

2020 SUSTAINABILITY REPORT



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***MESSAGE FROM
THE CHAIRMAN AND CEO***

MESSAGE FROM THE CHAIRMAN AND CEO



In 2020, despite being immersed in one of the most difficult contexts of recent times due to the health and economic crisis caused by Covid-19, we successfully completed our first Sustainability Program. Started in 2014, when, coinciding with our 100th Anniversary, we took on the challenge of becoming a more responsible and sustainable company, the 2014-2020 Sustainability Program has allowed us to undertake a genuine commitment to sustainability across our business model.

Over these last seven years, we have sought to increase the commitment of our employees in sustainable management and we have engaged with the key agents in our value chain to work together on a more transparent, sustainable and responsible business model.

This new edition of the Sustainability Report reflects the work ethic and firm commitment of our teams and our collaborators, which have enabled us to manage the impact of Covid-19 on our company, cope with an unexpected new reality for everyone and fulfill the goals we set ourselves.

Having completed our first program and consolidated our position as a stable sustainable company within the industry, this report highlights our milestones and achievements in this seven-year period of transformation for Puig, as well as our successes throughout 2020.

Our commitment, flexibility and ability to adapt have been key factors for our performance within the Sustainability Program. In 2017, having achieved most of the objectives we had initially set, we carried out a review of the plan that allowed us to advance in our commitment to a more sustainable and low-carbon economy, bringing us into line with important

international initiatives such as the Paris Agreement on climate change, the EU Action Plan for the Circular Economy and the UN Sustainable Development Goals (SDGs).

We have promoted numerous initiatives in each of the five strategic pillars of our program: Product Stewardship, Sustainable Sourcing, Responsible Logistics, Responsible Manufacturing, and Employees and Facilities. Projects that have allowed us to successfully achieve all the quantitative objectives of our Sustainability Program. Our major challenge was to reduce our carbon footprint as much as possible, while at the same time driving the growth of the company. Thanks to our conviction and commitment to the established targets, we have achieved a total reduction of our carbon footprint by 55%, on net revenues, since the start of the program.

In this regard, during 2020, we reached our goal of being 100% carbon neutral in all four production sites and of ensuring that all the energy used in our factory in Chartres (France) was from 100% renewable sources, thanks to the purchase of energy with guarantee of origin and the replacement of 100% natural gas with biomass.

We also strengthened the culture of sustainability within the organization through a proactive attitude and the adoption of policies and recommendations that are even more demanding than the current legal requirements. We engage with our entire value chain, promoting innovative initiatives to make our processes

“WE JOINED IMPORTANT GLOBAL INITIATIVES, SUCH AS THE SCIENCE BASED TARGETS PROJECT, AND WE REGISTERED FOR THE FIRST TIME IN THE CARBON DISCLOSURE PROJECT QUESTIONNAIRE, POSITIONING OURSELVES AS A COMPANY COMMITTED TO THE MAJOR INTERNATIONAL CHALLENGES AND INVOLVED IN THE TRANSITION TOWARDS A DECARBONIZED ECONOMY.”

more sustainable. We continue to work on searching for more environmentally friendly resources and raw materials, on the innovation of our packaging, on the optimization of logistics and on the use of energy from renewable sources.

In 2020 we took a big step forward in our commitment to fighting climate change. We joined important global initiatives, such as the Science Based Targets (SBTi)¹ project, and we registered for the first time in the Carbon Disclosure Project (CDP)² questionnaire, positioning ourselves as a company committed to the major international challenges and involved in the transition towards a decarbonized economy.

Therefore, at the end of 2020 we decided to create a new delegate committee reporting to the Board of Directors. The ESG Committee

(Environmental, Social and Governance) is led by the Vice Chairman of the Board and family member, Manuel Puig. The ESG Committee is aligned with the commitment to giving greater significance and internal and external impact to sustainability at Puig.

Bolstered by our experience, we are preparing for a new and ambitious roadmap that will be based on reinforcing and continuously improving the five strategic pillars and on integrating the most significant international certifications and commitments. In this regard, Puig has recently joined the UN Global Compact, an initiative that confirms our commitment to the ten universal principles of the UN, as well as the SDGs.

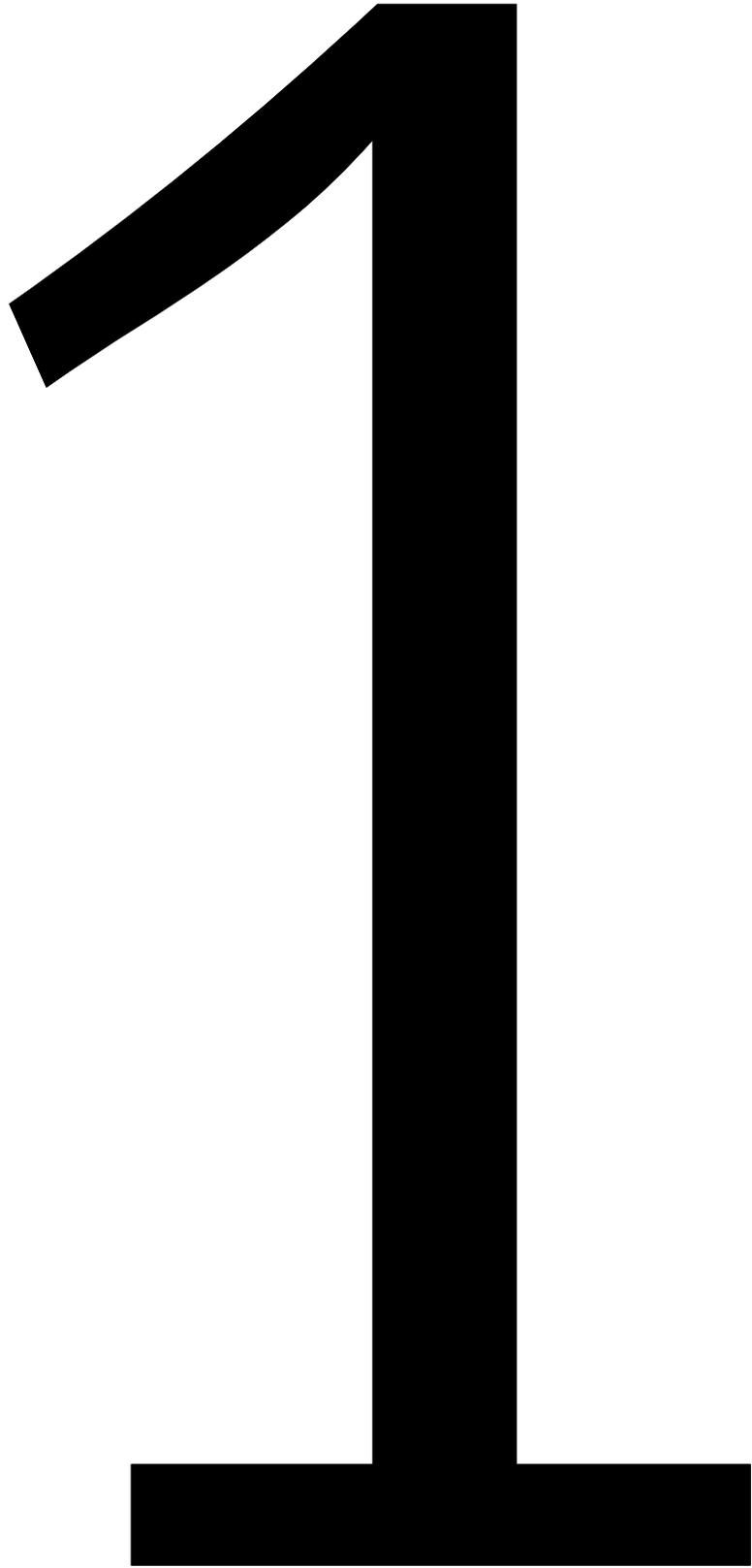
The company's new global sustainable development strategy will have a series of challenging and measurable objectives that will be implemented progressively until 2030. In these difficult times, our commitment to transitioning towards an increasingly sustainable and inclusive business model, sustained by a long-term vision, is essential to face up to the challenges that we as individuals and a society must respond to.

Marc Puig
Chairman and CEO

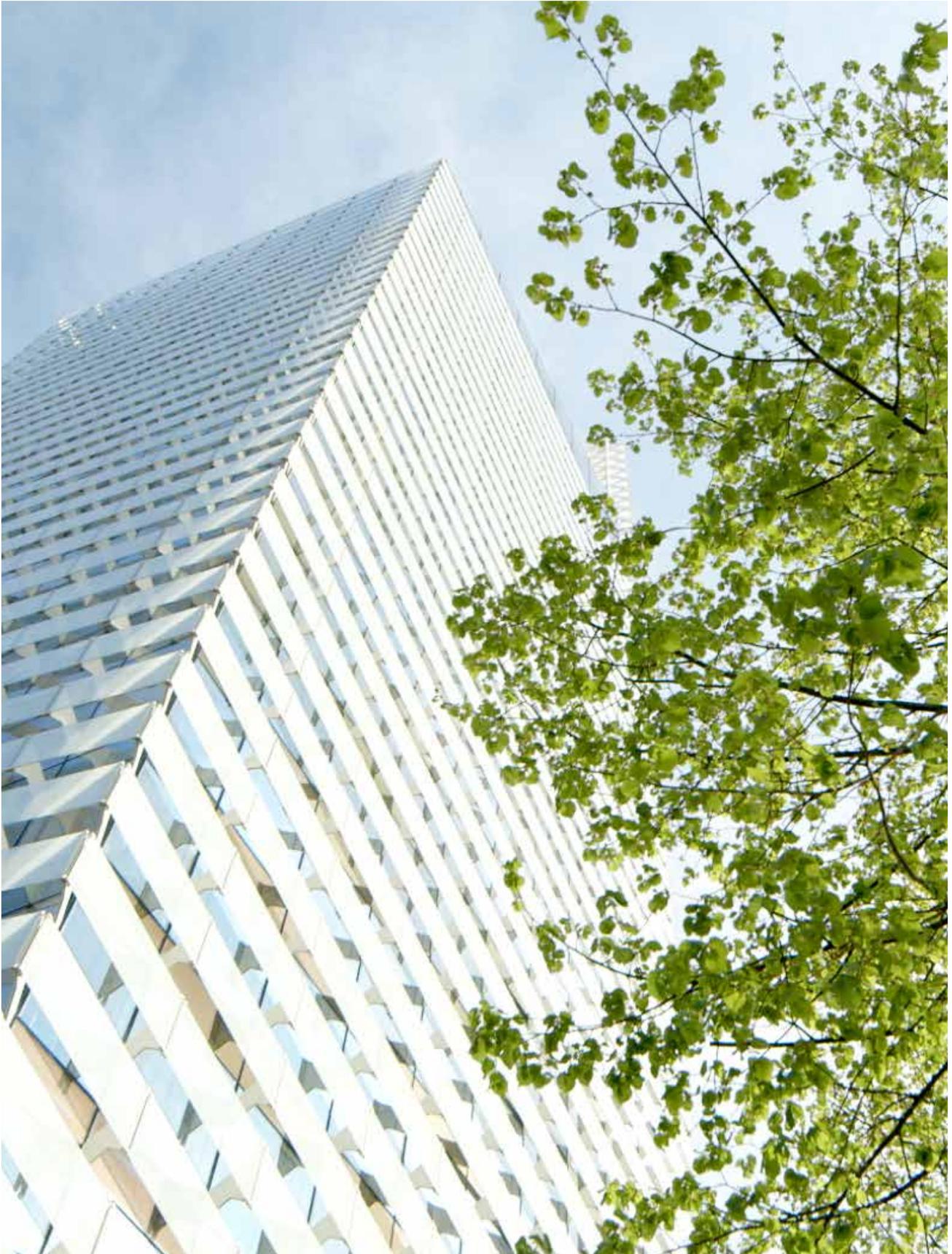


¹ SBTi is an alliance between CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The Science Based Targets (SBTi) initiative drives ambitious climate action in the private sector by enabling companies to set science-based emission reduction targets and by showing them how much and how quickly they need to reduce their GHG emissions to mitigate the worst effects of climate change.

² CDP is a non-profit charitable organization that runs the global disclosure system for investors, businesses, cities, states and regions to manage their environmental impacts.



***THE PUIG
SUSTAINABILITY
PROGRAM***



THE PUIG SUSTAINABILITY PROGRAM

The first Puig Sustainability Program³ completed its cycle in 2020, not only achieving all the set targets, but also exceeding them in several cases.

Aware that our activity has a greater impact on certain Sustainable Development Goals (SDGs), our first Sustainability Program focused mainly on environmental aspects.

Our firm commitment in this first program was to reduce the carbon footprint, promoting other complementary areas of work while ensuring the business continued to grow.



Industry, Innovation and Infrastructure



Responsible Consumption and Production



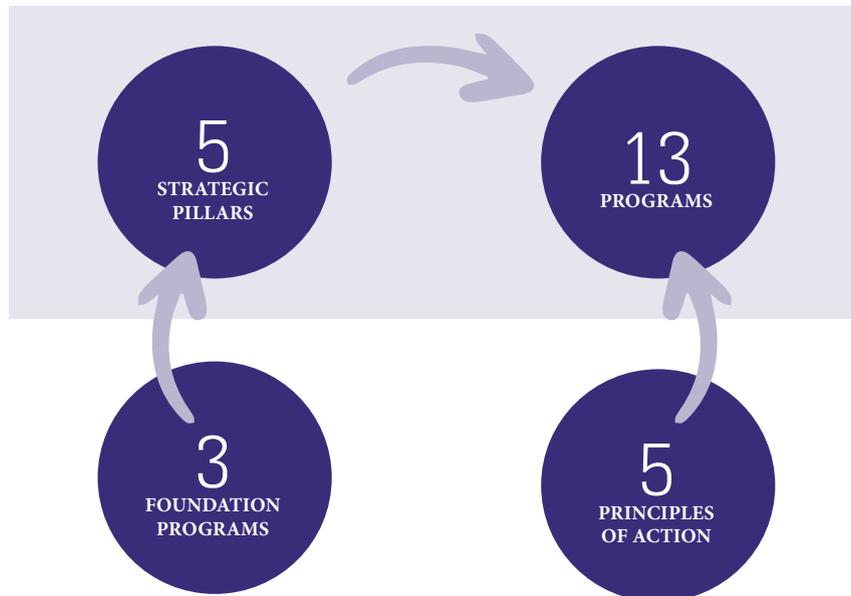
Climate Action

³ The scope of this program was the fragrance business unit in Spain and France.



1.1. STRUCTURE OF THE 2014-2020 SUSTAINABILITY PROGRAM

The 2014-2020 Sustainability Program promoted a 360° vision within the company for first time, not only through the actions defined, but also by engaging our governing bodies, professionals, suppliers, customers and consumers. With a holistic approach, the program was structured around five pillars aligned with our value chain and 13 programs, as well as three support programs and five ways of working, to ensure the maximum positive impact.



STRUCTURE OF THE 2014-2020 SUSTAINABILITY PROGRAM

 <p>PILLAR 1 PRODUCT STEWARDSHIP</p>	<ul style="list-style-type: none"> ✓ Offer one of the most sustainable product portfolios on the market. ✓ Promote innovation, ecodesign and the circular economy to optimize and reduce our packaging. ✓ Promote the use of sustainable materials and ingredients.
 <p>PILLAR 2 SUSTAINABLE SOURCING</p>	<ul style="list-style-type: none"> ✓ Ethical management of our supply chain to guarantee environmental and social commitment. ✓ Include the sustainability variable as a requirement for contracting and qualifying as a supplier. ✓ Adherence of our suppliers to our policies. ✓ Guaranteeing the traceability of our raw materials.
 <p>PILLAR 3 RESPONSIBLE LOGISTICS</p>	<ul style="list-style-type: none"> ✓ Transformation of our logistics processes in collaboration with our suppliers. ✓ Renewal of our fleets. ✓ Implementation of efficient and restrictive procedures in order to minimize emissions associated with our logistics.
 <p>PILLAR 4 RESPONSIBLE MANUFACTURING</p>	<ul style="list-style-type: none"> ✓ Increase the sustainability of our processes through waste management, use of water and carbon neutrality in manufacturing.
 <p>PILLAR 5 EMPLOYEES AND FACILITIES</p>	<ul style="list-style-type: none"> ✓ Sustainable transformation of all our buildings through energy-saving and efficiency measures that reduce the environmental footprint of our staff. ✓ Motivational campaigns to engage everyone in our Sustainability Program and its objectives.

THE 13 PROGRAMS

PRODUCT STEWARDSHIP

1. Reduce the weight and/or volume of packaging without compromising on design.
2. Increase the use of sustainable materials.
3. Raise awareness of the importance of using sustainable ingredients.
4. Determine the effect of sustainability criteria on consumer loyalty.


SUSTAINABLE SOURCING

5. Involve suppliers in the company's corporate sustainability plan.
6. Increase the company's use of sustainable materials and ingredients.


RESPONSIBLE LOGISTICS

7. Encourage transport and storage providers to adopt sustainability standards.
8. Reduce transport emissions.


RESPONSIBLE MANUFACTURING

9. Reduce waste.
10. Reduce emissions and improve energy efficiency.
11. Manage water more efficiently.


EMPLOYEES AND FACILITIES

12. Improve the environmental performance of facilities.
 13. Minimize the environmental footprint of employees.
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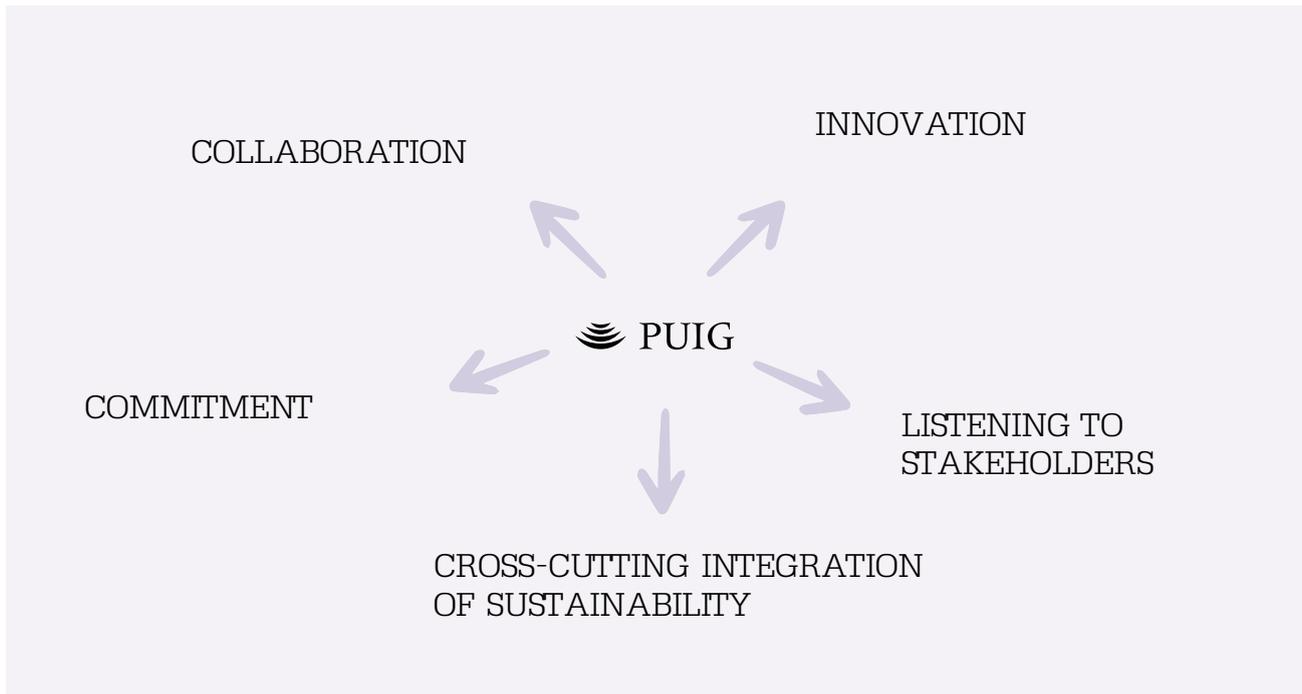




FOUNDATION PROGRAMS

		
<p>1. CORPORATE GOVERNANCE, CAPACITY AND COMMITMENT</p> <p>Develop a robust, transparent and responsible governance model that helps to integrate sustainability across the company’s core activity and ensures compliance with the company’s commitments.</p>	<p>2. PERFORMANCE AND ACCOUNTABILITY</p> <p>Define the processes that enable managing and measuring the effectiveness of the sustainability strategy, evaluated in terms of providing necessary and adequate information to decision makers.</p>	<p>3. RELATIONS AND COMMUNICATION</p> <p>Manage the company’s relational capital, building strategic partnerships and solid long-term relationships that help generate shared value.</p>

PRINCIPLES OF ACTION

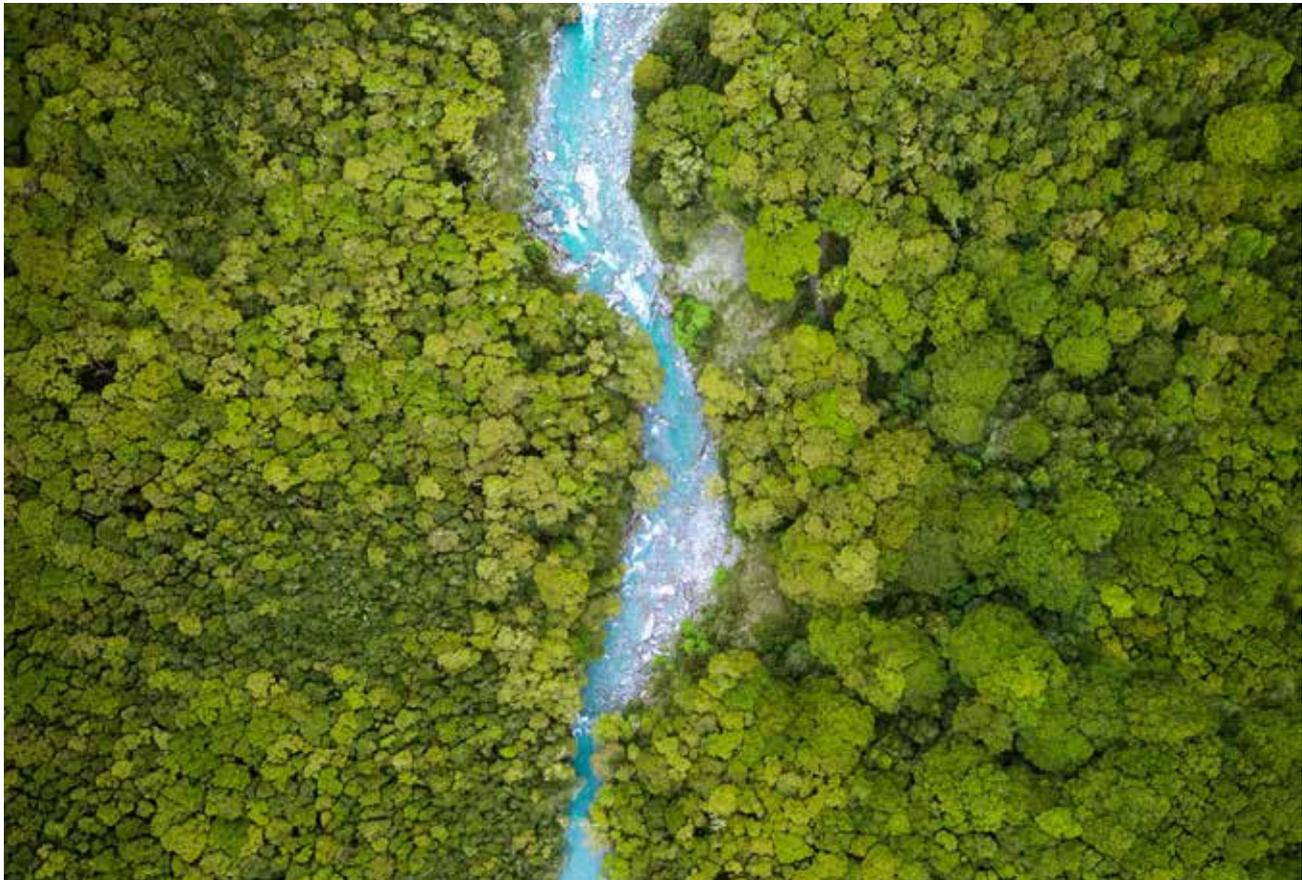


1.2. GLOBAL ACHIEVEMENTS OF THE FIRST 2014-2020 PUIG SUSTAINABILITY PROGRAM

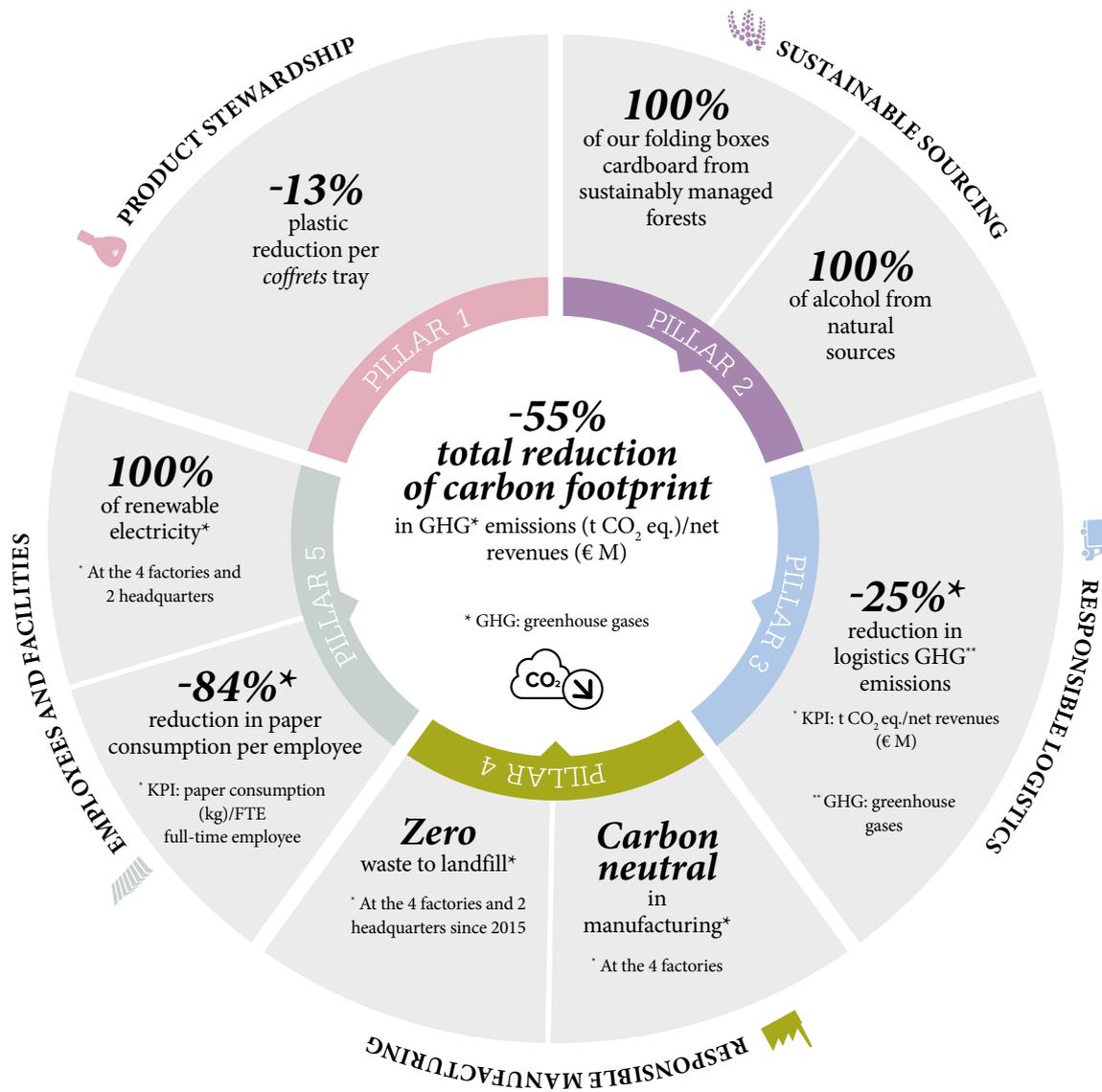
Over the course of recent years, we have successfully achieved the main objectives that we set ourselves in our 2020 Sustainability Program:

- 100% of alcohol from natural sources.
- Zero waste to landfill.
- Carbon neutral production.
- 20-25% reduction in volume of Lifestyle brand *coffrets*.
- 100% renewable electricity in the facilities managed by Puig.
- 100% of folding cardboard from sustainably managed forests.
- 84% reduction in paper consumption per employee.

The success of the achievements, reflected in the responsibility and leadership of the people who have participated in the initiatives, has driven the company to a new level of understanding regarding sustainability, with a higher level of awareness and commitment throughout the entire Puig value chain.



ACHIEVEMENTS 2014-2020



1.3. ACHIEVEMENTS IN 2020

The unexpected health crisis caused by Covid-19 and the consequent global social and economic crisis prompted us to develop a strategy internally to adapt and respond to the environment.

During 2020, we carried out a CDP (Carbon Disclosure Project) climate questionnaire for the first time, taking a further step in the measurement, transparency and adoption of measures that directly reduce greenhouse gas emissions. Every year, the CDP

gives a score to companies through this questionnaire based on their environmental disclosure and leadership. In 2020 we obtained a B grade.⁴

Despite the completion of the program, we remain committed to the objective of continuing to promote the implementation of improvements to reduce carbon emissions.

Also in 2020, we undertook a new commitment: adherence to the global Science Based Targets (SBT) initiative,

which helps companies set science-based targets aligned with the Paris Agreement's goal of limiting the global temperature increase to 1.5 °C. Through this commitment, expanding the scope of our carbon footprint calculation and defining a specific science-based reduction target will be a priority for Puig from 2021.

It should be borne in mind that the impact of Covid-19 does not allow for a comparison between the 2020 quantitative data and that of 2019.



⁴ The grading is as follows:

A/A-: Leadership (application of current best practices).

B/B-: Management (adoption of coordinated climate action).

C/C-: Awareness (knowledge of the climate impacts and issues).

D/D-: Disclosure (transparency on climate issues).

ACHIEVEMENTS 2020

 <p>PILLAR 1 PRODUCT STEWARDSHIP</p>	<ul style="list-style-type: none"> ✓ Drawing up of demanding and ambitious policies: <ul style="list-style-type: none"> - We go further than the regulations, setting demanding standards for the entire portfolio of brands. ✓ Making sustainability a more integral part of the strategy of each of our brands: <ul style="list-style-type: none"> - We are designing a specific sustainability action plan per brand. ✓ Incorporation of impact measurement tools in formulas and packaging: <ul style="list-style-type: none"> - Research into the main tools available to measure the environmental impact of products.
 <p>PILLAR 2 SUSTAINABLE SOURCING</p>	<ul style="list-style-type: none"> ✓ Ensure supplier compliance with our Sustainable Sourcing Policy (SSP). ✓ Supplier monitoring through EcoVadis: <ul style="list-style-type: none"> - 4th campaign carried out. - 189 providers evaluated. - 83% of purchasing volume. - High average rating: 57.48 (average EcoVadis score: 43). ✓ Maintaining the target achieved in 2019: <ul style="list-style-type: none"> - 100% of our folding boxes cardboard from sustainably managed forests and 100% alcohol from natural sources.
 <p>PILLAR 3 RESPONSIBLE LOGISTICS</p>	<ul style="list-style-type: none"> ✓ Reduction of overall transport and distribution emissions: <ul style="list-style-type: none"> - -16%. ✓ Expansion of the fleet of tractors that use liquefied natural gas as fuel. ✓ Optimization of transport routes: <ul style="list-style-type: none"> - We promote the direct shipment of large volumes of packaging, from our French supplier to our new warehouse in Venlo. ✓ Committed to finding alternatives to air transport: <ul style="list-style-type: none"> - We continue to work to substitute air transport for maritime transport and explore sustainable alternatives for our supply services.
 <p>PILLAR 4 RESPONSIBLE MANUFACTURING</p>	<ul style="list-style-type: none"> ✓ Carbon neutral in the production stage in our four production centers. ✓ 100% renewable energy at the Chartres factory (France): <ul style="list-style-type: none"> - 100% renewable electrical energy and replacement of 100% natural gas with biomass energy. ✓ Installation of photovoltaic panels at the Alcalá plant for the production of renewable energy for self-consumption: <ul style="list-style-type: none"> - Operational in 2021. ✓ Notable impact on reducing emissions: <ul style="list-style-type: none"> - Replacement of gas with biomass in Chartres (-100%) and Vacarisses (-17%).
 <p>PILLAR 5 EMPLOYEES AND FACILITIES</p>	<ul style="list-style-type: none"> ✓ Reduction in paper consumption per employee: <ul style="list-style-type: none"> - -44%. ✓ Launch of the internal “SustainbiliME” campaign: <ul style="list-style-type: none"> - With the aim of providing employees with the necessary knowledge about sustainability.
<ul style="list-style-type: none"> ✓ Other actions: <ul style="list-style-type: none"> - Participation in the CDP Climate Change Questionnaire (Score: B). - Commitment with SBTi: Science Based Targets. 	

1.4. RESPONSIBILITY AND COMMITMENT IN MANAGEMENT

Aware of our potential impact on the environment and with the aim of building a better future for the next generations, we remain fully committed to acting in a rigorous and demanding manner in all our production processes and activities, even though the impact of our industry is relatively low compared to other industrial sectors.

We set ambitious performance targets and uphold high standards of compliance in terms of waste, and water and energy

efficiency, in order to minimize the impact generated by our activity.

In 2001 we implemented an Integrated Management System, certified under the ISO 14001:2015 standard,⁵ which allows us to monitor and act preventively on the most representative environmental aspects of our activity in the four factories and at the Barcelona headquarters. Likewise, we have the necessary insurance to cover any environmental liability.

We are committed not only to engaging with our value chain but also to ensuring the traceability of all our raw materials, especially those that are key to our business. For this reason, we have a Sustainable Supply Policy, which promotes the use of raw materials and energy sources of sustainable origin. We also establish strategic partnerships with our main suppliers to develop collaborative projects with the aim of improving the quality and sustainability of raw materials.



⁵ ISO 14001:2015: international standard that allows companies to demonstrate their commitment to protecting the environment through the management of environmental risks associated with their activity.

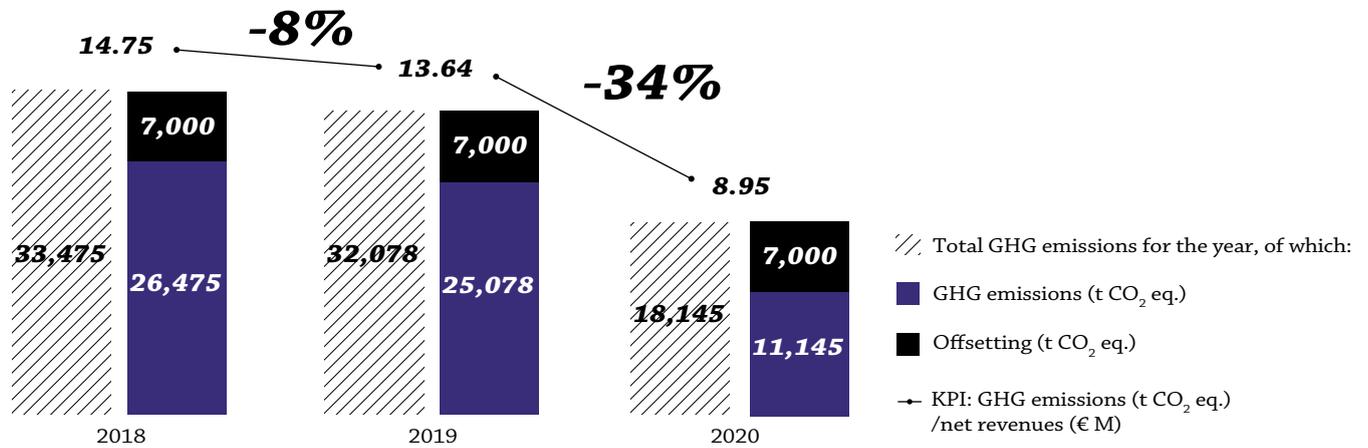
The main objective since the beginning of our program has been to maximize the reduction of our carbon footprint without compromising the leadership and growth of our company. During 2020, we reached the goal of being 100% carbon neutral at all four production sites and ensured that all the energy used in our factory

in Chartres (France) was from 100% renewable sources.

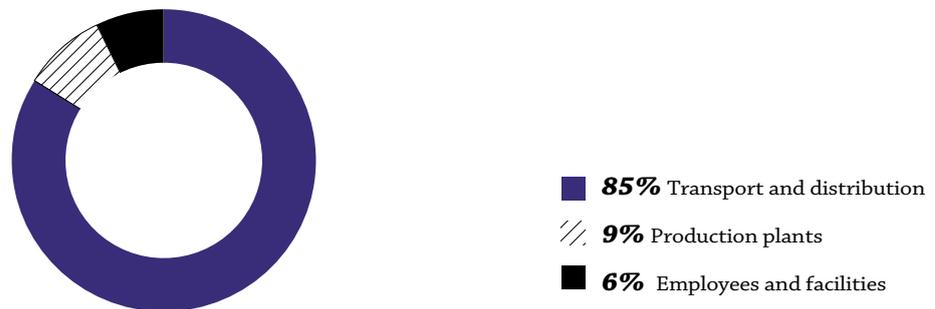
Meanwhile, in 2020 the corporate carbon footprint decreased by 34%, due, on the one hand, to the continuity in the implementation of environmental initiatives and, on the other, to the high

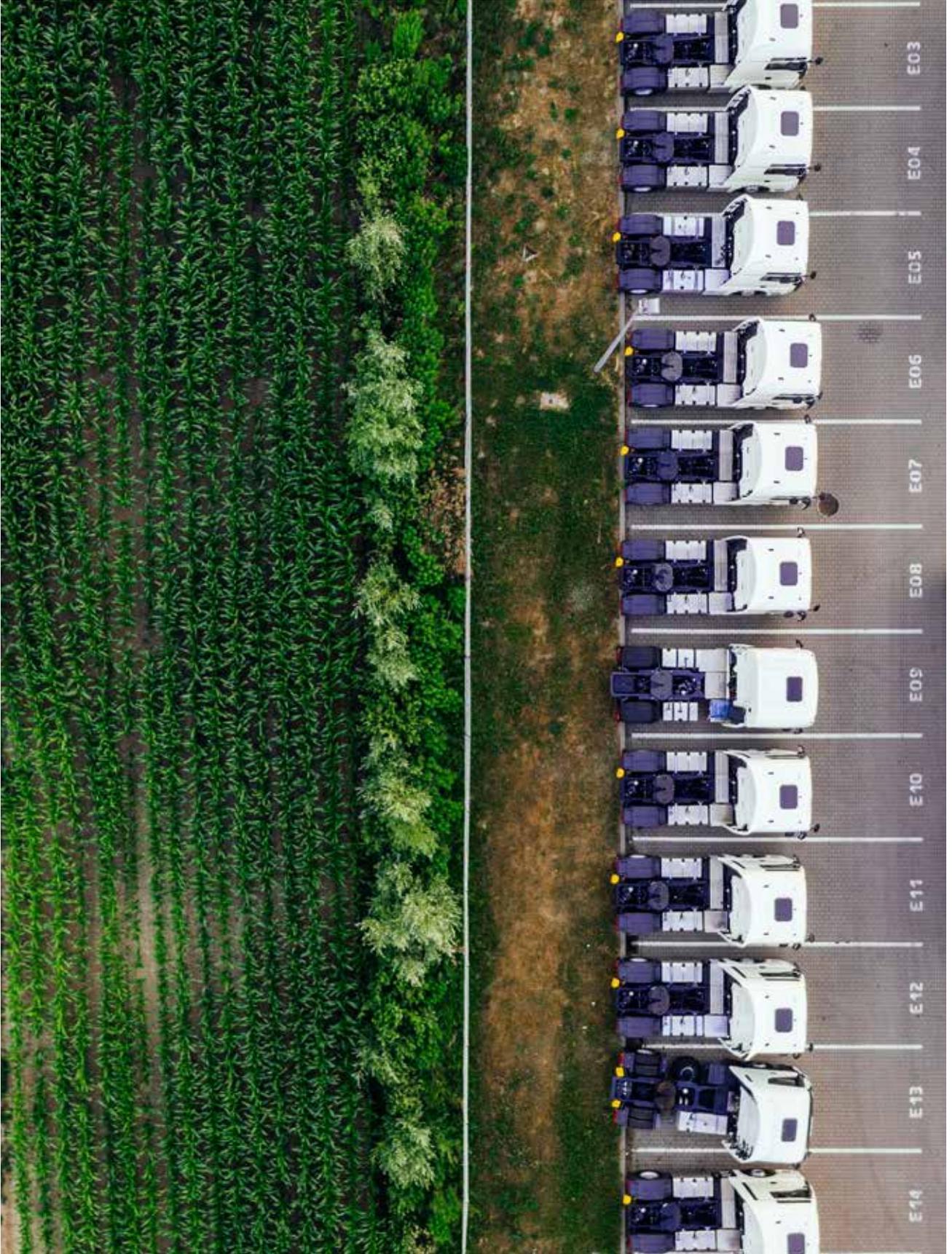
impact on the company's level of activity caused by the Covid-19 crisis. Despite having considerably reduced emissions, we decided to maintain our commitment to acquire carbon credits, further minimizing our environmental impact.

TOTAL GHG EMISSIONS IN RELATION TO NET REVENUES



DISTRIBUTION OF GHG EMISSIONS





Last year, we maintained our commitment to the fight against climate change through collaboration in emission offset projects. In 2020 we established a partnership with the Cikel Brazilian Amazon REDD APD Project, a sustainable forest management project located in the Rio Capim Complex, municipality of Paragominas (Eastern

Amazon, Brazil). The program focuses on the conservation of the area with limited forest management activities under FSC⁶ certification, with low impact logging practices. The project also has a positive social impact on the local community, providing employment and schools, and improving medical facilities. This project

is certified by the VCS Program⁷ and our participation contributed to offsetting 7,000 tons of CO₂.

Our reductions in 2020 came as a result of the following:

Scope	Source	2018 (t CO ₂ eq.)	2019 (t CO ₂ eq.)*	2020 (t CO ₂ eq.)
Scope 1**	Gas consumption	1,619.15	1,208.23	882.79
	Vehicle fleet	565.16	701.11	594.41
	Refilling of refrigerant gases (air conditioning and refrigeration equipment)	206.44	269.43	133.15
Subtotal Scope 1		2,390.75	2,178.77	1,610.35
Scope 2***	Purchase of electricity	0.00	0.00	0.00
Subtotal Scope 2		0.00	0.00	0.00
Scope 3****	Business trips	2,583.39	2,080.00	390.05
	Transport and distribution	27,758.33	26,978.50	15,366.48
	Waste generation	713.11	827.10	770.19
	Purchase of goods and services (water consumption)	8.47	8.65	7.44
	Purchase of goods and services (paper consumption)	21.27	4.88	0.64
Subtotal Scope 3		31,084.57	29,899.13	16,534.79
Total emissions		33,475.32	32,077.90	18,145

* Rectification of the total value of GHG emissions reported in the 2019 Non-Financial Annual Report, due to an adjustment in the emissions for the Alcalá plant and the change in the methodology for emissions accounting in paper consumption.

** Direct emissions produced by the burning of fuel by the emitter.

*** Indirect emissions generated by energy. There are no emissions due to the purchase of renewable energy.

**** Other indirect emissions.

6 Forest Stewardship Council.

7 Verified Carbon Standard.



***COMPREHENSIVE
MANAGEMENT OF OUR
STRATEGIC PILLARS***



PILLAR 1: PRODUCT STEWARDSHIP

Over the last seven years we have set ourselves the major challenge of improving the sustainability of our products and our brands using more sustainable ingredients and materials. Our main actions were aimed at improving the formulation and packaging of our products in order to maximize efficiency, minimize the impact on the environment and be a benchmark for our sector.

In 2020 we made progress with various actions, achieving two major milestones. First, we made sustainability a more integral part of the strategy of each of our brands. Second, all our teams were much more proactive in incorporating recommendations and defining rigorous policies throughout the product life cycle, setting even more ambitious targets than the current legislation.

Some of the major actions in 2020 were as follows:

- Drawing up of demanding and ambitious policies in formulation and ecodesign of packaging that exceed current regulations. In 2020 we began defining minimum thresholds for the entire portfolio of brands and categories, which will be adapted and applied individually for each one according to their strategy. We also plan to design a transparency and communication policy concerning the measurement and reporting of the environmental impacts of our products.
- Rigorous analysis of materials, assessing different options and identifying their impact, for better decision making in their selection.
- Study of the reduction of packaging and optimization of our (primary, secondary and tertiary) packaging to

avoid excess packing and promoting more compact containers without compromising their design, which will positively impact our logistics. At the Alcalá plant, we were able to carry out a pilot test to replace plastic with paper pulp in tertiary packaging, which offers a greater margin for optimization.

- Research into tools for evaluating and measuring environmental impacts, both in product formulation and packaging, which would allow teams to make decisions when selecting different materials. From 2021 we will begin to incorporate the chosen tool in the evaluation of our projects.
- Design, establishment and definition of metrics and indicators based on methodologies supported by external tools. We launched the study of a methodology to classify the eco-efficiency of all products.



In addition, we worked side by side with our R&D department to ensure we have an innovative, transformative and sustainable product portfolio that exceeds the regulatory requirements of the market and of our customers.

We also set new specific targets for efficiency and reduction of glass and paper in our packaging with the aim of continuing to reduce their environmental impact.

In 2020 we started working on two new strategic lines:

- Clean@Puig
- Clean formula: developing an ambitious clean formulation for all Puig brands to be used as a guide for adoption, both internally and externally among our subcontractors, related to the development of all new products.

- Traceability of our raw materials: guaranteeing the monitoring and quality of our products, increasing those of natural origin and biodegradability in the formulas.

- Clean@Puig Policy: updating the list of ingredients, eliminating the use of some of them exceeding the requirements established by law, with the aim of achieving more sustainable formulas. This policy will be applied in the coming years to all new launches.

- Eco-efficient packaging

- More sustainable materials: increasing the use of materials with very low environmental impact, primarily of natural origin, and promoting the use of recycled and recyclable materials over virgin materials.

- Packaging optimization: reducing the volume and weight of packaging by minimizing packaging materials in order to improve our logistics, while generating less impact and lower emissions associated with the transport of products. Also, looking to use ecological components (recycled or bio-based).

- Closing the circle: working to ensure that the different parts of the product can be separated and recycled, promoting the reuse and refilling of packaging.

In 2020, we made efforts to define a sustainability ecosystem that should lay the foundations for meeting our future challenges and that will be extended to all Puig teams. To achieve this, we plan to launch training sessions for the entire workforce in 2021.



PILLAR 2: SUSTAINABLE SOURCING

Demanding and rigorous with our supply chain, in 2019 we already achieved some of the objectives set in terms of sustainable sourcing, increasing the use of sustainable materials and ingredients and involving our suppliers in the Puig Sustainability Program.

We are committed to our environment and protect natural resources and biodiversity through the sustainable supply of the main raw materials we use: paper, cardboard and alcohol. Despite the exponential demand for alcohol for the production of hydroalcoholic gels that we decided to produce in response to the Covid-19 crisis at our Vacarisses plant, we managed to maintain the goal of 100% alcohol from natural sources thanks to our efforts and

commitment to responsible sourcing. We also continued to source 100% of our folding boxes cardboard from sustainably managed forests.

Over these years, we have established important partnerships and agreements with our suppliers and we work together to align them with our Sustainability Policy. We undertook the major challenge of guaranteeing the traceability of key raw materials for our activity, which entails being closely involved with our suppliers. This year we held several meetings with our main perfume suppliers with the aim of identifying and evaluating the raw materials used in our perfumery and promoting the development of collaborative projects to improve traceability, transparency and quality.

In 2020, we carried out the fourth evaluation campaign with suppliers, reaching a total of 189 suppliers assessed, which represented 83% of the volume of our purchases. Our suppliers obtained an average score of 57.48 points, which places them above the EcoVadis average (43).

This fourth edition of the campaign was atypical, with a limited scope due to the Covid-19 crisis. We prioritized the health and safety of our collaborators and we followed all the protocols and recommendations for the prevention and containment of the virus. In 2020 we focused on monitoring our current suppliers, in order to advance our sustainable purchasing strategy.



PILLAR 3: RESPONSIBLE LOGISTICS

We continued to develop strategies to optimize our distribution and reduce the impact of our carbon footprint associated with the transportation of our products.

During 2020 we worked together with our suppliers and logistics partners. We were able to make progress in various initiatives and projects to minimize the environmental impact of our logistics processes. However, since this was

one of the areas most affected by the global pandemic, some initiatives were postponed to 2021.

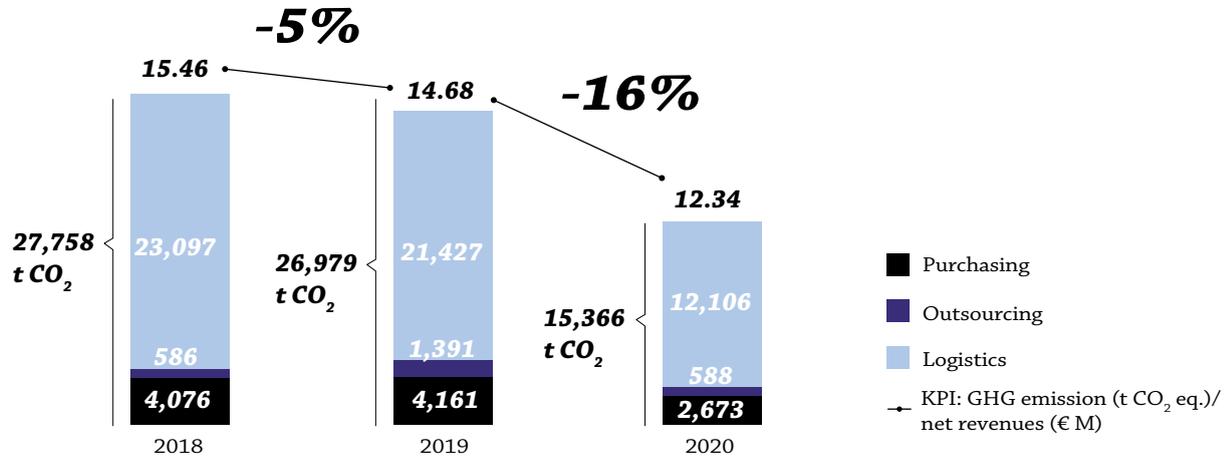
Although the data show a strong 16% decrease in our emissions associated with transport, it must be taken into account that this figure is influenced by several aspects:

- Reduction due to less activity as a result of the Covid-19 crisis.

- Decrease in the volume of purchases.
- Organic reduction.

Despite the situation, we continued to optimize both our inbound and outbound logistics,⁸ developing competitive green transport solutions in terms of both price and delivery times, always ensuring the quality of the products we serve our customers.

GHG EMISSIONS ATTRIBUTABLE TO TRANSPORT AND DISTRIBUTION



⁸ The term "logistics" includes inbound activities (from factories and subcontractors to distribution centers) and outbound activities (export and direct service).

We continued to work on reducing the volume of cargo through the optimization of (primary, secondary and tertiary) packaging and we promoted other initiatives aimed at improving our performance and taking steps towards more sustainable logistics. Below are the main initiatives we launched in 2020:

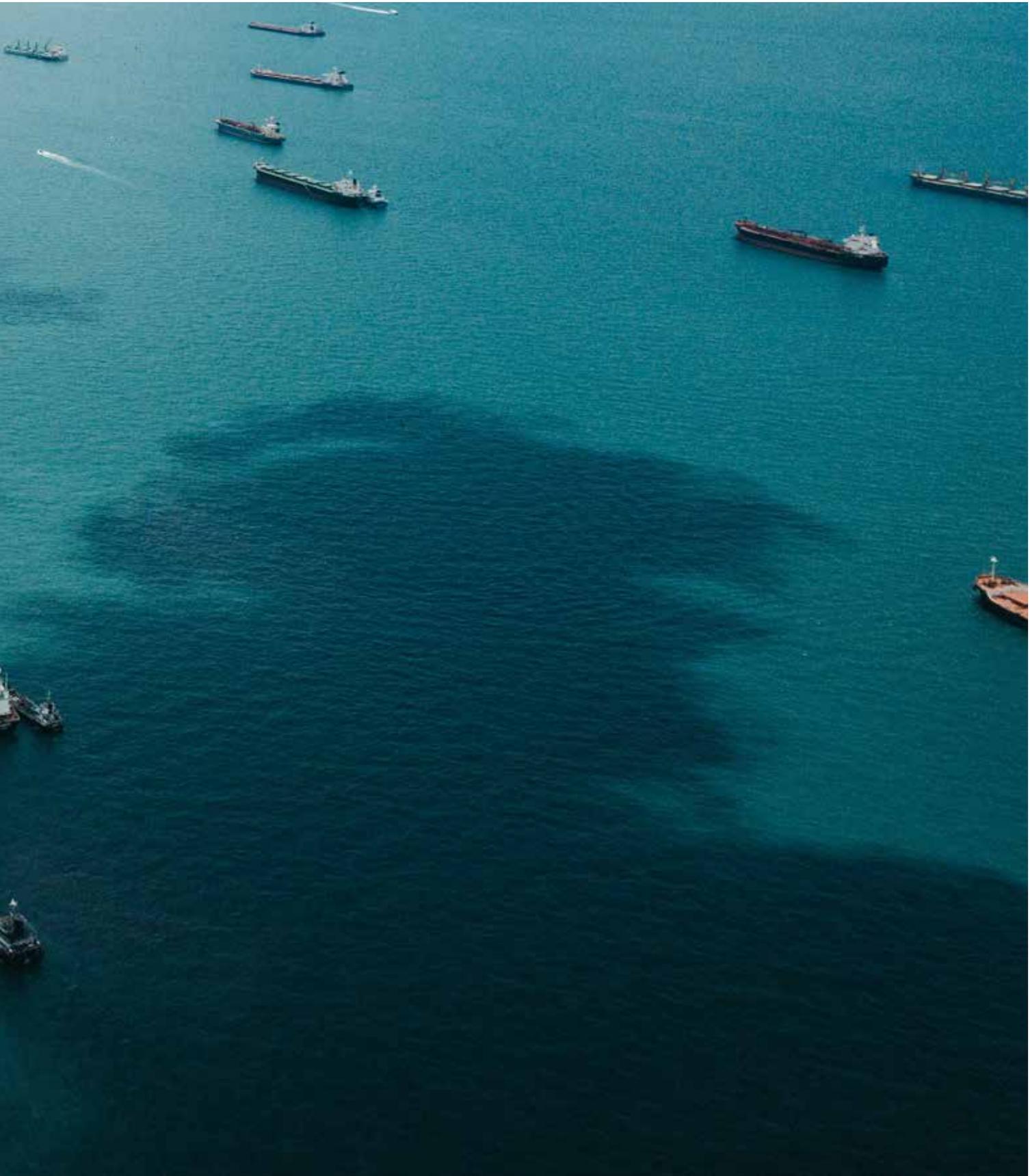
- Increasing the fleet of liquefied natural gas tractors, adding a new machine mainly for replenishment of our logistics platform located in Venlo (The Netherlands) from the Castellar del Vallès warehouse.
- Optimization of transport routes by promoting the direct shipment of large volumes of *coffrets* from our French supplier to the Venlo warehouse, replacing the intermediate route to Castellar del Vallès. This reduced the mileage, times, costs and the impact of our emissions associated with logistics.
- Focus on maritime transport, continuously working to replace air transport. In 2020 we hoped to expand this initiative which we had started in

2019 with five customers, but due to the pandemic it was postponed to 2021. In 2020, we focused on studying cargo volumes, types of services and transport times with the aim of identifying potential customers that could benefit from maritime forms of transport.

- Analysis of sustainable alternatives for international transport, studying the viability of restocking services by train (for our subsidiary in Russia), where a pilot test is planned for 2021.
- Study to replace the protective material in our products (expanded polystyrene) with recycled material made from our own packaging, making the process more ecological and economical. Implementation is planned for early 2021, initially for the Italian market.

In addition, we increased the number of logistics suppliers evaluated through EcoVadis, from 87% of the purchase volume to 93% in 2020.







PILLAR 4: RESPONSIBLE MANUFACTURING

In 2020, the overall activity in all our factories was affected by the Covid-19 crisis. During the first wave of the pandemic, we stopped production for four weeks at three of our factories (Alcalá, Barcelona and Chartres), while at the Vacarisses factory we started producing units of hydroalcoholic gel.

The production of hydroalcoholic gels between the months of March and August was highly efficient since the production process was less intensive compared to other products in our portfolio.

Moreover, it caused very few environmental impacts at the Vacarisses factory. These impacts consisted of an increase in the generation of sewage sludge derived mainly from the wastewater treatment of this alcoholic product and also an increase in the consumption of cardboard used in the packaging of the units of gel produced.

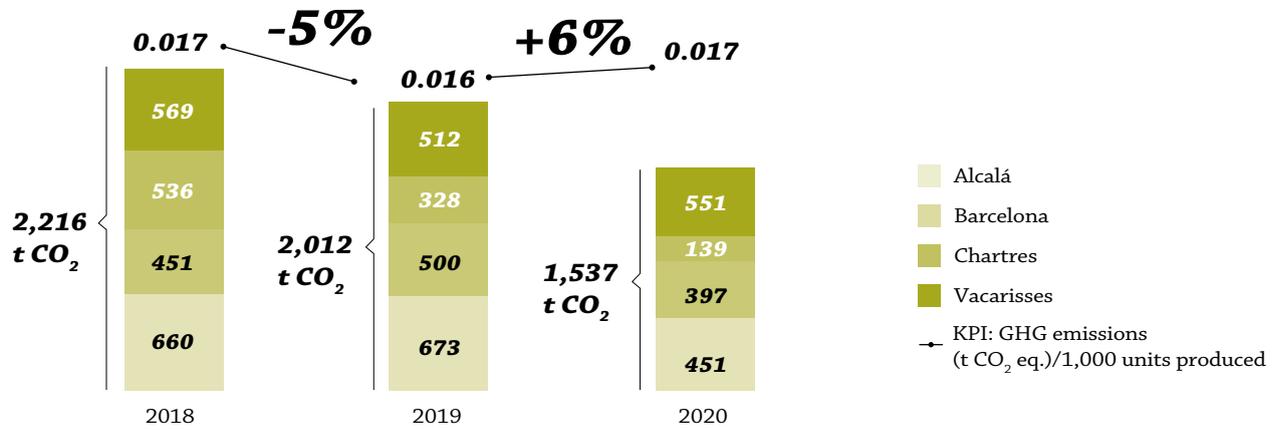
Despite the exceptional circumstances, we quickly resumed our activity after the state of alarm was lifted and we continued to work on various initiatives to optimize all our processes in order to be more efficient and have a minimal impact on our environment.

During 2020, we reduced emissions by 24% in absolute terms in our production activities. However, in comparable terms, taking into account a 28%⁹ decrease in production at our plants, the balance of emissions actually stood at +6%.

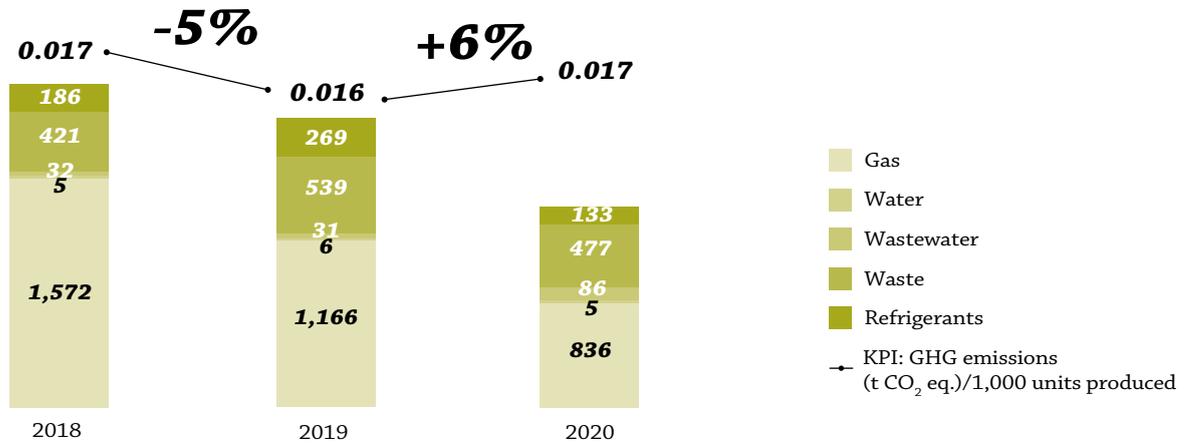
The Covid-19 crisis and its consequences for production and mobility meant that several projects and investments that were planned for 2020 had to be canceled or postponed. However, we continued to work on optimizing consumption and in the design of future projects.

⁹ Percentage calculated taking into account all the production of our plants, including samples.

GHG EMISSIONS TREND PER PLANT



GHG EMISSIONS BY SOURCE AND UNIT PRODUCED









Despite the context, we were able to achieve our goal of being 100% carbon neutral in all four production plants thanks to the different initiatives implemented in the three Responsible Manufacturing programs.

Meanwhile, we also managed to ensure that our factory in Chartres (France) was supplied with 100% renewable energy. This was possible thanks, first, to the purchase of electricity from renewable sources and, second, to the project implemented in 2019 to connect to the biomass cogeneration plant in Chartres, which in 2020 allowed us to replace all our natural gas consumption with biomass.

This milestone was a huge step forward in our objective of decarbonizing factories and in our commitment to renewable energies.

Efficient factories and sustainable production

Since 2001, all our factories have an Environmental Management System in place, certified in accordance with the UNE-EN-ISO 14001 standard, that allows us to continuously measure and improve our environmental performance, enabling us to produce with the highest levels of quality and efficiency and minimizing our environmental impact.

In order to improve the monitoring of our energy, water and gas consumption, in 2020 we reviewed and redefined the key indicators

to make sure they were appropriate for each type of building and productive activity.

In the case of electricity and gas, we worked on a comprehensive project to define the baselines for each factory, thus making it possible to obtain more appropriate indicators for each type of production to measure the correct energy performance of each facility.

The water consumption indicators were also reviewed to differentiate those used in the hydroalcoholic factories, where the main use is domestic water (Barcelona and Chartres) and irrigation (Alcalá), from those used in the cosmetics factory (Vacarisses), where the main consumption is from the production process.

These new indicators were implemented in 2019, and in 2020 they already allowed us to measure the performance achieved and establish the variations. In addition, at the end of the year we continued working on incorporating all supplies from the four plants into the corporate Energy Management System (EMS) software, which is already installed and operating at the Barcelona headquarters. These initiatives allowed us to improve the management, monitoring and reporting of all our consumption.

In 2020, we also worked on various initiatives aimed at improving our performance and being more efficient in our production processes.



Energy efficiency and use of clean energies

Despite the context of the pandemic, we continued to follow the 2020-2023 Energy Minimization Plan for each of the factories, implementing improvements to optimize and reduce consumption, although some of the investments planned for the year had to be postponed.

Continuing with our renewable energy implementation plan, we continued to purchase 100% of our electricity for our production plants and headquarters from renewable sources (since 2015).

After replacing the natural gas in Chartres and propane gas in Vacarisses with biomass in 2019, we continued to significantly

reduce emissions in our production plants, the main source of carbon footprint emissions in our manufacturing. By completely eliminating the consumption of natural gas at the Chartres plant, we reduced 100% of the derived emissions. In Vacarisses the reduction was 17%.

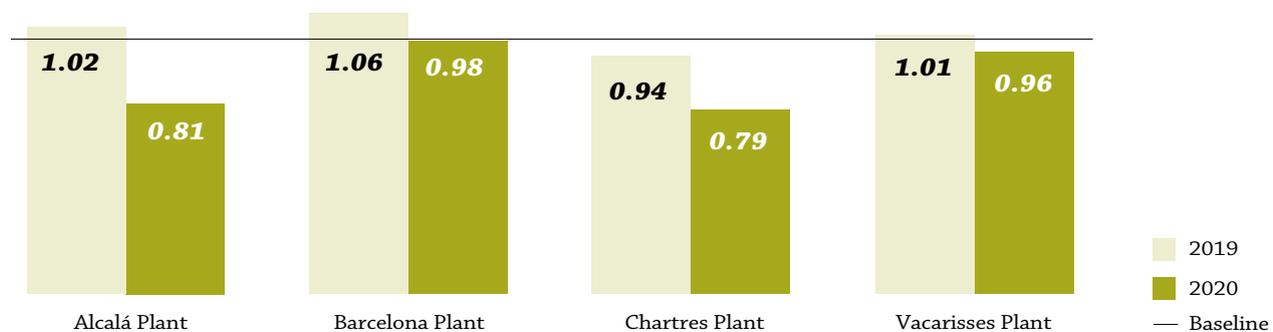
In another step further towards the use of renewable energies, in 2020, we carried out an important solar energy pilot project at the Alcalá plant which involved the installation of photovoltaic panels for the production and self-consumption of electricity. The facility became operational in December 2020.

The electricity and gas consumption indicators have decreased at all plants. However, it must be borne in mind that

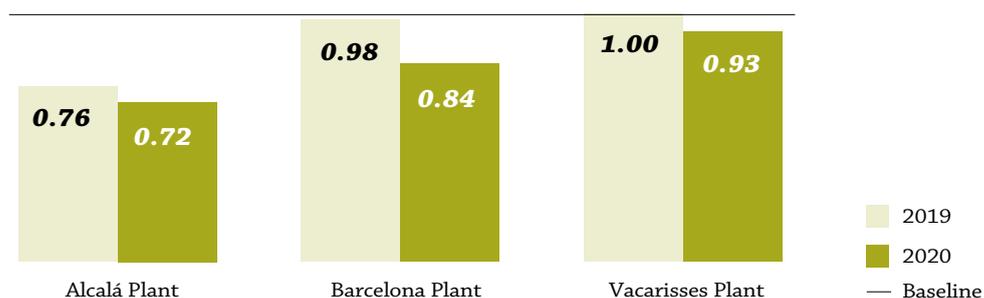
this is largely due to the effects of the Covid-19 crisis, which caused a 28% drop in production in our factories and a lower occupancy of buildings due to the adoption to different degrees of teleworking depending on the period of the year. Nevertheless, in 2020 we reaped the benefits of the initiatives implemented in previous years, although with less impact than expected. Therefore, we can confirm that the energy performance of our buildings is increasingly efficient.

The gas and electricity consumption indicators for 2020 show that we have made good progress compared to the 2018 baseline.

ELECTRICITY CONSUMPTION



GAS CONSUMPTION*





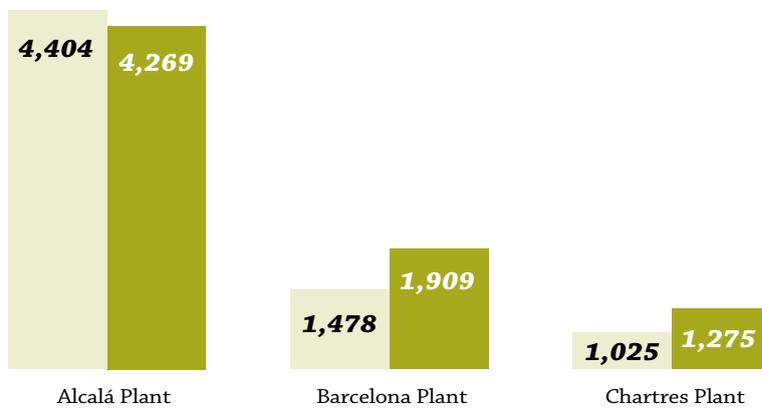
Responsible water consumption

This year we focused on making improvements to the Vacarisses factory, the Puig facility that consumes the most

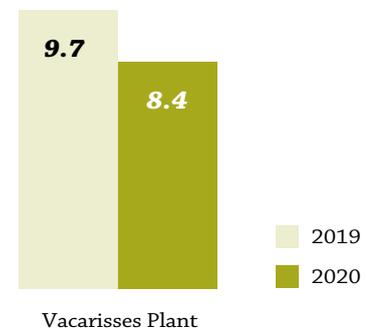
water. We implemented improvements in the water treatment plant, renewing the filtration membranes (osmosis and nanofiltration) and, therefore, improving the performance of the plant and reducing water rejections. This initiative is part

of an ambitious long-term project to optimize water consumption in our production process and minimize wastewater discharges into the sewage system.

WATER CONSUMPTION IN HYDROALCOHOLIC PLANTS (LITERS/FTE)



WATER CONSUMPTION IN COSMETICS PLANTS (LITERS/KG PRODUCED)



Due to the change in the production mix in Vacarisses during the pandemic as a result of the manufacture of hydroalcoholic gel, there was a decrease in water consumption since there was a reduced production of emulsions.

In 2020 we recorded an increase in the water consumption ratio at the Barcelona

and Chartres plants, as a result of there being fewer people working there during the different periods of teleworking owing to the Covid-19 crisis.

Part of the increase in the Barcelona factory was due to the increase in human consumption in the new reverse osmosis water sources installed in the dining room

in 2019, as part of the Plastic Free project to eliminate single-use plastic bottles. In the case of Chartres, the increase in water consumption was caused by maintenance tests on the fire extinguishing system (sprinklers).



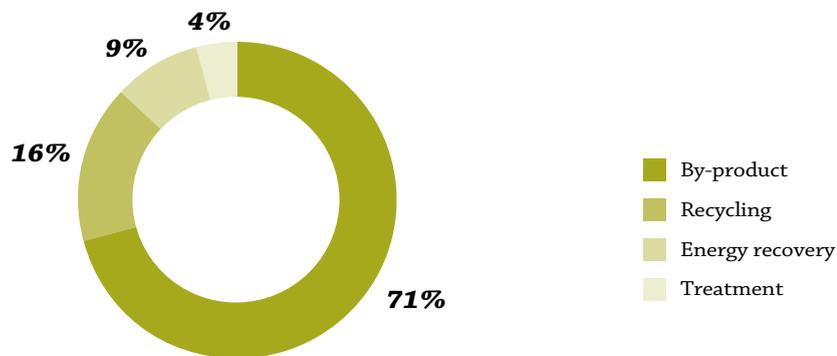
Efficient waste management and promotion of the circular economy

In 2020 we continued to promote the circular economy across our value chain. We are committed to responsibly

managing our waste, as well as reducing its generation. Since 2015 we have maintained our goal of “zero waste to landfill” in the four factories and at the two headquarters. The recovery rate of waste generated during 2020 amounted to 96%, and is the sum of by-product, recycling and energy recovery.

When redefining our waste indicators, we have distinguished between by-product and non-by-product, so we can more efficiently monitor the different initiatives implemented and identify improvements in the circular economy.

BREAKDOWN OF WASTE MANAGEMENT



We reinforced our commitment to the circular economy by working on initiatives to optimize, reduce and recover our packaging waste, as well as searching for more sustainable alternative materials. The following actions were also carried out:

- Reduction of waste associated with plastic trays from our packaging component suppliers, promoting their re-incorporation into our supplier's value chain. This initiative, underway since 2019 at the Barcelona plant, was also implemented in January 2020 at the Alcalá plant. At the end of the year, the feasibility for implementation at the Chartres plant was being studied.

- Execution of a pilot test in Alcalá to replace the plastic in the trays with paper pulp, in line with the strategy of promoting the use of more sustainable materials while guaranteeing their functionality and quality.

- Study to replace the virgin plastic air bag packaging with recycled plastic in conjunction with the supplier of the factories in Spain. Its implementation in these three plants is scheduled for 2021 as is the feasibility study with the supplier of the Chartres factory.

Regarding noise and light pollution, no significant impacts were identified in

our factories and facilities, in which we comply with the technical characteristics required by applicable legislation and regulations. Also, in order to carry out the required verifications, each center has operating instructions which establish the frequency with which peripheral sound level tests should be carried out. Moreover, in 2020 the impact was even less due to the decrease in activity.

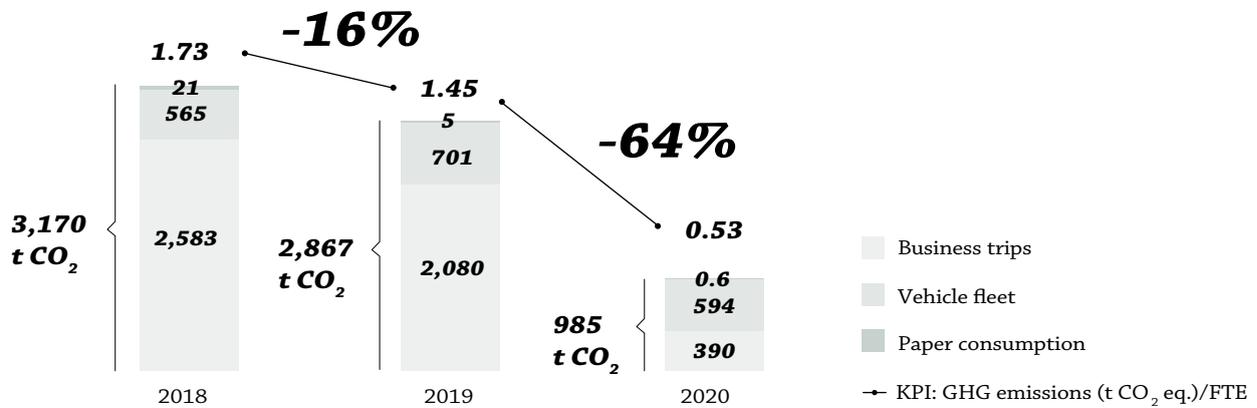
None of our centers has any direct impact on protected areas. However, the Vacarisses plant is located near a protected water channel and, therefore, since 2006 we have implemented a plan to reduce consumption and discharge.



PILLAR 5: EMPLOYEES AND FACILITIES

In this pillar we promote the sustainable transformation of our buildings and the awareness of our employees to contribute to the global reduction of our carbon footprint.

GHG EMISSIONS ASSOCIATED WITH EMPLOYEES IN SPAIN AND FRANCE

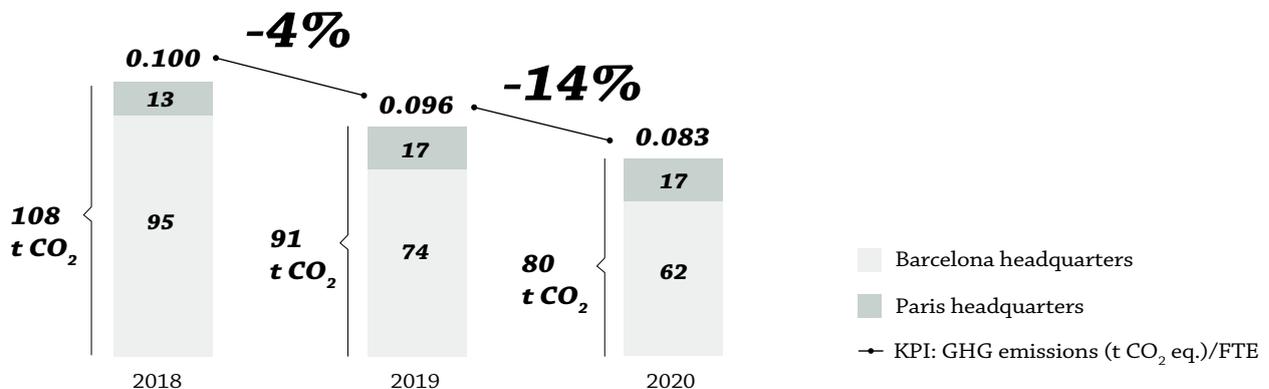


During the year we reduced GHG emissions related to the activity of our employees by 64% and those of our headquarters by

14%. This decrease is largely due to the Covid-19 crisis, during which 100% of the workforce teleworked for long periods and

we recorded a decrease in business travel and trips made with company vehicles.

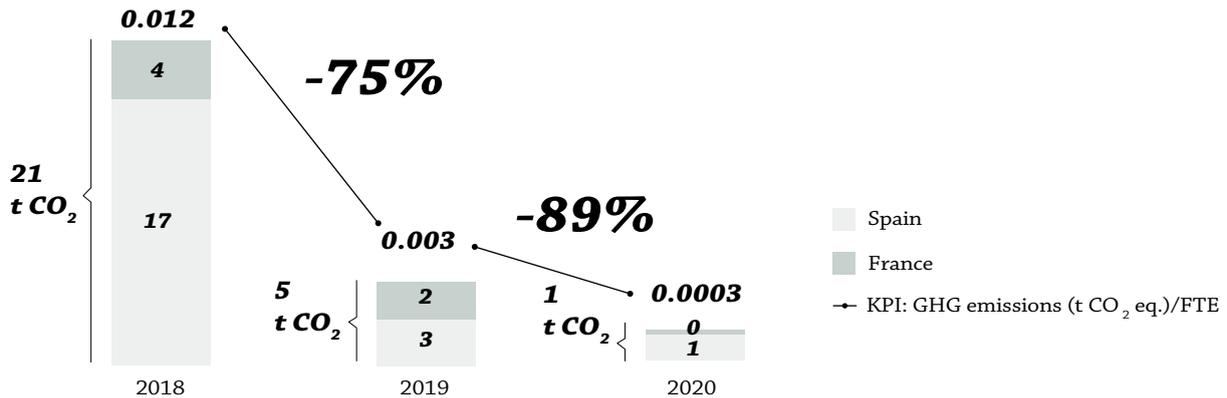
GHG EMISSIONS ASSOCIATED WITH CENTRAL HEADQUARTERS





In 2020 we continued with our initiatives to reduce paper consumption. Although in 2019 we already had accumulated savings of 79%, in 2020 we increased this figure to 84%.

GHG EMISSIONS ASSOCIATED WITH PAPER CONSUMPTION



Throughout the program we have implemented various initiatives related to paper consumption which have made it possible to achieve this goal, well above the initial target of 50%:

- 2014: centralization and reduction of the number of printers.
- 2016: digitalization of payment and invoice processes.
- 2017: digitalization of payroll.

- 2019: use of recycled paper instead of bleached virgin paper.

- 2020: change to a global printer supplier worldwide and to a common software in all business units.

During 2020 we took an important step forward in measuring the impact of paper consumption, centralizing the operations and software used to manage printing in all our business units in a single global supplier. As a consequence, we

standardized the printing procedures and the quantification of consumption and its associated emissions, instead of calculating it based on the purchase of paper.¹⁰

In 2020, we decreased our paper consumption per employee (-44%) compared to 2019 and reduced the associated emissions by 87%. It should be noted that the state of alarm and the consequent teleworking in all units contributed greatly to these reductions.

¹⁰ The method for measuring the emissions associated with the consumption of paper was changed, taking as a basis the copies printed instead of the purchase of paper. The values reported in 2019 have been updated.



Actions at the Barcelona headquarters

In 2020, despite the health crisis, we continued to promote the environmental

improvement of our facilities and the optimization of our main consumption indicators. For the Barcelona headquarters, we defined new indicators which were implemented during the

year and recalculated for 2019.

BARCELONA HEADQUARTERS CONSUMPTION¹¹

		2019	2020
ELECTRICITY	kWh/kWh model	1.05	0.85
GAS	kWh/kWh model	0.97	1.13
WATER	L/FTE/m ²	0.46	0.35

The teleworking model during the state of alarm and subsequent phases had a direct impact on electricity and water consumption. However, the increase in gas consumption was due to an optimization in the programming of the water boilers of the air conditioning system, that enabled the machines to work more efficiently. This reprogramming also contributed to a decrease in electricity consumption and improved the performance of the air conditioning system in the offices.

As part of the Energy Efficiency Program, we continued to implement the actions

to minimize energy consumption at the Barcelona headquarters defined for the 2019-2021 period:

- Integration of air conditioning equipment to the Building Management System (BMS) for more automated management.
- Reprogramming of the gradual ignition of the different boilers to optimize consumption.
- Automatic shutdown of building air conditioning systems based on occupancy.

- Automatic restart (every midday) of the air conditioning temperature setpoints.

- Improvement in the domestic hot water temperature conservation system thanks to the rooftop solar accumulators, which help maintain the temperature more efficiently.

- Sectorization of the lighting of various areas of the building into smaller units to be able to switch them off by zones.

¹¹ We cannot offer data for 2018, since the way the indicator is calculated was changed in 2019.



Actions at the Paris headquarters

The Paris offices followed an identical pattern to the Barcelona headquarters,

with a decrease in water and electricity consumption due to the teleworking model during the state of alarm and its subsequent phases, which meant a lower occupancy of the building and, therefore, less consumption.

Following the model implemented in the Barcelona headquarters and in the factories, we plan to review the electricity and water indicators at the Paris headquarters in the future.

PARIS HEADQUARTERS CONSUMPTION¹²

		2019	2020
ELECTRICITY	kWh/FTE	1,213	1,020
WATER	L/FTE	7,970	4,894

Other initiatives

We continued working to strengthen the culture of sustainability with a cross-cutting vision: we trained our employees in aspects related to waste sorting through recycling campaigns. In particular during the year of the pandemic, we launched specific actions to train employees in the separation of Covid-19 waste, with precise instructions and prevention measures.

We accompanied the sustainable transformation of the company with the implementation of innovative actions and initiatives that seek to promote the

participation and commitment of the entire Puig workforce:

- Publication of the company's sustainability reports.
- Continuity of the "We are the REgeneration" campaign, started in 2019, which includes various actions and initiatives in which employees take part in order to promote greater awareness of sustainability.
- Publication of sustainability content through the internal communication tool Workplace.

During 2020, we launched the internal "SustainabiliME" campaign, an intense training initiative that will help us build a strong culture of sustainability at Puig and that will enable us to turn our employees into ambassadors for change and achieve a true transformation in our company. This action will continue throughout 2021 and will be one of the basic lines of our next long-term sustainability plan.

Our contribution to the SDGs



¹² We cannot offer data for 2018, since the way the indicator is calculated was changed in 2019.

3

METHODOLOGY

The 2020 sustainability report published by Puig presents the main milestones and indicators of the company's performance for the year in terms of sustainability.

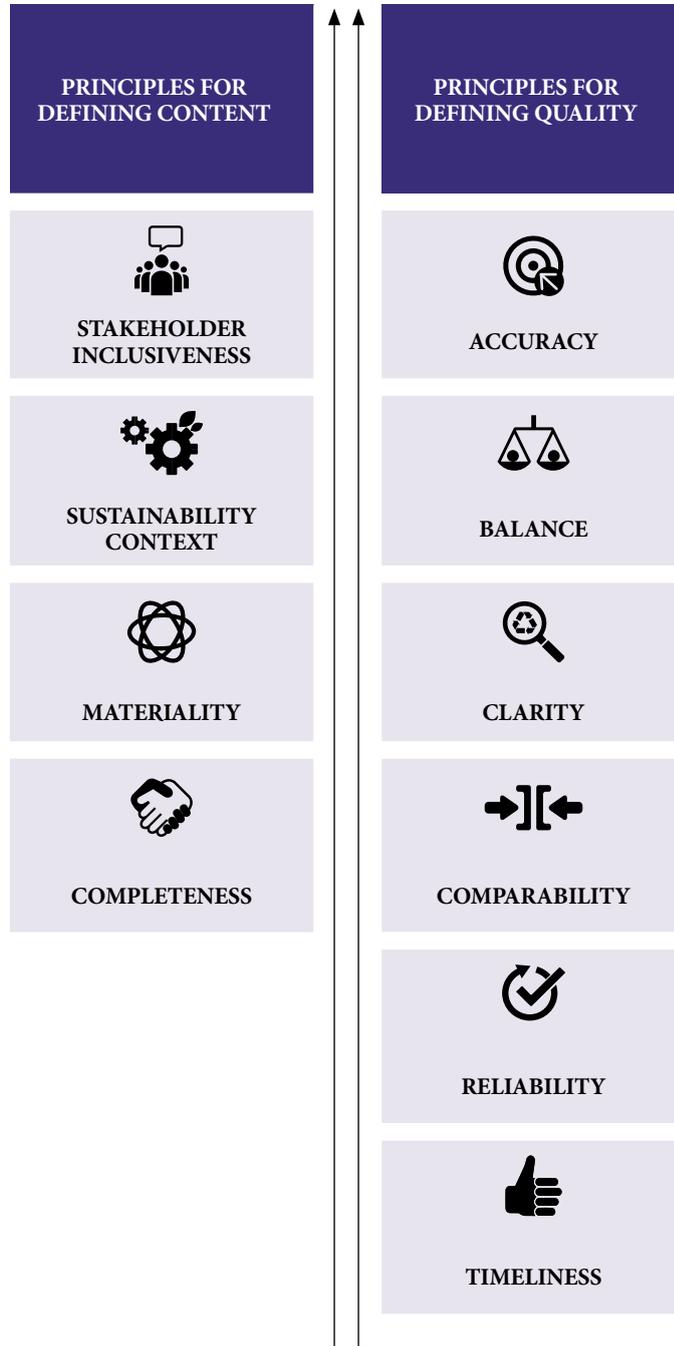
We strive to improve our accountability and ensure greater transparency, explaining our sustainability strategy and addressing important issues for our company.

We have included the overall results of our 2014-2020 Sustainability Program, our milestones and our contribution to the UN Sustainable Development Goals (SDGs).

We have also aligned our report with the environmental requirements of Law 11/2018 on non-financial information and diversity in a single verified report.

In addition, the report uses the recommendations of the Global Reporting Initiative¹³ (GRI) as a reference and reflects the commitment of the company's sustainability strategy to the SDGs, the Paris Agreement on climate change and the EU Action Plan for the Circular Economy.

The report details the most important achievements of our Sustainability Program in 2020 and the level of fulfillment of the company's objectives in what has been one of the most challenging years of recent times. For comparison and analysis purposes, quantitative data from previous years have been included, ensuring transparency and clarity in the communication of results to our stakeholders.



2020 SUSTAINABILITY REPORT

¹³ This is an international standard for companies interested in communicating a new approach for their governance, their economic, social and environmental results, and the impacts of their organizations.





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