the foundations which allow us to carry out our activity the way we want and which enable the company to project the image that corresponds to its identity.

**ETHICAL CODE**
Puig has an Ethical Code that establishes the guidelines on behavior expected of all its collaborators. All of the company's employees are committed to these obligations and regular training courses are given to them and to new recruits. The company acts accordingly if there is any deviation from the rules through the mechanisms established in the code itself.

The Puig Ethical Code details the mechanism for reporting any infringements of this code. This channel reports directly to the Chair of the Audit Committee, an independent expert, in order to guarantee total confidentiality.

In 2018, 11 inquiries were received regarding infringements of the code. All of them have been duly investigated and resolved.

In 2018, a campaign was launched to extend this commitment to the code to our supply chain. This campaign will be extended during 2019 to ensure 100% of the supply chain adheres to it.

**PRESENCE IN THE WORLD**
Puig has two headquarters:

**BARCELONA**
Puig Tower, our corporate headquarters, is located in Plaça Europa, Barcelona's new business hub.

Plaza Europa, 46-48
08902, L’Hospitalet de Llobregat, Barcelona.
+34 934007000

**PARIS**
Puig headquarters in Paris are located on the Champs-Élysées, in the heart of the Golden Triangle, an elegant and distinguished neighborhood housing the most important international and luxury brands.

65-67, avenue des Champs-Élysées
75008, Paris.
+33 171704545
Puig owns four factories, all located in Europe, which in 2018 produced a total of 166 million units.

Since 2015 Puig has two prestigious niche brands in its portfolio, which follow a different business model to the rest of the fragrances business. These two brands are distributed through their own stores and specialized distributors.

These brands are:

- **PENHALIGON’S**
  - Headquarters | 1, rue Charles Tellier Zone industrielle de Beaulieu 28000 Chartres (France).
  - Flagship Store | 1 Cathedral Piazza, 3rd-4th Floor 123 Victoria Street, London SW1E 5BP (United Kingdom).

- **L’ARTISAN PARFUMEUR**
  - Headquarters | 1, rue Charles Tellier Zone industrielle de Beaulieu 28000 Chartres (France).

Puig owns several fashion brands with the following locations:

- **CAROLINA HERRERA**
  - Headquarters | 501 7th Ave New York, NY 10018 (USA).
  - Flagship Store | 954 Madison Avenue, New York, NY 10021.

- **NINA RICCI**
  - Headquarters | 39, avenue Montaigne 75008 Paris (France).
  - Flagship Store | 39, avenue Montaigne 75008 Paris (France).

- **JEAN PAUL GAULTIER**
  - Headquarters | 325, rue Saint-Martin, 75003 Paris (France).

- **PACO RABANNE**
  - Headquarters | 17, rue François 1er 75008 Paris (France).
  - Flagship Store | Het Modepaleis Nationalestraat 16, 2000 Antwerp (Belgium).

- **DRIES VAN NOTEN**
  - Headquarters | Godefriduskaai 36, 2000 Antwerp (Belgium).
  - Flagship Store | Het Modepaleis Nationalestraat 16, 2000 Antwerp (Belgium).

Puig international presence is managed through:

- **20 AFFILIATES (A) AND 6 REGIONAL OFFICES (RO)**
  1. Argentina (A)
  2. Asia Pacific (RO located in Singapore)
  3. Austria (A)
  4. Belgium (A)
  5. Brazil (A)
  6. Canada (A)
  7. Chile (A)
  8. Colombia (A)
  9. France (A)
  10. Germany (A)
  11. Italy (A)
  12. Malaysia (RO)
  13. Mexico (A)
  14. Middle East (Dubai) (RO)
  15. Netherlands (A)
  16. Oceania (RO)
  17. Panama (RO)
  18. Peru (A)
  19. Portugal (A)
  20. Russia (A)
  21. Saudi Arabia (A)
  22. South East Asia (RO located in Singapore)
  23. Spain (A)
  24. Switzerland (A)
  25. United Kingdom (A)
  26. United States (A)
**PORTFOLIO**

Puig owns a broad portfolio of brands positioned in different sectors and business categories:

### FASHION

| Our brands | NINA RICCI  
CAROLINA HERRERA  
PACO RABANNE  
JEAN PAUL Gaultier  
DRIES VAN NOTEN |

### FRAGRANCES

| **Niche** | Licenses | CHRISTIAN LOUBOUTIN BEAUTÉ  
COMME DES GARÇONS PARFUMS |
|---|---|---|
| Our brands | PENHALIGON’S  
L’ARTISAN PARFUMEUR  
ERIC BUTERBAUGH LOS ANGELES |
| **Premium** | Licenses | PRADA PARFUMS |
| Our brands | NINA RICCI  
CAROLINA HERRERA  
PACO RABANNE  
JEAN PAUL Gaultier |
| **Prestige** | Licenses | ANTONIO BANDERAS  
SHAKIRA  
UNITED COLORS OF BENETTON |
| **International fragrances** | Licenses | ADOLFO DOMINGUEZ  
AGATHA RUIZ DE LA PRADA  
PACHA |
| **Regional fragrances** | Licenses | AGUA BRAVA  
QUORUM |
| **Lifestyle Brands** | Licenses | JULIANA PAES  
DAVID BUSTAMANTE  
MALÚ  
DON ALGODÓN  
SPRINGFIELD  
PAULA ECHEVARRÍA  
MANU CARRASCO  
BRUMMEL  
VICTORIO & LUCCHINO  
SPORTMAN  
ANOUK  
AZUR  
ZINNIA  
FLEUR DE JOUR  
HERO SPORT  
SEX SYMBOL  
LAVANDA AÑEJA  
ROYAL REGIMENT  
LAVANDA PUIG  
HENO DE PRAVIA |

### STRATEGY AND OBJECTIVES

2018 saw the launch of the 2020 Strategic Plan, Da Vinci Plan. It is based on a 2025 vision which has led to a review and redefinition of the company’s purpose.

Puig wants to continue to be a company capable of building brands the consumer falls in love with and which express themselves as fragrances in a unique way.

To achieve this, we aim to build brands and provide consumers with experiences in the most creative and exclusive way in our industry and we will be the most visionary company, providing innovation in the fragrance sector, while offering personal and professional growth to our employees, in an environment that respects the values of a family business.

Our ambition for 2025 is to build a portfolio of brands that lays the foundations for growth above the market average and allows us to be unique in our category through innovation, achieving revenues of 3 billion euros.
GOVERNANCE AND ORGANIZATION

The highest governing body is the Board of Directors, responsible, among other things, for approving Puig general policies and strategies and for overseeing the management of the company. At present, this body is composed of the following members:

VICE-CHAIR
Novaquern S.L. (Manuel Puig)

EXTERNAL BOARD MEMBERS
Manel Adell
José Maria Castellano
Rafael Cerezo (Consejero Coordinador)
Jordi Constans
Exea International BV1 (Giovanna Kampouri)
Daniel Lalonde2
Exea Empresarial S.L. (Josep Oliu)
Yiannis Petrides

The Board has two delegate committees, both composed only of non-executive members: the Audit Committee and the Appointments and Remuneration Committee.

The day-to-day management of the company and its affiliates is carried out by its senior management and the corporate bodies of its affiliates.

FACTORS AND TRENDS THAT COULD AFFECT OUR PROGRESS

The global fragrance market is growing, particularly in certain geographical areas. However, we know that a certain slowdown may be experienced in our core European market.

The channels are changing, there is a lack of innovation in the fragrances category offer in the traditional multi-brand perfumery sector; the online channel is expected to grow until it represents between 10 and 15% of the market by 2020, and the single-brand store channel continues to grow.

Puig is well positioned in the traditional segment of fashion-linked fragrance brands with a range of essential brands for its customers. However, the competitive spectrum is expanding with emerging brands not rooted in the world of fashion.

There are opportunities to revitalize the core business and make the fragrance category grow, by overcoming certain barriers and critical points in the purchasing and consumption processes, providing greater visibility and expanding the offer.

ENVIRONMENT AND SECTOR: RISKS AND OPPORTUNITIES

Although the fragrance market is expected to grow between 2% and 4%, if we observe the trends of each market, segment and channel, there is a risk of loss of competitiveness in the coming years. This provides the opportunity to focus more on growth areas such as lifestyle in Latin America, travel retail and niche brands, as well as developing the category in emerging markets.

The consolidation of the traditional channel increases the pressure on the fight for space, which requires new innovation at the point of sale with a greater focus on the creation of experiences.

The growth of the online channel will require excellence in execution and in the connection with the consumer.

Changes in consumer purchasing and consumption habits are transforming many categories. The trends with the greatest impact on the fragrances category are as follows: interest in health and natural ingredients; connection and involvement in the purchase and post-purchase processes; specialization and the search for greater added value in the product; customization; new more digital business models and the search for authenticity in brands.

Regarding the different competitive models, Puig has demonstrated past success based on building brands, creativity and excellence in its products, earning the loyalty of its consumers. Within the traditional model, the main threat comes from those competitors that operate in all three categories within the beauty sector (Fragrances, Color Cosmetics and Treatment Cosmetics), due to the advantage that this offers them in the fight for the space at the point of sale. This means that we must prioritize innovation to support the development of fragrances.

The development of emerging brands, especially those with their own stores, which address new consumer trends and meet their needs, is capturing an important part of the sector’s growth. This represents a challenge and an opportunity for Puig, which will have to rethink its proposals and distribution channels.

In response to these changes in the environment, Puig has spent several years investing in corporate development to increase its presence in growth areas and segments, as well as in acquiring skills to develop a better knowledge of the consumer and the different channels.

In this regard, Puig acquired the fragrance houses Penhaligon’s and L’Artisan Parfumeur in 2015, two of the most prestigious brands in the world of perfumery, which demonstrates the company’s commitment to developing the growing category of luxury fragrances. With these acquisitions Puig has continued the expansion of its knowledge in the management of its own stores with the consolidation of its retail unit. Since its acquisition, Penhaligon’s sales growth has been boosted by the launch of a new line called Portraits, a tribute to British eccentricity and aristocracy. L’Artisan

1 Joined the Board in March 2019
2 Joined the Board in March 2019
Parfumeur has revamped its image and opened a new store in the Parisian district of Saint-Germain-des-Prés, as part of the new image we have given to the brand.

In September 2016, Puig acquired a minority stake in Granado, the famous Brazilian pharmacy that was founded by the Portuguese immigrant José Antônio Coxito Granado in 1870. A pioneer in the development of high-quality natural preparations, Granado is also the owner of Phebo, one of the best-known brands of fragrances and glycerin soaps in Brazil, acquired in 2004 by Christopher Freeman, Chairman of Granado. At present, Granado has consolidated its position in the Brazilian cosmetic market as an example of success, strength and steady performance. Puig aims to support the growth of Granado in national and international markets.

In 2018, Puig and Dries Van Noten, one of the most authentic and successful independent fashion houses, founded in Antwerp in 1986, joined together to create a strategic alliance that establishes the foundations for the future growth of the brand. Puig will be the majority shareholder alongside the designer and founder of the brand, Dries Van Noten, who will continue to be an important minority shareholder. In addition, Dries Van Noten will continue as Chief Creative Officer and Chairman of the Board. The creative vision of Dries Van Noten is renowned within the world of fashion for its spectacular longevity, unprecedented success and a very loyal clientele. The distinguishing feature of Dries Van Noten is the design of exquisite garments and accessories for men and women. Puig and Dries Van Noten, both private companies, share a common culture and values and are committed to organic and prudent growth. This partnership comes after an exciting period of negotiation of shared objectives and ambitions, in which a special relationship has been forged between the two companies and their teams. The alliance reinforces the Dries Van Noten brand and its creative voice.

In addition, in our effort to face up to new challenges through innovation, Puig has launched Puig Futures, a platform that aims to achieve the best consumer experience, the brands most adapted to the new scenario and the most convenient purchase journeys in the sector. We will work with the best innovations in the digital area, in product, in technology and in new business models, finding inspiration in other related sectors.

Puig Futures will operate in three areas: creation of new disruptive business models, partnerships with other innovators and minority investment in third parties.

In 2018, we started collaborative relationships with technology companies and the cosmetics sector to develop new innovative proposals.

### SUPPLY CHAIN

Puig supply chain consists of three main processes:

#### 1. PLANNING

This covers the demand and supply activities and works with data from the sales planning and operations process. This data allows us to make decisions in 16 markets, which represents 80% of total sales worldwide.

Sales, marketing, planning and finance data are integrated in order to define a demand plan for operations with a horizon of 18 months.

Based on the forecasts and inventories of each market, the planning department calculates the replenishment needs in our 15 distribution centers located in different parts of the world and determines the production orders, taking into account the restrictions of critical material. The inventory is the consequence of the strategic and tactical decisions that Puig makes in line with the production capacity, the distribution network and the target service levels.

#### 2. ORDER PROCESSING

The process starts with the customer order. At Puig, more than 340,000 orders from 3,300 customers are processed each year. Stock is allocated to the orders according to customer segmentation and the prioritization rules.

Our products are stored, prepared for shipment and dispatched to more than 13,000 destination points, according to the delivery terms agreed with our customers.

#### 3. DISTRIBUTION

When the shipment is ready, our logistics operators start the distribution process, moving our products through their distribution networks to reach our customers, either directly (56% of the global volume), through local distribution centers in those affiliates that have stock (27%), or through distributors (17%). In this way, we deliver our products to the final consumer in more than 150 countries.

We work mainly with suppliers close to our production centers. The suppliers located in the two countries where we have centers, Spain and France, represent 77.9% of our total number of suppliers.
At Puig, we subcontract a percentage of our productive activity to suppliers close to our production centers, which has always enabled us to contribute to the economic activity of the area and also maintain a balance between internal and outsourced production depending on peaks of activity.

The activity we subcontract can be divided into three main types:

**Packaging:** process of preparing and filling of products, at specific times where there is a lack of capacity or depending on the production batch sizes.

**Handling:** labor-intensive operations for handling decorative packing during Christmas campaigns, Father’s Day, Mother’s Day and Valentine’s Day mainly. These operations can be carried out entirely at the packaging material supplier site, thus minimizing goods movements and saving on costs.

**Technology:** where our factories lack the necessary technology, or if it is incompatible with our own activity. We use these services for products such as spray deodorants, make-up, soap bars, scented candles and different sampling formats.

The total number of suppliers of inventory material was 317 in 2018, distributed as follows by geographical area:

- **Europe:** 93.7% (Spain + France: 77.9%)
- **Asia:** 4.0%
- **The Americas:** 2.3%

All of our subcontracted suppliers are located in Europe.

We ended 2018 with approximately 100 million units produced at subcontracted suppliers, for a total value of 50 million euros of invoicing and using a total of 54 suppliers.

<table>
<thead>
<tr>
<th>Type</th>
<th>No. of suppliers</th>
<th>Invoicing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handling</td>
<td>25</td>
<td>€28 million</td>
</tr>
<tr>
<td>Packaging</td>
<td>11</td>
<td>€10 million</td>
</tr>
<tr>
<td>Technology</td>
<td>18</td>
<td>€12 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>54</strong></td>
<td><strong>€50 million</strong></td>
</tr>
</tbody>
</table>

The suppliers and companies to whom we subcontract part of our production are important actors in our value chain. We are committed to extending our principles and our Ethical Code to our suppliers, for which we carry out campaigns to ensure they adhere to these.

We have established internal and external control mechanisms for our suppliers, starting with the process of selecting a new supplier, which involves the latter passing an audit prior to their incorporation into our portfolio.
The company’s commitment to building a sustainable future by developing our products in a more efficient, safe and environmentally friendly way, is included in the Sustainability Program to 2020, first drawn up in 2014 and redefined in 2017 due to the fact that a large number of the objectives were achieved ahead of schedule. Our Sustainability Program is aligned with those Sustainable Development Goals (SDGs) in which we can have the greatest impact given our activity and value for our stakeholders, taking into account the social, economic and cultural circumstances of the environments in which the company operates.

The plan is focused on Spain and France and is led by Puig senior management to ensure that it reaches all the people who collaborate with the company.

Our main commitment to the United Nations Sustainable Development Goals\(^3\) is reflected in three lines of action:

- **Sustainability**: We innovate and work continuously to improve sustainability throughout our activity, innovating in packaging, optimizing industrial processes, improving the efficiency of the facilities, implementing new energy systems and improving the training of our employees.

- **Responsible Consumption and Production**: We are concerned about the emissions generated by our business activity and, consequently, our strategy focuses on reducing our corporate carbon footprint through minimization initiatives in the different pillars of the Sustainability Program that contribute the most to climate change (production, transport and distribution, and facilities and employees).

- **Climate Action**: Our activities require a high consumption of resources and raw materials, from the ingredients of our fragrances and packaging materials to the consumption of water, gas and electricity in the facilities and therefore our commitment is to engage in responsible and sustainable production and consumption, paying special attention to aspects such as the use of chemical products, waste management and the consumption of fossil fuels.

The Program is deployed transversally throughout the company so that all employees and collaborators in all areas know, share and put into practice the principles, objectives and actions defined, with the aim of extending the concept of a sustainable future to the entire value chain of the business.

---

3 In 2015, the UN adopted the 2030 Agenda for Sustainable Development, an opportunity for countries and their societies to embark on a new path to improve the lives of everyone, without leaving anyone behind. The Agenda has 17 Sustainable Development Goals, which range from the elimination of poverty to the fight against climate change, education, women’s equality, the protection of the environment and the design of our cities.
The initiatives defined in the Sustainability Program allow us to reduce our ecological footprint. The greatest impact of Puig is related to climate change, as a result of greenhouse gas (GHG) emissions that the company generates in its activity. In 2016, Puig developed and implemented a tool to automatically calculate its carbon footprint.

The calculation of Puig carbon footprint has been done in accordance with the provisions of ISO 14064-1:2012 and its value chain (Scope 3), considering the following scopes:

- **Scope 1.** Sources of direct emissions that are owned or managed by Puig. Included in this scope are: the emissions generated by the fuel consumption of the company’s vehicle fleet, gas consumption (natural/propane) and the refilling of the refrigerant gases used in air conditioning systems.

- **Scope 2.** Indirect sources generated by the purchase of electricity.

- **Scope 3.** Sources of indirect emissions that derive from Puig activity but are not controlled by Puig but by a third party. This scope includes: emissions generated by the purchase of goods and services (water and paper), employee travel, the management and treatment of waste generated and the transport and distribution of products.

The emission factors that are used to calculate the emissions are taken from reference standards and are updated annually. Depending on the emission source, these are the main standards used: transport, distribution and business trips (DEFRA Guidelines 18); waste (Ecoinvent 3.4 and OCC Guide 2018); refilling of refrigerant gases and purchases of goods and services (MAPAMA version 2018).

### CARBON OFFSETTING

The main objective of Puig is to reduce the environmental impact of the company through various initiatives. In addition, Puig has contributed since 2016 to the Mariposas Hydroelectric Project in order to offset a part of the greenhouse gas emissions resulting from our activity. The Mariposas Hydroelectric Project consists of the construction and operation of a 6.3 MW hydroelectric plant. Puig is one of the largest contributors to this project, certified by the VCS® Program.

We carry out controls and periodic monitoring of indicators at our emission sources.

### CIRCULAR ECONOMY

In order to contribute to SDG12 on responsible consumption and production and to the transition towards a more efficient production model with less environmental impact, Puig is committed to the circular economy.

In the area of product design, we have carried out initiatives that put into practice the principles of ecodesign, aimed at reducing the use of materials at source and minimizing the generation of waste at all stages of the product life cycle:

- **In 2017,** a *White Book of Materials and Their Processes* was written, which analyzes the environmental impact of the main materials and their processes used in Puig packaging – paper, plastic, glass, metal – to understand their environmental impact and take this variable into account right from the design stage.

- **In collaboration with Itene,** we have been able to reduce the amount of plastic used in the thermoformed trays of the boxes of certain fragrance lines by 13% thanks to an additive which maintains the physical and aesthetic characteristics. Since its implementation in 2017 it has saved on 16.5 tons of plastic.

---

4 Abbreviation for Verified Carbon Standard. The VCS Program is the most widely used voluntary GHG program in the world. [https://verra.org/project/vcs-program/](https://verra.org/project/vcs-program/)

5 SDG stands for Sustainable Development Goal (United Nations).

6 Itene is a technology, business, science and innovation center specializing in R&D&I in packaging, logistics, transport and mobility.
**Waste management** both in production plants and in offices is key for Puig.

Various initiatives have been promoted to reduce the generation of waste at source and improve the separation of waste in all our facilities. In addition, one of the goals for 2020 was to achieve “Zero waste to landfill”, a milestone that was reached in 2015 in our factories and in 2017 at our Barcelona and Paris headquarters. Currently, the challenge lies in maintaining this achievement and continuing to increase the waste recovery rate.

In 2018, we managed to increase the waste recovery rate of our production plants by 3% and the central offices by 15%.

One of the initiatives to combat food waste in our Barcelona offices, where there is an employee canteen, is to encourage workers to “take away” left-over food.

**SUSTAINABLE USE OF RESOURCES**

One of the main pillars and priorities of Puig strategy is the sustainable supply of ingredients and raw materials, conveying our commitments and values to our suppliers and encouraging them to adopt more sustainable policies and practices.

Through the Sustainable Supply Policy (SSP) based on our Ethical Code, a series of requirements and good practices in environmental, business and social integrity matters have been established to encourage suppliers to commit to corporate sustainability plan.

Another objective is to ensure that all the paper-based or cardboard-based materials used by the company come from sustainably managed forests. At Puig, we work with the best graphic, creative and printing paper suppliers, who apply environmental best practices and whose products are FSC/PEFC certified.

In 2018, we can guarantee that we only use local suppliers committed to the responsible management of forests, having ensured that 91% of our cardboard comes from sustainable sources.

We are also expressly committed to using alcohol in our fragrances that is 100% of plant origin and from sustainable sources.

At Puig, for years now we have been implementing initiatives to ensure a more efficient use of water and energy. Among the projects carried out to reduce water consumption are the optimization of the Vacarisses plant, where water production has been adapted according to demand and a study carried out at the Alcalá factory to reduce irrigation water.

Work has been carried out on reusing wastewater, so that it can be used for other purposes, and consumption monitoring systems have been improved to ensure proper management.

In terms of initiatives to reduce energy consumption, the facilities in all the plants are being improved: current lighting systems are being replaced with more efficient ones, improving insulation and monitoring consumption.

The main objective established for 2020 is for our production to be carbon neutral, so we have invested in renewable energy sources.

Since 2015, electricity comes from 100% renewable sources in our four factories and headquarters in Paris and Barcelona.

In line with our sustainability goals, in 2018 we made progress in finding alternatives to fossil fuels. The results of all these initiatives will become evident in the results for 2019.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Production centers</th>
<th>Headquarters(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water consumption</td>
<td>380 liters/1,000 units produced</td>
<td>19,624.301 liters/FTE(^8)</td>
</tr>
<tr>
<td>Electricity consumption</td>
<td>569.4 KWh/hour of operation</td>
<td>3,481.58 KWh/FTE</td>
</tr>
<tr>
<td>Gas consumption</td>
<td>350.6 KWh/hour of operation</td>
<td>433.31 KWh/FTE</td>
</tr>
</tbody>
</table>

\(^1\) Barcelona and Paris headquarters for the fragrance business.

\(^8\) FTE, Full Time Employee.

### CLIMATE CHANGE

As we have mentioned, the greatest impact Puig has in the environments in which it operates is related to climate change. The company’s main commitment is to reduce its ecological footprint, which is why most of the initiatives presented in the Sustainability Program to 2020 are aimed at achieving this goal.
In 2018, we reduced the corporate carbon footprint KPI by 1.5% (GHG emissions in tCO2eq./net income in millions of €). This figure becomes 5% if we take into account the offsetting from our involvement in the Mariposas Project.

The initiatives implemented to reduce our carbon footprint include:

• Selection of more local suppliers of raw materials and other materials, reducing emissions in procurement.

• Collaboration with logistics operators to reduce emissions derived from the distribution of Puig products to all the countries in which they are sold. We focus on initiatives that promote the use of alternative fuels such as natural gas, fuel with additives or hybrid technology.

• Actions implemented to reduce GHG emissions derived from manufacturing processes. In order to be carbon neutral in 2020, we have carried out several initiatives in recent years to improve water, energy and waste management, including:

  • Purchasing of electricity from renewable sources, thus reducing GHG emissions from electricity to zero.

  • Minimization of resource consumption (water, electricity and gas).

  • Goal of “Zero waste to landfill”, which has been achieved in a sustained manner since 2015. The reduction in waste generation and improvements in its management have reduced GHG emissions per unit produced by 31% with respect to 2017.

  • Actions implemented to improve the environmental performance of the facilities and offices through various initiatives to reduce the generation of waste and improve its management, consumption of water, electricity and gas.

  • The supply of electricity from 100% renewable sources in the offices of Barcelona and Paris, reducing GHG emissions derived from electricity consumption to zero.

**PROTECTION OF BIODIVERSITY**

None of our centers causes a direct impact on protected areas, with the exception of the Vacarisses plant. As explained above, its location close to a protected watercourse has spurred us to take special measures in terms of wastewater discharge and treatment.
## GENERAL EMPLOYMENT DATA

At year end, Puig had 4,313 employees,\(^a\) distributed as follows:

### DISTRIBUTION BY GENDER

<table>
<thead>
<tr>
<th>Gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>3,175</td>
</tr>
<tr>
<td>Men</td>
<td>1,138</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4,313</strong></td>
</tr>
</tbody>
</table>

### DISTRIBUTION BY AGE GROUP

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30 years of age</td>
<td>837</td>
</tr>
<tr>
<td>30-50 years of age</td>
<td>2,706</td>
</tr>
<tr>
<td>&gt;50 years of age</td>
<td>770</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,813</strong></td>
</tr>
</tbody>
</table>

### DISTRIBUTION BY CATEGORIES

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Executives</td>
<td>206</td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>1,228</td>
</tr>
<tr>
<td>Beauty Advisors</td>
<td>1,228</td>
</tr>
<tr>
<td>Technical employees</td>
<td>996</td>
</tr>
<tr>
<td>Administrative</td>
<td>71</td>
</tr>
<tr>
<td>Production</td>
<td>584</td>
</tr>
</tbody>
</table>

### DISTRIBUTION BY TYPE OF CONTRACT

<table>
<thead>
<tr>
<th>Type of Contract</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent contract</td>
<td>4,001</td>
</tr>
<tr>
<td>Temporary contract</td>
<td>312</td>
</tr>
</tbody>
</table>

### DISTRIBUTION BY COUNTRY

<table>
<thead>
<tr>
<th>Country</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>164</td>
</tr>
<tr>
<td>Australia</td>
<td>6</td>
</tr>
<tr>
<td>Austria</td>
<td>8</td>
</tr>
<tr>
<td>Belgium</td>
<td>20</td>
</tr>
<tr>
<td>Brazil</td>
<td>258</td>
</tr>
<tr>
<td>Canada</td>
<td>6</td>
</tr>
<tr>
<td>Chile</td>
<td>363</td>
</tr>
<tr>
<td>Colombia</td>
<td>5</td>
</tr>
<tr>
<td>France</td>
<td>670</td>
</tr>
<tr>
<td>Germany</td>
<td>47</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>16</td>
</tr>
<tr>
<td>Italy</td>
<td>42</td>
</tr>
<tr>
<td>Mexico</td>
<td>53</td>
</tr>
</tbody>
</table>

### AVERAGE REMUNERATION BY PROFESSIONAL CATEGORY (€)\(^b\)

<table>
<thead>
<tr>
<th>Category</th>
<th>Remuneration (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Executives</td>
<td>224,412</td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>58,762</td>
</tr>
<tr>
<td>Beauty Advisors</td>
<td>14,917</td>
</tr>
<tr>
<td>Technical Employees</td>
<td>47,174</td>
</tr>
<tr>
<td>Administrative</td>
<td>42,033</td>
</tr>
<tr>
<td>Production</td>
<td>31,039</td>
</tr>
</tbody>
</table>

### DISMISSAL (GENDER)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>102</td>
</tr>
<tr>
<td>Men</td>
<td>51</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>153</strong></td>
</tr>
</tbody>
</table>

\(^a\)Number of employees excluding Dries Van Noten, Urtzian Parfumeur and Penhaligon’s.

\(^b\)Includes annual base salary and annual bonus.

Until July 2018 there was no detailed follow-up on the causes of employees leaving the organization. As of July 1, data is available in SAP which allows us to analyze whether departures are voluntary or due to dismissal. As a result, the data for the second half of the year is as follows:

### DISMISSAL (GENDER)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>102</td>
</tr>
<tr>
<td>Men</td>
<td>51</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>153</strong></td>
</tr>
</tbody>
</table>
The salary gap, calculated for comparable jobs, with a defined HAY grade and taking the annual base salary is 0.3%.

<table>
<thead>
<tr>
<th>HAY grades</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Managers</td>
<td>From 17 to 25</td>
</tr>
<tr>
<td>Other Employees</td>
<td>From 5 to 16</td>
</tr>
</tbody>
</table>

The average remuneration of board members and top executives in 2018 was €271,590, including the annual base salary, the annual bonus, the variable salary linked to each strategic plan and the pension plan.

There is no digital disconnection policy at the moment.

**PROCESS TO DETERMINE EMPLOYEE REMUNERATION**

A salary review process is carried out annually which involves employees in charge of a team, Senior Management, the Appointments and Remuneration Committee – delegate committee of the Board of Directors – as well as the Board of Directors itself and which leads to the determination of the remuneration of each individual.

For this purpose, the following factors, among others, are considered: (i) the annual increase established by the collective agreement, where applicable, (ii) the evolution of the company and (iii) the merits and skills of the employees.

In order to guarantee objectivity, external consultants specializing in retribution are included in the process.

**EMPLOYEES WITH DISABILITIES**

At the end of 2018, Antonio Puig, S.A. had 21 employees with a degree of disability greater than 33%.

In addition, we adopt alternative measures, as established in the General Disability Law applicable to Spanish public and private companies.

---

---

Puig subcontracts part of its activity to special employment centers, thus contributing to the occupational development of people with disabilities and complying with regulations.

Of the total subcontracted production, the part corresponding to special employment centers is nearly €2 million at the close of 2018 (4% of the total invoicing of subcontractor suppliers).

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Invoicing 2018</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>TPC</td>
<td>€679,804</td>
<td>France</td>
</tr>
<tr>
<td>Fundación Arco Iris</td>
<td>€595,403</td>
<td>Madrid</td>
</tr>
<tr>
<td>Fundación Privada DAU</td>
<td>€591,262</td>
<td>Barcelona</td>
</tr>
<tr>
<td>Trefemo, S.L.</td>
<td>€84,401</td>
<td>Madrid</td>
</tr>
<tr>
<td>Ilunion Servicios Industriales</td>
<td>€7,136</td>
<td>Barcelona</td>
</tr>
<tr>
<td>TOTAL</td>
<td>€1,958,007</td>
<td></td>
</tr>
</tbody>
</table>

**ORGANIZATION OF WORK**

The organization of working hours is determined by applying what is established in the collective agreements applicable to labor relations and, additionally, what is agreed individually with the employees.

**ABSENTEEISM**

We can only accurately quantify the hours of absenteeism in Puig industrial centers.

<table>
<thead>
<tr>
<th>Centers</th>
<th>Number of hours</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcalá de Henares</td>
<td>2,871</td>
<td>8.35%</td>
</tr>
<tr>
<td>Barcelona</td>
<td>4,111</td>
<td>7.18%</td>
</tr>
<tr>
<td>Vacarisses</td>
<td>2,101</td>
<td>8.25%</td>
</tr>
<tr>
<td>Chartres</td>
<td>1,509</td>
<td>8.14%</td>
</tr>
</tbody>
</table>

Given the different nature of the roles performed in the company and the geographical dispersion of our offices, there was no common criterion in 2018 for monitoring absenteeism in our non-industrial centers. In most of our offices there is no attendance control.
**WORK-LIFE BALANCE**

At Puig, as well as our commitment to respect the law and through the provisions of our Ethical Code, we are committed to promoting the values of equality and dignity.

Our employees are able to take maternity and paternity leave without restrictions and their return to the company is guaranteed.

In 2018 in Spain, 53 children were born to employees. All the parents took their corresponding maternity and paternity leave, distributed as follows:

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of employees taking leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>10</td>
</tr>
<tr>
<td>Women</td>
<td>43</td>
</tr>
</tbody>
</table>

Those employees wishing to do so were able to take up their job positions afterwards.

- 50 employees have rejoined their jobs with no change.
- 1 employee has moved to Puig in France.
- 1 employee was on leave until February 2019.
- 1 employee voluntarily left at the end of her maternity leave in October 2018.

**HEALTH AND SAFETY**

At Puig we are committed to the health and safety of our workers, as well as to complying with regulations in each of our centers around the world.


The Integrated Management System describes all the processes implemented for the management of workers’ health and safety:

- Risk assessment and control
- Emergency management
- Health surveillance management
- Management and investigation of accidents
- Jobs with special risks
- Coordination with external companies
- Identification and compliance with legal requirements, etc.

The IMS is certified by an external certification body, TUV Rheinland. The certification is renewed every three years and we have passed each time.

As of the end of 2018, the Champs-Élysées offices had not yet certified, but the implementation of all the processes began in 2017 so the certification may be processed in the future.

In 2018 the following relevant actions were carried out in relation to occupational health and safety:

- Due diligence of the Puig Joint Prevention Service in Spain (carried out every six years), having passed on each occasion.
- The OHSAS 18001 certification has been renewed (within the integrated IMS audit which also includes the recertification of the ISO 9001, ISO 14001 and ISO 22713 standards).
- Progress has been made in the implementation of the OHSAS processes at the Fashion offices in Paris.
- A joint project has been carried out with the Facilities department to identify the applicable legal requirements in matters of OHS\(^{14}\) and safety of the facilities at all Puig affiliates, and to know the status of compliance with these regulations. This project has also taken into account legal environmental requirements. Once the results have been analyzed, an action plan will be defined in 2019 for any necessary corrective measures that are detected.

OHS\(^{14}\) data, at the close of 2018 monitored and controlled within the following perimeter:

- **Spain**: in its entirety, covered by the existing Joint Prevention Service
- **France**: Puig France, S.A.S. and Chartres factory

---

\(^{14}\) OHS: Occupational Health & Safety.
\(^{15}\) Idem.
**INDICATORS**

**Work accident frequency rate (FR)**

\[ FR = \frac{\text{No. of work accidents resulting in medical leave} \times 1,000,000}{\text{Total number of hours worked}} \]

<table>
<thead>
<tr>
<th>Centers</th>
<th>FR overall average</th>
<th>FR women</th>
<th>FR men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcalá de Henares</td>
<td>5.22</td>
<td>4.90</td>
<td>5.59</td>
</tr>
<tr>
<td>Barcelona</td>
<td>15.49</td>
<td>11.85</td>
<td>22.36</td>
</tr>
<tr>
<td>Vacarisses</td>
<td>16.24</td>
<td>17.92</td>
<td>12.68</td>
</tr>
<tr>
<td>Chartres</td>
<td>9.02</td>
<td>7.67</td>
<td>10.93</td>
</tr>
<tr>
<td>Barcelona – Puig Tower</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Madrid</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Sales force Spain</td>
<td>5.63</td>
<td>6.78</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>OVERALL</strong></td>
<td><strong>7.64</strong></td>
<td><strong>6.33</strong></td>
<td><strong>8.42</strong></td>
</tr>
</tbody>
</table>

**Severity index (SI)**

\[ SI = \frac{\text{No. of days lost due to work accidents}}{\text{Total number of hours worked}} \times 1,000 \]

<table>
<thead>
<tr>
<th>Centers</th>
<th>FR overall average</th>
<th>FR women</th>
<th>FR men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcalá de Henares</td>
<td>0.14</td>
<td>0.07</td>
<td>0.21</td>
</tr>
<tr>
<td>Barcelona</td>
<td>0.28</td>
<td>0.15</td>
<td>0.54</td>
</tr>
<tr>
<td>Vacarisses</td>
<td>0.83</td>
<td>1.04</td>
<td>0.38</td>
</tr>
<tr>
<td>Chartres</td>
<td>0.09</td>
<td>0.08</td>
<td>0.10</td>
</tr>
<tr>
<td>Barcelona – Puig Tower</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Madrid</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Sales force Spain</td>
<td>0.10</td>
<td>0.12</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>OVERALL</strong></td>
<td><strong>0.19</strong></td>
<td><strong>0.15</strong></td>
<td><strong>0.21</strong></td>
</tr>
</tbody>
</table>

**Occupational illnesses**

<table>
<thead>
<tr>
<th>Centers</th>
<th>No. of OI overall</th>
<th>No. of OI women</th>
<th>No. of OI men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcalá de Henares</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Barcelona</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Vacarisses</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Chartres</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Barcelona – Puig Tower</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Madrid</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Sales force Spain</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>OVERALL</strong></td>
<td><strong>4</strong></td>
<td><strong>2</strong></td>
<td><strong>2</strong></td>
</tr>
</tbody>
</table>

---

16 All incidents are recorded, but only those claims processed by the workplace accident insurance company are accounted for in the FR.

**SOCIAL RELATIONS**

Workers have legal representation at the following work centers:

- **In Spain**: the three production centers (Barcelona, Vacarisses and Alcalá de Henares).
- **In France**: the industrial center of Chartres and the offices of the fashion and fragrance businesses, all located in Paris.

In those centers where there is legal representation of workers, employee-company dialogue is channeled through the representative bodies in the terms provided by law.

Since 2017, Puig channels information to its employees through the corporate social network Workplace. In the process of adopting this channel, Puig launched the “Let’s Switch” initiative to improve the digital equipment and resources of its employees.

In the two countries with the most employees, Spain and France, 100% of the workers manage their labor relations through the applicable sectoral collective agreements in accordance with the activity carried out.

Additionally, in Argentina, beauty advisors, who represent 54% of the total staff of the affiliate, are governed by the corresponding collective agreement.
Both in Spain and in France there are formal committees to assess and decide upon occupational health and safety issues in which both the company and workers participate:

- **Spain**: Health and Safety Committees (HSC) for the production centers of Alcalá, Barcelona and Vacarisses. The percentage of workers whose place of work is monitored by the organization and who are represented by formal employee-company health and safety committees is 47% in Spain (percentage corresponding to 100% of the workers in the three factories in this country).

- **France**: HSC both in the Chartres production center and in the Champs-Élysées headquarters. The percentage of workers whose place of work is monitored by the organization and who are represented by formal employee-company health and safety committees is 100% in France.

**TRAINING**

Puig is firmly committed to the development of its employees, with a dual purpose:

1. Ensure that the organization has the knowledge, skills and behaviors necessary to carry out the defined strategy.

2. Support the professional growth of employees so that they can achieve high potential during their time at the company.

At Puig we have implemented several development programs, both collective and individual.

The collective development plans are structured around three pillars:

- **Strategy - Support for the strategic plan**: skills for executing our strategy successfully and for facing future challenges. The main action in 2018 was the definition of the Puig Digital Academy program, which aims to enhance the digital knowledge of more than 600 employees at all levels of the organization. This program will be implemented from 2019.

- **Leadership - Reinforcement of Puig culture and values**: behaviors that managers must have in order to achieve the company’s objectives and maximize the employees’ experience.

- **Functional - Development of functional skills**: expertise and skills that certain areas of the organization need to meet the challenges of the strategic plan.

These three pillars are the responsibility of the corporate department which has designed and implemented different programs with the intention of helping those in management positions to inspire, support and develop the members of their teams. These programs include the High-Performance Teams Program, aimed at the steering committees of the company’s affiliates. Currently, nine of our affiliates are working with this program, with the participation of more than 100 managers and those who report directly to them.

Individual development programs are aimed at the individual behaviors, knowledge and expertise necessary for optimal performance in the current job position and preparation for future positions. They are defined with the direct managers on an annual basis. These programs are the responsibility of the local business units.

Individual leadership development programs are implemented at all levels of the organization based on the individual needs identified by the performance management system: the Performance Development Journey. The PDJ is a system based on the setting of annual objectives for each employee by their manager in quantitative (the “What”), and qualitative (the “How”) terms. The qualitative objectives use the company’s competency model as a frame of reference.

The PDJ supports the growth of employees in two ways:

- The setting of objectives and the monitoring of the performance of each employee by their manager is mandatory, ensuring that each manager in charge of other people devotes a part of their time to the management of their teams.

- The establishment of an individual development plan once the performance of the previous year has been assessed and the objectives of the year have been established, drawn up and agreed upon between the employee and their direct manager. This ensures that all employees have annual growth targets, both for the knowledge, skills or behavior required to perform their current job, and to prepare them to potentially take on greater responsibilities in the future.

In 2018, out of a total workforce of 4,313 employees, 1,975 participated in the PDJ. This figure represents almost all of the company’s office workers globally.

In the Operations area (which includes industrial activity) there are two specific training initiatives:

- **Project Manufacturing 4.0**: this is a three-year project focused on performance management and training, the objective of which is to ensure that all the skills considered necessary for production activity are developed to the required level. In this first year of the project, the focus is on training technicians, and later on it will include the production line operators.
In 2018, 77 employees participated.

- Multiskilling: this project is aimed at employees in the areas of packaging, processing and storage, in all Puig production centers. The objective is for these groups to be trained in skills from other areas, to allow them to rotate and potentially take on positions of greater responsibility. In 2018, 442 employees participated.

The global budget dedicated to training in 2018 was €3 million, of which 65% was allocated to individual development actions and 35% to initiatives carried out by the corporate area.

**ACCESSIBILITY FOR PEOPLE WITH DISABILITIES**

Puig is committed to ensuring the accessibility of its facilities. Puig complies with the legal standards established in its new buildings and facilities. In addition, we carry out the required renovations to guarantee access to people with reduced mobility where necessary.

**EQUALITY**

Our Ethical Code, as well as the policies developed as part of its framework, guarantee and promote equality between men and women.

In addition, the company’s own Ethical Code encourages open communication in the face of possible behaviors that may contravene equality and it regulates an official and direct complaints channel to report possible breaches in this matter to the Chair of the Audit Committee, a committee delegated under the Board of Directors.

In Spain, Puig has an Equality Plan in place in accordance with current legislation, as well as a Joint Committee on Equality composed of employees and representatives of the company. In addition, as part of the framework of the Equality Plan, there is a Prevention and Action Protocol that regulates the procedure for responding to possible situations of harassment in the workplace.

In France, there is an Equality Plan in force and the regulations on prevention in case of harassment are included in the rules of the company’s internal regulations.
Puig commitment to the defense of human rights, with respect for individual and collective freedoms, rejecting any form of child labor and with respect for people is included in our Ethical Code.

Puig does not operate directly in environments where there is a risk of human rights violations or of forced or compulsory labor. Therefore, no complaints have been received in this matter.

Puig guarantees all its workers the freedom of association and the right to collective bargaining, as stipulated in the agreements of the International Labor Organization.

Our Ethical Code also clearly defines our position in favor of diversity and non-discrimination based on sex, race, religion, age, marital status, disability, sexual orientation or nationality, nor do we accept any form of harassment, whether sexual, physical, mental or otherwise.

All Puig employees have received detailed training on the content of the Ethical Code and this is part of the onboarding process for new employees.

During 2018 the company started a campaign of adherence to the principles of its Ethical Code among its suppliers to ensure they follow the same standards.

We have a complaints channel that reports directly to the Chair of the Audit Committee of the Board of Directors, which guarantees full confidentiality and resolution in the event of any breaches of the Ethical Code.
Our fight against corruption and bribery is set out in several fundamental documents:

- Ethical Code
- Compliance Policy
- Conflict of Interest Policy
- Gift Policy

We are working on an Anti-corruption Policy, which was being drafted at the end of 2018 by the Compliance department.

Likewise, we have different control measures in place to ensure that none of the desired standards are violated, including the “Separation of duties and establishment of limits on the amounts spent on contracting and approving services provided by third parties and the settlement of employee T&E costs”.

We are particularly wary of those countries in positions of risk according to the CPI 2018.17

Likewise, as explained above, there is a complaint mechanism in the Ethical Code for notifying any breaches.

CONTRIBUTIONS TO FOUNDATIONS AND NON-PROFIT ORGANIZATIONS

Puig has always been a company committed to giving back to society a part of what we receive from it.

This commitment is expressed through different collaborations in several of our affiliates and the Puig Foundation. During 2018, we contributed a total of €1,640,104 to foundations and non-profit organizations.

Our business units and factories collaborate in one way or another with local non-profit organizations, in order to maximize our impact on the communities that surround us.

In Spain, we are have partnered with a renowned third sector partner, Ashoka, which leads the Invisible Beauty project, sponsored entirely by the Puig Foundation.

Invisible Beauty is a project that supports entrepreneurial excellence in those who are carrying out innovative social initiatives with a high impact (Innovators program) and young people committed to their environment who want to use their talent, creativity and passion to carry out social initiatives (Makers program).

17 CPI: Corruption Perception Index. This index, which ranks 180 countries and territories by their perceived levels of public sector corruption, as determined by recognized experts and businessmen, uses a scale of 0 to 100, where 0 means “highly corrupt” and 100 “very clean”.

SOCIETY
COMMITMENT TO LOCAL DEVELOPMENT

Puig is committed to the local areas in the countries in which it is present. On average, over 96% of the workers in each country are hired locally, thus boosting the development of the communities in which it is present.

Puig is especially committed to employing locally at each of its factories:

**Alcalá de Henares production center:** we employ 221 people with permanent contracts and an average of 26 temporary hires to cover periods of higher production at the plant due to the seasonality of our sales. 98% of these workers come from the towns in the vicinity of the center.

For temporary hires we collaborate with the Integra Foundation, which works to promote the employment of people at risk of social exclusion and people with disabilities. During 2018 we employed six people from this foundation.

**Barcelona production center:** we employ 390 people with permanent contracts and an average of 35 temporary hires to cover periods of higher production at the plant due to the seasonality of our sales.

For temporary hires we ask Manpower, located in the area (Badalona), to give priority to finding personnel from within the vicinity of the plant.

**Vacarisses production center:** in 2018 we employed 148 people with permanent contracts and two temporary hires to cover two long-term leaves.

The average number of temporary contracts (temp agencies) during 2018 was 30.30 people per month, to cover the periods of higher production at the plant due to significant increases in the activity of our main client.

The geographical location of the factory means that we hire employees from all over the Vallés Occidental region. 73% of employees live less than 15 km from the factory, most of them in Terrassa, Viladecavalls, Vacarisses and other towns.

To help them commute to the factory, we provide our employees with a bus service from the town with the highest concentration of people (Terrassa) for the two main shifts which involve the largest number of transfers to the center.

For temporary hires, we collaborate with the company Manpower, with the condition that they hire people from nearby areas. We have signed agreements with this company to encourage the training of temporary personnel, especially in the handling and driving of forklift trucks and in good manufacturing practices, thus developing their skills and their employability. Many of the people who have worked in Vacarisses have found permanent job positions in other similar industries at the end of their temporary contract with us.

**IMPACT OF OUR PRODUCTION ACTIVITY IN THE REGION**

Puig is involved in different initiatives that enrich the social fabric in the vicinity of its facilities:

**Vacarisses:** we are part of the Executive Committee of the Can Torrella Industrial Estate, which carries out its activity in Vacarisses, established to manage the activity of the Wastewater Treatment Plant of the industrial estate until the transfer of this activity to the Town Council is finalized.

**Chartres:** Puig has been one of the promoters, since 2002, of the Cosmetic Valley, a cluster which currently encompasses more than 550 companies related to the perfumery and cosmetics sectors, including companies along the entire value chain. Its objective is to support the development of the sector through different initiatives, for example in business development or improving competitiveness.

Cosmetic Valley is part of the French Government’s cluster strategy which aims to encourage interaction between smaller companies and the leaders of each sector, so that the entire ecosystem can grow.

**SUBCONTRACTERING AND SUPPLIERS**

We have invested in recent years in extending the commitments of our Ethical Code to the supply chain. We carry out two types of actions to guarantee the alignment of our suppliers with our standards.

1. Alignment with our SSP:14 evaluation through Ecovadis. Using this evaluation, we plan corrective actions together with the suppliers that have obtained low scores to improve their performance. We have carried out inclusion campaigns for suppliers during the last two years with the aim of ensuring that all our suppliers comply with our SSP policy by 2020.
We use the following criteria to choose which suppliers will be evaluated:

- +90% purchase volume
- Recurrent suppliers
- Suppliers at risk

In 2018, the results obtained during the second evaluation campaign of the SSP\(^\text{19}\) were positive. Suppliers improved their score by 3.4 points over the previous year (54.4 vs 51) and we achieved a higher response rate in those that were re-evaluated.

The results were as follows:

<table>
<thead>
<tr>
<th>RESULTS</th>
<th>Total suppliers included</th>
<th>Suppliers evaluated through their answers</th>
<th>% response</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 Campaign</td>
<td>133</td>
<td>99</td>
<td>74%</td>
</tr>
<tr>
<td>2018 Campaign</td>
<td>192 (127 re-evaluated + 65 new)</td>
<td>138</td>
<td>72%</td>
</tr>
</tbody>
</table>

2. Actions to promote the adherence of our suppliers to the company’s Ethical Code.

In 2018 we launched a new campaign, with the following criteria:

- **Suppliers of inventory material**: sent to 88 suppliers that accounted for 80% of revenues. Response rate 98%.
- **Suppliers of non-inventory material**: sent to 35 Marketing and Media suppliers. Response rate 58%.

This campaign will be extended during 2019.

As for outsourcing suppliers that make up the Puig network, audits are performed periodically to ensure compliance with the management systems (environment, occupational risk prevention and good manufacturing practices). Moreover, the UNE-EN ISO 22716:2008 and the UNE-EN 9001:2015 standards (which Puig is certified in) require us to evaluate and monitor outsourced activities.

The frequency of these audits is between three and five years, and the prioritization criteria for establishing the annual audit plan are based on:

- **Risk**: determined by type of product, manufacturing technology or if a recent quality problem has been detected that indicates non-compliance with the process.
- **Invoicing**: the importance of the annual supplier’s invoicing for Puig (based on the ABC supplier analysis).

For key suppliers a contract is drawn up that includes the following clause:

“The Manufacturer represents and warrants before Puig that the Manufacturer (including its managers, employees, representatives, branches, affiliates, and/or agents) has complied, complies and will comply during the term of this Agreement with all applicable laws and regulations and, in particular, with any civil, criminal, financial, fiscal, corporate, commercial, health and safety, environmental, administrative, data protection and privacy, labor or social security regulations or any other requirement by the competent government authorities. The Manufacturer will also comply during the period of this Agreement with the Puig Ethical Code published and accessible at the link [http://www.puig.com/es/about-us/ethical-code/](http://www.puig.com/es/about-us/ethical-code/) and undertakes to contract those insurance policies, licenses and permits necessary for the fulfilment of its obligations under this Agreement. The Manufacturer will notify Puig if it is aware of any breach related to this clause.”

**CONSUMERS**

Puig manufacturing and distribution of cosmetic products is subject to strict legislation, both in terms of their manufacture and their labelling and packaging.

Every single one of our products is subject to several legislations, the most important one being Regulation (EC) No 1223/2009 of the European Parliament and of the Council of November 30, 2009 on cosmetic products which harmonizes the rules in the Community in order to achieve an internal market for cosmetic products while ensuring a high level of protection of human health.

Puig also complies with the recommendations of IFRA\(^\text{20}\) and other national legislations and internal regulations, going beyond what is legally necessary in some aspects of the life cycle of our perfumery and cosmetics products.

---

\(^{19}\) Sustainable Supply Policy.

\(^{20}\) IFRA: International Fragrance Association.
We take great care during the process of creating our products to implement measures that guarantee the health and the safety of consumers. Monitoring is carried out throughout the product development workflow, and can be summarized in three main areas:

1. Ingredients and packaging
2. Development of new formulas
3. Final product and labelling

REGARDING INGREDIENTS AND PACKAGING
- Gathering/analysis of toxicological data for all ingredients (IFRA restrictions, opinions of the Scientific Committee on Consumer Safety, CR,21 among others).
- Validation/approval of new ingredients/materials (CR, chap. IV).
- Packaging/product compatibility test (CR, annex 1, part A, paragraph 4).
- In-vitro study of phototoxicity of the fragrance.

REGARDING THE DEVELOPMENT OF NEW FORMULAS
- Cosmetics Regulation EC 1223/2009 (CR).
- Blacklist: voluntary internal regulation that expands the list of prohibited substances set by law. Puig constantly monitors the market and its trends and immediately discards all those substances for which there are safety doubts, even if they haven’t yet been banned by legislation.
- Microbiology: preservation system, microbiological risk, microbiological control. Challenge test or efficacy test of the preservation system (CR, annex 1, part A, paragraph 3).
- Stability studies (CR, chap. III, article 8 annex 1, part A, paragraph 2).
- Toxicological tests carried out following GLPs (Good laboratory practices) (CR, article 3): eye irritation in-vitro, skin irritation in-vitro, HRIPT allergy test.
- Consumer/efficacy test (CR, chap. VI, article 20).
- Labelling (CR, chap. VI, article 19).
- MoS (Margin of Safety)/Impurities calculation.

- In the event that an ingredient is detected which is potentially harmful to the safety of our consumers, it would be automatically discarded for any new product and we would plan for it to be removed from the formulation of any existing products in the market.

REGARDING THE FINAL PRODUCT
- Specifications/Quality control.
- GMPs Cosmetics (standard ISO 22716 Cosmetic products. Good manufacturing practices (GMP)/CR, chap. III, article 8).
- Validation of pilot tests.
- Cosmetovigilance (CR, chap. VII, article 23).
- Non-conformities.

FOR THE LABELLING
- Regulated by the Cosmetics Regulation. We have an internal regulatory affairs team that ensures compliance. Likewise, we have an internal policy on this matter, based on the CR and also on other international legislation and sectoral recommendations.

- Internal voluntary guide on labelling, which includes both the CR and other international legislation and sectoral recommendations in a single document.

MECHANISMS FOR HANDLING CLAIMS
We have a set of mechanisms in place so that our consumers can contact us to make any claims. Claims can be very diverse, from reactions to our products by consumers to problems with orders from our direct customers.

We follow common standards based on EU regulations for all queries:

- Compliance with legislation
- Veracity
- Data that supports the claim
- Honesty
- Impartiality
- Informed decision-making

---

There are two types of claim:

- Cosmetovigilance. This includes all communications from consumers, health care professionals or competent national authorities concerning any undesired reaction taking place during or after the normal or reasonably foreseeable use of a cosmetic product. These follow the procedure below:

  1. An alert is detected and registered in the Puig database.
  2. The consumer answers a questionnaire from an external company.
  3. The maximum amount of information about the case is collected, including an analysis of the product.
  4. A complete dossier is prepared internally.
  5. The validity of the claim is determined in conjunction with the external company: Possible / Likely / Very likely / Questionable / Unlikely.
  6. The external company sends a letter of reply to the consumer, previously agreed with Puig.
  7. The alert is closed and registered in the Product Safety Assessment Report.

- Any other claim:

  1. The maximum amount of initial information about the case, and if possible of the product, is collected.
  2. Verification of a possible defect in the product is carried out and if said defect is found, a new product and a gift is sent to the consumer as compensation.
  3. The product is analyzed to identify the root cause of the defect and to take the necessary actions.

In the case of Premium and Prestige fragrances, this process is managed by an external company. For all other products, it is handled directly by Puig.

Puig makes different channels available to consumers to make their claims:

- Contact form on the websites of the Premium and Prestige brands
- Contact e-mail on the Puig website
- Contact telephone numbers

Puig analyzes all the defects and incidents reported for its internal controls and statistics, in order to take the appropriate measures.

No. of likely and very likely cosmetovigilance alerts in 2018 for every million manufactured units: 0.32 (very good tolerance).

No. of functional claims and texts of finished product in 2018 for every million manufactured units:

- Customer claims: 2.29
- Consumer claims: 6.59
- Total claims: 8.88

None of these cases fall within the category of non-compliance with standards or voluntary codes.

**TAX INFORMATION**

The Board of Directors of Puig, S.L., as the body responsible for determining the company’s tax strategy, approved the Corporate Tax Policy applicable to all its subsidiaries on March 22, 2018 and published it on the company’s website.

Puig firmly undertakes to respect the different locations and regions where it operates which, in terms of taxes, translates into a rigorous fulfilment of our tax obligations directly in the countries in which we are present.

The Tax Policy is aimed at establishing the governance framework, principles, values, guidelines and standards that should guide our tax behavior and decision-making to ensure correct compliance with regulations and mitigate risks. And all this must be aligned with our business strategy while ensuring the proper application of good tax practices and maintaining a relationship of cooperation and transparency with the different tax administrations. Puig does not receive public subsidies.

<table>
<thead>
<tr>
<th></th>
<th>Profit</th>
<th>Corporate tax paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>191,913</td>
<td>47,754</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>83,721</td>
<td>17,048</td>
</tr>
<tr>
<td>Americas</td>
<td>44,628</td>
<td>8,153</td>
</tr>
<tr>
<td>Rest of world</td>
<td>13,176</td>
<td>1,953</td>
</tr>
</tbody>
</table>

*In thousand of euros.*
## GENERAL INFORMATION

<table>
<thead>
<tr>
<th>Contents of Law 11/2018</th>
<th>Materiality</th>
<th>Location in this report</th>
<th>Content verification</th>
<th>Reporting framework**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brief description of the business model (business environment and organization)</td>
<td></td>
<td>Company profile</td>
<td></td>
<td>GRI 102-1, GRI 102-2, GRI 102-5</td>
</tr>
<tr>
<td>Diligence procedures</td>
<td></td>
<td>Company profile &gt; Values &gt; Ethical Code &gt; Fight against corruption and bribery</td>
<td></td>
<td>GRI 102-16, GRI 102-17</td>
</tr>
<tr>
<td>Geographical presence</td>
<td></td>
<td>Company profile &gt; Presence in the world</td>
<td></td>
<td>GRI 102-3, GRI 102-4, GRI 102-6</td>
</tr>
<tr>
<td>Objectives and strategies of the organization</td>
<td></td>
<td>Company profile &gt; Message from the Chairman and CEO &gt; Strategy and objectives</td>
<td></td>
<td>GRI 102-14, GRI 103</td>
</tr>
<tr>
<td>Organization and structure</td>
<td></td>
<td>Company profile &gt; Governance and organization</td>
<td></td>
<td>GRI 102-18, GRI 102-22, GRI 102-23</td>
</tr>
<tr>
<td>Main factors and trends that could affect the company's future progress</td>
<td></td>
<td>Company profile &gt; Factors and trends that could affect the company's future progress &gt; Risks and opportunities</td>
<td></td>
<td>GRI 102-11, GRI102-15, GRI 103</td>
</tr>
<tr>
<td>Supply chain and subcontracting</td>
<td></td>
<td>Company profile &gt; Supply chain</td>
<td></td>
<td>GRI 102-9</td>
</tr>
</tbody>
</table>

## ENVIRONMENTAL ISSUES

| Management approach | Environmental issues | GRI 103 |
| General Information | Environmental issues | GRI 103 |
| Pollution | Environmental issues > Pollution > Carbon offsetting | GRI 201-2, GRI 305-5 |
| Circular economy and waste prevention and management | Environmental issues > Circular economy | GRI 306-2 |

**In cases in which the GRI standard does not cover the requirement of Law 11/2018 in its entirety, we have followed the reporting criterion chosen by the company to comply with the provisions of the aforementioned Law.
## SOCIAL AND PERSONNEL ISSUES

<table>
<thead>
<tr>
<th>Sustainable use of resources</th>
<th>Environmental issues &gt; Sustainable use of resources</th>
<th>GRI 302-1 GRI 302-4 GRI 303-1 GRI 306-1 GRI 306-5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change</td>
<td>Environmental issues &gt; Climate change</td>
<td>GRI 201-2 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-5</td>
</tr>
<tr>
<td>Protection of biodiversity</td>
<td>N/A</td>
<td>GRI 304</td>
</tr>
</tbody>
</table>

### Employment
- Social and personnel issues > General employment data
  - Employees with disabilities
  - Absenteeism
  - Measures to help the work-life balance

### Organization of work
- Social and personnel issues > Organization of work
  - Absenteeism
  - Measures to help the work-life balance

### Health and safety
- Social and personnel issues > Health and safety

### Social relations
- Social and personnel issues > Social relations

### Training
- Social and personnel issues > Training

### Universal accessibility for people with disabilities
- Social and personnel issues > Universal accessibility for people with disabilities

### Equality
- Social and personnel issues > Equality policies

## RESPECT FOR HUMAN RIGHTS

<table>
<thead>
<tr>
<th>Management approach</th>
<th>N/A</th>
<th>Respect for human rights</th>
</tr>
</thead>
</table>

## FIGHT AGAINST CORRUPTION AND BRIBERY

<table>
<thead>
<tr>
<th>Management approach</th>
<th>Fight against corruption and bribery</th>
</tr>
</thead>
</table>

## INFORMATION ABOUT THE COMPANY

<table>
<thead>
<tr>
<th>Management approach</th>
<th>Information about the company</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Commitment to sustainable development</th>
<th>Information about the company &gt; Commitment to local development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subcontracting and suppliers</td>
<td>Information about the company &gt; Subcontracting and suppliers</td>
</tr>
<tr>
<td>Consumers</td>
<td>Information about the company &gt; Consumers &gt; Mechanisms for handling claims</td>
</tr>
<tr>
<td>Tax information</td>
<td>Tax information</td>
</tr>
</tbody>
</table>

GRI 102-43 GRI 103 GRI 413-1
GRI 102-16 GRI 102-17 GRI 103
GRI 201-1 GRI 413-1
GRI 103 GRI 416-1 GRI 417-1
GRI 103 GRI 201-4 GRI 415-1
Mr. Marc Puig Guasch
Chairman

NOVAQUERN, S.L.
Represented by
Mr. Manuel Puig Rocha
Vice Chairman

EXEA EMPRESARIAL, S.L.
Represented by
Mr. Josep Oliu
Board member

Mr. José María Castellano Ríos
Board member

EXEA INTERNATIONAL, BV
Represented by
Ms. Giovanna Kampouri Monnas
(Identified in her passport as Ioanna Kampouri)
Board member

Mr. Yiannis Petrides
(Identified in his passport as Ioannis Petrides)
Board member

Mr. Rafael Cerezo Laporta
Board member

Mr. Jordi Constans Fernández
(Identified in his passport as Jorge Valentín Constans Fernández)
Board member

Mr. Manel Adell Domingo
Board member

Mr. Daniel Lalonde
Board member
To the shareholders of PUIG, S.L.,

Pursuant to article 49 of the Spanish Code of Commerce, we have provided limited assurance on the Statement on Non-Financial Information (hereinafter SNFI) for the year ended 31 December 2018, of PUIG, S.L. (hereinafter the Parent Company) and its subsidiaries (hereinafter the Group) which forms part of the Group’s 2018 consolidated Directors’ Report.

The contents of the consolidated Directors’ Report includes additional information to that required by prevailing mercantile legislation on non-financial information which it is not included in our assurance scope. In this regard, our assurance work was limited to providing assurance on the information contained in table “Table of required contents pursuant to Act 11/18 of 28 December” of the accompanying consolidated Directors’ Report.

The Parent Company’s Board of Directors is responsible for the preparation and presentation of the SNFI included in the Group’s consolidated Directors’ Report. The SNFI has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in accordance with that mentioned for each subject area in table “Table of required contents pursuant to Act 11/18 of 28 December” of the aforementioned consolidated Directors’ Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the SNFI is free from material misstatement, whether due to fraud or error.

The Parent Company’s Directors are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for preparing the SNFI was obtained.

Independent Review of the Consolidated Statement on Non-Financial Information of PUIG, S.L. and subsidiaries for the year ended 31 December 2018

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialized in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed that refers exclusively to the year ended 31 December 2018.

We conducted our review engagement in accordance with International Standard on Assurance Engagements, “Assurance Engagements other than Audits or Reviews of Historical Financial Information” (ISAE 3000 Revisited), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Performance Guide on assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.
Our work consisted of making inquiries of management, as well as of the different units and responsible areas of the Group that participated in the preparation of the SNFI, in the review of the processes for compiling and validating the information presented in the SNFI and in the application of certain analytical procedures and sample review testing described below:

- Meetings with the Parent Company’s personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the SNFI for the year ended 31 December 2018 based on the materiality analysis performed by the Parent Company and considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the SNFI for the year ended 31 December 2018.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the SNFI for the year ended 31 December 2018.
- Corroboration, through sample testing, of the information relative to the content of the SNFI for the year ended 31 December 2018 and whether it has been adequately compiled based on data provided by internal and external information sources or third-party reports.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the SNFI of PUIG, S.L. and its subsidiaries for the year ended 31 December 2018 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and the content of the selected GRI Standards, in accordance with that mentioned for each subject area in the table “Table of required contents pursuant to Act 11/18 of 28 December” included in the aforementioned consolidated Directors’ Report.