

Carbon Reduction Plan



Lluch Essence

Thriving together



TABLE OF CONTENTS

Introduction.....	3
Methodology and Operating System Boundaries	3
Carbon footprint – base year	4
Carbon Footprint Trend.....	5
Strategy - Scope 3.....	8
Emission reduction target	9

Introduction

As a family business with more than 70 years supplying aromas and fragrances to the perfumery, cosmetics, food and feed industries, Lluch Essence has in its DNA a mixture of commitment, honesty, transparency, effort, rigor and a clear vocation of service to offer to its customers the best materials to create and develop their products.

Lluch Essence understands sustainability as the capacity to endure and to guarantee present needs without compromising future ones, thus ensuring a balance between social welfare, care for the environment and good governance. In terms of sustainability, consistency and transparency are promoted, generating a positive impact on the environment and improving competitiveness.

Lluch Essence is aware that the carbon footprint is not only an element of calculation but is the first step on the road to improvement and part of its commitment to the reduction of greenhouse gases (GHG). For this reason, full transparency is offered in the GHG calculation and the 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). The goals and projects in favor of carbon footprint reduction are also presented.

Methodology and Operating System Boundaries

For the following report on greenhouse gas (GHG) emissions, the carbon footprint has been considered as the total amount of greenhouse gases generated in the main headquarters (Barcelona - Spain), and in 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.

Direct emissions are quantified, 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, 5 categories were incorporated for quantification in the year 2022 with the purpose of increasing the number of categories and improving the data information year after year.

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

Carbon footprint – base year

Base year emissions are used as a baseline of the GHG record produced prior to the introduction of any emission reduction strategies.

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

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

			2019
	Scope	Category	Total (tCO ₂ 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 following figure, direct emissions (Scope 1) represent 3% of the total quantified GHG, while indirect emissions (Scope 2) represent 97% of the total GHG.

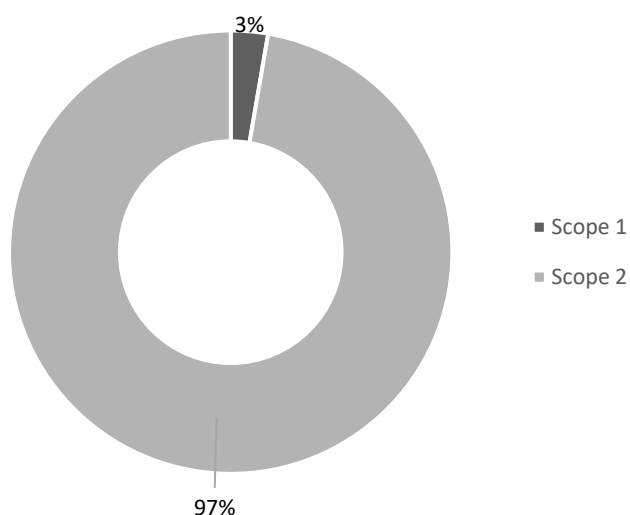


Figure 1: 2019 GHG emissions for scope 1 and 2.

Carbon Footprint Trend

Starting in 2019 (base year), the quantification of the carbon footprint of Scope 1 and 2 has been carried out for each fiscal year.

In 2021, the first installation of photovoltaic panels was put into operation, allowing the self-generation of 12.5% of the company's energy requirements. On the other hand, from 2022 Lluch Essence started using 100% renewable certified electricity at the headquarters located in Barcelona.

Similarly, by 2022 Lluch Essence implements 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 ₂ e)	Total (tCO ₂ e)	Total (tCO ₂ e)	Total (tCO ₂ 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
Scope 1 total	10,82	15,28	21,18	87,28
Scope 2 total	388,76	150,90	242,87	4,84
Scope 3 total	0,00***	0,00***	0,00***	635,05

* Calculated using the location-based method

** Calculated with market-based method

*** Data no available

**** Non-operational subsidiary

Since 2019, Lluch Essence has implemented geographic growth as one of its strategic lines, through the opening of two new subsidiaries: Mexico and Singapore. That is why, for the quantification of the 2022 corporate carbon footprint, Mexico and Singapore were considered.

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

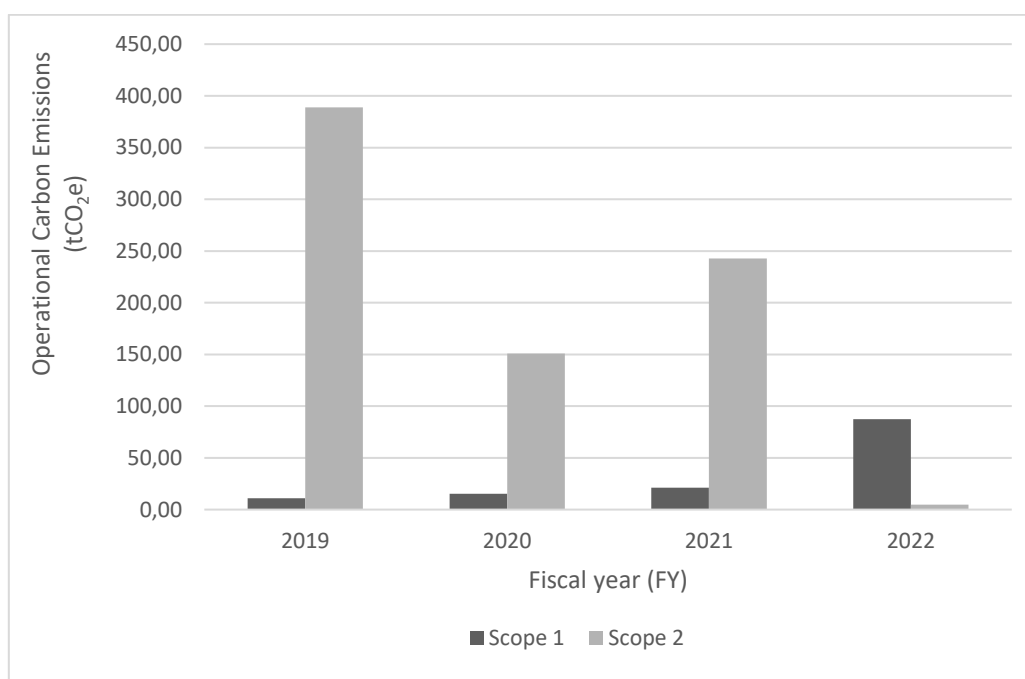


Figure 2: Trend of GHG emissions from the base year (2019) to the current year (2022).

The emission indicators per worker and surface area are shown in the following table:

Table 3: Emission indicators per employee and turnover.

Year	GHG emissions per person employed (t CO ₂ e / person employed)	GHG emissions by surface area (t CO ₂ e/m ²)
2019	2,56E+00	2,06E-02
2020	9,62E-01	8,05E-03
2021	1,55E+00	1,35E-02
2022	3,67E-01	3,38E-03

Strategy - Scope 3

In 2022, the inventory has been updated by incorporating 5 categories of indirect emissions, not included in Scope 2, that are produced in the value chain.




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
Purchased goods and services			
Capital goods			
Activities related to fuel and energy consumption.			
Upstream transport and distribution			
Waste generated by operations			
Business travel			
Commuting to work			
Upstream leased assets			
Downstream transport and distribution			
Processing of products sold			
Use of products sold			

Final disposal of products sold			
Downstream leased assets			
Franchises			
Investments			

Legend:

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

Emission reduction target

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

That is why, in 2019 a Net Zero strategy was proposed for the year 2050, complementing it with a medium-term strategy that consisted of achieving a 95% reduction in emissions for scope 1 and 2 in 2030.

Since 2019, the following projects have been implemented in favor of reducing GHG emissions:

- Use of certified 100% renewable electricity for the main headquarters in Barcelona.
- Implemented the first 100% electric company cars with their respective chargers.
- Installed more than 320 photovoltaic panels that currently generate more than 12.5% of the company's energy needs.
- ISO 14001 certification was obtained as part of the environmental management system.
- Ongoing communications were carried out to educate and sensitize the company about climate change and its effects.
- Lluch Essence shows its continuous support to the ten principles of the Global Compact referring to Human Rights, Labor Rights, Environment and the fight against corruption, adopting the 2030 Agenda and the Sustainable Development Goals as the main guide for its implementation. That is why Lluch Essence is a signatory member of the Global Compact.

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

- Continuously work on sustainable mobility in company vehicles, in order to significantly increase the number of electric cars.
- Participate in local initiatives such as the Energy Citizen Communities, to promote clean and local energy.

- Implement a second installation of photovoltaic panels to increase the current 12.5% of self-generation.
- Effectively manage environmental impact through a combined energy and environmental management system with ISO 14001/50001 certification.
- Set carbon reduction targets that have been externally verified by the Science-Based targets (SBTi) initiative, in line with the Paris Agreement.
- Report annually to CDP (Carbon Disclosure Project) and publish it in the annual report.

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

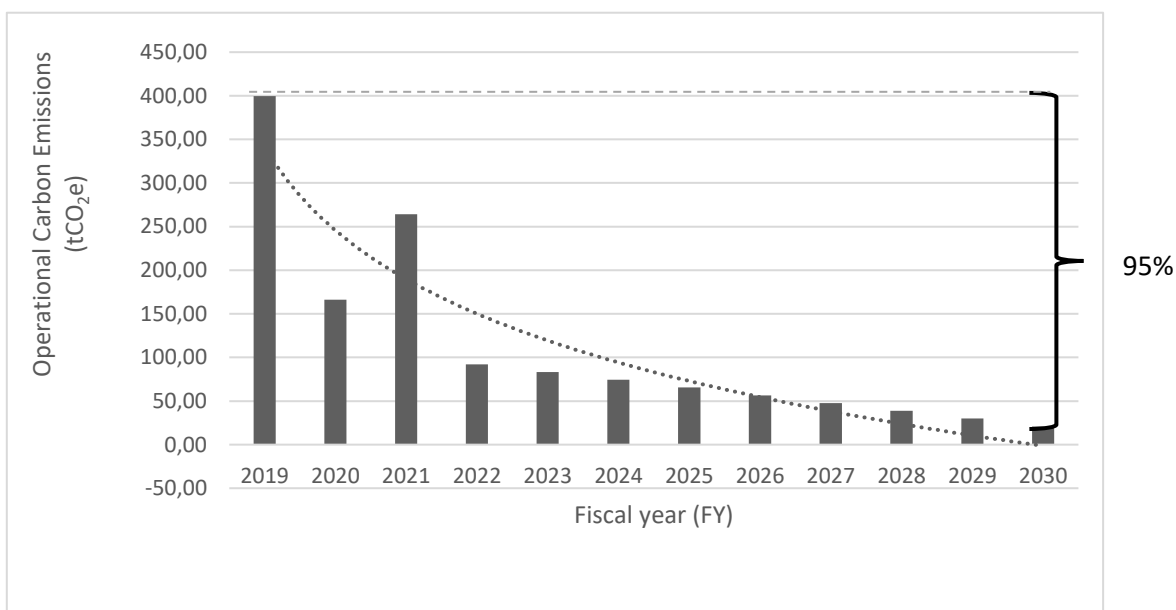


Figure 3: Prediction of emission reductions (Scope 1 and Scope 2) in the medium term for the year 2030 using SBTi tools.