

# Water Policy

NET ZERO BY 2050

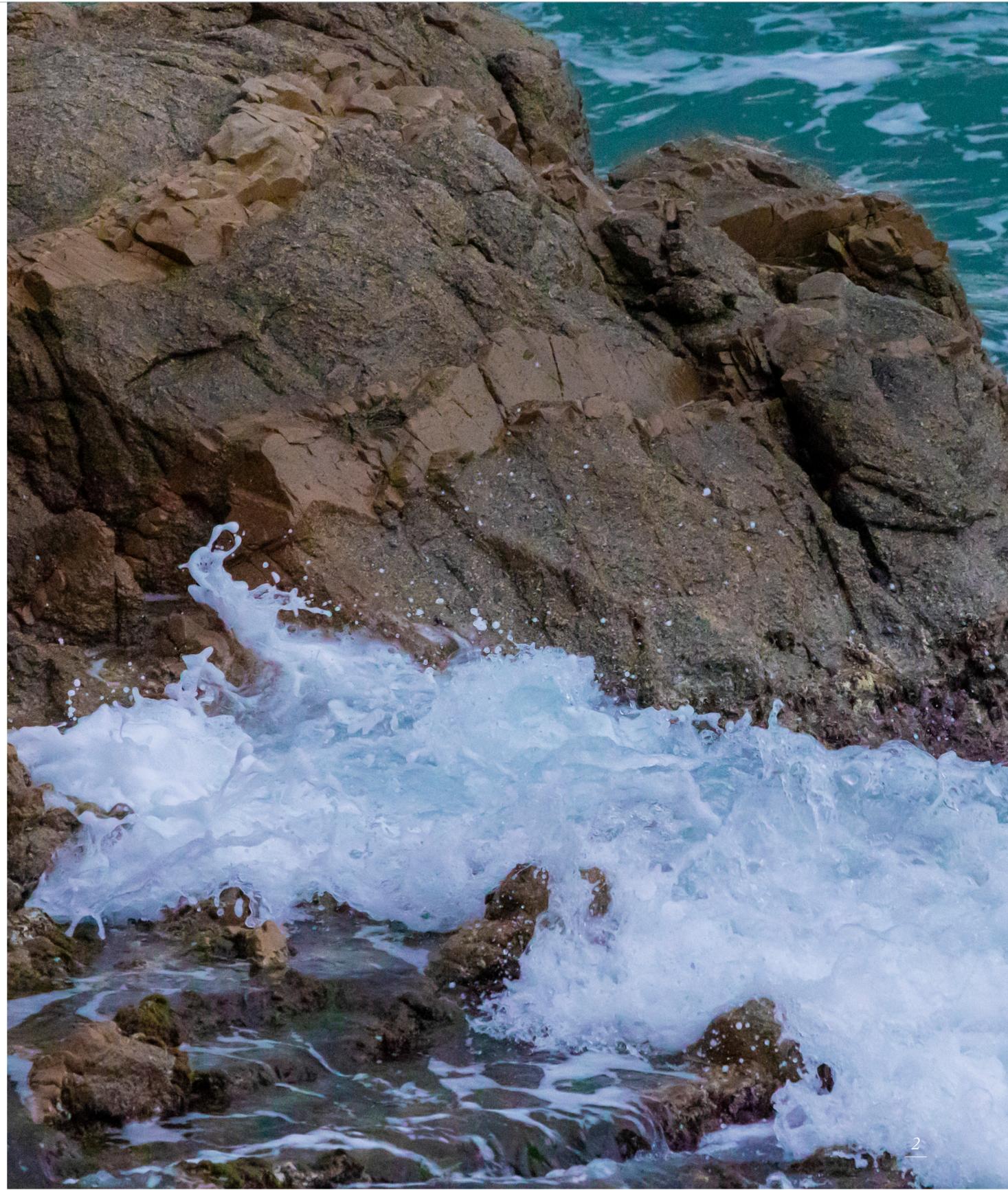
# Integrating a sustainable Management approach for our water resources

The UN has highlighted the global crisis we are facing due to the lack of sufficient water supplies to satisfy growing the demand for meeting human, commercial and agricultural needs<sup>1</sup>. Human systems and natural systems are at risk due to climate-induced changes in water supplies, thus affecting water security. Currently, it is estimated that 8 billion people will experience severe water scarcity, while the likelihood of extreme weather events causing highly impactful floods and droughts has increased significantly<sup>2</sup>. Water security is crucial for achieving the **Sustainable Development Goal 6 (SDG): Clean Water and Sanitation** that pursues ensuring availability and sustainable management of water and sanitation for all.

At Puig, water is a vital component for our daily operations and products. Half of our factories are located in water-stressed areas with conditions that could be worsened by climate change. Preserving and protecting water sources is vital for our business and for the communities that rely on them. By preserving water resources, we are helping adapt and mitigate the impacts of climate change.

Moreover, as a family business, we recognize the importance of managing and preserving our water sources in order to remain positioned as a benchmark in sustainability in our industry. We seek to act decisively to help protect the environment and relieve pressures related to water as a local resource, as we have been doing for years.

We also firmly believe that access to water and sanitation is a universal human right. For this reason, we invest in water usage reduction and reutilization systems in our facilities through innovative technology. We create increasingly sustainable products that have reduced water footprints and promote sustainable habits among our consumers and suppliers.



<sup>1</sup>UN Global Issues- Water <https://www.un.org/en/global-issues/water>

<sup>2</sup>IPCC Sixth Assessment Report <https://www.ipcc.ch/report/ar6/wg2/>



# Our achievements

Throughout the more than 100 years of our family company's history, we have remained faithful and committed to our purpose while addressing new societal and environmental challenges. Our long-term water strategy is a necessary response to water stewardship and reflects how we will evolve to overcome water-related issues.

Through our Sustainability Program, we have successfully improved our water management approach with measures such as eco-designing products, promoting a circular economy and adopting a responsible approach in manufacturing and in our facilities. These measures have led to key achievements regarding water stewardship and water innovation systems.

At Puig, we are formulating new products and reconceiving existing product lines to decrease, and sometimes eliminate, water as an ingredient. We are continually improving our facilities in order to reduce water consumption in the manufacture of our products, while increasing the efficiency of our processes and minimizing wastewater discharge. At some sites, tanks collect rainwater for reuse or industrial water consumption.

And through new collaborations, we are also boosting our impact. Apivita and Uriage have participated in the 1% for the Planet<sup>3</sup> initiative. Apivita allocated 1% of sales from new Bee Sun Safe sunscreen products and from the Apivita Experience Store and Apivita e-shops worldwide. The commitment was channelled through synergies and activities with the NGO Aegean Rebreath for the protection of the marine ecosystem.

Uriage has allocated 1% of global sales from Bariesun suncare products, collaborating with Rivières Sauvages, an association that works to protect the water resources of the Rhône-Alpes region by monitoring rivers and streams.

<sup>3</sup> 1% for the Planet is an initiative made up of a global network of companies, individuals and environmental organizations that strive to have a positive impact on the most pressing environmental issues for the planet.

## DRY FACTORY PROJECT

A Dry Factory is a plant where the water used for production and industrial processes is treated and reused in, for example, cooling or washing practices. At Puig, we are implementing this concept.

The first step is the re-design of our industrial processes (production, maintenance, cleaning) to become more efficient in terms of water consumption. To do this, we're putting in place specific consumption measures, environmental best practices and optimizing our manufacturing equipment.

The second step is to install equipment for treating and reusing wastewater, which will be osmotic and appropriate for cleaning and other industrial processes. Reuse will lead to overall reduced consumption of water as a raw material or for human use.

Our Vacarisses factory is the Puig facility that consumes the most water. After an active search for the ideal technology and successful results were obtained from pilot laboratory tests, a solution was implemented in the factory based on a closed loop system. This will achieve zero discharge of industrial water and reduce water consumption by 40%. Launched in 2023, this pioneering project and technology will be expanded to other Puig factories in the future.





# Our requirements

Water is an essential resource for society and a raw material for our products. Puig is determined to ensure that our activity does not have an environmental impact on this resource. To do this, we focus on water management strategies and innovation – from its consumption to its quality, discharge, and use. We focus not only on our own activities and products, but those of our suppliers. In doing so, we are ensuring that we always make the most efficient use of water, reducing consumption whenever possible and maintaining the highest feasible quality of our processes, thus avoiding environmental and social impacts.

To reduce water stress from our main watersheds and ensure future water availability, our water strategy is embedded in the pillars of the 2030 ESG Agenda, where we define the following requirements and how to meet them:

## A. PROMOTING CIRCULARITY

### ***Minimizing the water footprint of our products***

In all our products, we apply circular economy measures in the life cycle of our products in order to reduce their water footprint and promote climate adaptation. We are developing a scorecard for the environmental assessment of products, which will include the potential impacts on eutrophication and acidification and the potential for water deprivation. We are also actively working on reducing water from the formulas of skincare products.

### *How we will achieve it*

- Accelerate transition towards clean and natural formulation
  - 100% of formulas Clean@Puig
- Reduce weight and/or volume of packaging
  - 20% packaging volume reduction
- Boost adoption of sustainable materials in packaging
  - 100% of packaging complies with at least one of the following criteria:
    - 30% of eco-components within packaging
    - 80% product recyclability
    - Refillable system
- Promote circular economy and end of life principles
  - 100% products assessed with internal LCA<sup>4</sup>.

### ***Minimize water consumption by improving our facilities.***

In all our facilities, we will increase the efficiency of our processes and minimize discharges while we invest in water circularity innovation systems involving reusing and reducing water intake, such as through our Dry Factory project.

### *How we will achieve it*

- Dry factory pilot project in Vacarisses: 40% water consumption reduction by reutilizing 100% of the process water used.
- Extend the dry factory project to other selected production plants: 40% water consumption reduction.
- Extend water reduction and reutilization systems at the facility level beyond our headquarters.

<sup>4</sup>LCA (Life Cycle Assessment) methodology for assessing environmental impacts associated with all the stages of the life cycle of the products.

## B. STAKEHOLDER ENGAGEMENT

We engage with our suppliers and collaborate on environmental issues. Suppliers are a key part of achieving our sustainability ambitions. That’s why we have launched the **Supplier Evaluation Campaign** in collaboration with EcoVadis<sup>5</sup> and Sedex<sup>6</sup>, which allows us to know how suppliers tackle water management. This includes the reduction of water consumption through best practices, the installation of more efficient machinery, measures to reuse water and wastewater treatment.

In addition, we assess their performance through our Puig Integrated Management System, which integrates Quality Management, Good Manufacturing Practices, the Environment and Occupational Health and Safety. An Internal Audit Programme is drawn up annually, which includes supplier audits of raw materials, packaging material and subcontracted third parties. The assessment criteria includes the availability of environmental certifications, EcoVadis evaluation, and practices and processes for environmental protection. All suppliers must provide certain information and accept our Ethical Code and the Sustainable Sourcing Policy as part of the internal on-boarding process, which enables us to register suppliers in an efficient and transparent way.

Furthermore, we engage with suppliers on the CDP Supply Chain program to gather information on environmental performance.

### *How we will achieve it*

- We expect our crop suppliers to use water as sparingly as possible, to reuse water within the plant to minimize tap water usage, and to reduce and improve the treatment of water discharges.
- We require suppliers to take a careful look at how their production methods contribute to water usage in ethyl alcohol production.
- Extend mapping and expand ESG risk assessments on suppliers.
- Promote education and environmental awareness throughout the value chain. Develop training programs for our staff so they can be ambassadors and activators of our strategy.
- Support suppliers to improve in their decarbonization journey.



<sup>5</sup> EcoVadis is an assessment system for managing the sustainability performance of the entire value chain.

<sup>6</sup> Sedex is a data platform for supply chain assessment helping businesses manage sustainability practices.



## C. NATURE STEWARDSHIP

We innovate in the conservation of biodiversity throughout the value chain to generate a positive or neutral impact on nature. Securing water resources is an essential part of this, enhancing our dedication to preserving nature. Through inseting initiatives, we promote conservation projects for ecosystems and natural habitats involved in our value chain. We also collaborate with conservation or restoration projects through offsetting.

We have worked with REDD+ projects in relevant freshwater basins, regenerating value for local communities.

### *How we will achieve it*

- We will scan the value chain to identify potential opportunities for inseting programs linked to restoration and regeneration projects (e.g., regenerative agriculture with key suppliers).
- Our offsetting programs will enhance natural climate solutions that will generate substantial co-benefits for biodiversity, forests and water quality.
- Adhering to international initiatives such as **Act4nature International**, and the **Science Based Targets Network**.
- We will work towards implementing a nature positive strategy.

## D. REPORTING WITH INTERNATIONALLY RECOGNIZED STANDARDS

Following these strategic lines, Puig assesses the water stress of the locations where we are based and minimizes impacts on their ecosystems. Furthermore, we want to inspire our value chain and other companies in achieving this goal. That's why we work to report clearly and transparently each of our achievements on an annual basis. We actively participate and collaborate with other companies, institutions and initiatives devoted to improving water efficiency and reduce risks for all users at a local and global level. In doing so, we're guaranteeing the maintenance of a scarce but basic resource for all forms of life. We're helping create a climate resilient world for future generations by going beyond legal requirements.

### *How we will achieve it*

We will continue aligning our strategy with the most stringent international standards and work to maximize our contribution to the **Sustainable Development Goals (SDGs)**. We adhere to the **United Nations Global Compact** and uphold our commitment to the 10 universal principles of the United Nations, which address issues of human rights, social rights, anti-corruption and the environment we analyze and systematize the risks and opportunities derived from climate change and nature for our organization following the recommendations of **Task Force on Climate-related Financial Disclosures (TCFD<sup>7</sup>)**, and the **Task Force on Nature-related Financial Disclosures (TNFD<sup>8</sup>)**; and we consolidate our commitment to transparency and measures that reduce our impact on water by completing the **CDP<sup>9</sup> Water Security** questionnaire each year; and evaluating our ESG performance on the **EcoVadis** and **Sustainalytics<sup>10</sup>** platforms.

<sup>7</sup> The Taskforce on Climate-related Financial Disclosures released climate- related financial disclosure recommendations to help companies provide better information to support informed capital allocation.

<sup>8</sup> The Taskforce on Nature-related Financial Disclosures is a risk management tool and disclosure framework for organizations to report and act on evolving nature-related risks.

<sup>9</sup> Carbon Disclosure Project is a non-profit organization that operates a global disclosure system for investors, companies, cities, states, and regions to manage their environmental impact.

<sup>10</sup> Sustainalytics provides analytical environmental, social and governance (ESG) research, ratings and data to institutional investors and companies.



# Policy management



The ESG Team is responsible for Puig's global water strategy through the review of all the environmental indicators related to its usage connected with our direct or indirect activity.

The Corporate Sustainability Officer (CSO) can also directly influence the company's global strategies in order to guarantee that Puig's requirements and targets are maintained with all issues related to water in a transversal way, in all the strategies applied or approved on a companywide level.

Through ongoing monitoring of the 2030 ESG Agenda initiatives related to water and the ESG Risk control, we ensure that there are no inconsistencies in the activities carried out by the company.



  puig.com