

Firmenich



SUSTAINABILITY REPORT 2011

CELEBRATING THE INTERNATIONAL YEAR OF FORESTS



HIGHLIGHTS

CONTENT

Best

Named Best Private Company by Ethical Corporation.

Quality

Fred-Henri Firmenich presented with Governance Medal by the International Academy of Quality.

Haiti

Recognized by the Clinton Global Initiative for helping vetiver farmers in Haiti.

-37%

Reduced our Total Recordable Case (TRC) rate for employee safety by 37%.

Certification

Worked with the Rainforest Alliance toward recommendation for certification of vanilla in Madagascar.

Council

International Business Leaders Forum (IBLF) and the Naandi Foundation join Sustainability Council.

12

New third party management systems certifications.

Solar Energy

Major installation in Newark, N.J.

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Message from Our Chairman and CEO

Welcome to our sixth annual sustainability report. This year, we have enhanced our reporting by publishing the report under the Global Reporting Initiative Guidelines.

Creating sustainable connections between nature and chemistry is at the heart of what we do, and this report celebrates the United Nations' (UN) International Year of Forests as well as the United Nations Educational, Scientific and Cultural Organization's (UNESCO) International Year of Chemistry.

When you achieve integration between business and sustainability, you innovate, create change, and transform the business status quo. We have made great progress over the past year against our sustainability targets, and sustainability is now integrated throughout our business.

Every day, we engage our employees, our clients and our partners worldwide to develop sustainable solutions in order to make a difference in our individual communities and in the world community.

As a company dedicated to world-class standards of sustainability management, Firmenich has made a clear commitment to the ten principles of the United Nations Global Compact, which we signed in 2007, and to the goals and principles of the UN's CEO Water Mandate for the responsible use of water - one of the world's most precious resources. We try to faithfully execute these principles in all of our business activities.

For the sixth consecutive year, we have improved our safety performance. In FY11, we improved our employee safety rate by 37% over the prior year.

Through our natural sourcing projects, reforestation, and the installation of solar panels at a number of our manufacturing facilities, we are responding to climate change and are working to protect the planet's biodiversity. Last year, we marked five years of continuous improvement in all of our environmental performance indicators. FY11 presented a challenge whereby we saw two new manufacturing sites become operational (our flavors plant in Newark, N.J., and an ingredients and perfumery plant in Gujarat, India). These two sites have negatively impacted most of our environmental performance indicators as the offsetting reductions associated with the manufacturing transfer will not be realized until after FY12.

To reinforce our sustainability governance we have welcomed two new members to our Sustainability Council: the Naandi Foundation, one of the largest nongovernmental organizations (NGOs) in India, and the International Business Leaders Forum (IBLF), a leading sustainability think tank.

Finally, we are proud to have received public recognition for our commitment to sustainability. In September 2010, Firmenich was recognized by the Clinton Global Initiative for our work helping vetiver farmers in Haiti. Our long-term thought leadership in sustainability was further recognized when Ethical Corporation named Firmenich the "Best Private Company" in May 2011.

FY12 will be another exciting and challenging year for us as we continue to evolve and enhance our long-term sustainability strategy. We strive to make it easier for clients, suppliers, and all of our stakeholders to work with us on sustainability issues that matter to them.

We warmly thank our employees, who understand that sustainability is the responsibility of everyone, everywhere, every day. Our sense of individual and collective responsibility ensures our long-term success.

The Firmenich Fundamentals guide our every action, enabling us to remain true to ourselves and make a difference in an ever-changing world.

Vernon Sankey
Chairman

Patrick Firmenich
CEO

VISION AND STRATEGY

About Firmenich

Founded and headquartered in Geneva, Switzerland, since 1895, Firmenich is the largest privately owned company in the Flavor and Fragrance industry, in our 5th generation of family owned leadership. We create unique sensorial experiences in flavors and fragrances for the world's most desirable brands, inspiring emotions and fulfilling desires through the products people enjoy every day.

Embracing Sustainability

Our vision is to remain an industry leader in sustainability, creating and capturing value with our clients and their consumers worldwide. We are committed to remaining a leader in solving global challenges, such as climate change, inequality in access to health and education services and inclusive economic growth. We will continue to:

- Create products that make a difference
- Contribute to our clients' sustainability strategies
- Understand consumer needs in emerging economies
- Anticipate global environmental trends

2015 — Strategic Sustainability Goals (from 2010 Baseline)

50%

Further improve our industry-leading safety performance

-15%

Reduce CO₂ emissions in absolute terms

-15%

Reduce water usage rate

90%

Partially power 90% of our manufacturing facilities with renewable energy

400 Key

Create a "Sustainability Index" for 400 key ingredients

8 Countries

Complete Sustainable Natural Ingredient Sourcing Projects in eight countries

1 Million

Impact the lives of one million children through improved nutrition and hygiene

EXTERNAL VERIFICATION

SGS Société Générale de Surveillance SA report on sustainability activities in the Firmenich Sustainability Report for 2011

Nature and Scope of the Assurance / Verification

SGS Société Générale de Surveillance SA was commissioned by Firmenich to conduct an independent assurance of the Sustainability Report 2011. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included all text, and data in accompanying tables, contained in this report.

The information in the Sustainability Report 2011 of Firmenich and its presentation are the responsibility of the directors and the management of Firmenich. SGS Société Générale de Surveillance SA has not been involved in the preparation of any of the material included in the Sustainability Report 2010.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification set out below with the intention to inform all Firmenich's stakeholders.

This report has been assured at a moderate level of scrutiny using our protocols for:

- evaluation of content veracity;
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines (G3 2006/G3.3 2011)

The assurance comprised a combination of pre-assurance research, interviews with relevant employees at the Headquarters in Geneva; documentation and record review. Data has been assured at corporate level; base data utilized in the calculation of the consolidated figures have not been assured.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of the assurance process.

Statement of Independence and Competence

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS Société Générale de Surveillance SA confirms our independence from Firmenich, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with AA1000SA Certified Practitioner, Lead Quality, Environmental and SA8000 Auditor and experience in the flavours and fragrance industry.

Verification / Assurance Opinion

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within Firmenich Sustainability Report 2011 is accu-

rate, reliable and provides a fair and balanced representation of Firmenich sustainability activities in financial year ending 2011.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

Global Reporting Initiative Reporting Guidelines (G3.1 2011) Conclusions, Findings and Recommendations

In our opinion, the Firmenich Sustainability Report 2011 meets the content and quality requirements for GRI G3.1 Application Level C+.

Principles – In our opinion the content and quality of the report adheres to the ten GRI Principles. In future reports we would expect that areas where basic information has been included will be developed in line with these principles. Opportunities were identified for consideration in future reporting cycles to ensure continual improvement, including:

- more detailed information regarding stakeholder mapping engagement and feedback
- reporting on performance and engagement with internal stakeholders
- improvement in the balance of reporting on challenges and risks

Standard Disclosures – All the standard disclosures required for reporting at an application level C+ were included or referenced in the report.

Indicators – The required minimum number of core indicators are included in the report. We expect that Firmenich will increase and expand on the required indicators in future reporting to increase transparency.

Strengths

The report demonstrates a deep understanding of sustainable development and the organisation's measures of performance and links the sustainability topics to long term organisational strategy well. Firmenich has been publishing a Sustainability Report since FY06 and the FY11 report marks an important step forward in reporting against to a global reporting standard.

*Signed for and on behalf of SGS Société Générale de Surveillance SA
Geneva, September 15, 2011*



2011 GLOBAL COMMITMENT



International Year of Forests

The United Nations General Assembly declared 2011 the International Year of Forests to raise awareness of the need to sustainably manage, develop and conserve forests. Firmenich celebrates and supports the International Year of Forests in a number of ways.

Sourcing

Our sustainable sourcing program includes agriculture projects in Brazil, Haiti, Madagascar and Uganda that seek to ensure the supply of essential natural ingredients. These projects integrate reforestation components or directly engage with forest populations and target small farmers to have a positive effect on forest environments. By strengthening these forest communities, it is likely that they will have less need to cut trees to survive. We believe that by reinforcing farming communities through our sustainable sourcing programs, we are contributing to the protection of forests. Farming around the world is becoming an increasingly under-valued profession but when sustainable practices are observed farmers can be advocates for forest protection, and we will continue working with them, both during the International Year of Forests and into the future.

Advocacy, Art and Creation

Last year's sustainability report featured the work of Yann Arthus-Bertrand. Mr. Arthus-Bertrand was nominated as a United Nations Environment Programme Goodwill Ambassador and was asked by the UN to produce a film for the International Year of Forests. Firmenich provided support to his foundation for the creation of the website "Of Forests and Men" www.desforetsetdeshommes.org/en.

Also, this year we invited Christoph Niemann to expand his art work on autumn leaves, work that is featured throughout this report.



International Year of
CHEMISTRY
2011

International Year of Chemistry

The UN General Assembly declared 2011 the International Year of Chemistry to celebrate the achievements of chemistry and its contribution to the well-being of humankind. 2011 marks the 100th anniversary of the founding of the International Association of Chemical Societies, as well as the year Madame Marie Curie won the Nobel Prize. As a past recipient of the Noble Prize for Chemistry, Firmenich is proud to support the objectives of the International Year of Chemistry to:

- Increase the public appreciation and understanding of chemistry in meeting world needs;
- Encourage the interest of young people in chemistry;
- Generate enthusiasm for the creative future of chemistry; and
- Celebrate the role of women in chemistry or major historical events in chemistry.

Creating sustainable connections between nature and chemistry is at the heart of what we do, and this report celebrates the United Nations' (UN) International Year of Forests as well as the United Nations Educational, Scientific and Cultural Organization's (UNESCO) International Year of Chemistry.



Guest Artist:
Christoph Niemann

I am excited to partner with Firmenich to expand my work with autumn leaves for their 2011 sustainability report. Inspired by my blog post “bio-diversity,” I created this work to present a familiar aspect of nature in an extraordinary way, resonating with Firmenich’s interpretation of nature through their flavors and fragrances. I hope my autumn leaves provide a visual insight into their sustainability vision.

As an artist that illustrates articles for business magazines and newspapers, my work often accompanies global issues and emerging perspectives on our world. Certain topics stand out, alerting me to fundamental changes on the horizon.

A few years ago, I read my first piece about sustainability. It of course talked about sustainability in an environmental context, but it also talked about motivation, inspiration and the idea of a lifelong, fulfilled existence. Until then, the discussion had always been about production and conservation as opposing forces, but this fresh approach allowed a new way of thinking that enabled both concepts to invigorate each other.

For me, sustainability has been a personal effort, to refocus how I engage and contribute to the world around me. I hope that individual change can contribute to community and organizational journeys; when these journeys gather momentum perhaps they can have global impacts.

There are still many ways for me to perfect my personal sustainability efforts. But by now I am convinced, that the best way I can contribute as an artist is by being considerate to all the elements of my life. In school, they teach you that you can’t have your cake and eat it too. Sustainability is the art of being mindful and considerate of the cake, helping it to regrow and ultimately allowing you and everybody else to enjoy it indefinitely.



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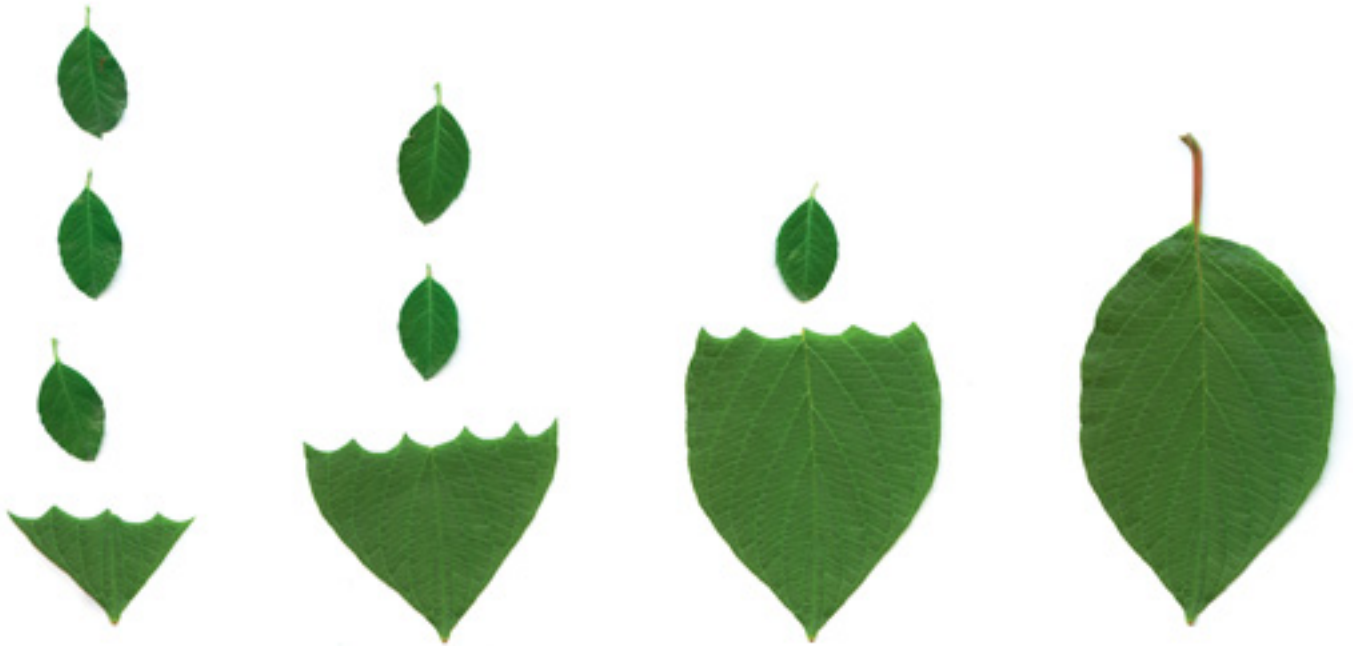
Christoph Niemann (born 1970 in Waiblingen, Germany) is an illustrator, graphic designer and co-author. His work has appeared on the covers of *The New Yorker*, *Atlantic Monthly*, *The New York Times Magazine* and *American Illustration*, and has won awards from AIGA, (American Institute of Graphic Arts) the Art Directors Club and *American Illustration*. He is a member of the Alliance Graphique Internationale. In 2010, he was inducted into the Art Directors Club Hall of Fame.

CHRISTOPH NIEMANN

Christoph Niemann
Illustrator

SUSTAINABILITY IS
INTEGRATED THROUGHOUT
OUR BUSINESS. OUR SENSE
OF INDIVIDUAL AND
COLLECTIVE RESPONSIBILITY
ENSURES OUR
LONG-TERM SUCCESS.

EVERYONE, EVERYWHERE, EVERY DAY



CN '2011

Last year, our Chairman and CEO jointly stated that “sustainability is the responsibility of everyone, everywhere, every day.” At Firmenich, our goal is to engage everyone in our business in making sustainability a reality. Sustainability is integrated throughout our global locations and everywhere in our business cycle, from research, creation and product development, to supply chains, sales and marketing. Every day we work to reduce our environmental footprint.

Everyone: Embracing the Game Change

Engaging, energizing and empowering our people is essential to driving change and integrating sustainability into our business. This year we have made significant progress.



Almost 100 “sustainability champions” have emerged throughout our business as a critical mass of “change agents,” self selected through their actions and enthusiasm, to drive change through their teams and lead those around them. We are focused on building competencies and creating incentives to promote sustainability.

In FY2011, we trained almost 10% of our workforce on sustainability. Our “everyone” strategy includes:

- **Building our sustainability community:** Using knowledge management tools to enhance and facilitate information sharing and best practices throughout our community.

Our *Global Community Day* brings together employees, affiliates and partners to create meaningful actions that inspire, empower and engage the communities around us. This year, activities included 38 affiliate organizations and 1,617 volunteers contributing to 99 projects worldwide.

Our *Green Team Initiative* engages employees around the world in the efforts to reduce the environmental impacts of our operations. New Green Teams were established in Paris, Singapore, China and in New Jersey and California in the U.S.

- **Sustainability Dialogues:** We engage sustainability thought leaders to inspire clients and employees; enhancing understanding, identifying trends and building partnerships.

This year, our Sustainability Dialogues, which take place once a month at various locations in our network, included sessions with Rob Cameron, CEO of Fair Trade, Marinah Embiricos, President and Founder of the Borneo Rainforest Foundation, Dr. Robert Glasser, Secretary General of CARE International, Manoj Kumar, CEO of the Naandi Foundation and Gib Bullock, Executive Director of Accenture Development Partners.



Members of our Paris Green Team

- **Integrating into business processes:** This year, 2 of our flagship creative programs, Trenz® and the Sensorium®, integrated sustainability into their methodologies, highlighting our efforts to mainstream sustainability into our organizational culture.

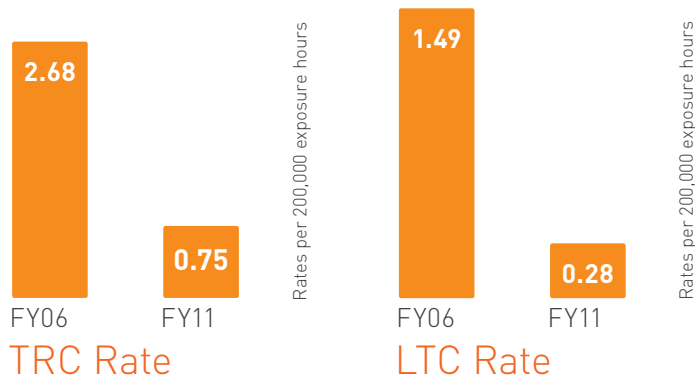
Trenz® is a proprietary, prospective marketing tool unique to Firmenich with a reputation within the Flavor and Fragrance industry for identifying, analyzing and applying new trends in a meaningful way. The Trenz® team’s foresight and analysis will positively influence our understanding of emerging sustainability issues.

Protecting Everyone: Health, Safety and Environment (HS&E)

Ensuring that our employees are healthy and safe is of the utmost importance at Firmenich. Our Embrace 2015 target is a further 50% improvement in safety performance.

-81%

improvement in LTC over the last 5-year period



TRC Rate

* TRC Rate = Total Recordable Cases per 200,000 exposure hours. (This is the sum of Lost Time Cases + Restricted Work Cases + Medical Treatments, which are either work related injuries or illnesses). Data is for full time permanent and temporary employees (supervised contractors).

LTC Rate

* LTC Rate = Lost Time Cases per 200,000 exposure hours. (A "Case" is a recordable work related injury or occupational illness that results in time away from work of greater than one day or one shift following the day of the incident). Data is for full time permanent and temporary employees (supervised contractors).

For the 6th consecutive year, we improved our safety performance with a Total Recordable Case (TRC) rate of 0.75, which represents a 37% improvement from the prior year (FY10 TRC = 1.19) and an overall 72% improvement over 5 years from FY06 (full-time fixed and temporary employees).

The Lost Time Case (LTC) rate for FY11 (at 0.28) shows an 81% improvement over the same five-year period.

7 of our 25 manufacturing sites achieved zero total recordable cases, with 13 achieving zero Lost Time Cases during FY11. 9 sites achieved 2 or more years without an LTC, with 2 of these sites exceeding 5 years.

As part of our ongoing commitment to have all of our manufacturing operations third-party certified to both the OHSAS 18001 (occupational health and safety management systems standard) as well as ISO 14001 (environmental management systems standard) by the end of FY14, we achieved an additional 10 certifications during this fiscal year.

Our HS&E Investments for FY11

We continued to invest capital in HS&E and sustainability improvements at our manufacturing plants. Capital spending on projects and equipment related to HS&E and Sustain-

ability was CHF 17.7 million* in FY11. Over the last 5 years (FY06 – FY11), annual capital spending on HS&E and sustainability has more than doubled.

Some of the major HS&E and Sustainability capital projects during FY11 included:

- Solar panel installation in New Jersey U.S.
- Heat recovery/Natural gas usage reduction in Switzerland
- Wastewater treatment in Belgium
- Equipment safety enhancements in Switzerland, Belgium, and the U.S.
- Plant ventilation improvements in Norway and Switzerland
- Process modifications to reduce odors and VOC in the U.S.
- Fire protection for warehouse in the U.S.

*This includes projects specifically related to HS&E, and Sustainability plus an allocated percentage of all other project investments according to our internal asset investment rules.

Partnership to Implement a Behavioral Safety-Based Program

During FY11, we continued to implement behavioral-based safety training at our major sites. 3 sites have now fully implemented the Behavioral Accident Prevention Process®, or BAPP®, technology with help from BST, our safety consultants. These sites — in Geneva, Switzerland; Princeton, N.J., U.S.; and São Paulo, Brazil — are now benefiting from this process. The BAPP® system involves engaging employees at all levels in the continuous improvement of safety by focusing on the working interface, that is, the interaction of all the factors that can cause an injury: conditions, management systems and the things people do. We will continue our partnership into FY12 with programs at 2 other key locations.

-6.5%

reduction of our CO₂ emissions in the last 5 years

Every Day: Respecting Our Environment

Our Performance

Last year, we closed out 5 years of reporting against our Inspire 2010 strategic environmental goals. We also took the opportunity to launch our new Embrace 2015 strategic sustainability goals, which include a commitment to reduce our CO₂ emissions in absolute terms by 15%, reduce our water use rate by 15% and power 90% of our manufacturing facilities partially with renewable energy.

Going forward to 2015, we will report our key environmental sustainability indicators normalized as a rate per tonne of production on a rolling 5-year baseline (previously reported and stated as normalized per tonne of product sales). This report will therefore cover the period of fiscal year 2006 to 2011 as well as performance against prior years. This change in reporting unit will enable us to better align specific improvement goals within our divisional operations.

	FY10	FY11	Annual Change %	FY06 vs. FY11 Change %
Total Energy Use (GJ/t)*	10.2	11.0	+7.8 ↑	-13.4 ↓
Scope 1 and 2 CO₂ emissions (kg/t)*	731	808	+10.5 ↑	-6.5 ↓
VOC (kg/t)*	1.4	1.4	0 →	-26.3 ↓
Total Water Use (m³/t)*	26.3	27.3	+3.8 ↑	-38.9 ↓
Process Water Use (m³/t)*	8.3	8.7	+4.8 ↑	-10.3 ↓
Hazardous Waste (kg/t)*	80	82	+2.5 ↑	-31.1 ↓
Recycled Waste (tonnes)	13,396	13,501	+0.8 ↑	+15.5 ↑
Waste to Energy (%)*	8.4	18.2	+116.6 ↑	NA
Waste to Landfill (%)*	8.3	10.6	+27.7 ↑	+49.3 ↑

* Each year, we revalidate our data making any necessary corrections retrospectively and reporting these corrections.

* Data normalized and stated as per tonne of production

* Data stated as a % of total waste generated

Our current reporting period, fiscal year 2011, is a transition year. It is the first year of our new strategy, Embrace 2015, and also a year when we saw 2 new manufacturing sites become operational: our flavor plant in Port Newark, N.J., U.S., and the ingredients and perfumery plant in Dahej, Gujarat, India. These 2 sites have impacted performance data negatively on the majority of our indicators. The offsetting reductions associated with manufacturing re-allocation and efficiencies are expected to be realized during the current strategic reporting period.

Energy Use and Carbon Dioxide (CO₂) Emissions

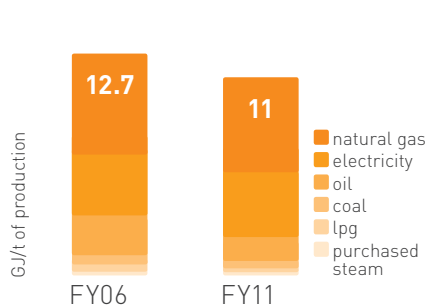
Our commitment to manage and reduce our CO₂ emissions continues. We were signatories to the Copenhagen Communiqué on Climate Change, thereby making our commitment public. We have also reported fully for the third time our carbon emissions via the Carbon Disclosure Project.

In FY08, we started to report our CO₂ emissions for both Scope 1 (direct energy) and Scope 2 (indirect energy from purchased electricity), having revised our data-collection and reporting methodology to allow for such tracking. We also participated in an industry-level initiative to standardize the way Flavor and Fragrance companies report their emissions. Additionally, during FY11, we started a project to screen our significant Scope 3 emissions (broad scope of upstream and downstream emissions).

During FY11, our CO₂ emissions (Scope 1 and 2) in kg per tonne of production increased 10.5% from the prior year. In absolute terms, this represents a one-year CO₂ emissions increase of 18,467 tonnes, which is wholly attributable to our two new production sites in the U.S. and India. However, during the rolling five-year period (FY06-FY11), we achieved an overall 6.5% decrease in these emissions per tonne of production.

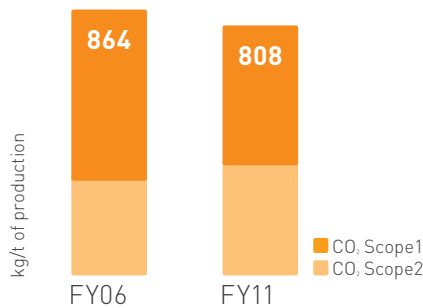
-38.9%

water reduction per tonne of production

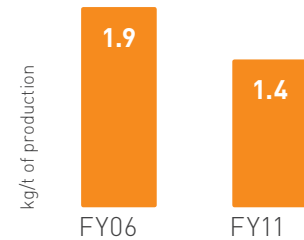


Energy Use

* In FY09, our coal conversion factor was changed after actual analysis of coal thermal efficiency and the factor applied to retrospective years.



CO₂ Emissions



VOC Emissions

VOC

Emissions of volatile organic compounds (VOCs) are an inevitable by-product of our processes. Our goal is to reduce VOCs at the source. We try to first find and implement benign alternative processes or use alternative materials. Where this is not possible, we use abatement technologies, or we capture the emissions before they can escape. We also monitor and calculate other air emissions, including NO_x and SO_x, and analyze this data to better understand where we can make significant improvements.

In FY11, VOC emissions in kg per tonne of production were flat compared with the prior year of 1.4 kg per tonne.

The rolling 5-year reduction in VOC emissions (FY06-FY11) is 26.3%. The measures taken to achieve this large reduction have previously been reported and focused on our solvent-intensive operations. The results achieved validate the VOC abatement measures we have implemented.

Water Use

As signatories to the UN Global Compact's CEO Water Mandate, we are committed to addressing the ways in which we use water. Given the nature of our business and products and the strict requirements for hygiene and cleanliness standards, water use is a key factor to be managed.

In FY11, we saw a 3.8% increase in our total water use per tonne of production (process, sanitary and cooling). Over the rolling 5-year period (FY06-FY11), we achieved a 38.9% reduction per tonne of production as well as a 9.1% absolute reduction.

We are aware of the nexus between water and energy use, and we are continually looking for improvement opportunities that combine efficiencies in these two elements (See page 16 for activities in Meyrin, Switzerland).



18.2%

of waste used for energy generation

Managing Waste

Hazardous Waste

We are making significant progress in our efforts to reduce the volume of hazardous waste we generate. Over the rolling 5-year period (FY06-FY11), we have achieved a 31.1% reduction per tonne of production. The performance over the prior year shows a 2.5% increase, which is wholly attributable to the new ingredients facility in Dahej, Gujarat, India.

Initiatives to reduce our hazardous waste burden include a project at our ingredients plant in Port Newark, N.J., U.S., where the site decreased its overall hazardous waste generation by approximately 40% since 2008. This is mainly due to the isolation of a methanol co-product from the Hedione® process and the sale of isopropyl alcohol from our Durarome® process. Both materials were once generated and disposed of as hazardous wastes. Markets were found, and supplier agreements were put in place for the sale of these materials.

Recycling Waste

We continue to increase efforts to identify our waste-recycling opportunities for both operational and nonoperational sites, which will proceed as we move forward into our Embrace 2015 strategy. The actual tonnage that we now recycle has increased 15.5% during the rolling 5-year

period (FY06-FY11) with a small 0.8% increase over the prior year. All of our sites are encouraged to identify opportunities to recycle, and the growing number of affiliate green teams continues to help facilitate these efforts.

Waste to Energy

We have introduced a new metric for this current strategy period, which is the percentage of our total waste volume (tonnes) that is used to generate off-site energy (e.g., waste burned in co-generation plant and waste solvent to fuel cement kilns). During the current year, 18.2% of our total waste volume (tonnes) was used for off-site energy generation, which is more than double the FY10 figure of 8.4%.

Waste to Landfill

We will also now measure, manage and report the percentage of our total waste volume (tonnes) that goes to landfill. We have seen a 49.3% increase over the rolling 5-year period (FY06-FY11), which represents 7.1% of total waste volume in FY06, increasing to 10.6% for the current period, FY11.



75%

of Scope 3 GHG emissions
from purchased goods and services

Understanding Our Scope 3 Greenhouse Gas Emissions (GHGs)

Scope 3 GHG emissions are much broader than Scope 1 and 2 and can include anything from employee travel to “upstream” emissions, embodied in the products we purchase and process, and “downstream” emissions, which are associated with transporting and disposing of the products we sell.

Since FY08, we have reported both Scope 1 and 2 GHG emissions. During FY11, we entered into a partnership with Quantis, leading experts in the field of environmental life cycle assessment, to help us understand and screen our Scope 3 GHG emissions. This assessment will better align our reporting with the GHG Protocol as well as with growing client expectations, via the Carbon Disclosure Project. The data will help us to establish better insights into where we can best focus efforts to achieve our Embrace 2015 CO₂ emissions targets.

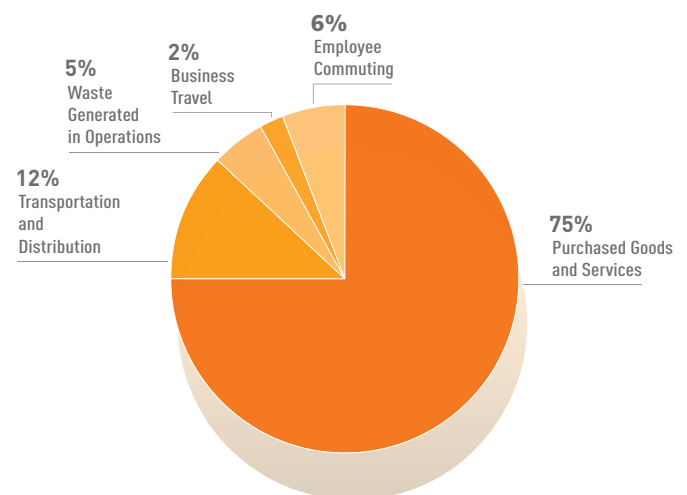
To understand our critical Scope 3 emissions, we calculated annual emissions (from July 1, 2009, to June 30, 2010) from a range of upstream Scope 3 activities, including:

- Purchased goods and services
- Transportation and distribution (upstream and downstream)
- Business travel
- Waste generated within our operations
- Employee commuting

The downstream Scope 3 activities, such as processing of sold products, leased assets and franchises, were excluded from the study (for reasons of practicality and resources) but may be included in future evaluations.

The results, which are consistent with data published by other benchmark companies, help establish a first vision of our Scope 3 GHG emissions and set the stage for the establishment of a baseline of Scope 3 accounting within Firmenich.

Our total Scope 3 emissions for the period FY10 were calculated at 520,000 tonnes of CO₂, which is four times greater than our Scope 1 and 2 emissions combined (for the same period). Upstream emissions from purchased goods and services accounted for approximately 75% of total Scope 3 emissions. This clearly identifies a need to work closely with our suppliers to reduce overall GHG emissions. Since other sources are not negligible and potentially offer efficient reduction opportunities, we will also explore the relevant actions in each category. A summary of the main Scope 3 emissions is shown below:



Everywhere: Around the World and Inside Our Business Cycle

Highlights of Our Global Sustainability Efforts

Europe

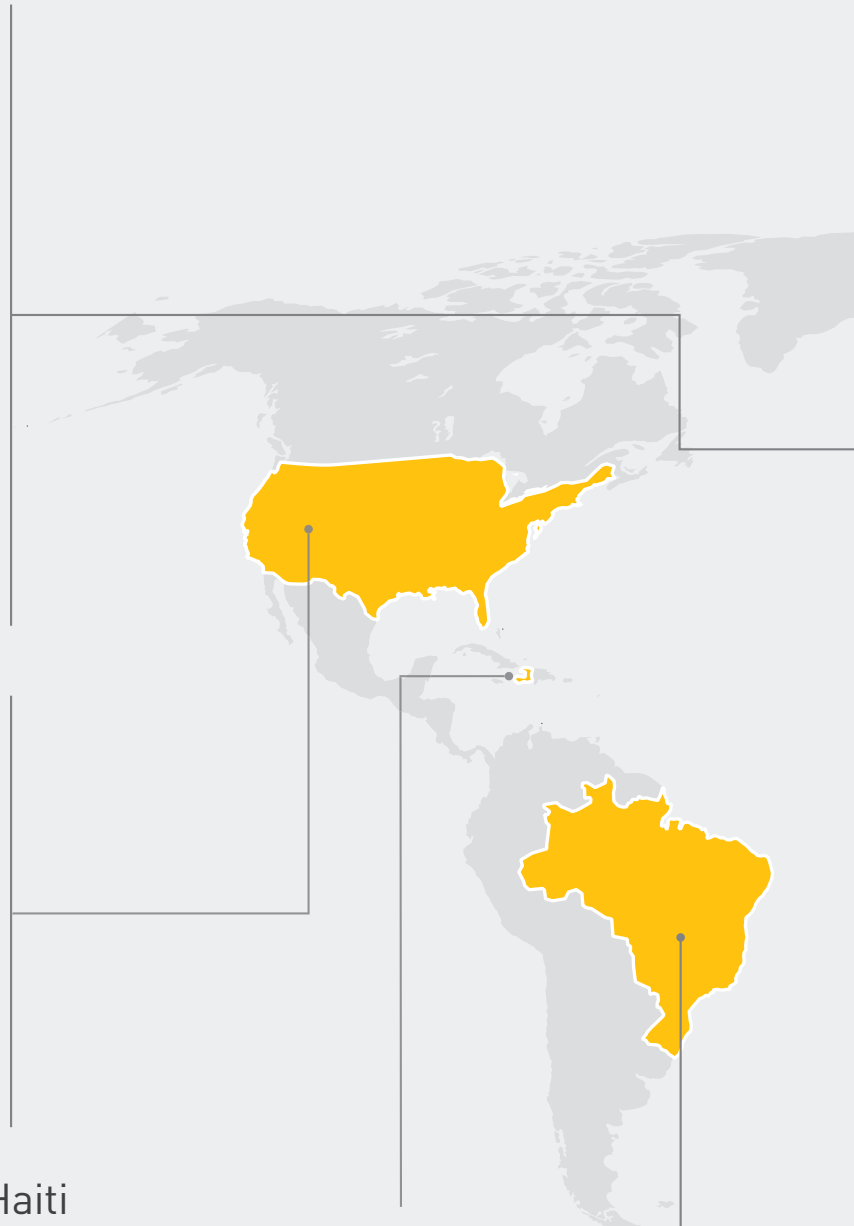
Solar Energy 20 square meters of photovoltaic panels for domestic hot water production were installed at our natural ingredients site in Grasse, France. It is estimated that the solar panels will fulfill about 70% of the sanitary and quality control hot water needs of the site and reduce electricity use by 11 MWh per year.

Energy Efficiency A clean water heat-recovery unit was installed in our perfumery plant in Meyrin, Switzerland, and 64% of energy returned through wastewater is now being used to preheat incoming cold water. Following this success, we will replicate the technology at our facilities around the world saving 483 tonnes of CO₂ per year. Our natural ingredients site in Grasse, France, received a new heat exchanger for exhaust gases produced by the boilers, reducing the site's natural gas consumption by 5%. This is expected to lead to a reduction in CO₂ emissions of in excess of 30 tonnes per year.

U.S.

Solar Projects Last year, a 1.0 Megawatt solar project was installed at our Princeton, NJ site. This year, solar projects were completed at 4 of our U.S. facilities. In Newark, N. J., construction was completed on a 435.6 kilowatt (kW) system. Three smaller solar arrays were installed at our facilities in New Ulm, Minnesota, Lakeland Florida and St. Louis, Missouri.

EDF Climate Corps We welcomed a fellow from the Environmental Defense Fund (EDF) Climate Corps program to assist in our efforts to reduce energy use and increase efficiency.



Haiti

Sustainable Vetiver In 2010 we made a Clinton Global Initiative commitment to work with farmers in Haiti to secure the supply of vetiver and increase incomes through crop diversification.

Brazil

Sustainable Copahu Oil An innovative project to help traditional communities in the Brazilian Amazon organize themselves to produce and generate income from traditionally sourced copahu oil. See page 23 for more information.

- Governance:** Compliance Sustainability.
- Green:** Environmental Sustainability.
- Growth:** Inclusive Sustainability.

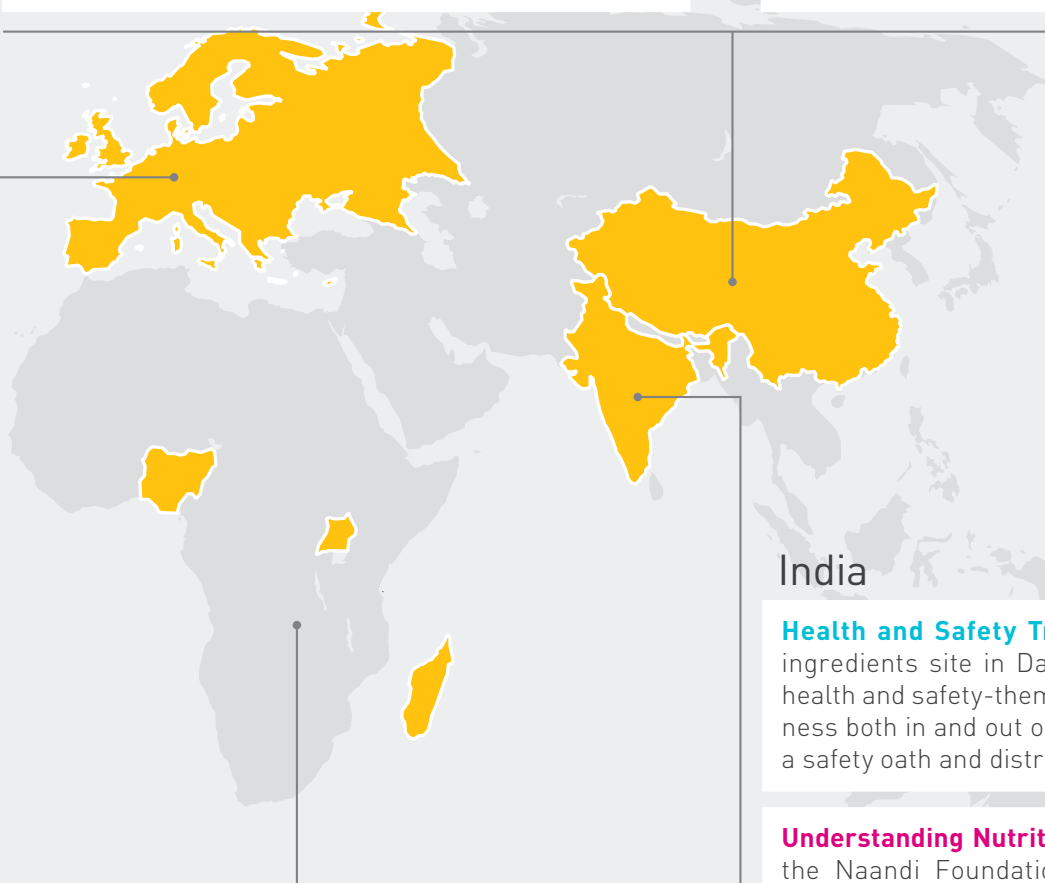
China

Emergency Preparedness Training Employees in Kunming, China, ran a series of drills to test the site's emergency preparedness. Various scenarios were simulated to give staff hands-on emergency training, including how to respond in the event of a chemical leak or spill and how to use protective clothing.

High-Pressure Cleaning Reduces Water Consumption A recent pilot project in our flavor-compounding production unit in Shanghai has shown that installing high-pressure vessel-cleaning systems reduces water consumption by more than 80% (when compared to the existing low-pressure cleaning systems).

Solar Energy Reduces CO₂ Emissions Engineers at our Kunming ingredients facility have installed a new 400-tube solar-powered heating system to heat process water. It is estimated that the new system will save 21 tonnes of coal each year and reduce CO₂ emissions by 51.5 tonnes and SO₂ emissions by 260 kg each year.

Enriched Oxygen Improves Boiler Efficiency Enriched oxygen is a by-product of the nitrogen production process traditionally discharged directly into the air. Engineers installed a combustion system to increase efficiency by 6.5% and reduce coal consumption by 13.02%, CO₂ emissions by 1,391 tonnes and SO₂ emissions by 7.03 tonnes.



Africa – Madagascar, Nigeria and Uganda.

Sustainable Vanilla As part of our sustainable sourcing program we work with vanilla farmers in Uganda and Madagascar to ensure the supply of quality, certified vanilla. See pages 22/23 for more information.

Local Cluster Development A partnership with the Yaba College of Technology in Lagos, Nigeria will result in a laboratory to develop flavor application capabilities in Nigeria. See page 27 for more information.

India

Health and Safety Training Employees at our new ingredients site in Dahej, India, organized a week of health and safety-themed events aimed to raise awareness both in and out of the workplace. Employees took a safety oath and distributed awards.

Understanding Nutrition Challenges We worked with the Naandi Foundation to complete the HUNGaMA (Hunger and Malnutrition) Survey. The study captured mothers' voices in an attempt to understand their children's nutrition.

WE PARTNER WITH
PASSIONATE PEOPLE ACROSS
SECTORS TO ADDRESS
SUSTAINABILITY
CHALLENGES. WE CONVENE,
ENGAGE AND INNOVATE.
WE CAN ACHIEVE MORE
TOGETHER THAN ALONE.

INNOVATIVE PARTNERSHIPS



Partnerships are a key feature of our sustainability program. Building partnerships for sustainability is a prerequisite for our initiatives and add direct value to our clients. We have created a strong network of world-class partners, including clients, development agencies, non-governmental organizations (NGOs) and academic institutions. Our partners contribute specific skills and expertise and help us learn. We believe that by engaging with partners we increase the credibility and transparency of our sustainability work.

Our Sustainability Partners

Public Commitments

Development Partners

Knowledge and Learning Partners

External Validation and Reporting Partners

Environment Partners





Sustainability Partners Directory

Biotrade Initiative of UNCTAD

Objective: Learn about biodiversity opportunities and challenges in our industry.
FY11 Activities: Participated in the network meetings in Milan, Paris and Geneva. Contributed to papers.

Carbon Disclosure Project

Objective: We voluntarily disclose our carbon emission data to the CDP to provide transparency to our customers.
FY11 Activities: We continue to fulfill all requirements in accordance with our commitment and have moved into the top quartile.

CARE

Objective: Empower women farmers.
FY11 Activities: Uganda vanilla activities; advocacy at our Paris event.

CEO Water Mandate

Objective: A public-private initiative assisting companies with sustainable water policies and practices.
FY11 Activities: Participated in a taskforce to create a water disclosure standard similar to GRI (Global Reporting Initiative) or CDP (Carbon Disclosure Project).

Clinton Global Initiative

Objective: Help us leverage our Haiti commitment.
FY11 Activities: Participated in the CGI global event and Haiti Action Network meetings. Supported CGI in Geneva.

DANIDA

Objective: Scale up sustainable vanilla sourcing in Uganda.
FY11 Activities: Redesign of the Uganda program and new proposal completed.

Forum for the Future

Objective: Play a sounding board role for our environmental ambitions.
FY11 Activities: Critically reviewed our index project and provided feedback on the methodology and preliminary results.

FSG

Objective: Provide strategic support.
FY11 Activities: Delivered a workshop for employees on Shared Value in Geneva.

GAIN

Objective: Make fortified food taste good.
FY11 Activities: We participated in the First Ladies of Africa Roundtable, to

champion effective solutions to end women and children malnutrition, in New York City in September 2010.

Good Planet

Objective: Use art to advocate for a clean planet.
FY11 Activities: Sponsored the website for the International Year of Forests. Created video for staff.

IBLF

Objective: Promote the human capital aspect of sustainability.
FY11 Activities: Participated in the Sustainability Council. Preliminary joint project design in Asia.

IMD

Objective: Reinforce our sustainability knowledge.
FY11 Activities: Our staff attended 2 roundtables, HR and Sustainability and Communication and Sustainability.

Naandi

Objective: Understand the needs of consumers at the base of the pyramid in India.
FY11 Activities: First home visits completed; methodology design completed.

Philius

Objective: Support Community Day.
FY11 Activities: Redesigned approach to align with Embrace 2015 goals.

Rainforest Alliance

Objective: Present the first Rainforest Alliance certified vanilla to our clients.
FY11 Activities: Baseline study completed; Pre-audit mission completed.

SEDEX

Objective: Have a single point of contact for ethical information sharing between Firmenich and its customers.
FY11 Activities: We audited 80% of sites in 2011; we will meet our aim of 100% of sites in FY2012.

UN Global Compact

Objective: Promote the 10 principles of the GC.
FY11 Activities: Filed our report; became a board member of the Swiss Global Compact.

T.R.A.C.E.

our approach to sustainable sourcing

Sustainable Sourcing Partnerships

By engaging, building capacity and supporting our suppliers of natural raw material around the world, Firmenich manages supply chain risks, secures a long-term focus on key agricultural products and works to ensure fair pricing for suppliers. We work in partnership with our suppliers, farmers, governments, cooperatives, NGOs, international agencies and universities to develop programs that meet our sourcing needs in a way that enables the economic development of the communities with which we engage.

T.R.A.C.E. describes the guiding principles of Firmenich's global sustainable natural-sourcing initiatives:

Transparency: providing traceability and certification

Results: making measurable social, economic and environmental impacts

Availability: securing availability of quality natural raw materials

Collaboration: gaining access to new resources through strategic partnerships

Empowerment: ensuring the reinforcement of livelihood systems through health, education and income generation

Our work with communities is deeply rooted in the needs and aspirations expressed by the communities themselves. Only by fully understanding the local conditions and environment, is it possible to devise appropriate, sustainable solutions. In 2011, we conducted baseline assessments of the vanilla communities of central and western Uganda, as well as in northern Madagascar and with vetiver farmers in Les Cayes, Haiti. We remain committed to partnerships and to engaging with local specialists, nonprofit organizations and local institutions in all our projects.

We continue to strive to develop our suppliers in low-income countries, develop innovative and fairly priced products, provide access to basic services and collaborate with development partners and agencies to enhance our programs.

Uganda: Taking a Model Sustainability Project to Scale

Given volatility in the price of vanilla over the last 10 years, many Ugandan farmers abandoned their vanilla gardens or replaced them with other crops. This niche market and income-generating capacity could easily have disappeared if not for the significant outreach and promotional efforts of our Ugandan partner, along with the financial and technical investments and minimum-price guarantee of Firmenich, and the financial support and guidance of DANIDA in Uganda.



© Dr. Stuart Gregory

Informed by the realities of life in farming communities, Firmenich offered advice on crop management and diversification, helped design a very successful village savings and loan association plan, conducted workshops on HIV/AIDS and malaria, and disseminated antimalarial bed nets.

The project has been hailed as a success by several of our Ugandan development partners, and Firmenich is committed to expanding the program over the 2011-13 period.

1,300

vanilla farmers from Savanille Cooperative recommended for Rainforest Alliance certification

Madagascar: **Working with Suppliers and Farmers to Address Their Self-Identified Needs**

Despite its biological and cultural richness, Madagascar remains one of the poorest countries in the world. The trade of its Bourbon vanilla—the finest quality of vanilla in the world—is critical to the country’s farmers and its economy. Over the past 5 years, Firmenich has developed strong commercial relationships with the Savanille Cooperative, an organization of 1,300 vanilla farmers. The farmers are located in the hard-to-reach vanilla-growing zones of Antindra, Belambo and Antsirabe-Nord in the Sava region of northeastern Madagascar. In 2011, we helped the cooperative prepare for Rainforest Alliance certification — see “A Dispatch from Madagascar” on page 24 for an account by Noah Jackson (Independent Forestry Consultant).

Haiti: **Making Commitments Beyond the Capital**

Rebuilding Haiti has proven far more complex than anticipated. The provision of food, shelter and subsidies in Port-au-Prince, combined with the lack of opportunities and support in rural areas, has led to urban migration, compounding existing challenges.

For decades, Firmenich has been a principal buyer of vetiver oil produced in the region of Les Cayes. The cultivation of vetiver clearly represents an economic opportunity for farmers in rural communities. However, the lack of other income-generating activities, health facilities, schools, access to finance, etc., often outweigh the benefits of growing this important crop. Firmenich, working with local partners, remain committed to creating incentives for these farming communities. We are expanding farming opportunities beyond vetiver by helping farmers to diversify crops to include ylang ylang, lime and bitter orange.

Brazilian Amazon: **Conserving Traditional Practices of Extracting Copahu Oil**

Firmenich recently launched a project to help traditional communities in the Brazilian Amazon organize themselves to produce and generate income from traditionally sourced copahu oil, an important ingredient for our global business.



© Michelly Rall

The project aids the movement of copahu oil through the supply chain and increases revenues for the communities. Local communities in 3 locations currently earn income from our multiyear guaranteed purchase price. Mutual understanding and the engagement of local NGOs — notably World Wildlife Fund, Imaflora and Instituto Socio Ambiental (ISA) — to provide training and assist in getting the oil to market have been important factors in the project’s success.

Michelly Rall: **Capturing Madagascar**

The photos of Madagascar on pages 23, 24 and 25 were taken by South African born, international photographer, Michelly Rall. Michelly’s work has been featured in a number of media outlets including Vogue, Time, Fortune and CNN. He has worked with various celebrities and newsmakers who are leading patrons of conservation. He is passionate about sustainability and has embarked on solo explorations in endangered habitats including Amazonian outposts and the remote rural fringes in India.



Madagascar

Walking and Working the Vanilla Trail:
A Dispatch from Madagascar



© Michelly Rall



© Michelly Rall

In July 2011, the Rainforest Alliance sent Noah Jackson, forestry consultant and auditor, to northern Madagascar to certify the vanilla farmers who supply Firmenich. Accompanying Noah was Dr. Stuart Gregory, Sustainability Expert, and internationally renowned photographer Michelly Rall to record the audit and capture the lives of the farmers and the forests in which they live. What follows is an excerpt from Noah's diary.

"We have been hiking for hours along a narrow footpath that crosses rivers and mountains and climbs through small fertile valleys filled with vegetable gardens, manioc and sugarcane. A hard rain pours on us. And, while we sip local coffee, villagers separate rice grains from husks using well-worn hardwood poles. This is the vanilla trail.

This is my second trip to Madagascar and, as an auditor for the Rainforest Alliance, it is my job to visit the small vanilla farms that are scattered across the landscape.

The vanilla farms are very different from typical rainforest food plots; these are true agroforestry gardens. Although there might be 2,000 vanilla vines per hectare, it is sometimes hard to tell what is growing where. Alongside the vanilla, and sometimes right in the tangled web of vines, the farmers grow coffee, cocoa, pepper, cloves and trees for timber and fruit.

Madagascar is a biodiversity and priority conservation hotspot; 160 million years of evolutionary isolation hardly occurs anywhere else in the world. And between the vanilla farms and especially on the ridges high above the villages, isolated islands of forest are the last refuge of lemurs, wild dogs and endangered birds. This is one place where expanding into new forest can impact extremely rare species of wildlife and plants.

We hike up to these ridges and eye suitable places for protecting and enhancing these fragile forest habitats. We talk about land disputes and tree planting, and I comment on the loose steep soils and the potential for erosion. I might have a point; but a farmer speaks up. He tells me that these lands need to be dedicated for rice production. We talk openly and honestly. Sometimes families just run out of rice before the next harvest, and with fluctuating rice prices, the majority of farmers' time is spent struggling with food security. Here, you need to spend as much time building relationships as you do on environmental management, and there is a lot to talk out. I stand and listen.

Of course, we've got to protect the lemurs and wild dogs and eliminate farm expansion into high-value forests, but we have to find culturally appropriate solutions that work for the farmers. We cannot demand too much but also cannot afford to fail.

By purchasing from farmers and putting efforts into building local solutions to these complex problems, Firmenich has begun its own sustainable journey along the vanilla trail."

110,000

mothers and children's voices heard
from 112 districts in India

Innovative Partnerships

We believe improving health means working on solutions that make healthy products enjoyable for consumers. Behavior change is difficult. However, if products with nutritional benefits taste good, we can more easily consume them. This rule also applies to hygiene and prevention products, which will be used more regularly if they smell good. Central to this effort is the notion that with better understanding of the health needs and sensorial preferences of consumers comes better solutions.

Health and Wellness

Firmenich has developed partnerships with external groups to learn more about sweetness enhancement, bitterness suppression and salt reduction with the aim of improving the health and well-being of consumers. In collaboration with our partners, we have made major progress in understanding the perception of sweetness and its modulation. In particular, we have made important advances in the modulation of the perception of sucrose and have increased our efforts in the area of natural sweetness enhancers.



© Mireilly Real

Delivering Nutrition Through Flavor Partnerships

Working with external partners, we created a new business unit within our Flavor division - called NATAMO, which represents a key step in Firmenich's commitment to develop innovative, sustainable flavor solutions.

An objective of the unit is to discover and commercialize solutions. Unlike traditional sweeteners, our Sucrose Enhancer allows for up to a 60% reduction in the sugar content of a food or beverage without altering its natural sweetness profile. The potential impacts of this product are huge, with expected benefits on multiple dimensions, including the environment, health and the economy.

The Sucrose Enhancer enables consumers to enjoy their favorite foods with reduced sugar and calories, while lowering the risk of developing serious pathologies, such as obesity and type 2 diabetes.

Understanding Nutritional Challenges in India with the Naandi Foundation

Contributing to the reduction of childhood malnutrition is central to our sustainability strategy. By creating desirable flavors for children's nutritional products, we can ensure they are inspired by taste. As such, we supported, as one of the sponsors, the Naandi Foundation to undertake the Hunger and Malnutrition (HUNGaMA) Survey. This survey was a nongovernmental effort to collect nutritional data on children by capturing mothers' voices to understand their perception of nutrition and for the first time district level data will be made available.

The survey included 110,000 mothers and children from 112 districts. It was conducted in partnership with Valid Nutrition, U.K., and Westat, U.S., with the support of the National Institute of Nutrition and UNICEF India. The survey will provide much-needed real-time data on malnutrition and the findings will be a powerful advocacy tool for mobilizing actions and resources to reduce the high levels of childhood malnutrition in India.

shared value

“Shared value is not social responsibility, philanthropy or even sustainability, but a new way to achieve economic success.”

Michael E. Porter and Mark R. Kramer, “Creating Shared Value: How to Reinvent Capitalism — and Unleash a New Wave of Innovation and Growth,” *Harvard Business Review*, January-February 2011

Working at the Base of the Economic Pyramid in India

Firmenich also took the opportunity to work with Naandi Foundation on a new strategic initiative in India called “Shared Senses and Sensibility.” The project was launched in June 2011 in Mumbai. Naandi is facilitating the work of a Firmenich cross-disciplinary and cross-regional team to gain a deep and critical understanding of low-income consumers at the base of the economic pyramid.

The team includes staff from Geneva and India, from the Flavor and Perfumery divisions and from the sustainability group. This collaboration will help Firmenich develop business models that are sustainable and benefit low-income communities. Understanding and working with the base of the pyramid is a fundamental part of our sustainability strategy.

Shared Value Partnerships

Creating Shared Value

Creating shared value is the core of our sustainability work. Shared value is achieved by adopting policies and practices that simultaneously enhance our competitiveness and the economic and social conditions in the communities in which we operate. In recent work, Michael Porter (Harvard Business School) and Mark Kramer (Fellow Harvard Kennedy School and Founder FSG) suggest that shared value is created in a number of ways:

- Through accessing new and underserved markets by redefining business models to meet demand for products and services that create societal benefits
- By redefining productivity in the value chain; reducing costs, better managing risks and working with suppliers to improve performance
- By enabling local clusters and participating in the emergence of new businesses that together can create the conditions for economic growth and vibrant societies



Shared value is a long-term objective that requires a collective effort to constantly review, amend and challenge the way we understand our business, our customers and our community. Through engagement, partnerships and innovation we can launch new products and reach new markets — creating shared value for both our company and the communities with which we engage.



Collaborating with Food Technologists in Nigeria

Firmenich has signed a partnership agreement with the Institute of Food Technology at the Yaba College of Technology in Lagos, Nigeria. The aim of the partnership is to allow us to develop a laboratory inside the school for flavor application capabilities in Nigeria. Once established, the lab will enable food preparation, beverage samples and concepts in the field of sweet goods and beverages. Firmenich South Africa has provided lab training for eight researchers.

This collaboration is an excellent example of enabling a “local cluster” (Porter and Kramer, 2011). Leveraging local academic competencies reinforces connections with local customers and leads to a positive impact on the economy. The partnership helps us find technical solutions for our local customers through the expertise of our Food Technology partners. Firmenich contributes by training students in cutting-edge food technologies, and Yaba College benefits by increasing its exposure and visibility in the West African Food and Beverage industry.



© Dr. Stuart Gregory

Improving Childhood Nutrition in China

In March 2011, Firmenich and the International Business Leaders Forum (IBLF) launched a new partnership. The collaboration will focus on identifying hygiene and nutrition solutions, with a special focus on children in China, and contributes to Firmenich’s 2015 sustainability objective of impacting the lives of one million children at the base of the economic pyramid. IBLF has been a thought leader in the areas of responsible business, cross-sector partnerships and sustainability since 1990, engaging with the UN system and many other international bodies. IBLF is the newest Firmenich partner and a member of our Sustainability Council. In welcoming the company, Clare Melford, IBLF Chief Executive, said “I am delighted that Firmenich has decided to partner with IBLF at this exciting stage of development in the company’s sustainability strategy. We have a long and respected record in working with a diverse range of partners, both on nutrition and in China and achieving real impact on the ground. We look forward to helping Firmenich achieve its ambitious goals and become a valued member of IBLF’s network of global corporate partners.”

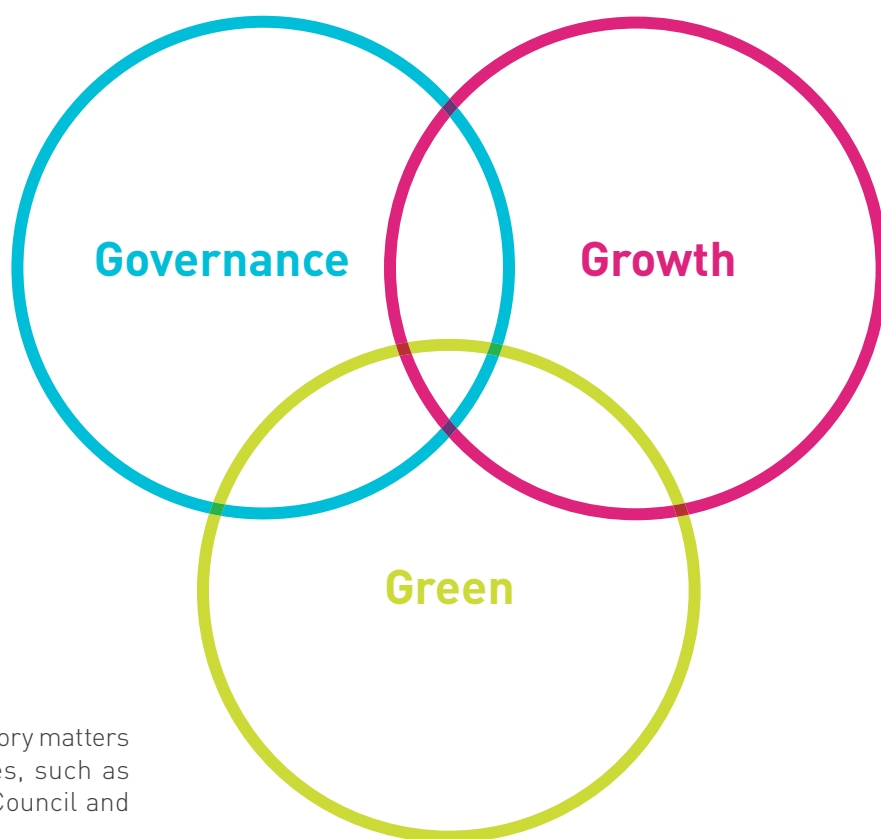
SUSTAINABILITY IS
A JOURNEY. WE PUSH
BOUNDARIES YEAR AFTER
YEAR AND HAVE BEEN
RECOGNIZED FOR OUR
SUSTAINABILITY LEADERSHIP.
WE SHARE WHAT WE LEARN
TO INSPIRE OTHERS.

THOUGHT LEADERSHIP



CN '2011

In 2010, Firmenich took the first step in our new 5-year strategic plan, Embrace 2015, by fully integrating sustainability into our strategy process. To implement our strategy, we created a new model that conceptualizes our approach: “3G” (for Governance, Green and Growth). 3G helps us visualize the breadth and the depth of our sustainability actions and illustrates the important connection between the model’s three pillars. These 3 pillars reflect the thought leadership at all levels of our business, from labs and offices, to factories and boardrooms.



Governance:

Compliance Sustainability

Includes health and safety, certifications, regulatory matters as well as stakeholder-management activities, such as partnership management, our Sustainability Council and our community and philanthropic work.

Green:

Environmental Sustainability

Includes all “green” subjects from products to manufacturing to facilities: green chemistry, biodegradability, biotech, biodiversity, life-cycle analysis, renewable energies, water and waste management, energy efficiencies, supply chain efficiencies, purchasing decisions and mobility.

Growth:

Inclusive Sustainability

Includes projects that have a high potential for business growth, while creating shared value and growth opportunities for less-privileged populations, such as actions with consumers at the base of the economic pyramid, health projects that support improved nutrition and hygiene, sourcing projects that lead to inclusive supply chains and innovation projects that exhibit sustainability by design.

number 1

voted best private company by Ethical Corporation among 200 companies from 30 countries

Recognition of Our Efforts

We were delighted to receive the Ethical Corporation award for Best Private Company at their 2011 Responsible Business Awards ceremony. The awards were the showpiece of the Ethical Corporation's 10th Annual Responsible Business Summit, the largest global gathering of leaders in Corporate Social Responsibility (CSR) and sustainability. A total of 9 companies were recognized for excellence in the areas of ethics, CSR and sustainability. Our entry was selected from among 200 companies from 30 countries. The judging panel was impressed by "the breadth and depth of Firmenich's approach and by its transparency." This award marks another tangible milestone in our effort to be recognized as a thought leader in sustainability.

Engaging and Empowering Leaders

The Firmenich Sustainability Council

The Sustainability Council was formed in 2007. This leadership group of external sustainability experts acts as our sustainability sounding board.

Two new members joined the Council this year: Olive Boles, Director, Strategic Relations and Advisor, Health, the International Business Leaders Forum; and Manoj Kumar, Founder and CEO, Naandi Foundation. These 2 new members bring a strong public health background to the Council. Moreover, the representation of India through the Naandi Foundation is crucial as many sustainability projects are being developed in the region.

Engaging Leading Stakeholders

Engaging with the Swiss Network of the UN Global Compact

Firmenich joined the UN Global Compact in 2007 and has been reporting progress ever since. We are also a supporter of the CEO Water Mandate. In 2010, we began to engage more actively with the Swiss Network of the UN Global Compact, and in 2011 Dr. Bérangère Magarinos-Ruchat became a member of the board. The national networks of the UN Global Compact help promote the principles and initiatives of the Global Compact at the regional level and provide an important platform for companies to share their experiences in sustainable development.

Clinton Global Initiative 2010

At the Annual meeting of the Clinton Global Initiative in September 2010, Firmenich was recognized for launching a project to help vetiver farmers in Haiti and now participates in the CGI Haiti Action Network. Vetiver is a key natural raw material for perfume and Haiti produces the world's best quality vetiver. Our project contributes to the rehabilitation of the agricultural sector in Haiti and focuses on creating value for Haitian farmers and developing long-term sustainable business opportunities through value-added essential oils for the global fragrance and flavor market.



partner

“Quantis is delighted to work with Firmenich’s dynamic team and is looking forward to continue contributing to these exciting challenges.”

Yves Loerincik, CEO, Quantis.

Creating a Synthetic Ingredients Sustainability Index

To complement the already existing Naturals Sourcing Sustainability Index and to achieve the Embrace 2015 sustainability goal of “Creating a Sustainability Index for 400 Ingredients,” we started work on a Synthetic Ingredients Sustainability Index. The index will provide a pragmatic and easily understood way to compare the sustainability impacts of our top synthetic ingredients. It is intended to help our internal teams make key sustainability decisions surrounding product development, sourcing raw materials and process improvements, and in turn it will benefit our customers.

The index is being developed by a joint team of internal specialists and members of our external partner Quantis. During FY11, the team defined the framework and methodology of the index, which is science-based and focuses on key environmental impacts identified by Firmenich, such as greenhouse gas emissions, process water, production waste and product biodegradability. Quantis’ expertise was used to provide a range of existing and new life cycle impact assessment models to measure how these factors influence human health and ecosystems. The model transforms these impact measures to give a sustainability score that is expressed in terms of the environmental impact of an average European person over the course of 1 year.

A preliminary pilot study was undertaken with 5 key synthetic products. The results showed that the model works but also highlighted the need for additional data collection and impact modeling. The preliminary results indicate that greenhouse gas emissions are the most important contributor to the overall sustainability index score.

Index first results on 5 synthetic ingredients

Sustainability index score



* Over 1 year, an average European generates as much impact on human health and ecosystem as the production of 3.6 tonnes of this ingredient

As one of our sustainability partners, we asked Forum for the Future, a global non-profit working with business and government, to create a sustainable future, to critically review the index project and provide feedback on the methodology and preliminary results. Their input will be used to further refine the index during the next phase of the project in FY12.



scope 3

measuring GHG (Greenhouse Gas) emissions
in our value chain



EDF Climate Corps Fellow evaluates our facilities

Partnering with Quantis

Quantis is a leading life-cycle assessment (LCA) consulting firm specializing in helping companies measure, analyze and address the environmental impacts of their products, services and operations.

“Quantis supported Firmenich in 2 important projects last year, both addressing challenging environmental aspects: the study of Firmenich’s Scope 3 GHG emissions, the first step in obtaining a complete view of Firmenich’s GHG emissions based on the latest Corporate Value Chain (Scope 3) Accounting and Reporting Standard; and the sustainability index, which aims to develop a framework to express the environmental impacts of Firmenich’s top synthetic ingredients.

By adding these innovative approaches to its sustainability strategy, Firmenich is showing its strong commitment to better understanding the impacts of its products and activities over its entire value chain and leads the way for the Flavor and Fragrance industry to account for its environmental impacts with a life cycle perspective.

Quantis is delighted to work with Firmenich’s dynamic team and is looking forward to continue contributing to these exciting challenges.”

Yves Loerincik, CEO, Quantis

-58%

reduction in waste for one of our long-standing ingredients

Leadership in Research

New science and technology initiatives are at the heart of our research activities. We strive to create ingredients for our industry that minimize impacts on the environment. We continually evaluate our processing methods to ensure energy efficiency and minimal waste. Our sustainable research activities include 5 key pillars: biodegradation, green chemistry, white biotechnology, green biotechnology and health and wellness.

Product Biodegradation

Our research into biodegradation is changing the way we design new ingredients for the future. We continue to invest in understanding the biological mechanisms underlying biodegradation processes. These investments include an increase in partnerships with expert groups in this field. Results from these studies are being integrated into the design criteria of new ingredients.

Green Chemistry

Where our raw materials are derived from synthetic processes, the use of green chemistry principles is an essential part of our process-development activities. We continue to invest in areas such as catalytic chemistry, both organo- and metalo-, in order to devise cleaner processes. To better manage our overall environmental impacts, we are developing a new metrics system to help our synthetic chemists make further improvements. A tangible benefit this year was the development of a new process that will allow us to reduce waste by 58% for one of our long-standing ingredients.

White Biotechnology

White biotechnology uses enzymatic or fermentation processes to make ingredients, as an alternative to chemical synthesis. This process allows us to make ingredients from renewable natural materials, such as CO₂, glucose or fat, rather than petroleum.

In May 2011, Firmenich organized an International Biotechnology Symposium and invited distinguished speakers from around the world as well as internal experts. The overall theme of the conference was sustainable ingredients for the future of the flavor and fragrance industry. Key thought leaders participated:

- Prof. Jay Keasling, University of California, Berkeley, explained the challenges of how to turn microorganisms into cell factories for biochemicals.
- Dr. William D. Provine, DuPont Central Research and Development, offered insights into how a major global company is handling the transition from a fossil fuel to a renewable energy economy.
- Prof. Manfred T. Reetz, Max-Planck-Institut für Kohlenforschung, and Prof. Bernhard Hauer, Institute of Technical Biochemistry, Stuttgart, gave an overview of the use of enzymes as catalysts in industrial processes.

biotechnology

Firmenich Biotechnology Symposium:
exploring new methods to improve processes



Green Biotechnology

Green biotechnology is the application of biotechnology to enhance the efficiency of agricultural processes. Some of the agriculturally sourced raw materials that our industry uses today are still made using traditional agricultural methods and “artisanal” modes of extraction. Our botanists and plant biologists are studying how to improve the agronomical practices for key botanicals at our research center in Shanghai. We expect the expansion of such activities when our new research center is commissioned. In order to chart the future of our activities in green biotechnology, the Firmenich Biotechnology Symposium, held earlier this year, included a session on plant biology. Among the speakers, Prof. Nan-Hai Chua, Rockefeller University, New York, kept the audience spellbound with an account of the latest gene-silencing methods used in plant genomics. Prof. Lothar Willmitzer, Max-Planck-Institut für Molekulare Pflanzenphysiologie gave an account of how metabolomics can be used to improve plant performance.

A Chemistry Legacy: Dr. Roger and Dr. Georges Firmenich

In 1979, Firmenich endowed a chair at the Massachusetts Institute of Technology (MIT) in honor of Dr. Roger and Dr. Georges Firmenich on the occasion of their retirement from Firmenich. For more than 30 years, this professorship has provided vital faculty support in the Department of Chemistry at MIT reflecting our long-term commitment to teaching and research for future generations of chemists. The Firmenich Professorship Fund has grown significantly over the years and now provides a senior professorship and a senior faculty member.

VALIDATIONS

ZONE	SITE	SAFETY OHSAS 18001	ENVIRONMENT ISO 14001	QUALITY ISO 9001	FOOD SAFETY STANDARDS inc. ISO 22000 BRC GMA-SAFE	HALAL	KOSHER	SEDEX REGISTRATION
EUROPE	Castets, France	●	●			●	●	
	Alesund, Norway	●	●	●	●	●		●
	Geneva (Meyrin), Switz.			●	●	●	●	●
	Geneva (La Plaine), Switz.	●	●			●	●	
	North Yorkshire, UK	●		●	●	●		●
	Louvain, Belgium			●		●	●	●
	Grasse, France	●	●	●		●	●	●
NORTH AMERICA	Anaheim, California					●	●	●
	Newark, New Jersey	●	●			●	●	●
	Safety Harbor, Florida				●	●	●	●
	Princeton, New Jersey	●	●		●	●	●	●
	New Ulm, Minnesota	●	●		●	●	●	●
	Saint Louis, Missouri	●	●	●	●	●	●	●
	Lakeland, Florida	●	●		●	●	●	●
LATIN AMERICA	São Paulo, Brazil	●	●	●	●	●	●	●
	Bogota, Colombia	●		●	●			●
	Buenos Aires, Argentina	●	●	●	●		●	●
	Toluca, Mexico	●		●	●		●	●
ASIA PACIFIC	Shanghai, China	●	●	●	●	●	●	●
	Dahej, India							●
	Daman, India							●
	Jakarta, Indonesia			●	●	●		●
	Kunming, China	●	●				●	
	Ibaraki, Japan			●	●			●
	Singapore	●	●	●				●

Details for the above mentioned certifications can be found online at www.firmenich.com/sustainability

ABOUT THIS REPORT

Report Boundaries

This is our sixth annual sustainability report. The report follows our 2010 report and contains a full year of data based on fiscal year 2011 from July 1st 2010 to June 30th 2011 (FY11). The report covers global operations across the Firmenich Group including affiliates in 29 countries; it covers our manufacturing sites and non-manufacturing locations. We focus on key activities and achievements that we believe are of interest and value to our major stakeholder groups, which include our clients, our employees, our suppliers and the communities which we serve and interact with.

The workplace and environmental data, unless otherwise indicated, covers all operations owned or controlled (production sites, sales offices, administrative offices and combination of such facilities). In FY11, we have amended a number of the metrics used to report our environmental performance (these changes are described on page 12) and therefore some data reported may differ from previous publications.

The Firmenich Board of Directors is comprised of four internal members and five external members. The Board includes representatives of the Family Shareholders which ensures that the Shareholders have a direct link to the highest governance body of the company. The link between the Board and the employees is ensured through the Firmenich "Code of Conduct", where the process for employees to connect with the highest governance body is facilitated through the Group Vice President of Corporate Compliance, the Group Vice President General Counsel and the Corporate Vice President of Human Resources.

The Sustainability Team is headed by the Group Vice President of Corporate Compliance, who reports directly to our CEO. The Sustainability Team is a crucial link between our stakeholders (Clients, Suppliers, Sustainability Council and Sustainability Partners), the Board of Directors and Executive Management.

The Firmenich "Code of Conduct" is a document designed to help our employees make ethical decisions in their day to day work within the company, it is based on our Fundamentals

and covers ethical points such as Conflicts of Interests, Antitrust, Harassment, Confidentiality, Governance and Political and Community Activities. Within the document is a clear statement that Firmenich will in no way support political candidates or parties either financially or with in-kind donations. Our employees' adherence to our Code of Conduct has ensured that Firmenich has had no legal actions for anti-competitive behavior, anti-trust or monopoly practices in this reporting period and no monetary fines or non-monetary sanctions for non-compliance in these areas.

Scope of This Report

We have applied the Global Reporting Initiative's (GRI) principle of materiality to this report, which states: "Information in this report should cover issues and indicators that would substantively influence the decisions of the stakeholders using this report." We used the GRI indicators as a guide to develop this report and we strive to improve the scope and precision of our reporting each year. This is the first year that we are reporting our sustainability work according to the GRI guidelines (version 3.1). Firmenich is reporting at a self declared level C+ as defined by GRI, and our report includes Strategy, Profile, Sustainability Governance and 10 performance indicators.

This report is independently verified by SGS (see page 5) and the management systems that generate our safety and environmental data are validated by independent experts. The report also serves as our Communication on Progress (COP) for the United Nations Global Compact (UNGC) and for the CEO Water Mandate as our COP-Water.

Firmenich Group
www.firmenich.com
Contact: global.sustainability@firmenich.com

Our Performance in Numbers

PERFORMANCE	KPI	FY10	FY11
ENERGY (GJ)	Direct Energy (own source)	1,240,535.90	1,385,137.20
	Indirect Energy: purchased (inc electricity, steam, etc.)	680,771.80	737,716.20
	Total Energy	1,921,307.70	2,122,853.40
CO ₂ EMISSIONS (TONNES)	Scope 1: Direct Energy Source	76,828.20	86,995.40
	Scope 2: Indirect Source	60,220.90	68,520.60
	Total CO₂ emissions	137,049.10	155,516.00
WASTE GENERATION AND DISPOSAL (TONNES)			
HAZARDOUS WASTE	Incinerated (without heat recovery)	11,116.20	7,347.32
	Incinerated (with heat recovery)	3,191.80	7,613.73
	Land-filled	85.95	84.18
	Other	667.91	784.06
	Total Haz waste	15,061.86	15,829.29
NON-HAZARDOUS	Incinerated (without heat recovery)	2,535.38	2,357.89
	Incinerated (with heat recovery)	369.38	459.30
	Land-filled	2,690.02	3,892.28
	Other	2,573.22	1,487.78
	Total non-Haz waste	8,168.01	8,197.26
EFFLUENT TREATMENT WASTE	Incinerated	874.22	711.31
	Land-filled	725.20	747.36
	Other	4,106.30	5,473.98
	Total Effluent Treatment Waste	5,705.72	6,932.65
TOTAL WASTE (HZ & NHZ)	Total Waste	28,935.59	30,959.19
	Total Incinerated and Landfilled	21,588.16	23,213.37
TOTAL RECYCLED WASTE		13,395.79	13,500.58
EFFLUENT DISCHARGE (M ³)	Direct Discharge - with Treatment (to surface or ground water)	136,101.60	109,382.18
	COD - Direct Discharge with Treatment (tonnes)	321.45	14.74
	Without Direct Discharge (to municipal waste water)	1,201,158.12	1,322,502.93
	COD - Without Direct Discharge (tonnes)	5,592.81	4,567.50
TOTAL EFFLUENT DISCHARGE		1,337,259.72	1,431,885.11
TOTAL COD - CHEMICAL OXYGEN DEMAND (TONNES)		5,914.25	4,582.24
WATER (QTY USED IN M ³)	Municipal	1,324,395.35	1,476,455.26
	Ground	148,453.00	139,685.00
	Municipal and Ground	1,472,848.35	1,616,140.26
	Surface	3,513,205.00	3,686,343.00
	Total Water	4,986,053.35	5,302,483.26
OTHER DATA	NOx tonnes	126.53	137.73
	SOx tonnes	68.42	162.68
	VOC tonnes	271.68	275.50
EMPLOYEE DATA			
PERFORMANCE APPRAISAL PROGRAM (%)	Employees Covered by Performance Review		100%
	Performance Reviews Completed		77.5%
COLLECTIVE BARGAINING AGREEMENTS (%)	Employees Under Collective Bargaining		31%
	Employees Not Under Collective Bargaining		69%
INCIDENTS*	Lost Time Injury LTI	32	20
	Total Recordable Cases (TRC)	79	54
	Lost Time Injury Rate (LTIR)	0.48	0.28
	Total Recordable Injury Rate (TRIR)	1.19	0.75
	Worked Hours	13,238,893	14,420,466
PRODUCTION QTY (TONNES)		187,588.50	192,422.79

* Incidents for Employees and Supervised Contractors

GRI Index

GRI INDICATOR	REPORTED	LOCATION
1.1	Fully	3
2.1	Fully	cover page and 4
2.2	Fully	4
2.3	Fully	http://www.firmenich.com/m/company/about-us/profile/facts-figures/
2.4	Fully	4
2.5	Fully	http://www.firmenich.com/m/company/about-us/profile/facts-figures/
2.6	Fully	4
2.7	Fully	http://www.firmenich.com/m/company/about-us/profile/facts-figures/
2.8	Fully	http://www.firmenich.com/m/company/about-us/profile/facts-figures/
2.9	Fully	Firnews 2011
2.10	Fully	2
3.1	Fully	37
3.2	Fully	37
3.3	Fully	37
3.4	Fully	37
3.5	Fully	37
3.6	Fully	37
3.7	Fully	37
3.8	Fully	37
3.10	Fully	12, 37
3.11	Fully	12, 37
3.12	Fully	38
4.1	Fully	37 and http://www.firmenich.com/m/company/about-us/profile/management/

GRI INDICATOR	REPORTED	LOCATION
4.2	Fully	http://www.firmenich.com/m/company/about-us/profile/management/
4.3	Fully	http://www.firmenich.com/m/company/about-us/profile/management/
4.4	Fully	37
4.14	Partial	6, 20, 21, 22, 31, 33 and 37
4.15	Partial	37
EC1	Partial	Firnews 2011
EN3	Fully	38
EN4	Fully	38
EN8	Fully	38
EN16	Partial	38
EN17	Partial	38
EN20	Partial	38
EN21	Fully	38
EN22	Fully	38
LA4	Fully	38
LA7	Partial	38
LA10	Partial	37
LA12	Fully	38
LA13	Partial	http://www.firmenich.com/m/company/about-us/profile/management/
S01	Partial	22
S06	Fully	37
S07	Fully	37
S08	Fully	37

STANDARD DISCLOSURES	REPORT APPLICATION LEVEL	C	C+	B	B+	A	A+
	G3 PROFILE DISCLOSURES	REPORT ON: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	REPORT EXTERNALLY ASSURED	REPORT ON ALL CRITERIA LISTED FOR LEVEL C PLUS: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	REPORT EXTERNALLY ASSURED	SAME AS REQUIREMENT FOR LEVEL B	REPORT EXTERNALLY ASSURED
	G3 MANAGEMENT APPROACH DISCLOSURES	NOT REQUIRED		MANAGEMENT APPROACH DISCLOSURES FOR EACH INDICATOR CATEGORY.		MANAGEMENT APPROACH DISCLOSURES FOR EACH INDICATOR CATEGORY.	
	G3 PERFORMANCE INDICATORS & SECTOR SUPPLEMENT PERFORMANCE INDICATORS	REPORT ON A MINIMUM OF 10 PERFORMANCE INDICATORS, INCLUDING AT LEAST ONE FROM EACH OF: ECONOMIC, SOCIAL AND ENVIRONMENTAL.		REPORT ON A MINIMUM OF 20 PERFORMANCE INDICATORS, AT LEAST ONE FROM EACH OF: ECONOMIC, ENVIRONMENTAL, HUMAN RIGHTS, LABOR, SOCIETY, PRODUCT RESPONSIBILITY.		REPORT ON EACH CORE G3 AND SECTOR SUPPLEMENT* INDICATOR WITH DUE REGARD TO THE MATERIALITY PRINCIPLE BY EITHER: A) REPORTING ON THE INDICATOR OR B) EXPLAINING THE REASON FOR ITS OMISSION.	

*Sector supplement in final version

STRONG LEADERSHIP IN OUR FUNDAMENTALS

Sustainability Team



PAUL SCOTT
Associate Director
Sustainability

JOHAN FIRMENICH
Project Manager
Sustainability

Dr. BÉRANGÈRE
MAGARINOS-RUCHAT
Director Sustainability
Partnerships

DAVID SHIPMAN
Group Vice President
Global Corporate
Compliance

NEIL MCFARLANE
Vice President
Global Health, Safety
& Environmental
Sustainability

“Our Fundamentals guide our every action, enabling us to remain true to ourselves and make a difference in an ever-changing world.”

Patrick Firmenich
Patrick Firmenich
CEO

CLIENTS

We fragrance and flavor our clients' products for our **mutual success**.

- We listen to our clients and transform their ambitions into reality.
- We anticipate consumer desires, continually reinventing the world of smell and taste.
- We deliver the winning combination of products, service and value for money, placing authority and accountability close to our clients.

PEOPLE

People are the heart of our Company. They are recognized for their **passion, talent and integrity**.

- We create an environment in which each employee is valued, empowered and encouraged to grow.
- We value the diversity and commitment of our people, enabling us to shape our future with confidence and imagination.
- We unite the finest talents and encourage an entrepreneurial team spirit to attain our strategic goals.

Firmenich Sustainability Council

Our Sustainability Council consists of external experts who support our work all year long and who provide us with many learning opportunities. They are our sustainability sounding board.

Ms. OLIVE BOLES
(member since March 2011)
Director of Strategic Relations,
International Business Leaders
Forum

Ms. STEPHANIE DRAPER,
(member since June 2008)
Director, Change Strategies,
Forum for the Future

Dr. AILEEN IONESCU-SOMMERS,
(member since December 2009)
Deputy Director,
IMD Forum for Corporate
Sustainability Management

Mr. MANOJ KUMAR
(member since March 2011)
Chief Executive Officer,
Naandi Foundation

Mr. MARC PFITZER,
(member since June 2008)
Managing Director,
FSG Social Impact Consultants

Mr. GUILLAUME TAYLOR,
(member since December 2009)
Founder and Director,
Quadia SA Impact Finance

CREATIVITY

Creativity is our essence.

- We create fragrances and flavors that inspire our clients and consumers worldwide.
- We lead our industry in research & innovation, capturing breakthrough ideas around the world.
- We constantly strive to discover new ways to improve all that we do.

SUSTAINABILITY

Our sense of individual and collective responsibility ensures our long-term success.

- We strictly maintain the highest level of personal integrity and ethical values.
- We practice a sustainable business model for the well-being of present and future generations.
- We adopt the strictest international standards on quality, safety and the environment.

INDEPENDENCE

Our independence gives us the freedom to control our destiny.

- We are a family-owned company, committed to our independence.
- We take a long-term view of our business.
- We pursue a policy of financial strength, profitable growth and return on assets.



A SUSTAINABLE CHOICE OF PAPER

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