

Corporate Fiscal Policy

1. CORPORATE FISCAL POLICY OVERVIEW

This Corporate Fiscal Policy (hereinafter the "Policy") is applicable to all Puig entities¹, following its approval and adoption in accordance with the provisions established by applicable local legal regulations, and is intended to establish the governance framework, principles, values, guidelines and standards to guide behavior and decision-making relating to fiscal matters.

This Policy is aligned with the corporate principles, mission, vision, Social Responsibility Policy and in particular the Ethical Code of Puig.

Puig understands that taxes paid in each jurisdiction where it is present contribute significantly to the progress and development of these communities. Consequently, with this Policy, 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 fiscal decisions in the various territories where Puig products are sold.

Finally, Puig will behave transparently in fiscal matters, and cooperate with the various administrative bodies as required.

This Policy, which is compulsory, is designed to ensure compliance with current fiscal regulations, prevent fiscal risk, and establish guidelines and principles of action that must be followed by all Puig personnel².

2. SCOPE AND PURPOSE

The Board of Directors of Puig, S.L. is the highest representative body of Puig, and Spanish law provides it with the non-delegable authority to determine fiscal strategy as part of its responsibility for the definition of general strategy. The Board of Directors of Puig, S.L. is therefore responsible for approving the Corporate Fiscal Policy.

To carry out this responsibility, this document establishes the Corporate Fiscal Policy of Puig, S.L. (hereinafter "the Company") to set the fiscal principles, guidelines and governance framework which will be applicable to all Puig entities, following its approval and adoption in accordance with the provisions of applicable local legal regulations. The application of the regulatory framework established in this Policy is compulsory.

2.1. Scope

The fiscal strategy established in this Policy will be applicable to all Puig entities, subject to its approval and adoption by the entities' governing bodies in accordance with the provisions of each legal system³.

¹ "Puig" refers to Puig, S.L., and its subsidiaries, and all other entities that may be incorporated in the future.

² By Personnel, we mean all members of the Board of Directors as well as PUIG executives and managers, employees and professionals whose actions / decisions may have an impact on the fiscal area.

³ Legal system in this sense means the regulations applicable in each territory for the approval of the Corporate Fiscal Policy, as well as the tax regulations that may apply.

In particular, when this Policy mentions the "Spanish legal system", it refers, in general terms, to the Royal Legislative Decree 1/2010, of July 2nd, by virtue of which the revised text of the Law on Corporations.

Regarding the mention of the "legal system of the United Kingdom", it refers to the "Finance Act 2016" articles 22 to 24.

In the case of Spain, and pursuant to the provisions of article 249 bis of the Royal Legislative Decree 1/2010 of July 2 by virtue of which the revised text of the Law of Corporations was approved, this Policy must be approved and adopted by the respective Boards of Directors of the entities established in the Policy.

"Puig" will refer to the Puig, S.L. company and its subsidiaries and those other entities that may be incorporated in the future, according to the definition established in article 42 of the Spanish Commercial Code. The Company will promote and encourage the approval and adoption of this Policy in each of the Puig entities with the specific characteristics required by each territory.

The fiscal strategy will apply to:

- 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 fiscal regulations applicable in each territory, as well as to all information disclosure obligations that exist with the respective Fiscal Authorities.
- The accounting of taxes, both for the purposes of preparing annual accounts as well as for the periodical reports issued by the financial area.
- The forecasts and financial projections of the fiscal area.

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 fiscal area (hereinafter "Personnel").

2.2. Purpose

This Puig Policy aims to ensure compliance with the applicable tax regulations in each territory where the Company operates and the appropriate coordination of the fiscal 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 fiscal behavior taking into consideration the interests and sustainable economic development of the territories where it is present, ensuring the satisfactory implementation of good fiscal practices.

3. CORPORATE TAX POLICY

3.1. 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 behavior of all Puig entities in fiscal matters within the specific context of each territory. The Policy requires that the following basic principles be followed:

(i) Ensure compliance with applicable fiscal regulations in all countries in which Puig operates in line with the activity pursued, and promote responsible fiscal practice.

(ii) Establish relations with authorities, regulatory bodies and Public Administrations following the principles of cooperation and transparency.

(iii) Manage the appropriate coordination of Puig entities' fiscal 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 fiscal function.

(iv) Puig is committed to respecting the various environments and territories in which it operates. In the context of the fiscal area, this implies promoting fiscal behavior which takes into consideration the interests and sustainable economic development of these environments and territories, given that the taxes paid are the principle contribution to the maintenance of their public sectors, and therefore, one of Puig's contributions to society.

(v) Fight fraud, and support the prevention of fraud.

(vi) Inform the Board of Directors or corresponding governing body in each territory of the principal fiscal implications of transactions or issues submitted for their approval, where they may represent a significant issue or risk.

3.2. Good Fiscal Practice

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

When fulfilling its fiscal 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 fulfillment of the commitments that comprise the Principles of Action, Puig has incorporated the following procedures into common practice:

(i) Prevention of Fiscal Risk

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

a) Promote practices aimed at the prevention and mitigation of fiscal risk by ensuring, through the use of internal information and control systems, that Puig fiscal behavior is aligned with the structure and the location of the business activity, and human and material resources.

b) Not use artificial structures, unrelated to the activities of Puig entities, for the sole purpose of reducing fiscal burden, evading taxes or hindering the work of the Tax Administrations or Tax Authorities of each territory.

c) Analyze 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:

i. That it properly evaluates investments and transactions in advance that may have particular fiscal significance, and that it documents the financial, accounting, legal and fiscal consequences that may arise from them.

ii. That it carries out structural and Due Diligence analysis to identify and control potential fiscal risk in all transactions which entail the acquisition of significant assets, entities or businesses.

d) 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 territory⁴ and will periodically review and update its transfer pricing policy to adapt it to current regulations and business circumstances.

e) 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 fiscal obligations.

f) Reduce the risk of entering into conflicts derived from the interpretation of applicable regulations by: (i) using the services of independent reputable and recognized fiscal experts, and (ii), wherever possible and necessary using Tax Authorities' procedures for prior consultation and pre-existing pricing agreements.

(ii) 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:

a) Tax regulations and the provisions of International Treaties will be reasonably interpreted; where contradictory interpretations of fiscal criteria exist, potential conflicts with the Tax Authorities will be limited wherever possible by confirming the appropriate fiscal treatment using the instruments offered by the jurisdiction in question (binding consultations, advance pricing agreements, etc.).

⁴ In Spain, the documentation obligations for related transactions are detailed in the 27/2014 Corporation Tax Act, dated November 27, and in the Royal Decree 634/2015, dated July 10, by virtue which the Regulation of the Corporation Tax is approved.

b) Tax returns will be filed in a proper and timely manner as per the applicable fiscal 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.

c) Requests for fiscal 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.

(iii) 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 fiscal matters at Puig will inform the Board of Directors, directly or through the Audit Committee, of the fiscal 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, which must also be informed of any associated fiscal 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 fiscal matters or the Audit Committee will keep Puig headquarters informed of the company's fiscal situation, the strategies followed, the degree of application and compliance with this Policy, and all other significant fiscal matters.

(iv) Information to other relevant stakeholders about compliance with the good fiscal practice outlined in this Policy

Puig promotes the transparent, clear and responsible communication of its principal financial and fiscal 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 an annual basis the effective compliance with the good fiscal practice established in this Policy.

4. 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 fiscal 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 fiscal practice established in this Policy, and of those activities that may have a significant fiscal impact.

The Company's Fiscal Department will be responsible for coordinating the good fiscal 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 fiscal risk.

Puig, under the supervision of the Audit 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 Fiscal Department to inform and consult about those actions or operations which have particular fiscal significance.

5. COMMUNICATION AND REVISION OF THE CORPORATE TAX POLICY

5.1. Communication of the Corporate 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 fiscal 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 fiscal decisions or closely involved in the management of fiscal 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.

5.2. Approval and review of this Policy

This Policy has been approved by Puig, S.L. as the parent company of Puig, on 22nd of March 2018, and will apply indefinitely.

In order to achieve permanent improvement, the Company's compliance with the principles and good practices contained in this Corporate Fiscal Policy will be reviewed periodically, and the Policy will be up-dated in line with requirements that may be identified in the future, consistent with applicable fiscal and other regulations.