

# Responsible Sourcing & Partnerships Policy

Inspired by the UN Guiding Principles on Business and Human Rights



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Through collaborative endeavours with our suppliers, we aim to realise our sustainability aspirations for 2030 and play our part in leaving the world in a better state than we encountered it.

Nick Moore, Global Purchasing Director

## Commitment & Scope

Partnership lies at the heart of our approach and is key to developing shared success through sustainable practices. At CPL Aromas, we are committed to purchasing suitable materials for the safe manufacture of our fragrances. Therefore, we have defined a set of mandatory requirements in health and safety, social, environmental and business integrity practices that form the basis of this policy.

These requirements have been designed in line with the UN Guiding Principles on Business and Human Rights (UNGPs), as well as the ETI Base Code and ILO Declaration on Fundamental Principles and Rights at Work.

We expect these requirements to be met by our suppliers and service providers. Evidence of compliance to this policy will be requested periodically. Beyond this, we encourage our suppliers to move from the mandatory requirements, to good practice and beyond.

Our Responsibly Sourced objectives are as follows (in line with the UN 2030 goals):

1. Design and implement our Responsible Sourcing and Partnership strategy
2. Assess 100% of suppliers for sustainability performance
3. Responsible Sourcing Agreements for 10% of raw materials
4. LCA data (carbon footprint) for 50% of our Top 100 raw materials

Progress to these objectives is reported annual in our Sustainability Report, available on our website.

# Universal Requirements

CPL's Responsible Sourcing & Partnerships Policy is based on our 6 Fundamental Principles. In this policy we describe the mandatory requirements relevant to each of the 6 Fundamental Principles which our suppliers must achieve to establish and maintain a business relationship with CPL. We operate with a clear objective to make a real difference to people, planet and society and strive to operate the most traceable, sustainable and ethical value chain. Our Responsible Sourcing Policy is designed to engage our suppliers and partners on our ambitious sustainability journey and extends across our entire supply chain to support compliance in business ethics, labour standards and human rights, quality, health and safety, environment and biodiversity, and social accountability.





Our suppliers must comply with a set of requirements in order to ensure they are conducting business lawfully and acting with integrity while having a business relationship with CPL.

**Legal Compliance:** Suppliers are required to comply with all applicable laws in the countries in which they operate including laws regarding international trade, data protection and antitrust/competition laws. All suppliers are expected to have a business ethics management plan in place.

**Anti-bribery:** CPL mandates that suppliers will never partake in any form of bribery, corruption, extortion or embezzlement, including any “facilitation payments”. We expect all suppliers to have adequate procedures in place to prevent bribery in all commercial dealings undertaken.

**Gifts and Hospitality:** CPL expects that any business entertaining or hospitality with CPL is kept reasonable in nature, entirely for the purpose of maintaining good business relations and not intended to influence in any way our decisions about how we award future business. Gifts of insignificant monetary value and entertainment arising out of ordinary corporate hospitality may be accepted by CPL but should occur sparingly and always be legitimate and aligned with company policies and be properly recorded.

**Accurate Records, Reporting & Accounting:** All business and commercial dealings must be transparently performed and accurately recorded in the supplier’s books and records. CPL expects all suppliers to be committed to preventing, detecting and reporting fraud, including fraudulent financial reporting, and to maintaining culture and records that mitigate any risk of fraud.

**Confidentiality & Competitor Information:** CPL expects all suppliers to be committed to a fair and competitive free market system, never disclosing any confidential information or trade secrets acquired during transactions with us or our competitors. All competitor information is obtained and used legitimately and in compliance with all applicable laws and regulations. No attempt is made to divulge to any information about our competitors. Likewise, our confidential information must not be shared with any third party unless expressly authorised in writing.

**Anti-Money Laundering:** CPL expects all suppliers to abide strictly by applicable anti-money laundering laws. There must be no actual or attempted participation in money laundering and suppliers must have all required processes and controls in place. Reporting Issues: All suppliers are expected to have systems in place to address business integrity issues, which include means for workers (whether directly employed or not) to raise their concerns about any of these requirements in a confidential way and without fear of retaliation.





As a company, we are committed to respecting internationally recognized Human Rights including no child or forced labour and fair working conditions. We expect our suppliers to do the same.

**Working age:** All workers must be of appropriate working age. Suppliers must not employ children before they have completed compulsory education and not before the age of 15. Young workers must work only outside of school hours and must not do work that deprives them of attending school or that is hazardous or unsafe to their physical and mental health and development.

**No Forced or Compulsory Labour:** Suppliers must not use any forced or compulsory labour, prison labour, or human trafficking. They must not retain original identification papers or withhold any payment in order to force personnel to continue working for the organisation. No employment fees or costs are to be borne by workers.

**Documented Terms of Employment:** All workers, both permanent and casual, are provided with employment documents that are freely agreed and which respect their legal and contractual rights.

**Fair Wages:** Suppliers must pay fair wages that meet at least legal or industry minimum standards, or collective bargaining agreements (where applicable).

**Working Hours:** Suppliers are expected to comply with applicable laws, collective bargaining agreements and industry standards on working hours, breaks and public holidays. All overtime work must be on a voluntary basis.

**Equal Treatment and Non-Discrimination:** Suppliers must treat all employees with respect and dignity and must not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on race, caste, birth, religion, disability, gender, or any other condition that could give rise to discrimination. Harassment and abuse will not be tolerated.

**Dignity & Respect:** CPL expects suppliers to treat all personnel with dignity and respect. They shall not engage in or tolerate the use of corporal punishment, mental or physical coercion or verbal abuse of personnel. No harsh or inhumane treatment is allowed.

**Freedom of Association:** All workers must have the right to form, join and organise trade union(s) of their choice and to bargain collectively on their behalf with the supplier. The supplier shall respect this right and effectively inform workers of this right.

**Grievance Procedures:** All workers must have access to remedial and grievance mechanisms.

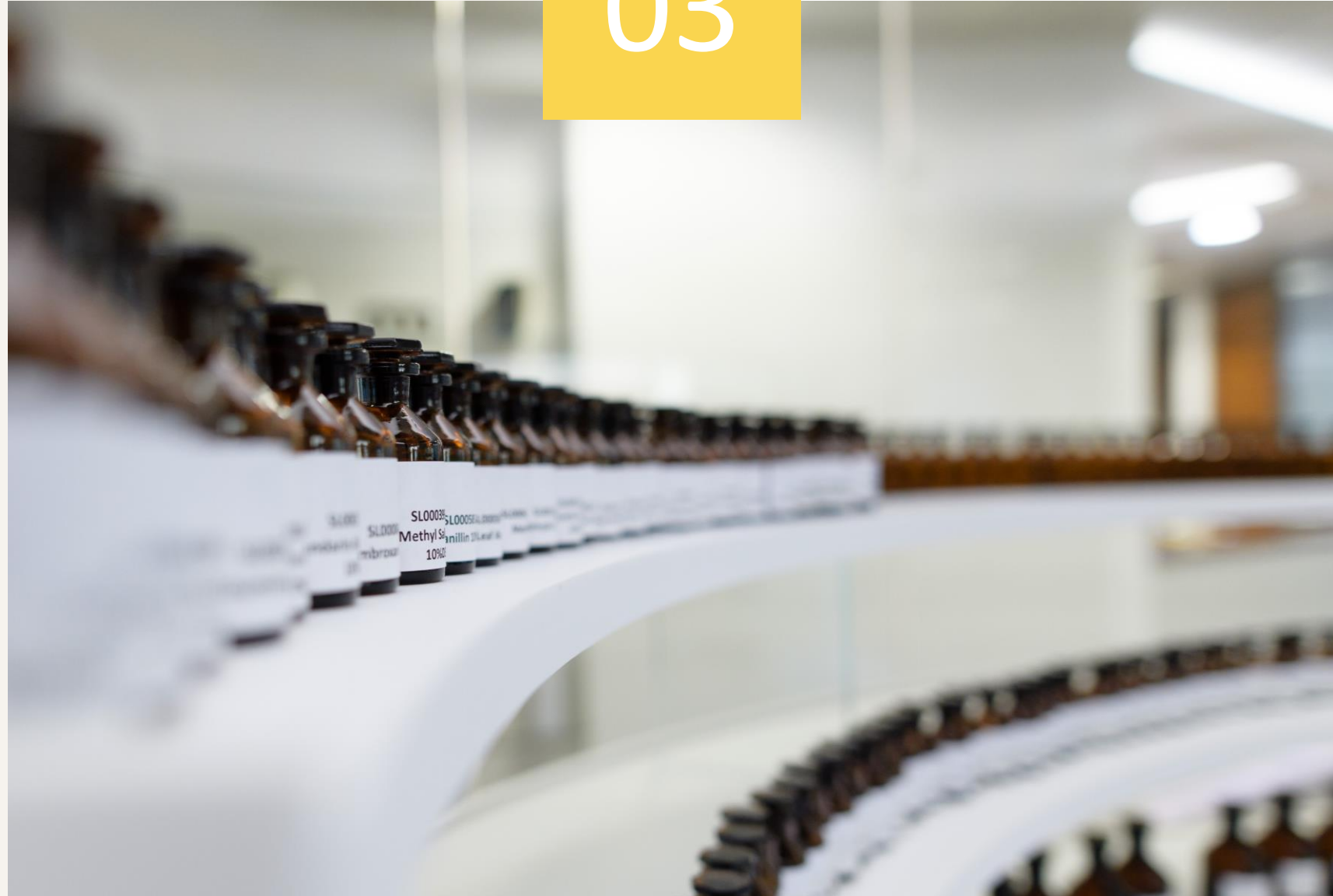
Our suppliers are required to monitor and improve the quality level of products and services and to comply with all quality requirements of specifications and contracts, as well as materials traceable to source.

**Quality Management:** Suppliers must operate a quality management system. The purchasing of materials is carried out to defined procedures and quality standards. It is our policy that all orders are confirmed in writing clearly defining the product/service required. Product specifications are held to facilitate this. Verification of purchased product is not a part of the contract between CPL divisions and their customers.

**Traceability & Transparency:** Sourcing sustainably requires being able to trace purchased goods to source, with access to reliable data regarding origin and processes. Transparency is the foundation for assessing and monitoring supply chain risks, as well as engaging with our suppliers to support progress towards our policy.

We expect our suppliers to support our commitment to full traceability by having full knowledge of, and taking ownership and responsibility for, their own supply chains back to the primary production level.

For natural origin ingredients, suppliers must confirm either the country of cultivation/harvesting, or the country of origin of the essential oil from which the material is extracted. Information should also be collected on the harvesting, cultivation, drying, fermentation processes etc. as well as the process of production, transformation and extraction e.g. distillation, solvent extraction.







Our suppliers must comply with a set of requirements in order to ensure they are providing a safe and healthy workplace for all, obtaining relevant certifications as appropriate.

CPL expects all suppliers to ensure the following:

- a) a safe and healthy workplace
- b) effective steps are taken to prevent potential health and safety incidents and occupational injury or illness
- c) safe and hygienic accommodation (where applicable)
- d) access to safe drinking water
- e) satisfactory sanitation
- f) adequate emergency exits
- g) appropriate safety equipment and adequate training for the tasks carried out
- h) access to emergency medical care in the event of a workplace injury

Where hazards cannot be eliminated, suppliers must provide workers with appropriate personal protective equipment as needed at its own expense. It is expected that all suppliers will have procedures in place to ensure that requirements with regards to occupational health and safety are identified kept up-to-date and communicated.



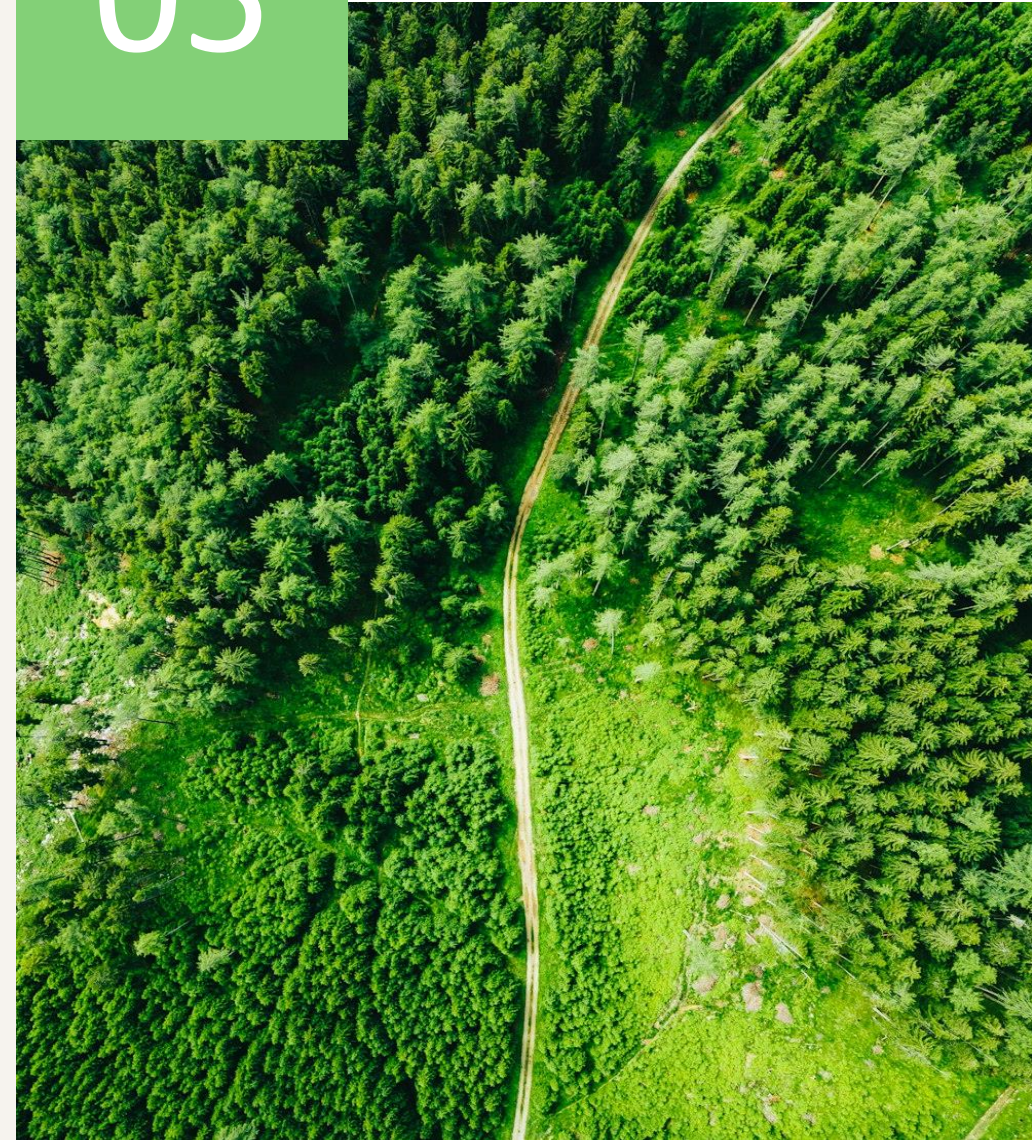
We expect our suppliers to be taking steps to minimise environmental impact. We aim to engage suppliers to decrease their impact and promote environmental stewardship and positive contribution to biodiversity.

**All suppliers:** An environmental management system must be in place to manage the following principles:

- a) Environmental compliance obligations are met to control and reduce impacts on the environment
- b) GHG emissions are monitored and reduced, and energy is used efficiently
- c) Emissions to air, effluent discharge and noise are managed according to applicable local laws
- d) Water usage is monitored, reduced and used efficiently. Suppliers must take additional measures in water-stressed areas.
- e) Waste is effectively managed and disposed of according to applicable local laws. Steps are taken to eliminate and reduce unnecessary waste and, where possible, waste is recovered, used as a resource and/or recycled.
- f) Packaging to be kept to a minimum. Steps should be taken to supply in optimal sizes or quantities of materials wherever this can be practically achieved.

**Natural suppliers only:** In addition to the above, suppliers of natural raw materials are expected to adopt the following principles:

- a) All suppliers must take steps to identify and protect biodiversity, and peat lands (regardless of depth) must be conserved.
- b) Best practices must be implemented to maximise yield without negatively impacting the environment or local community.
- c) Suppliers are expected to manage wild harvesting practices to ensure sustainable regrowth.
- d) Waste and harvest losses must be minimised.
- e) Where applicable, soil conservation practices must be in place.
- f) Fire must not be used to prepare land.
- g) Animal welfare must be respected.
- h) Harmful agricultural chemicals must be eliminated, and chemical usage reduced.







We expect all suppliers to engage with and contribute to a greater social impact, including management and improvement of good environmental and social accountability within their own supply chains.

**Management of Suppliers:** CPL expects all suppliers to have full visibility of their own supply chains, back to source. This includes policies and regulation to ensure impact of raw material extraction is managed and improved wherever possible. We expect all our suppliers to be actively working to improve environmental, labour, ethics and safety standards throughout their own supply chains through accountability and assessment measures, such as auditing.

**Social Accountability:** CPL expect all suppliers to engage with social accountability practices. Examples are, but not limited to: wellbeing initiatives for employees and other stakeholders; local community enhancement projects (such as education, health, nutrition); corporate social responsibility and charitable initiatives; ethical partnerships with suppliers etc.

**Continual improvement:** CPL expect all suppliers to engage in a process of continual improvement and to verify their processes and practices in line with this policy. We aim to provide the necessary support to suppliers where improvement is required.

## Supplier Assessment

Our Responsible Sourcing Policy illustrates the framework within which we are assessing and monitoring sustainability and responsible sourcing within our supply chains, including engaging and inspiring our suppliers. This policy reinforces the commitment of CPL to have a positive impact on people and the planet.

A supplier engagement and assessment program has been implemented to assess supplier's level of compliance and monitor responsible supply targets and achievement. Our supplier engagement and assessment programme consists of 3 pillars: supplier commitment and compliance, assessment and audit, and continuous improvement.

We have developed the CPL Responsible Supplier Assessment, a pragmatic method of measuring the performance of suppliers to these 6 principles. Suppliers undergo scoring based on performance, with audits conducted on-site or remotely using a risk-based approach.

# 01



## Commitment & Compliance

CPL expects all suppliers to commit to comply with the principles laid out in this policy as well as implement management systems that enable compliance. This must include as a minimum: risk management (to identify, assess and manage risks in all areas addressed by this policy), documentation (to be able to demonstrate compliance with this policy by retaining adequate documentation) and communication: CPL expects its suppliers to communicate this policy to all relevant employees, departments and members of its supply chains.

# 02



## Assessment & Audit

CPL verify alignment of supplier practices with the requirements of this policy through supplier assessment and auditing. The extent of assessment or monitoring is commensurate with the level of risk identified and as the product/service or poor supplier performance dictates. Records of these visits/audits will be maintained. Any results of such audits will be provided to the supplier with areas for improvement clearly identified. We expect any supplier audited to resolve audit findings promptly and to provide supporting documentation as requested. CPL reserves the right to audit any supplier's facilities.

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## Continuous Improvement

CPL expects suppliers to monitor and verify their performance and to continuously improve in line with this policy. This will be considered and form part of ongoing assessments. Any noncompliance with this policy should be reported to us without delay. We encourage suppliers to raise concerns about ethical compliance of behaviour of a CPL employee or representative, and to report such concern to us. This can be done by contacting your usual business contact at CPL.



## Responsibly Sourced Ingredients

An ingredient assessment program has been implemented to assess supply chains of the raw materials used within our fragrances. This takes our 6 Fundamental Principles and applies them to the supply chains of an individual raw material to define the quality & traceability, safety, environmental protection, business integrity and social accountability practices, in order to ensure our materials are produced, grown, made or sourced in a way that is not having a negative impact on people or the planet.

In order to classify ingredients as responsibly sourced, CPL must first confirm alignment of supplier practices with the requirements of this policy and evaluate performance using Responsible Suppliers Assessment. Supplier audits are carried out to verify suppliers are going above and beyond compliance and identify positive impact to society and/or the planet. Records of these visits/audits will be maintained, along with gathered evidence. We expect any supplier audited to resolve audit findings promptly and to provide supporting documentation as requested.

Once suppliers have been classified as responsible, we are then able to assess the individual supply chains. In order to do this we have developed the CPL Responsible Ingredients Assessment, a pragmatic method of measuring the performance of individual materials as responsible. 'Responsibly Sourced' ingredients are those materials achieving excellence, identified as being

produced, grown, made or sourced in a way that goes above and beyond basic compliance, where efforts are being made to positively impact people and/or the planet.

Going beyond involves the implementation of advanced practices such as promoting and implementing agricultural and collection practices that contribute to climate resilience and regeneration of ecosystems (e.g. species diversity, soil and water health, etc.), setting fair price that contributes to providing living wages to participants in the supply chains, respecting of land rights and indigenous people's rights, developing a sourcing standard or seeking compliance with leading certifications standards, proactively engaging with relevant initiatives with NGOs, experts and leading associations with the aim to monitor socio-economic indicators on farming communities to ensure decent living conditions are met, and establishing traceability processes and systems from farm to CPL.

This can be verified through on-site audits conducted by ourselves or through the use of third party certification schemes such as FSA SAI, Fair Wild, UEBT Certified, Organic, Fair Trade, Fair for Life, BMB etc.



## Sustainable Palm Oil

Palm oil and its derivatives pose specific risks in terms of deforestation and associated adverse impacts on Human Rights and biodiversity. We expect our suppliers of palm oil and its derivatives to commit to a vision of deforestation-free supply chains and put in place appropriate processes to make this vision a reality.

In line with these commitments, CPL Aromas are dedicated to source all our Palm Oil derived materials sustainably. CPL does not add any Palm Oil directly to any of our fragrances and all Palm Oil derived ingredients are RSPO certified. Non RSPO certified Palm Oil derivatives have been resourced, replaced or phased out. This is to ensure that 100% of our palm oil derived materials are purchased from a sustainable source





# Let's create together

Contact our team to learn more about our sustainable efforts and how we can help you make fragrances more sustainably.



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