

# Responsible Sourcing Policy and Guidelines



## Lluch Essence

Thriving together

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## Introduction

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Lluch Essence is a family business with a tradition of more than 70 years supplying aromas and fragrances to the perfumery, cosmetics, food and feed industries.

The DNA of Lluch Essence is a mixture of commitment, honesty, transparency, effort, rigor and a clear vocation of service to offer all customers the best materials to develop their products. The great experience and relationships built over many years have allowed Lluch Essence to understand and satisfy the needs of all its customers, so that they consider Lluch Essence as an ally and not just as a simple distributor.

## Purpose

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The following Policy and Guidelines for Responsible Sourcing of Lluch Essence (from now on, the "Policy"), is aligned with the 8 principles that conform the basis of ethical conduct of all business activity at Lluch Essence and complements the Code of Ethics and the Compliance Manual of the company.

It is an example of how Lluch Essence integrates within its operations an integral sustainable strategy focused on a social, environmental and business ethics perspective.

### Principles of Lluch Essence

|    |                                                       |
|----|-------------------------------------------------------|
| 1. | Compliance with the law                               |
| 2. | Equality and non-discrimination                       |
| 3. | Human rights                                          |
| 4. | Occupational health and safety                        |
| 5. | Business ethics                                       |
| 6. | Relations with third parties: customers and suppliers |
| 7. | Respect for the environment                           |
| 8. | Transparency and financial control                    |

The purpose of this policy is to promote the company's values and introduce sustainability criteria for the evaluation and prioritization of suppliers. Lluch Essence expects that its suppliers and the entire value chain will use this policy as a guideline, which will help them to establish minimum sustainability criteria within their activity.

The company, above all, requests its suppliers to respect the regulations or legal framework concerning social, environmental and professional ethical aspects of their country of origin. Likewise, it encourages them to apply a concept of continuous improvement and to always go one step further in their good practices in favor of sustainability, thus creating a sustainable value chain, establishing synergies and growing together in the sector as a result of a responsible and strategic partnership.

## Scope

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This Policy includes all primary producers of raw materials, suppliers of raw materials, intermediate materials, indirect materials and service providers, in the applicable aspects, must assume in writing the commitment to comply with it through the Code of Conduct.

Likewise, it applies to all workers of Lluch Essence and to all its personnel, regardless of the subsidiary to which they belong and the function they perform.

## Lluch Essence's sustainable commitment

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Lluch Essence aims to drive the industry towards a more sustainable future. That is why it is committed to the industry to increase its portfolio of sustainable raw materials (natural and organic) with traceable and transparent data.

Likewise, we encourage all our suppliers to follow our progress and path towards sustainability through the following sustainability indexes:

- EcoVadis ID (EVID): JP967636
- Company reference SEDEX: ZC131445924.

## General requirements

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The following general requirements are aligned with Lluch Essence's 8 principles of conduct mentioned above:

### People

- Equality and non-discrimination

Lluch Essence expects its suppliers to treat all workers with respect and dignity, to act with zero tolerance for any type of harassment or abuse, and not to participate in or support any type of discrimination based on race, color, gender, language, religion, political or other opinion, national or social origin, birth, union membership, sexual orientation, health status, family responsibilities, age, disability or other distinguishing characteristics.

Lluch Essence also expects suppliers to make decisions regarding: hiring, benefits, training, promotion, disciplinary actions, dismissal, retirement or any other employment-related decision based on relevant and objective criteria.

- Human Rights

Human rights are inherent to all people and without any discrimination, which is why Lluch Essence demands that its suppliers recognize and commit themselves to the international human rights recognized and included in the Universal Declaration of Human Rights (UDHR). Likewise, they must also show strict respect for the human rights recognized in national and international legislation in the development of their activity.

Lluch Essence considers its partners as key allies and therefore assumes a shared responsibility.

In particular, in terms of human rights, they must adopt the necessary measures to eliminate any form or modality of forced or compulsory labor and any form of modern slavery; expressly reject the use of child labor in their organization; respect the freedom of union association and the right to collective bargaining of their professionals, avoiding any discriminatory practices in employment and occupation; set the salaries of their professionals in accordance with applicable laws, respecting minimum wages, overtime and social benefits.

- Child and teenage labor

Lluch Essence expects its suppliers not to use or benefit from child labor and to reject any type of forced, compulsory or coerced labor.

It is also expected that the minimum age of employment is not lower than the minimum legal age for employment, according to the legislation of each country. Similarly, the supplier is expected to avoid hiring adolescent workers (under 18 years of age) to perform any type of work that may generate sequelae or endanger their health and safety.

- Occupational health and safety

Lluch Essence expects its suppliers to protect the safety and health of all its workers, with the conviction that accidents at work must be avoided and that in those activities considered high risk, all necessary preventive and protective measures will be put in place to guarantee the integrity of the workers.

## **Respect for the Environment**

Lluch Essence expects all suppliers to comply with legal environmental requirements and to act in favor of continuous improvement in their performance with respect to environmental care. The supplier must have all environmental licenses and registrations in accordance with the regulations of their country of origin, keep them updated and follow up as necessary.

Likewise, suppliers are expected to comply with the following specific requirements:

- Waste management

Suppliers must opt for a waste prevention strategy to avoid adverse impacts associated with waste management.

In the case of non-hazardous waste, suppliers must ensure proper recycling according to the current regulations of their country of origin.

On the other hand, for hazardous waste, Lluch Essence demands that its suppliers maintain proper management and have the necessary permits for on-site waste storage. Likewise, to ensure that the waste of hazardous materials and products must be kept, stored and transported safely, controlling the risk of any accident or spill.

- Odor management

Because of the nature of the product, Lluch Essence expects all suppliers to inspect and quantify any odor emissions generated by their activity, taking into account diffuse and indirect emissions.

- Wastewater management

Lluch Essence requests all its suppliers to comply with the current regulations of their country of origin regarding wastewater treatment. Likewise, all suppliers are expected to take actions to reduce their impact on the hydrographic basin near their activity.

- Greenhouse gas emissions

Lluch Essence requests all suppliers to comply with regulations and legal requirements regarding the emission of greenhouse gases. Likewise, Lluch Essence encourages its suppliers to go one step further and propose an action plan for quantification and possible reduction, as part of their mitigation measures to the climate crisis.

- Biodiversity

Lluch Essence expects its suppliers, especially suppliers of raw materials with a botanical origin, to take measures to protect biodiversity by applying soil conservation practices, avoiding the use of harmful agricultural chemicals and respecting biodiversity.

If it applies, suppliers are expected to develop sustainable forest management, ensuring a balance between the three main pillars: environmental, social and economic.

Protecting biodiversity is a collective challenge, which is why Lluch Essence expects its suppliers to recognize the value and relevance in this fight for its protection.

## **Business integrity**

- Compliance with the law

Lluch Essence expects its suppliers to be committed to compliance with the applicable legal regulations in force. Likewise, it expects its suppliers to ensure that all employees are aware of the legal regulations in the development of the business activity, and to request, if needed, the necessary information through superiors or corresponding authorities.

- Conflict of interest

Lluch Essence expects its suppliers to avoid any situation in which personal interests conflict, or even appear to conflict, with those of the company. Suppliers should disclose at the beginning any potential conflict of interest or any situation that may give rise to a conflict of interest.

- Fighting corruption, bribery and influence peddling

Business relationships must be honest and objective, which is why Lluch Essence expects its suppliers to be committed to actively fight against corruption and fraud in all its forms, promoting a preventive culture based on the principle of "0 tolerance" towards corruption.

Suppliers must conduct their activities in compliance with all applicable anti-corruption laws in their country of origin. Suppliers shall never offer or promise personal or improper benefits to obtain or retain business, either directly or through intermediaries. Nor shall they solicit or receive it in order to gain an economic advantage or as an incentive to make a favorable decision.

- Intellectual property, data protection and confidentiality

Lluch Essence expects its suppliers to ensure both the proper use and respect for industrial and intellectual property.

In the same way that they prohibit the use of company resources in order to reproduce, plagiarize, distribute or publicly communicate any asset protected by law without the authorization of the holders of the corresponding industrial or intellectual property rights, as well as that information included in confidentiality agreements signed by both organizations.

Lluch Essence expects that all suppliers strictly comply with the regulations applicable in their country of origin regarding the processing of personal data and the free movement of these.

- Transparency and control of financial information

Lluch Essence expects its suppliers to have financial and accounting information that is in accordance with current legislation, complete, truthful and provided to all stakeholders (authorities, partners, committees, auditors, customers, suppliers, etc.).

## **Indirect Sourcing**

Lluch Essence expects its suppliers of indirect sourcing to comply as a minimum requirement with the regulations applicable to their country of origin in environmental, social and professional ethics.

Taking into account the wide diversity of suppliers in the value chain of indirect sourcing, Lluch Essence has a specific policy that summarizes the general and specific requirements in terms of sustainability to establish a business relationship with the company.

This policy is available to all stakeholders that require it and is mandatory for suppliers of indirect material.

## Policy Monitoring and Compliance

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Lluch Essence is aware of the time it takes to overcome some challenges and achieve improvements in sustainability, which is why the organization expects its suppliers to align with this policy before 2030, in order to maintain a business relationship with Lluch Essence.

The company will monitor and measure the progress through (i) supplier evaluation, (ii) signing of the Code of Conduct and (iii) some additional specific activities. Likewise, Lluch Essence will positively value all efforts made by its value chain in favor of sustainability.

Lluch Essence reserves the right to conduct audits to verify compliance with this policy and encourages its suppliers to raise concerns about Lluch Essence's sustainable strategy via the following email:

- [esg@lluche.com](mailto:esg@lluche.com)

On the other hand, in case of detecting non-compliance with this Policy or having doubts about it, please contact us at the following e-mail address:

- [canal.denuncias@lluche.com](mailto:canal.denuncias@lluche.com)

## Document reference

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For more information, you can consult the following documentation:

- Supplier Code of Conduct (request it through: [regulatory@lluche.com](mailto:regulatory@lluche.com)).
- Code of Ethics (web page).
- Indirect Sourcing Policy.



Global Category Director –  
Naturals



Global Category Director –  
Synthetic



General Manager