

# Carbon Reduction Plan



## Lluch Essence

Thriving together

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## Introduction

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As a family business with more than 70 years supplying aromas and fragrances to the perfumery, cosmetics, food and feed industries, we have different values within our DNA such as commitment, honesty, transparency, effort, rigor and a clear vocation for service that allow us to offer our customers the best materials to create and develop their products.

At Lluch Essence we understand sustainability as the capacity to endure and to guarantee present needs without compromising future ones, thus ensuring a balance between social well-being, care for the environment and good governance. In terms of sustainability, we promote consistency and transparency, generating a positive impact on our environment and improving our competitiveness.

We are aware that the carbon footprint is not only an element of calculation, but it is the first step towards improvement and commitment to the reduction of greenhouse gases (GHG). That is why we offer total transparency in the calculation of GHG and in our corporate strategy against climate change.

Lluch Essence presents in the following report the greenhouse gas (GHG) emissions of the organization, from the base year (2019) to the current period (2022), for scopes 1, 2 and 3 (5 categories). It also presents the objectives and projects to reduce the carbon footprint.

## Methodology and Operating System Boundaries

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For the following report on greenhouse gas (GHG) emissions, we have considered the carbon footprint as the total amount of greenhouse gases generated at the headquarters (Barcelona - Spain), and the three subsidiaries (Colombia, Mexico and Singapore). Taking into consideration that the Mexico subsidiary started operations in November 2021 and the Singapore subsidiary in October 2022.

We quantified direct emissions, such as those generated by the facilities and company vehicles (Scope 1), and indirect emissions from the generation of the electricity acquired (Scope 2).

In the case of Scope 3, we have incorporated 5 categories for quantification in the year 2022 with the aim of increasing the number of categories and improving the data information year after year.

The calculations used primary data where possible and followed international GHG Protocol standards for quantification. Following the strategy of calculate, reduce and offset, every year we offset the corporate carbon footprint of Scope 1 and 2 in certified projects.

## Carbon footprint – base year

Base year emissions serve as a baseline of the GHG record produced prior to the introduction of any emission reduction strategy.

The year 2019 was the first time Lluch Essence quantified GHG emissions for Scope 1 and 2 for the headquarter and its only subsidiary then located in Colombia.

Table 1: Carbon footprint quantification for the base year (2019)

			2019
	Scope	Category	Total (tCO <sub>2</sub> e)
Spain	Scope 1	Own fleet of vehicles or rental	10,82
	Scope 2	Electricity (source: non-renewable)	380,43
	Total		391,25
Colombia	Scope 1	Own fleet of vehicles or rental	0,00
	Scope 2	Electricity (source: non-renewable)	8,32
	Total		8,32
	Total scope 1		10,82
	Total scope 2		388,76

As can be seen in the graph below, direct emissions (scope 1) represent 3% of the total quantified GHG, while indirect emissions (scope 2) represent 97% of the total GHG.

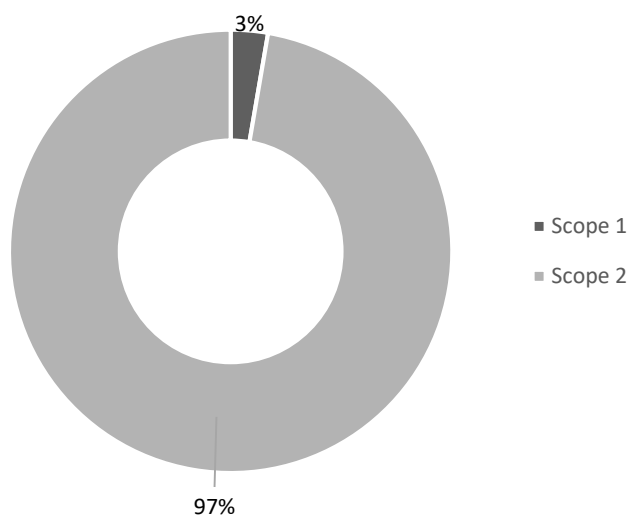


Figure 1: 2019 GHG emissions for scope 1 and 2.

## Carbon Footprint Trend

From 2019 (base year) the quantification of the carbon footprint of scope 1 and 2 has been carried out for each fiscal year.

From 2020 Lluch Essence starts using electricity certified 100% from renewable sources in the headquarter located in Barcelona. Despite this, Lluch Essence quantifies and offsets all the electricity consumption of its operations. Likewise, in the same year, the first installation of photovoltaic panels is put into operation, allowing the self-generation of 12.5% of the company's energy requirements.

From 2022, Lluch Essence implements for the first time in its inventory 5 categories of scope 3 for all its subsidiaries.

Table 2: Quantification of carbon footprint from the base year to current year

	Scope	Category	2019	2020	2021	2022
			Total (tCO <sub>2</sub> e)	Total (tCO <sub>2</sub> e)	Total (tCO <sub>2</sub> e)	Total (tCO <sub>2</sub> e)
Spain	Scope 1	Own fleet of vehicles or rental	10,82	15,28	21,18	27,86
		Refrigerant leakage	0,00	0,00	0,00	32,48
		Heat	0,00	0,00	0,00	0,14
	Scope 2	Electricity (source: non-renewable)	380,43*	0,00	0,00	0,00
		Electricity (source: renewable)	0,00	138,64*	235,35*	0**
	Scope 3	Commuting to work	0,00*	0,00*	0,00*	259,27
		Business trips	0,00*	0,00*	0,00*	258,46
		Activities related to fuel and energy consumption.	0,00***	0,00***	0,00***	34,08
		Goods and services purchased	0,00***	0,00***	0,00***	13,87
		Waste generated in operations	0,00***	0,00***	0,00***	12,67
	Total		391,25	153,92	256,53	638,83
Colombia	Scope 1	Own fleet of vehicles or rental	_****	_****	_****	0,00
		Refrigerant leakage	_****	_****	_****	0,00
		Heat	_****	_****	_****	0,00
	Scope 2	Electricity (source: non-renewable)	8,32*	12,26*	7,52*	3,48*
		Electricity (source: renewable)	0,00	0,00	0,00	0,00

	Scope 3	Commuting to work	0,00***	0,00***	0,00***	9,02
		Business trips	0,00***	0,00***	0,00***	13,39
		Activities related to fuel and energy consumption.	0,00***	0,00***	0,00***	1,25
		Goods and services purchased	0,00***	0,00***	0,00***	1,73
		Waste generated in operations	0,00***	0,00***	0,00***	1,81
		Total	8,32	12,26	7,52	30,67
Mexico	Scope 1	Own fleet of vehicles or rental	_****	_****	_****	23,44
		Refrigerant leakage	_****	_****	_****	0,00
		Heat	_****	_****	_****	0,00
	Scope 2	Electricity (source: non-renewable)	_****	_****	_****	1,01*
		Electricity (source: renewable)	_****	_****	_****	0,00
	Scope 3	Commuting to work	_****	_****	_****	8,04
		Business trips	_****	_****	_****	0,51
		Activities related to fuel and energy consumption.	_****	_****	_****	0,42
		Goods and services purchased	_****	_****	_****	0,01
		Waste generated in operations	_****	_****	_****	0,00***
		Total	_****	_****	_****	33,42
Singapore	Scope 1	Own fleet of vehicles or rental	_****	_****	_****	3,37
		Refrigerant leakage	_****	_****	_****	0,00
		Heat	_****	_****	_****	0,00
	Scope 2	Electricity (source: non-renewable)	_****	_****	_****	0,35*
		Electricity (source: renewable)	_****	_****	_****	0,00***
	Scope 3	Commuting to work	_****	_****	_****	0,41
		Business trips	_****	_****	_****	16,15

Activities related to fuel and energy consumption.	_****	_****	_****	2,21
Goods and services purchased	_****	_****	_****	1,76
Waste generated in operations	_****	_****	_****	0,00***
Total	_****	_****	_****	24,25
<b>Scope 1 total</b>	<b>10,82</b>	<b>15,28</b>	<b>21,18</b>	<b>87,28</b>
<b>Scope 2 total</b>	<b>388,76</b>	<b>150,90</b>	<b>242,87</b>	<b>4,84</b>
<b>Scope 3 total</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>635,05</b>

\* Calculated using the location-based method

\*\* Calculated with market-based method

\*\*\* Data no available

\*\*\*\* Non-operational subsidiary

Since 2019, we have set as one of our strategic lines the geographical growth, through the opening of two new subsidiaries: 2021 Mexico and 2022 Singapore. This is why, for the quantification of the 2022 corporate carbon footprint, Mexico and Singapore were taken into account.

On the other hand, in 2020, a very difficult year for humanity and hit by the COVID-19 pandemic, Lluch Essence had to close its office operations for almost the whole year. This explains the unusual GHG reduction for that year.

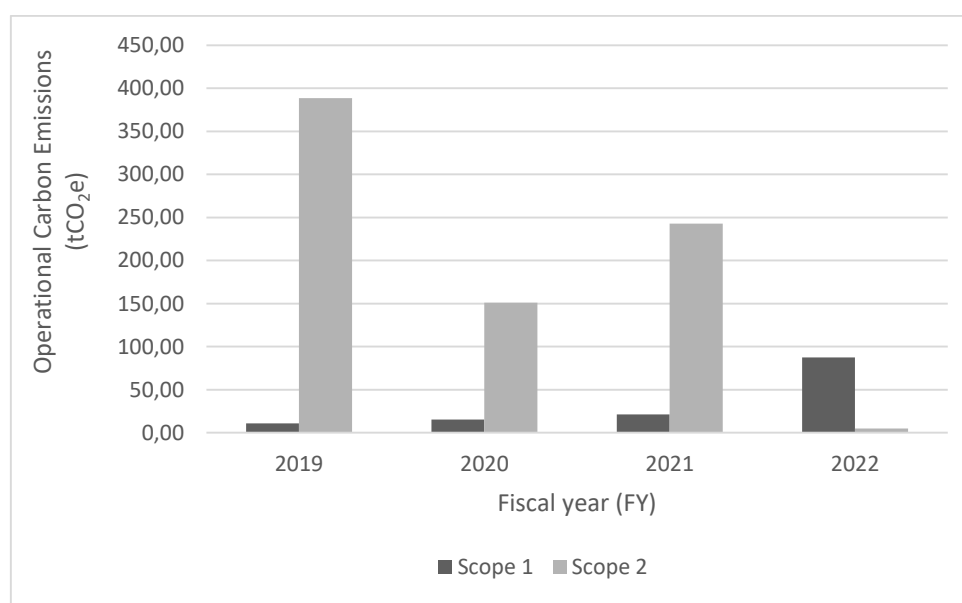


Figure 2: Trend of GHG emissions from the base year (2019) to the current year (2022).

The indicators of emissions per employee and turnover are shown in the table below, showing a 80,97% decrease in emissions per employee and a 82,74% decrease in emissions per turnover compared to the current financial year.

*Table 3: Emission indicators per employee and turnover.*

Year	GHG emissions per person employed (t CO <sub>2</sub> e / person)	GHG emissions by turnover (t CO <sub>2</sub> e/Me)
2019	2,56	4,10E-06
2020	1,01	1,80E-06
2021	1,52	2,45E-06
2022	0,49	7,08E-07

### Strategy - Scope 3

In 2022 we have updated our inventory by incorporating 5 categories of indirect emissions, not included in Scope 2, that occur in the value chain (Scope 3).

In an act of transparency, Lluch Essence sets out its strategy for the quantification of Scope 3 for the next 3 years.

*Table 4: Lluch Essence Outreach Strategy III*

Category	2022	2023	2024
<b>Purchased goods and services</b>			
<b>Capital goods</b>			
<b>Activities related to fuel and energy consumption.</b>			
<b>Upstream transport and distribution</b>			
<b>Waste generated by operations</b>			
<b>Business travel</b>			
<b>Commuting to work</b>			
<b>Upstream leased assets</b>			



<b>Downstream transport and distribution</b>			
<b>Processing of products sold</b>			
<b>Use of products sold</b>			
<b>Final disposal of products sold</b>			
<b>Downstream leased assets</b>			
<b>Franchises</b>			
<b>Investments</b>			

Legend:

	Data achieved, category reported
	Missing data, category not reported
	Not relevant for the Company

## Emission reduction target

One of our main objectives is to carry out projects focused on reducing the energy consumption of processes and facilities. We seek to use alternative technologies that have the same performance and reduce our GHG emissions.

This is why, in 2019, we set out a Net Zero strategy for 2050, complemented by a medium-term strategy to achieve a 95% reduction in emissions for Scope 1 and 2 by 2030.

Since 2019, we have implemented the following projects to reduce our GHG emissions:

- We have a certified 100% renewable electricity supplier for our main office in Barcelona.
- We have implemented the first 100% electric company cars with their respective chargers.
- We have installed more than 320 photovoltaic panels that currently generate more than 12.5% of the company's energy needs.
- Lluch Essence shows its continued support for the ten principles of the Global Compact concerning Human Rights, Labor Rights, the Environment and the fight against corruption, adopting the 2030 Agenda and the Sustainable Development Goals as the main guide for its implementation. This is why we are now a signatory member of the Global Compact.
- We are ISO 14001 certified as part of our environmental management system.
- We continuously produce communications to educate and raise awareness about climate change and its effects.

The medium-term projects planned with the aim of reaching our 2030 target are:

- Continuously work on sustainable mobility in company cars, to significantly expand the number of electric cars.
- Participate in local initiatives such as the so-called Energy Citizen Communities, to promote clean and local energy.
- Implement a second installation of photovoltaic panels to increase the current 12.5% self-generation.
- Effectively manage our environmental impact through a combined energy and environmental management system with ISO 14001/5001 certification.
- Set carbon reduction targets that have been externally verified by Science-Based targets (SBTi) in line with the Paris Agreement.
- Report annually to CDP (Carbon Disclosure Project) and publish it in our annual report.

It should be noted that Lluch Essence is committed to reviewing its sustainability strategy every year.

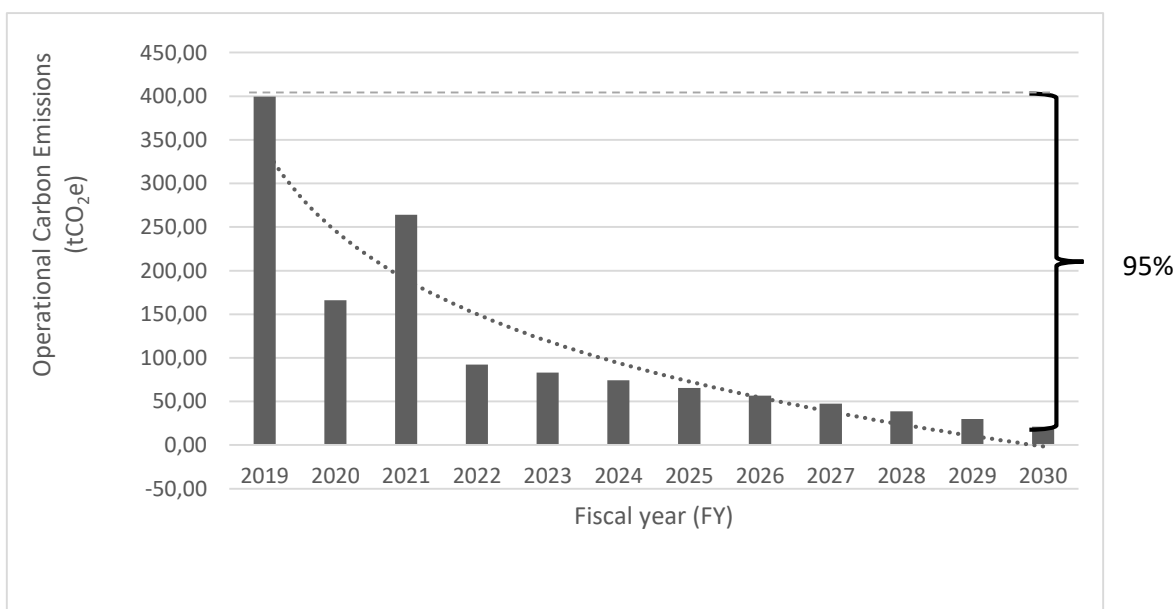


Figure 3: Predicted medium-term emission reductions (Scope 1 and Scope 2) for 2030