

Givaudan<sup>®</sup>

ENGAGING  
THE  
SENSES

GRI Report 2013

## GRI 3.1 Content Index

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● Fully covered

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# Profile disclosures

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This section is intended to provide a high-level view of Givaudan's strategy and governance related to sustainability. It also provides context for other sections of this report.

Source: GRI 3.1 Sustainability reporting guidelines – Part 2 – Profile – page 20

## ⬇ Strategy and analysis

### 1.1 Statement from the most senior decision-maker of the organisation

#### Sustainability Report 2013 Leadership Q&A

In terms of our overall performance, are we where we want to be in 2013?

**Gilles Andrier:** I'm very pleased with our progress and current position. Our sustainability approach is integral to the Company's global business strategy, and in some areas we're ahead of where we expected to be, especially in relation to our ambitious 2020 targets. For example, we've really developed our approach to Responsible Sourcing over the last few years. We've also made significant progress in terms of our eco-efficiency targets, which are recorded below. I'd say the overall picture is very positive but there is room for improvement as we continue on our journey. For example, I would like to see further progress in some operational areas and in embedding sustainability requirements when designing new capital projects.

What would you say are the biggest achievements in 2013?

**Joe Fabbri:** Along with our own internal progress, a number of sustainability achievements have been translated through partnering with external entities such as the Carbon Disclosure Project (CDP), Sedex and AIM-PROGRESS.

Our promotion to 'A' band, CDP's latest Climate Performance Leadership Index recognition, is testament to our on-going eco-efficiency programme. Secondly, our success with Sedex registrations – 248 suppliers and counting – is a major achievement in driving Responsible Sourcing practices as far along the supply chain as possible. Finally, as a relatively new member of AIM-PROGRESS, the fact that one of our staff has been asked to become a member of the Leadership Team of this eminent organisation is truly something to be proud of. There are myriad achievements this year, but these three are very noteworthy.

To what degree has our sustainability progress in 2013 impacted on our commercial objectives?

**GA:** Sustainability impacts our commercial performance in a number of ways. There is a direct relationship between Sustainable Innovation and new revenue opportunities. These result from increasing demand for products with Health and Wellness benefits, positive social impacts or improved environmental performance. Across the organisation, with progress on our eco-efficiency targets, we are avoiding additional operating costs in our manufacturing operations. These are tangibles, where we're driving revenue and reducing energy, waste and water consumption. Through our efforts to secure the supply chain over the long term, we can also help to ensure quality and availability, which is a challenge in a volatile environment.

Additionally, our employee engagement surveys show that people are proud to work for Givaudan and recognise that the Company is serious about sustainability. It's part of the Givaudan culture, and that also impacts positively on our performance.

To what degree are partnerships playing an increasing role in our efforts to be sustainable?

**JF:** There are really two aspects to this. As vocal members of associations such as the Natural Resources Stewardship Circle (NRSC), AIM-PROGRESS and the United Nations Global Compact (UNGC), where we abide by its ten sustainability principles, we are partnering within movements that make a real difference. However, we are also partnering commercially with our customers and suppliers for mutual benefit. It's clear that by aligning efforts we can achieve so much more than by acting alone.

How do our efforts in 2013 set us up for 2014?

**GA:** We want our employees and other stakeholders to recognise Givaudan as leaders in sustainability, so everything we do has to be concrete. That means looking critically at our end-to-end processes and communicating simply and clearly on what we're doing, and not being afraid to say how we could be better in certain areas. 2013 has seen us make significant strides as a sustainable business and employer, so this allows us to consolidate and build on these successes in 2014 with ever greater confidence, which will be reflected in our employees' ability to act sustainably, with pride.

#### OUR KPIs

- Energy consumption: 20% reduction, per tonne of product, by 2020
- Water use: 15% reduction, per tonne of product, by 2020 (for municipal and groundwater)
- Direct and indirect CO<sub>2</sub> emissions: 25% reduction, per tonne of product, by 2020 (indirect relates to purchased energy and not energy used by others, i.e. our raw materials suppliers)
- Total weight of incinerated and land-filled waste by type and disposal: 15% reduction, per tonne of product, by 2020

#### PROGRESS IN 2013

Per tonne of product against 2009 baseline:

- 13.4% reduction in energy consumption
- 6.4% reduction in municipal and groundwater use
- 19.9% reduction in direct and indirect CO<sub>2</sub> emissions
- Our total weight of incinerated and land-filled waste decreased by 14.4%

### How would you evaluate our Green Teams' efforts this year?

**JF:** I'm excited to see that more and more sites are participating in the Green Team Awards. We're continuing to build a positive momentum, and have achieved many great things locally. Over time, I think we've seen a maturing of our Green Teams' approach, from purely behavioural responsibilities, such as encouraging our staff to conserve energy in the workplace, to a broader array of initiatives with a socially responsible dimension, like donation, volunteering and building a vegetable garden for the children's shelter in Soweto or the development of a unique Braille Trail in Mount Olive. Activities demonstrate creativity, but more importantly show how a mindset of sustainability is now widespread across the Company. Building on this, we're now developing a portfolio of areas that the Green Teams can consider in order to further drive value for the business. This will hopefully provide more structure and guidance on how to maximise their efforts.

### Why has Givaudan decided to separate the GRI Report from the Sustainability Report in 2013?

**GA:** We've developed our reporting approach because we want to provide different stakeholders with the information they are most interested in, and in a format that suits their needs. The GRI Report details our performance and management approach, which will be of interest to socially responsible investors and analysts – especially since the report has been independently assured by Ernst & Young. The Sustainability Report presents our activities in an engaging editorial style, focusing on two key issues

– Responsible Sourcing and Sustainable Innovation. We believe this approach will appeal to customers, suppliers and our own people. Presenting the two documents as a 'reporting suite' gives stakeholders the choice to access content in a way that really meets their needs.

### Why have we chosen to focus on Sustainable Innovation and Responsible Sourcing in the Sustainability Report?

**JF:** Sourcing and innovation are two of the five fundamental themes that make up our five-pillar sustainability strategy. Innovation is critical for Givaudan's on-going growth and success and the optimal way to support the business with innovation was to make it part of the Sustainability Programme. Sourcing is clearly one of the most significant areas of interest that our stakeholders talk to us about – especially our customers. We need to protect how we source our ingredients to ensure a secure supply from vibrant, healthy communities of producers. By focusing on these two issues we hope to demonstrate that Givaudan leads the industry and is at the forefront of the debate on how to overcome some of the obstacles facing the fragrances and flavour sector.

### Our commitment to UNGC principles

Our Sustainability Report also acts as our UNGC annual Communication on Progress (COP). This is the third year running in which our Sustainability Report has met the GRI B+ Application Level and has been independently assured by Ernst & Young.

We would like to express our continued strong support for the UNGC. We will continue working to make the UNGC and its principles part of the strategy, culture and day-to-day operations of our Company and do the same in the areas covered by our sphere of influence. We support public accountability and transparency, and therefore commit to reporting on progress annually according to the UNGC COP policy.

## 1.2 Description of key impacts, risks and opportunities

As a global company, we face many evolving sustainability challenges as well as numerous opportunities that may affect our business. These challenges and opportunities are formally captured in our materiality matrix (see 3.5). Consequently, our Sustainability Programme is based on a five-pillar strategy, which extends across the full life cycle of our business including Procurement, Employees, Innovation & Development, Operations and Customers & Markets. These pillars provide us with an overarching framework to drive sustainability principles right across and beyond our organisation. Each pillar represents one of the five crucial areas of our business. For each area, our combined teams have developed a challenging set of ultimate aspirations, which clearly show our desired end goal. The journey to get there will take a considerable amount of time but our commitment is a long-term one.

	Procurement	Employees
<b>Our vision</b>	We source materials in ways that preserve our environment, stimulate the development and well-being of communities and safeguard the efficient use of precious resources.	We attract, develop and retain talented, creative professionals who feel passionate and proud of the work done in our Company and who are empowered to contribute to a sustainable society.
<b>Context</b>	<ul style="list-style-type: none"> <li>CHF 2,400 million annual procurement spend</li> <li>More than 10,000 raw materials purchased annually</li> <li>More than 2,000 raw material suppliers</li> <li>More than 14,000 indirect materials and service suppliers</li> </ul>	<ul style="list-style-type: none"> <li>9,331 full-time employees</li> <li>82 local communities</li> </ul>
<b>Impacts and trends</b>	<ul style="list-style-type: none"> <li>Global population is predicted to be 9.6 billion in 2050 in a medium-growth scenario.<sup>1</sup> This growth will place intense pressures on ecosystems and the supply of natural resources</li> <li>As developing countries industrialise rapidly, global demand for material resources is increasing. It includes increased trade restrictions, price volatility and intense global competition for a range of material resources</li> <li>Approximately 24% of the world's mammals, 12% of the world's bird species and 3% of flowering plants are regarded as globally threatened<sup>2</sup></li> <li>In 2010, more than half of the world's population lived in cities and by 2050, it is expected that 70% of people on the planet will be living in urban areas. Moreover, it is estimated that nearly 90% of this addition to the world's urban population is taking place in developing countries<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>Every day, 6,300 people die as a result of occupational accidents or work-related diseases – more than 2.3 million deaths per year. 317 million accidents occur 'on the job' annually. Many of these result in extended absences from work. The human cost of this daily adversity is vast and the economic burden of poor occupational safety and health practices is estimated at 4% of global Gross Domestic Product each year<sup>4</sup></li> <li>Companies can be competitive only if they develop, attract and retain the best talent, both male and female. However, globally, gender gaps in the economic indicators of unemployment and employment show clear trends to the disadvantage of women (the global gender gap in the employment-to-population ratio remains high at nearly 25 points)<sup>5</sup></li> </ul>
<b>Our commitments</b>	<ul style="list-style-type: none"> <li>Expanding our responsible sourcing initiatives ensures security of supply</li> <li>Working with our suppliers on sustainability throughout our value chains contributes to our customers' increasing supply chain requirements</li> <li>Conducting regular reviews of our portfolio and implementing improvements through our ethical sourcing initiatives</li> <li>Gather information on the origin of our ingredients to contribute to regulatory requirements, food safety and issue management</li> </ul>	<ul style="list-style-type: none"> <li>Engage employees in sustainability thinking and practices</li> <li>Reduce incidents by strengthening workplace environment, safety behaviour and awareness</li> <li>Implement local Green Teams to take local ownership of the Sustainability Programme and support local sustainability opportunities</li> <li>Embrace diversity throughout our organisation and create a diverse and inclusive workforce</li> <li>Work together with our local communities on projects and causes that benefit the communities where we work</li> </ul>
<b>Our KPIs and progress in 2013</b>	<ul style="list-style-type: none"> <li><b>Communicate with all suppliers about procurement requirements relating to social responsibility</b> Vendor Expectation document revised to reflect UNGC commitment and include the mention of high ethical and social standards regarding Human Rights, Labour Standards and Anti-corruption</li> <li><b>Conduct audits with 200 of our top 400 suppliers by 2015; 200 of our top 400 suppliers to have joined the Sedex programme by 2015</b> 100 suppliers have been audited, and 248 suppliers are now on Sedex</li> <li><b>Identify and develop additional ethical sourcing initiatives</b> Farming partnership with GaiaOne and Kebun Rimau SDN BHD to develop sustainable patchouli plantation in Malaysia</li> <li><b>Develop third-party certification projects for raw materials</b> Continued support to a cooperative of three villages and a local distiller to grow and distil certified ESR vetiver</li> <li><b>Build 14 schools in Madagascar by 2014</b> 12 schools built in Madagascar since our programme began</li> </ul> <p><b>Other key achievements:</b></p> <ul style="list-style-type: none"> <li>Evolution of partnership with AIM-PROGRESS from member in 2012 to workstream leader in 2013 to Leadership Team member as of January 2014</li> <li>Continued to source certified sustainable Palm (Kernel) Oil and derivatives</li> <li>Creation of a dedicated Origination team</li> </ul>	<ul style="list-style-type: none"> <li><b>Conduct 'Zero is Possible' behavioural safety programme</b> SafeStart™, part of 'Zero is Possible' programme, rolled out to two additional sites, 37 sites now trained</li> <li><b>100% sites with Green Teams</b> Further embedded and supported Green Teams</li> <li><b>Lost Time Injury (LTI) rate below 0.1 by 2020</b> Our LTI rate reduced by 57% against our 2009 baseline</li> <li><b>Increase the representation of females in our senior leadership positions</b> The current percentage of female employees in Givaudan's senior leadership positions has increased to 17.9% in 2013, an improvement on last year's performance</li> <li><b>Build partnerships with non-profit organisations and work on charitable themes: Blindness, Family Nutrition and Supporting Local Communities</b> Continued support for charitable commitments</li> </ul>

1 UN – Department of Economic and Social Affairs – World Population Prospects: The 2012 Revision – [http://esa.un.org/unpd/wpp/Documentation/pdf/WPP2012\\_20KEY%20FINDINGS.pdf](http://esa.un.org/unpd/wpp/Documentation/pdf/WPP2012_20KEY%20FINDINGS.pdf)

2 Convention of Biological Diversity Outlook – <http://www.cbd.int/doc/publications/gbo/gbo-ch-01-en.pdf>

3 UN – State of the world's cities 2012/2013 – <http://sustainabledevelopment.un.org/content/documents/745habitat.pdf>

4 ILO: Safety and health at work – <http://www.ilo.org/global/topics/safety-and-health-at-work/lang-en/index.htm>

5 ILO: Global Employment Trends for Women 2012 – [http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_195445/lang-en/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_195445/lang-en/index.htm)

	Innovation & Development	Operations	Customers & Markets
<b>Our vision</b>	Givaudan leads in creating consumer-preferred flavours and fragrances that are designed and developed in line with sustainability principles in order to satisfy current and future needs.	We continuously drive operational excellence without compromising the environment or the health and well-being of our employees and the communities in which we operate.	We actively engage with our customers to ensure that all of our products promote the health and well-being of people and preserve our planet. We do this by encouraging our business partners to support our goals throughout the complete lifecycle of their products.
<b>Context</b>	<ul style="list-style-type: none"> <li>CHF 406 million invested in R&amp;D in 2013, 9.3% of revenue</li> </ul>	<ul style="list-style-type: none"> <li>33 production sites</li> <li>More than 386,000 tonnes of product made in 2013</li> <li>102,000 inbound deliveries</li> <li>211,900 outbound deliveries</li> </ul>	<ul style="list-style-type: none"> <li>We have more than 6,000 customers</li> <li>We receive in excess of 35,000 briefs each year from customers</li> </ul>
<b>Impacts and trends</b>	<ul style="list-style-type: none"> <li>The market for Health and Wellness products is increasing due to growing consumer and government awareness of the obesity epidemic and other nutrition-related diseases such as diabetes</li> <li>Climate change and resource depletion demand a proactive business response</li> <li>Introduction of bans for the use of animal testing (e.g. 2013 ban on animal testing under the seventh amendment of the EU Cosmetics Directive)</li> <li>Development of products which are more efficient to make, have fewer negative by-products, and minimise impact on the environment</li> <li>Increasing regulations for the fragrances and flavour industry</li> </ul>	<ul style="list-style-type: none"> <li>Climate change remains a global megaforce that directly impacts others. Released in September 2013, the report by the UN's climate panel details the physical evidence behind climate change<sup>1</sup>. The two key headlines were: <ul style="list-style-type: none"> <li>Scientists are 95% certain that humans are responsible for the 'unprecedented' warming experienced by the Earth over the last few decades</li> <li>Global temperatures are likely to rise by 0.3C to 4.8C by the end of the century, depending on how much governments control carbon emissions</li> </ul> </li> <li>Fossil fuel markets are likely to become more volatile and unpredictable because of higher global energy demand as well as changes in consumption patterns</li> <li>It is predicted that by 2030, global demand on water will exceed supply by 40%. Business will be subject to water shortage, water quality decline and water price volatility<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>Many organisations are working together in groups and forums to make a positive impact on sustainability aspects like AIM-PROGRESS, NRSC and The Sustainability Consortium. For example, AIM-PROGRESS is a forum of consumer goods manufacturers and suppliers assembled to enable and promote responsible sourcing practices and sustainable production systems</li> <li>Organisations are increasingly searching to understand their full supply chains and are requesting suppliers to provide data on environmental and social aspects</li> </ul>
<b>Our commitments</b>	<p>Continue to supply products which are safe for people and the environment:</p> <ul style="list-style-type: none"> <li>Ensure Givaudan products are safe for people and the environment when used as intended</li> <li>Full regulatory compliance of all products</li> <li>Ensure our products are not persistent in the environment after their use</li> <li>Reduce animal testing and develop alternative test methods</li> </ul> <p>Create superior products in a sustainable way:</p> <ul style="list-style-type: none"> <li>Promote Health and Wellness through our products</li> <li>Do more with less, promoting innovative design based on concentrated quality and compacted fragrances</li> </ul>	<ul style="list-style-type: none"> <li>Improve eco-efficiency of factory manufacturing sites with a focus on greenhouse gas emissions, waste and water and reduce our overall footprint against a 2009 baseline focusing on eco-efficiency for energy, carbon emissions, incinerated and land-filled waste and municipal and groundwater</li> <li>Sustainable logistics offers opportunities to improve the efficiency through reduced fuel usage and therefore lower transport costs</li> </ul>	<p>Foster customer partnerships to share responsibility through product lifecycle</p> <ul style="list-style-type: none"> <li>Engage with customers to develop new technologies for healthier and sustainable products</li> </ul>
<b>Our KPIs and progress in 2013</b>	<ul style="list-style-type: none"> <li><b>Fragrance Division compliance with European REACH registration requirements, as they become applicable, in 2010, 2013 and 2018</b> Fragrance Division fully compliant with REACH and successfully completed required registrations</li> <li><b>Flavour's Health and Wellness programme incremental sales target of CHF 100 million; incremental growth from 2009 to 2013</b> Surpassed our target to beat our forecast of CHF 100 million of incremental sales growth for Health and Wellness products</li> </ul> <p><b>Other key achievements:</b></p> <ul style="list-style-type: none"> <li>KeratinoSens™ Assay (an invitro method of testing for skin sensitisation) working towards becoming an industry standard as part of the ITS (Integrated Testing Strategy)</li> </ul>	<p><b>Per tonne of product against 2009 baseline:</b></p> <ul style="list-style-type: none"> <li><b>Energy consumption: 20% reduction, per tonne of product, by 2020</b> 13.4% reduction in energy consumption</li> <li><b>Water use: 15% reduction, per tonne of product, by 2020 (for municipal and groundwater)</b> 6.4% reduction in municipal and groundwater use</li> <li><b>Direct and indirect CO<sub>2</sub> emissions: 25% reduction, per tonne of product, by 2020 (indirect relates to purchased energy and not energy used by others i.e. our raw materials suppliers)</b> 19.9% reduction in direct and indirect CO<sub>2</sub> emissions</li> <li><b>Total weight of incinerated and land-filled waste by type and disposal: 15% reduction, per tonne of product, by 2020</b> Our total weight of incinerated and land-filled waste decreased by 14.4%</li> </ul>	<ul style="list-style-type: none"> <li><b>Establish joint initiatives to further progress towards Givaudan sustainability targets and those of our partners</b> Leading supplier capability building workstream at AIM-PROGRESS and received the invitation to become Leadership Team member as of 2014 Partnership with Diptyque on sustainable ylang ylang. Partnership with AkzoNobel on sodium reduction solution</li> </ul> <p><b>Other key achievements:</b></p> <ul style="list-style-type: none"> <li>All Givaudan sites maintained Sedex Questionnaire and nine SMETA audits have been conducted</li> <li>Continued sponsorship of the Cosmetic Executive Women (CEW) Eco Beauty Award in the USA and UK to inspire sustainability action in the beauty industry</li> <li>External advocacy efforts, including speaking at British Society of Perfumers</li> <li>Gold Standard achieved for EcoVadis assessment</li> <li>Partnership with NRSC on the development of a supply chain of palm oil sustainable derivatives</li> </ul>

<sup>1</sup> IPCC Climate change report 2013 – <http://www.ipcc.ch/report/ar5/wg1/>

<sup>2</sup> Source: World Economic Forum water initiative – <http://www.weforum.org/reports/water-resources-group-background-impact-and-way-forward>



## ⬇ About Givaudan

### 2.1 Name of the organisation

Givaudan SA

### 2.2 Primary brands, products and/or services

We create fragrances for personal and home care brands that range from prestige perfumes to laundry care, and in flavours our expertise spans beverages, savoury, snacks, sweet goods and dairy products.



For more information on our brands and products please see:

[www.givaudan.com/Flavours/Our+Brands](http://www.givaudan.com/Flavours/Our+Brands)

[www.givaudan.com/Fragrances](http://www.givaudan.com/Fragrances)

[www.givaudan.com/staticweb/StaticFiles/GivaudanCom/Media/Documents/Giv-flavourFacts.pdf](http://www.givaudan.com/staticweb/StaticFiles/GivaudanCom/Media/Documents/Giv-flavourFacts.pdf)

### 2.3 Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures

Our Company comprises two divisions, Flavours and Fragrances.

Our Flavour Division has four business units: Beverages, Dairy, Savoury and Sweet Goods.

Our Fragrance Division has three business units: Fine Fragrances, Consumer Products and Fragrance Ingredients.

### 2.4 Location of organisation's headquarters

Vernier, Switzerland

### 2.5 Number of countries where the organisation operates, and names of countries with either major operations or operations that are specifically relevant to the sustainability issues covered in the report

We have principal companies of the Group that are fully owned unless otherwise indicated (percentage of voting rights). A list of these principal Group companies is to be found in the Annual Report 2013 on page 139.

We have 33 manufacturing sites in 18 countries. Details about our sustainability activities in Brazil, China, Colombia, France, Haiti, Hungary, India, Italy, Laos, Madagascar, Mexico, the Comoros, the Netherlands, Singapore, Spain, Switzerland, Venezuela, the UK and the USA are included in this report.

### 2.6 Nature of ownership and legal form

Givaudan SA, the parent company of the Givaudan Group, with its registered corporate headquarters at 5 Chemin de la Parfumerie, 1214 Vernier, Switzerland, is a 'société anonyme', a publicly held corporation pursuant to art. 620 et seq. of the Swiss code of obligations, and is listed on the SIX Swiss Exchange under security number 1064593. The Company has 54 principal companies of the Group, none of which are publicly listed. Information on Givaudan SA's significant shareholders as per art. 20 Swiss Stock Exchange Act can be found at: [www.six-swiss-exchange.com](http://www.six-swiss-exchange.com)



Swiss Stock Exchange Act can be found at: [www.six-swiss-exchange.com](http://www.six-swiss-exchange.com)

More detailed financial information about the scale of our organisation and our operational structure is available in our 2013 Annual Report.



For more information on the '2013 Annual Report' please see: [www.givaudan.com/Investors/Financial+Information/Full+and+Half+Year+Reports](http://www.givaudan.com/Investors/Financial+Information/Full+and+Half+Year+Reports)

### 2.7 Markets served

Mature markets represent 55% of the annual sales and include North America, Western Europe and Japan. Developing markets already account for 45% of our annual sales in Asia Pacific, Latin America and Eastern Europe (this is expected to increase to 50% by 2015). We are active in over 100 countries and have sites and branches in more than 40 countries.

Our Fragrance Division specialises in Fine Fragrances, Consumer Products and Fragrance Ingredients – through which we create scents for leading brands worldwide. In-depth consumer understanding, a high-performing research and development organisation and an efficient global operations network support our business. Our perfumery team is the largest in the industry.

Our Flavour Division works with food and beverage manufacturers to develop flavours and tastes for market-leading products across all continents. We are a trusted partner to the world's leading food and beverage companies, combining our global expertise in sensory understanding, analysis and consumer-led innovation in support of unique product applications and new market opportunities.

### 2.8 Scale of the reporting organisation

As at 31 December 2013 we had:

- 82 locations worldwide;
- 25% global industry market share (approximately);
- 33 production sites;
- 9,331 full time equivalent staff;
- CHF 4,382 million revenue; and
- over 6,000 customers.

### 2.9 Significant changes during the reporting period regarding size, structure or ownership

Givaudan made no acquisitions or disposals during the reporting period.

Regarding operational changes, since the beginning of 2013 the environmental, health and safety (EHS) and social data of Givaudan's new manufacturing location in Hungary has been included in the scope of our reporting. During the period January to August 2013 the manufacturing activities of our facility at Bromborough in the UK were transferred to the new Hungarian facility. Manufacturing activities in the UK facility were ceased at the end of August. Consequently, EHS and social data for this facility up to August 2013 is included in this report.



## 2.10 Awards received in the reporting period

### External awards

#### Unilever Fragrance Awards

Givaudan was awarded Best Fragrance Technology (Fragrance Encapsulates in DIG Laundry Detergent); Best Fragrance Contribution to Competitive Preference (Fair & Lovely skincare); and Best Unilever Reputational Compliance – Fragrance Regulatory Safety.

#### FGI Night of Stars Awards

Givaudan's commitment to sustainability, particularly ethical sourcing and farming partnerships, has been recognised at the prestigious annual Night of Stars event in New York, organised by Fashion Group International (FGI). The award was collected by Gilles Andrier.

#### US Environmental Protection Agency (EPA) graduate

Givaudan was recently recognised by the US Environmental Protection Agency (EPA) for its consistent record of developing ingredients that pass the EPA's Sustainable Futures criteria for human and environmental safety. Givaudan is now considered a graduate of the Sustainable Futures programme for its track record in developing materials that meet these criteria.

#### Carbon Disclosure Project

Givaudan has been recognised as a top, 'A-band' performer in the CDP's FTSE 350 Climate Change 2013 Report for Germany, Austria and Switzerland. The CDP ranks companies on how they measure,

disclose and manage climate-related risks and opportunities.

#### WWF 2013 Palm Oil Buyers Scorecard

Givaudan is a leading model in the area of using palm oil responsibly and is one of the companies with the highest scores (11 out of 12).

#### Nestlé 'Creating Shared Value' Award

Givaudan is a winner of the Nestlé CSV Prize for school construction in Madagascan vanilla villages. Through the prize, Nestlé rewards initiatives that reflect the spirit of Creating Shared Value by addressing challenges in nutrition, water or rural development.

#### Belcorp Strategic Commercial Partner Award

Givaudan won the Belcorp Strategic Commercial Partner Award for its performance as a supplier in Latin America.

#### 2013 FEMA Excellence in Flavor Science Award

Bob Eilerman won the 2013 FEMA Excellence in Flavor Science Award for 40 years of significant scientific contribution to the industry.

### Internal awards

#### Green Team Awards

The 2013 Leadership Board Green Team Award winners are:

- Manufacturing Location winner: Mount Olive with the project – Braille Trail
- Commercial Location winner: Mexico City with the project – Engaging the customers

The Leadership Board Green Team Award recognises the Green Team's effort in driving forward the Company's Sustainability Programme, which is a clear contributor to its success.

#### The Bob Pellegrino Leadership Award

Laith Wahbi, Global Product Manager, has been named the first recipient of the Bob Pellegrino Leadership Award for his strong leadership in the commercialisation of TasteSolutions™ Savoury and the impact his efforts have had on the Flavour Division. The award is given to a selected Flavours employee who has demonstrated leadership resulting in the commercialisation of technology that has had a significant impact on the Flavour Division's strategic pillars and/or results.

### Sponsored awards

#### CEW Eco Beauty Award

Givaudan sponsors the CEW Eco Beauty Award in the USA and the UK to encourage and inspire sustainability progress in the beauty industry.

The USA Eco Beauty Award 2013 went to Nourish Organic, creators of the first organic skincare collection to be certified by the United States Department of Agriculture (USDA). The UK Eco Beauty Award 2013 was presented to Melvita for the Rose Nectar range.

## ↓ About this report

### 3.1 Reporting period

All data is for wholly-owned Givaudan companies, and is for the full financial year ended December 2013.

### 3.2 Date of most recent previous report

Our previous report was published in March 2013.

### 3.3 Reporting cycle

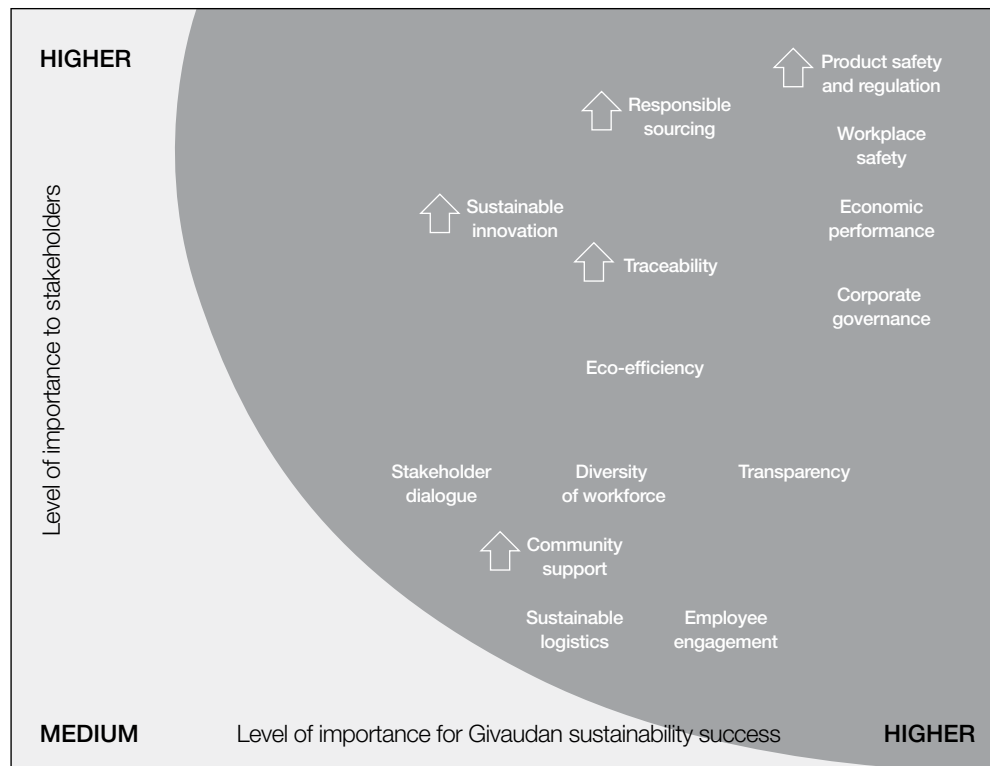
We have an annual sustainability reporting cycle.

### 3.4 Contact point for questions regarding the report or its contents

We hope you find this report engaging and informative. We welcome your comments and questions, which can be sent to: [global.sustainability@givaudan.com](mailto:global.sustainability@givaudan.com)

### 3.5 Process for defining report content

The prioritisation of the issues of highest material importance to Givaudan and our stakeholders is a critical component of our Sustainability Programme strategy. In 2013, we revisited our materiality matrix, which maps out the key themes we understand our stakeholders to be most concerned about, as well as those that are considered most important to Givaudan. Our review confirmed that the same themes remain valid, although the climate change theme was combined



Note: Arrows highlight key themes which have been raised through feedback from stakeholder Dialogue Panels (see 4.17)

with eco-efficiency, and biodiversity with responsible sourcing. We use our materiality matrix, on an on-going basis, to help prioritise our Sustainability Programme initiatives and the content of our Sustainability Report. It is also an invaluable tool for focused dialogue with our internal and external stakeholders.

### 2013 materiality matrix

#### Glossary of material issues

##### Product safety & regulation

The safety of our products and the processes that are used to comply with local laws and regulations.

##### Workplace safety

Minimising accidents and injuries in the workplace, including the training and systems to ensure the health and safety of our employees.

##### Economic performance

Operating a Sustainable Business Model. This means respecting the planet, including the people living on it, while running a viable, profitable business.

##### Responsible sourcing

The process of purchasing goods and services without causing harm to, or exploiting, humans or the natural environment.

##### Sustainable innovation

Development of products which are more efficient to make, have fewer negative by-products, or have a positive impact when used by the consumer (Health and Wellness/ environmentally-friendly innovation).

##### Traceability

The ability to track, trace and predict the location of a batch, its sub-components and raw materials throughout the supply chain.

##### Eco-efficiency

Improving the efficiency of operational activities with regard to harmful emissions, water efficiency and waste disposal.

##### Corporate governance

Ensuring our practices are in alignment with international standards and safeguard the effective functioning of the governing bodies of the Company.

##### Diversity of workforce

Having a diverse workforce which reflects the societies in which we operate.

##### Stakeholder dialogue

Engaging with stakeholders to build understanding of their priorities and to find opportunities for collaboration on sustainability initiatives.

##### Community support

Building relationships for the benefit of the communities in which we operate.

##### Transparency

Being open to sharing data and information; disclosure of data.

##### Sustainable logistics

Eco-efficient management of product flow including: packaging, warehousing and transportation.

##### Employee engagement

Engaging and inspiring employees to be a motivated workforce.

### 3.6 Boundary of the report

All data is for wholly-owned Givaudan companies, and is for the full financial year ended December 2013. Details about our environmental, health and safety figures are only referring to our 33 manufacturing sites, located in 18 different countries.

### 3.7 Limitations on the scope or boundary of the report

Unless otherwise stated, the social and economic data is global. Environmental, health and safety data is limited to manufacturing locations only.

### 3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities

Givaudan's reporting does not include joint ventures, subsidiaries and outsourced operations.

### 3.9 Data measurement techniques and the bases of calculations

We replaced our data collection system, Enablon, with BlueSuite at the start of 2012. This allows reported data to be collected globally using local employees who are trained in how to report and document the data. Each location is responsible for its own accuracy and consistency. During 2013 an e-learning training module was developed and rolled out to those involved in the quarterly reporting cycle.

Reporting of data is aligned to internal definitions, which are based on GRI indicator definitions and/or the GHG protocol. For CO<sub>2</sub> conversion factors figures available from the supplier are used and, if not available, set default values or country grid factors for purchased electricity are used. In a number of instances, environmental data is based on estimates. This is particularly the case for waste data where it is sometimes necessary to estimate weight from waste volume. Similarly, waste water is sometimes estimated using water input data.

### 3.10 Explanation of the effect of any restatements of information provided in earlier reports

Following checking and validation of quarterly reported figures, and site audits conducted against reporting definition sheets, a number of corrections have been made to the baseline 2009 data we reported in our 2012 Sustainability Report. With a few exceptions, the corrections are minor, and for the eco-parameters for which targets are set, are less than or equal to 1%.

The energy correction is less than 0.002%.

The CO<sub>2</sub> load has been corrected with a small increase of 0.13%.

Regarding the corrected figure for waste (incinerated and land-filled), a number of small corrections were made leading to a 1% lower figure.

The municipal and groundwater baseline figure has not changed.

The production volume figure has been corrected by a small increase of 0.28%. Other small baseline corrections concerned total water discharge (+0.73%) and SO<sub>2</sub> emission load (−0.5%).

Also corrections have been made on 2012 data provided in last year's report; these are slightly larger and are in the range of 0.3 – 2.65%, with the exception of CFC inventory data, for which the value has increased by 10% because a particular CFC figure from one site was not included. All the corrections made are summarised in the restatement table included in the appendix of this report.

### 3.11 Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report

Since the beginning of 2013 the environmental, health and safety (EHS) and social data of Givaudan's new manufacturing location in Hungary has been included in the scope of our reporting. During the period January to August 2013 the manufacturing activities of our facility at Bromborough in the UK were transferred to the new Hungarian facility. Manufacturing activities in the UK facility were ceased at the end of August. Consequently, EHS and social data for this facility up to August 2013 is included in this report.

### 3.13 Policy regarding external assurance

This report has been prepared in accordance with the Global Reporting Initiative's G3.1 Sustainability Reporting Guidelines. GRI has

assessed the application level of our report to be at B+. This document represents a full GRI content index.

The data and commentary in this report are assured by Ernst & Young in accordance with the principles of the International Standards on Assurance Engagements (ISAE) 3000. For more information please see the Assurance Statement on page 60 of this document and a UNGC Principles reference table.



For more information please see the Assurance Statement on [page 60](#) of this document.

## ⬇ About our governance

### 4.1 Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight

According to art. 716a of the Swiss Code of Obligations, the Board of Directors is the highest governance body of Givaudan SA. In accordance with Swiss law, the Articles of Incorporation of Givaudan and the Board Regulations of Givaudan, the duties of the Board of Directors include the following matters:

- the ultimate management of the Company and, in particular, the establishment of medium- and long-term strategies and directives defining

Company policies and the giving of the necessary instructions;

- the establishment of the organisation;
- the approval of the annual Company budget;
- the structuring of the accounting system and of the financial controlling as well as the financial planning;
- the assessment of the Company's risk management as reported by the Audit Committee;
- the decision on investments in, or divestments of, fixed and tangible assets of a global amount exceeding the limit set by the corporate investment guidelines established by the Board of Directors;
- the appointment and removal of the persons entrusted with the management and representation of the Company, in particular the Chief Executive Officer (CEO) and the other members of the Executive Committee;
- the ultimate supervision of the persons entrusted with the management, in particular with respect to compliance with the law, the Articles of Incorporation, regulations and instructions given in any areas relevant to the Company, such as working conditions, environmental protection, trade practices, competition rules, insider dealing and ad hoc publicity;
- the preparation of the annual business report, as well as the preparation of the Annual General Meeting of shareholders and the implementation of its resolutions;
- the notification of the court in case of insolvency;

- the decisions regarding the subsequent performance of contributions on shares not fully paid in;
- the ascertainment of share capital increases to the extent that these fall under the powers of the Board of Directors and resulting confirmations and modifications to the Articles of Incorporation; and
- the verification of the special professional qualifications of the auditors.

Except as otherwise provided by Swiss law, the Articles of Incorporation and the Board Regulations, all other areas of management are fully delegated by the Board of Directors to the CEO, the Executive Committee and its members in accordance with art. 716b of the Swiss Code of Obligations.

According to the Articles of Incorporation of Givaudan, the Board of Directors may consist of between seven and nine members.

The Board of Directors has established three Committees: an Audit Committee, a Compensation Committee and a Nomination and Governance Committee.

- **The Audit Committee:** The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information, the systems of internal controls and the audit process. It carries out certain preparatory work for the Board of Directors as a whole. The Audit Committee currently consists of three members of the Board. The Audit Committee ensures that the Company's risk management systems are efficient and effective. It promotes

effective communication among the Board, management, the internal audit function and external audit. It reviews and approves the compensation of the external auditors for the annual audit. The Chief Financial Officer attends the meetings of the Audit Committee on the invitation of its Chairman.

- **The Compensation Committee:** The primary function of the Compensation Committee is to review and recommend the compensation policies to the Board of Directors. It approves the remuneration of the CEO and the other members of the Executive Committee as well as all performance-related remuneration instruments and pension fund policies. The Compensation Committee consists of three members of the Board. The Committee takes advice from external independent compensation specialists and consults with the Chairman and the CEO on specific matters where appropriate.
- **The Nomination and Governance Committee:** The primary function of the Nomination and Governance Committee is to assist the Board in applying the principles of good corporate governance. It prepares appointments to the Board of Directors and the Executive Committee and advises on the succession planning process of the Company. It consists of three members of the Board.

### Executive Committee

The Executive Committee (the management team), under the leadership of the CEO, is responsible for areas of management of the Company that are not specifically reserved for the Board of Directors.

The CEO, subject to the powers attributed to him, has the task of achieving the strategic objectives of the Group and determining the operational priorities. In addition, he leads, supervises and coordinates the other members of the Executive Committee, including convening, preparing and chairing the meetings of the Executive Committee.

The members of the Executive Committee are appointed by the Board of Directors on recommendation of the CEO after evaluation by the Nomination Committee. The Executive Committee is responsible for developing the Company's strategic as well as long-term business and financial plans. Key areas of responsibility also include the management and supervision of all areas of business development on an operational basis, and approving investment decisions.

The tasks and powers of the Executive Committee include the approval of investments, leasing agreements and divestments within the corporate investment guidelines. The Executive Committee approves important business projects and prepares the business plan of the Group and the budgets of the individual divisions and functions. In addition, it plays a key role – together with the Human Resources organisation – in the periodic review of the talent management programme, including succession planning for key positions. Alliances and partnerships with outside institutions, such as universities, think tanks and other business partners, are also monitored by the Executive Committee.

The members of the Executive Committee are individually responsible for the business areas assigned to them.

#### **4.2 Indicate whether the Chair of the highest governance body is also an executive officer**

The Chairman of the Board of Directors, Dr Jürg Witmer, is a Non-Executive Director. He was the CEO of the Company until 27 April 2005.

#### **4.3 Number and gender of members of the highest governance body that are independent and/or non-executive members**

According to the rules of Swiss law and Swiss best practice in corporate governance, as at 31 December 2013, all members of the Board of Directors were non-executive and independent. Two of the seven Board members were female and five were male.

#### **4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body**

According to Swiss law, any shareholder who, on the day determined by the Board of Directors, is registered as a shareholder with voting rights has the right to attend and to vote at the shareholders' meeting. Shareholders representing at least 10% of the share capital may demand in writing that a shareholder meeting be convened, setting forth the items to be included on the agenda and proposals.

Shareholders representing shares for a nominal value of at least CHF 1 million may demand in writing at least 45 days before the meeting that an item be included in the agenda, setting forth the item and the proposals.

Shareholders will be registered with a right to vote in the share register of Givaudan SA until the record date set by the Board of Directors. The date for the ordinary general meeting is specified in the invitation and is set approximately two weeks before the meeting. Only shareholders who hold shares registered in the share register with a right to vote at a certain date, or their representatives, are entitled to vote.

#### **4.5 Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)**

We recognise sustainability as a critical objective that we proactively manage. Givaudan does not currently remunerate Board members based on social and environmental performance (see our compensation report in the 2013 Annual Report on pages 72–80). Our commitment to sustainability is, however, reflected in an ambitious Sustainability Programme and in particular in our 2020 eco-efficiency targets. Furthermore, the Board of Directors receives regular updates from the Executive Committee and from experts within the Company regarding Givaudan's economic, environmental and social performance, including relevant risks and opportunities and adherence or compliance with relevant standards.

#### **4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided**

The Board Regulations of Givaudan stipulate that in the event of a conflict of interest, the member concerned shall immediately inform the Chairman. The Chairman shall either decide himself how to resolve the matter or refer it to the Board of Directors.

#### **4.7 Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity**

The Nomination and Governance Committee is responsible for determining the composition, qualifications and expertise of the members of the Board of Directors and its Committees. It considers a number of factors before proposing candidates for succession to the Board of Directors including diversity of experience, professional background, gender and other areas. The election of Board members as proposed by the Board of Directors is the prerogative of the shareholders meeting.



#### 4.8 Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation

Givaudan has introduced 'Principles of Business Conduct', a code of conduct for the entire Givaudan Group. The principles include:

- Compliance with the Law
- Conflicts of Interest
- Bribes, Gifts and Entertainment
- Fair Treatment of Employees
- Working Environment and Child Labour
- Environmental Compliance
- Competition Law
- Insider Dealing
- Protection of Confidential Information and Trade Secret
- Conduct in Research, Development
- Application and Creation
- Implementation

The Principles of Business Conduct have been translated into all major Company languages and compliance training on the Principles has been provided in all Company languages too.



The Principles can be downloaded here: [www.givaudan.com/staticweb/StaticFiles/GivaudanCom/Publications/Corporate%20Governance/Giv\\_principlesBusinessConduct.pdf](http://www.givaudan.com/staticweb/StaticFiles/GivaudanCom/Publications/Corporate%20Governance/Giv_principlesBusinessConduct.pdf)

#### 4.9 Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles

The Board of Directors receives regular updates from the Executive Committee and from experts within the Company regarding the economic, environmental and social performance of the Company, including relevant risks and opportunities and adherence or compliance with relevant standards. This is assured by an information and control system the Board has at its disposal which comprises the following instruments:

- The Chairman of the Board receives invitations and minutes of Executive Committee meetings on a regular basis and the Chief Executive Officer and the Chief Financial Officer report regularly to the Chairman of the Board of Directors.
- The CEO and the Chief Financial Officer are present and report at all regular Board meetings and answer all requests for information by the Board members about any matter concerning Givaudan that is transacted. Other members of the Executive Committee and selected senior managers are regularly invited to address specific projects at regular Board meetings. All members of the Executive Committee have a duty to provide

information at meetings of the Board of Directors on request.

- The Head of Internal Audit and the Corporate Compliance Officer report to the Board once per year. The Board also receives annual reports on Environment, Health and Safety, Sustainability and Risk Management.

#### 4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance

The Board of Directors conducts an annual self-assessment.

### ↓ Our commitments

#### 4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organisation

##### Our approach

Givaudan, as an industry leader, is committed to adhere to the highest ethical standards in business conduct and compliance with laws and regulations, as well as with Company policies, practices and procedures.

Givaudan recognises its obligation to carry out all of its activities in a manner that preserves and promotes a safe and clean environment. While conducting its activities, Givaudan takes into consideration the efficient

use of energy and materials; the minimisation of adverse environmental impact and waste generation; and the safe and responsible disposal of residual wastes. Givaudan's Directive on Environmental Protection underlines the Company's commitment in this area.

Environment, Health and Safety (EHS) regularly carries out comprehensive risk assessments for all of Givaudan's production sites. Any actions identified through such assessments are managed internally using a proprietary EHS Management System with formally documented solutions and closure records. Additionally, Givaudan Operations carries out continuous risk assessments and management of all chemical processes in accordance with leading industry standards.

Ensuring the safety and regulatory compliance of our products is a priority which at Givaudan relies on a team of in-house scientific experts and an external network of international experts.

In order to meet the increasing demands and the needs of our customers and consumers, our regulatory compliance teams work at both local and global levels. We are also advocates for our industry, supporting regulatory developments that are science-based and in the interests of customers and consumers alike.

##### Fragrances

Europe's REACH regulations govern chemical control. After 31 May 2013, all substances manufactured or imported in quantities above one tonne per year have to be registered. Givaudan is active as a lead registrant for approximately 20% of our registrations. As such Givaudan is responsible for the



development and completion of the technical dossiers for registration to the European Chemical Agency (ECHA). We are focused on ensuring that our registrations contain incisive risk assessments based on sound technical data.

We continue to achieve our REACH compliance goals. From the inception of REACH, through pre-registration and two phase-in registration deadlines, we have met our objectives. The latest deadline was 31 May 2013 and was the most challenging yet. We succeeded with our registrations. These required considerable effort on behalf of the REACH Group; the joint registrations provided perhaps the greatest challenge due to the complexities of working within substance exchange forums and consortia.

REACH compliance has been a valuable learning process for Givaudan and has provided greater insights into our industry and how others are coping with the challenges and increasing demands made by such regulation on our industry. The road ahead will be a greater test for Givaudan, with a predicted yearly registration rate for the final phase-in deadline (2018) of more than double that previously undertaken. It is a challenge we intend to meet to ensure REACH compliance for not only Givaudan but also our customers in the EU as our downstream users.

We are also playing a lead role in the International Fragrance Association (IFRA) discussions with the European Commission (DG Sanco) over developing a regulatory proposal to expand control over the use of fragrance materials that could be potential allergens.

Through our commitment to developing sound science, such as the development of the invitro KeratinoSens™ Assay for sensitisers, our experts are working with DG Sanco to develop a balanced and pragmatic approach that will ensure the continued safety of consumers exposed to fragrances.

Givaudan strongly supports the development of scientific understanding and believes that fragrance allergens should be controlled if they are shown to present a risk to human health. We also believe that through expanded information to consumers, those who have a concern over sensitisation can effectively manage their use of products to prevent any risk.

A new SAP-based solution for fragrance compliance checks has greatly increased Givaudan's regulatory capabilities, allowing us to handle the complex product compliance evaluations required by authorities, customers and industry codes of conduct throughout fragrance development for fine fragrance and consumer products.

### Flavours

We continue our work to help bring a greater degree of harmonisation to the regulations impacting the flavour industry worldwide through our leadership in trade associations such as the International Organization of the Flavor Industry (IOFI), the Flavor and Extract Manufacturers Association (FEMA) of the USA, and the European Flavour Association (EFFA).

Flavourings and flavour ingredients are regulated at the national and regional levels. Use of flavour ingredients is controlled through a combination of positive lists for single component ingredients and regulatory

guidelines that control the materials that can be used to create flavour ingredients. A majority of national regulations follow regulations established by either the European Food Safety Authority (EFSA), the US Food and Drug Administration (FDA) or the United Nations Joint Expert Committee on Food Additives (JECFA) as part of CODEX Alimentarius. However, with the further development of national health authorities in Asia we are seeing an increase in the development of national food additive and flavour regulations in China, India and other rapidly developing markets.

The increase in food additive and flavour regulations and the move towards greater regulatory consistency are having positive impacts in the food industry but are resulting in an increase in the amount of activity required to register new materials. In all markets, whether in Asia, Europe, Latin America or North America, Givaudan is actively engaged in dialogue with the regulators to ensure that sound scientific methods are being developed to determine the safety of food additives. In all cases, Givaudan meets or exceeds the expectations of regulatory authorities when conducting studies to support the safe use of flavour ingredients.

To further enhance our abilities to respond to growing customer and regulatory demands, the Flavour Division is developing a new SAP-based compliance module that will enable Givaudan to maintain its industry-leading commitment to product quality and customer support in an increasingly complex business environment while ensuring global regulatory compliance.

### 4.12 Economic, environmental and social charters, principles or other initiatives to which Givaudan subscribes or endorses

We participate in and endorse a number of global initiatives which promote sustainable business practices:

- Global sustainability challenges require global effort. That is why we measure our progress towards sustainability against the principles of the **UNGC**. We file our Sustainability Report as our annual Communication on Progress.
- We aim to communicate to external stakeholders in a transparent way our strategic direction, motivation, goals, development and progress in the arena of sustainability. Givaudan reports annually information on greenhouse gas emissions, energy use and the risks and opportunities from climate change to the **Carbon Disclosure Project**.
- We also disclose our sustainability achievements through a Sustainability Report which follows the international reporting framework from the **Global Reporting Initiative** and which is independently assured.

### External commitment or initiative

The **UNGC** is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. Givaudan committed to the principles of the UNGC in February 2010. We publish updates in the Communication on Progress (COP) integrated in our Sustainability Report.

In 2013, Givaudan attended the Leaders Summit held in New York by the UNGC. This summit was a call to action to the business community to find ways to collaborate and co-partner with each other, and/or with government and NGOs, to overcome business challenges and scale up their contributions to sustainability. One of the main agenda points of this year's event was to unveil a new vision and agenda for the post-2015 UNGC time frame, 'Building the Post-2015 Business Engagement Architecture'.

As a signatory to the UNGC we are using this report to submit our annual Communication on Progress.



Please visit [www.unglobalcompact.org](http://www.unglobalcompact.org)

The **Carbon Disclosure Project (CDP)** is an international, not-for-profit organisation providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information.

Givaudan started participating in the CDP in 2007 and has disclosed greenhouse gas

emissions annually and reduction strategy and performance for both investor and supply chain surveys.

In 2013, Givaudan disclosed for the CDP investor and supply chain surveys. Company transparency is assessed via a disclosure score, for which Givaudan received 79/100 in 2013 versus 70/100 in 2012. Givaudan's performance band was A in 2013 versus C in 2012.



For more information visit:  
<https://www.cdp.net/en-US/Pages/HomePage.aspx>

The **Global Reporting Initiative (GRI)** is the leading global standard and the standard most widely adopted for sustainability reporting. GRI guidelines have been designed to align with other prominent standards, including OECD guidelines for multinational organisations, ISO 26000, the United Nations 'Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework', and the UNGC's 'Ten Principles'. Givaudan started to use GRI guidelines in our 2010 Sustainability Report.

In 2013, Givaudan participated in the Organizational Stakeholder Program, a network of more than 600 organisations from over 60 countries committed to advancing sustainability reporting. In May 2013, Givaudan attended the GRI Global Conference in Amsterdam where some 1,600 people gathered to discuss how to advance sustainability reporting. The main features of G4 were presented.

Givaudan's current report adheres to GRI G3.1 level B+. We are actively working on a transition plan to GRI G4 for our future reporting.



For more information visit:  
<https://www.globalreporting.org/Pages/default.aspx>

## Engagement and dialogue

### 4.13 Memberships in associations and advocacy organisations

Sustainability issues are simply too big to deal with alone. So we engage in a series of strategic collaborations with relevant organisations and partners to support and inform our work on the most material sustainability issues. Collaboration across our supply chain, as well as other businesses and non-profit organisations is key: the more we do, the quicker we drive sustainable solutions. Last year particular organisations where we have engaged are:

**AIM-PROGRESS** is an association of consumer goods companies seeking to enable and promote responsible sourcing practices and sustainable production systems.

Relevance to material issues:

- Responsible sourcing
- Eco-efficiency
- Workplace safety
- Transparency
- Diversity
- Stakeholder dialogue

Since 2012 we have been an active member of AIM-PROGRESS. Through this membership we are enhancing our supplier and customer partnerships to help create a more responsible supply chain. In 2013 Givaudan led the supplier capability building workstream to promote responsible sourcing practices throughout the supply chain, with a particular focus on delivering joint supplier capability events, resources and tools. We have further plans to deepen our engagement with AIM-PROGRESS in 2014.



For more information visit:  
[www.aim-progress.com](http://www.aim-progress.com)

**Sedex**, the Supplier Ethical Data Exchange, is a not-for-profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains.

Relevance to material issues:

- Responsible sourcing
- Traceability
- Transparency
- Workplace safety

Since 2008 Givaudan has been an active user of the Sedex platform. Since 2010 all 33 Givaudan manufacturing sites have been registered on Sedex and completed the Sedex Self-Assessment Questionnaire (SAQ) to share information with customers. Givaudan annually reviews and updates the SAQ. To date, 16 Givaudan sites have been audited in accordance with SMETA standards.

We fully support our suppliers' engagement with Sedex and today 248 suppliers are on

Sedex, with 199 SAQs completed. We also participate in the Sedex working group on SAQ review to ensure it reflects current legislation, codes and standards.



For more information visit:  
[www.sedexglobal.com](http://www.sedexglobal.com)



For more information on our approach to supplier engagement and capacity building, see [page 46](#)

**NRSC**, The Natural Resources Stewardship Circle is a group of industry leaders in beauty, flavours and fragrances taking collective action to reduce their impact on biodiversity, taking into account the social and economic development of local communities.

Relevance to material issues:

- Biodiversity
- Community support
- Transparency
- Responsible sourcing

In 2013, Givaudan engaged in several working groups about supply chain actions, international activities and workshops.



For more information visit: [www.nrsc.fr](http://www.nrsc.fr)

**RSPO**, The Roundtable on Sustainable Palm Oil is an international multi-stakeholder organisation and certification model to advance the production, procurement, finance and use of sustainable palm oil products. See more at [www.rspo.org](http://www.rspo.org)

Relevance to material issues:

- Responsible sourcing
- Transparency
- Traceability
- Eco-efficiency

Givaudan joined RSPO in 2011 to promote the production and use of sustainable palm oil. As members of the Roundtable on Sustainable Palm Oil (RSPO), we continue to support the aim of sustainable production of palm oil, and palm oil derivatives. Our ultimate objective is to obtain all of our palm oil derived ingredients from certified traceable sources once they become technically and commercially available.



For more information visit: [www.rspo.org](http://www.rspo.org)

**GreenPalm** is a certificate trading programme which is designed to tackle the environmental and social problems created by the production of palm oil. GreenPalm is an efficient solution for supporting RSPO-certified palm because it bypasses the supply chain. In this way, GreenPalm opens up the opportunity to support sustainability to a much wider audience.

Relevance to material issues:

- Responsible sourcing
- Transparency

We see GreenPalm as part of the mix of options which support the supply of sustainable palm oil and derivatives. Givaudan has adopted GreenPalm certificates in 2011.

In 2013, we used GreenPalm certificates to 'Book & Claim' 100% of our palm oil usage

and undertook a GreenPalm audit. From early 2014 Givaudan will be sourcing the first palm derived ingredients with Mass Balance and Segregated certifications. This option is helping to drive up the scale of physical sustainable palm. Until global volumes of segregated sustainable palm oil grow to a much higher level, and until entire supply chains from refiners through to end users can switch to only using segregated sustainable palm oil, there will remain a need to offer Book & Claim – especially for products that use complex derivatives of palm oil.

**ACI**, The American Cleaning Institute is an association which aims to support the sustainability of the cleaning product and oleo chemical industries.

Relevance to material issues:

- Eco-efficiency

Since 2012 we have been members of ACI. In 2013 Givaudan participated in the ACI's Sustainability Metrics Project to track environmental sustainability metrics and to provide a baseline for ACI member operations in the United States.



For more information visit:  
[www.cleaninginstitute.org](http://www.cleaninginstitute.org)

**EcoVadis**, EcoVadis aims at improving environmental and social practices of companies by leveraging the influence of global supply chains. EcoVadis' reliable ratings and easy to use monitoring tools allow companies to manage risks and drive eco-innovations in their global supply chains.

Relevance to material issues:

- Responsible Sourcing
- Sustainable Innovations

- Eco Efficiency
- Corporate Governance

In 2008 we filled out the EcoVadis CSR assessment for the first time. In 2013 Givaudan reviewed and updated the Ecovadis CSR assessment. Our CSR engagement is confirmed and we have improved our CSR rating from Silver to Gold.



For more information visit:  
[www.ecovadis.com](http://www.ecovadis.com)

Additional memberships of senior leadership reported via CVs of Executive Committee members are in the 2013 Annual Report.

#### 4.14 List of stakeholder groups engaged by Givaudan

Our key stakeholders are the people who affect our business or who are affected by it. Listening and responding to them is a core part of our sustainability management practices. The feedback we receive from these stakeholders helps us understand their expectations, enables us to prioritise issues effectively and contributes to our overall sustainability strategy, as well as helping deliver against our combined sustainability goals. Givaudan's key principles of sustainability also outline our aspiration to establish open dialogue: and take a collaborative approach with stakeholders to ensure best understanding of expectations and interests.

For several years, Givaudan has been developing specific stakeholder groups to discuss the Company's critical issues and

strategic priorities, identifying opportunities for improving management and relationships and co-create projects with Givaudan. We have identified six out of the list of our many stakeholder groups which, at the moment, are of primary importance to our Sustainability Programme:

#### Customers

Including global key accounts for Flavours and Fragrances and industry associations (NRSC, ACI, AIM-PROGRESS).

#### Suppliers

Including Tier 1 Naturals and Synthetics suppliers, partnerships at origin with growers and farmers, and supplier events at AIM-PROGRESS.

#### Employees

Including European Works Council consultations, Givaudan's Green Teams Internal Employee Engagement Survey, and annual performance dialogues.

#### Owners & investors

Including engagement with the Board of Directors, SRIs, institutional investors and pension funds.

#### Local communities

Including local site community engagement programme.

#### Public & regulatory agencies

Including engagement with IFRA, IOFI, EFFA and other not for profit international organisations such as GRI, UNGC, CDP – see sections 4.12 and 4.13 for more details.

### 4.15 Identifying and selecting stakeholders to engage with

Givaudan has been developing specific tools for several years to support stakeholder dialogue and interaction with the various stakeholder panels at both global or local level. In 2010, we began a process of reviewing and evaluating the diverse stakeholder engagement initiatives that exist across our Company. The starting point was the identification of all of our stakeholder groups. Following an internal survey and subsequent analysis, our primary sustainability stakeholders are listed in section 4.14.

### 4.16 Approaches to stakeholder engagement

Givaudan has many channels for stakeholder dialogue, spread across different departments and teams. Often, we already have information and feedback from stakeholders as a consequence of on-going business as usual interactions. In such cases, information from previous interactions can be used to identify interests and priorities. The following list, established in the 2011 Sustainability Report, formalises dialogue channels:

#### Customers

- On-going dialogue
- Customer sustainability request
- Customer audits
- Customer innovation days
- Conferences and events
- At associations and advocacy organisations (see section 4.14)

#### Suppliers

- Assessments via Sedex registration
- Issues raised at supplier audits
- Collaborations to improve performance

#### Employees

- European Works Council consultation
- Internal employee survey
- Annual performance dialogue

#### Owners & investors

- AGM/half year meeting
- Annual investor road show
- Briefings with analysts

#### Local communities

- Community development programme survey
- Local site community engagement programme

#### Public & regulatory agencies

- Commenting on emerging legislation/regulation
- Membership of working groups/forums
- IFRA/IOFI consultation
- UNGC consultation
- CDP project workshop
- Media

### Dialogue Groups

Every two years, stakeholders are asked to discuss the Company's critical issues and strategic priorities, identifying opportunities for improving management and relationships and co-creating projects with Givaudan. Targeted categories, such as local communities, suppliers and specialists in annual reports, are asked to co-create an annual plan for the evolution of relationships with Givaudan.

Our main objective is to understand how our business affects our stakeholders and to determine what the most material impacts to be managed are. Sustainability aspects listed in the Givaudan materiality matrix are presented to stakeholders during engagement to let them confirm the topics they would rank as the more important for them, the ones they would like to discuss or would like to know more about. Co-creation of projects and collaboration with mutual benefits are the ultimate goals of stakeholder dialogue – thereby allowing us to focus our sustainability efforts in those areas that are most important to our key stakeholders.

### How Dialogue Groups support our materiality process

The Dialogue Groups give stakeholders a genuine and explicit role in setting the direction of our Sustainability Programme – and contribute every two years to prioritising Givaudan's material issues. Outcomes from Dialogue Panel sessions are also fed back to the Sustainability Steering Team (our main governance body for sustainability) and management committees to shape strategy and improve decision making.

### 4.17 Key topics and concerns that have been raised through stakeholder engagement, and our response

Every two years we identify sustainability topics based on their importance for Givaudan and our stakeholders and prioritise them on the principle of materiality. In our materiality matrix we highlight key sustainability issues and their significance for stakeholders. (See materiality matrix in 3.5.)

We analyse stakeholder feedback and identify changes that have the greatest effects. The result is a set of environmental and social trends that we believe influence our business over the mid-term:

- **Product safety and regulation** remains a key topic for our stakeholders. There are more regulations and more public pressure for greater transparency. Our primary focus is to continue to develop and produce safe and compliant products.

- **Responsible sourcing** is a growing concern as developing countries industrialise and global demand for material resources increases. Responsible sourcing is about knowing under which social and environmental conditions Givaudan raw materials and products are made. It is now becoming one of the most material aspects for key stakeholders who are demanding more accountability from brands on supplier ethics regarding workers and the environment. Givaudan's supply chain is complex and the Company plays a pivotal role with more than 2,000 raw material suppliers and more than 6,000 customers. This is where Sedex provides value with common requirements. Givaudan is committed to conducting audits with 200 of our top 400 suppliers by 2015.
- **Sustainable innovation** is of growing importance as issues such as Health and Wellness, climate change and resource depletion become more pressing for our customers. Transforming these issues into opportunities and researching new technologies are key for Givaudan. As the industry leader we invest heavily in research and development. Givaudan is well-placed to respond to these opportunities given our wide spectrum of products, processes and services.
- **Traceability** is increasingly a business requirement connected with regulatory requirements, food safety and issue management. It reflects the growing need for more information on the origin of our ingredients. Traceability is about where the product is produced and how it is produced.
- **Community support** from companies like Givaudan is a requirement. As part of our responsible sourcing approach Givaudan engages with suppliers, including producers at source in remote rural communities, to meet environmental and social standards and support community needs. Moreover at Givaudan we act responsibly and constructively in relation to the communities in which we operate. We support activities and projects which improve the quality of life of our local and global communities and that support our divisional focus area: Flavour Division; Family Nutrition; Fragrance Division; Blindness.



See [page 10](#) for 2013 materiality matrix.

# Economic

In this section:

21 Economic performance  
22 Market presence  
22 Indirect economic impact

This section concerns the economic dimension of sustainability and Givaudan's impacts on the economic conditions of its stakeholders and on economic systems at local, national, and global levels.

Source: GRI 3.1 Sustainability reporting guidelines – Part 2 – Economic – page 25



## ⬇ Economic performance

### Why it's material to us

**It is our fiduciary duty to shareholders to ensure that Givaudan's business is financially sustainable in the short, medium and long term.**

### Our commitments

- Mid-term, the overall objective is to grow organically between 4.5% and 5.5% per annum.
- Givaudan expects to outgrow the underlying market and to continue to achieve its industry-leading EBITDA margin while achieving an annual free cash flow of 14% to 16% of sales by 2015.
- Givaudan confirms its intention to continue to return above 60% of the Company's free cash flow to shareholders, while maintaining a medium-term leverage ratio target of below 25%

### How we manage this issue

We continue our commitment to outperform the underlying markets and further expand our leadership position in the industry. The key pillars of our five-year strategy are:

- **Developing markets:** We continue to focus on the opportunities for growth offered by the world's developing markets, where consumer demand remains high for packaged food and

beverages as well as household and personal care products. Our sales in these markets accelerated in 2013 and accounted for 45% of Group sales.

- **Research and Development:** Creative and innovative Research and Development (R&D) programmes are the bedrock for Givaudan's continued commercial success. Our investment in R&D – CHF 406 million in 2013 – significantly exceeds that of any other company in the fragrance and flavour industry. We are committed to investing for the mid and long term to maintain our competitive edge.
- **Health and Wellness:** Consumers continue to demand food and beverage products that are not only good for them but also taste good. We have made significant investments in recent years that enable us to help our customers launch great tasting, healthy food and beverage products and meet these consumer expectations. Our investments in new ingredient development, sensory methodologies and consumer understanding allow us to maintain a leading position in the Health and Wellness arena.
- **Sustainable sourcing of raw materials:** The sustainable sourcing of raw materials is an integral part of our operations and is one of our strategic pillars, as well as being part of our Sustainability Programme. Such sourcing is essential to our business success in terms of security of supply, cost of goods, quality, environment, and health and safety.

- **Targeted customers and segments:** We seek to help our customers drive growth in their market share, in mature as well as developing markets, through bringing innovation, consumer insight, market understanding and commercial expertise to the development of more sustainable fragrance and flavour

creations. We want to build on our strategic partnerships with our main customers and develop our presence with accounts or product categories where we are under-represented relative to our overall industry position and where we have an opportunity to expand.

### Performance indicators

**EC1: Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments**

	2009	2012 (restated)	2013
Revenue	3,973 million	4,307 million	4,382 million
Operating costs	2,536 million	2,705 million	2,678 million
Payments to governments	55 million	150 million	139 million
Payments to providers of capital	213 million	284 million	416 million
Employee wages and benefits	964 million	963 million	999 million
Economic value retained	205 million	205 million	150 million

All figures in CHF

### EC3: Coverage of the organisation's defined benefit plan obligations

The Group operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking account of the recommendations of independent qualified actuaries. The most significant plans are held in Switzerland, the USA, the Netherlands and the UK.

Non-pension plans consist primarily of post-retirement healthcare and life insurance schemes, principally in the USA.

For full details of our defined benefit and defined contribution plans, in line with the requirements on EC3, please see our 2013 Financial Report, note 6 (p 113-118).

## ⬇ Market presence

### Why it's material to us

**As a global business with operations in over 40 countries, it is imperative that we develop a strong network of local suppliers and a pool of talented employees to meet customer and consumer demand, and to expand our market footprint.**

### Our commitments

- We aim to increase our total sales in developing markets to 50% by 2015 across all categories.

### How we manage this issue

Growth in developing markets is one of our strategic pillars (see Economic Performance, page 23). We continue to focus on the opportunities for growth offered by the world's developing markets, where consumer demand remains high for packaged food and beverages as well as household and personal care products. We are committed to building our network throughout developing markets, as we believe that presence is critical to building the local knowledge necessary to exploit our global expertise.

We also seek to help our customers drive growth in their market share, in mature as well as developing markets, by bringing innovation, consumer insight, market understanding and commercial expertise to the development of more sustainable fragrance and flavour creations. We want

to build on our strategic partnerships with our main customers and develop our presence with accounts or product categories where we are under-represented relative to our overall industry position and where we have an opportunity to expand.

### Performance indicators

#### **EC6: Policy, practices and proportion of spending on locally based suppliers at significant locations of operation**

It is common practice to prefer sourcing from locally based suppliers (defined as suppliers who are based in the same country as the Givaudan 'facility'). This is reflected in the 84.8% by value of non-raw material purchased locally in 2013. For raw materials, 27.7% by value were sourced locally in 2013. Several of the raw materials we buy cannot be sourced in countries other than the ones where it naturally grows.

## ⬇ Indirect economic impact

### Why it's material to us

**As one of the world's largest buyers in the fragrance and flavour industry, procurement is a strategic pillar with a strong positive impact on the profitability of the Company – and communities around the world. Using over 10,000 different ingredients in our fragrance and flavour products, from more than 100 countries, it is critical that we have a deep understanding of our direct and indirect economic impacts so that we can maximise these accordingly.**

### Our commitments

- Work with our suppliers to contribute to sustainability throughout our value chain; and
- Conduct regular reviews of our portfolio and implement improvements through our ethical sourcing programme.

### How we manage this issue

Givaudan's ability to develop positive partnerships with local communities plays a significant role in its overall performance. By increasing our presence in countries of raw materials' origins, and by being directly involved at the source, we can better control the full supply chain and therefore improve quality, traceability and price stability/competitiveness. Furthermore, we are better placed to improve our understanding of how

our activities on the ground can benefit local communities, such as through additional and more stable income, security for farmers and local suppliers, and increased awareness of local environmental issues.

## Performance indicators

### EC9: Understanding and describing significant indirect economic impacts, including the extent of impacts

- **Economic development in areas of high poverty**

Ensuring that farming communities are prosperous is essential to ensuring continuity of supply. This in turn drives customer demand, which increases farmer incomes.

*Example:*

For four years, Givaudan has sourced organic vanilla from the Henri Fraise & Co. plantation in Madagascar. Through this strong local presence, we ensure complete supply chain transparency as well as security of supply. As we purchase more crops from sustainable sources, we boost the volume of ethical vanilla, which in turn enhances the local economy. To date we have financed the building of 12 schools. We also supported infrastructure projects including a dam, irrigation construction and installation wells, providing clean water for more than 5,000 villagers, as well as a health centre. We co-financed locally hired and trained technicians who assist Malagasy communities to become self-sufficient through a System of Rice Intensification (SRI). They demonstrate best practice in the use of green fertilisers to improve rice yields, and provide agricultural training for both school children and adults.

- **Improving environmental conditions in farming communities**

By working closely with farmers, we improve our understanding of the environmental risk factors that may reduce crop yields – such as pests, flooding and drought. Additionally, we can use our global know-how to apply best agricultural farming practices to increase crop yields and reduce environmental impact. Both can have a positive impact on farming communities beyond the crops that Givaudan buys.

*Example:*

We have established a three-way relationship between Givaudan, the French growers' cooperative France Lavande and CRIEPPAM, a French fragrant plants research organisation, to create a collaborative approach across the supply chain to combat the spread of the disease that affects Lavender plants. Through this alliance, we have pre-financed the development of four plant nurseries to provide certified, healthy lavender plants from CRIEPPAM to the members of France Lavande. Thanks to our long-term involvement, a significant number of growers have been encouraged to become members of the cooperative. By benefiting from healthy, disease-resistant lavender plants, support in selecting the best varieties, and our advice on the correct processes for oil production and refining, the farmers are able to improve product quality.

- **Jobs supported in the supply chain and distribution chain**

Givaudan buys over 10,000 raw materials from over 2,000 raw material suppliers. The movement and distribution of these goods rely

on a distribution network from farm to factory and beyond.

*Example:*

Since 2012 Givaudan is working on an Ethical Sourcing initiative for vetiver in Haiti. Givaudan is working with a local vetiver essential oil producer and a cooperative of vetiver growers spanning three local villages. Growers are supported to improve the environmental and harvesting practices, and consequently the quality of the roots. The vetiver sourced is certified ESR (Fairness, Solidarity, Responsibility) according to Ecocert standards, with the added benefit that the crop is organic and fair trade.

Through this close partnership, Givaudan can secure its vetiver supply and enhance quality through improved farming and refining practices. The cooperative concentrates on quality. Givaudan, in turn, supports their community. For example, we have repaired the village road, financed by the vetiver Cooperative Development Fund. Not only did this aid quicker, safer transportation of crop to distillation units, but the road also links residents to the outside world – thus expanding the growers' commercial prospects to other businesses.

- **Change in location of operations or activities**

Due to changing global demand and operational factors it is sometimes necessary to close factories. Such decisions are not taken lightly and we are aware of the personal and economic impact this has on the lives of our employees. Where possible we try to transfer jobs.

*Example:*

In 2010, we announced the closure of the Bromborough factory in the north west of the UK. From the announcement in 2010 until the actual closing of the site in 2013, 188 jobs were unfortunately made redundant. However, from its opening, a new factory in Makó, Hungary, has created 326 new jobs so far.

- **Growth opportunities for our customers by using our products**

By responding to customer requirements for more sustainable products and ingredients, we support our customers' own market expansion plans. Our innovations – often developed in partnership with customers – can substantiate their sustainability claims.

*Example:*

Our ylang ylang initiative illustrates Givaudan's 'virtuous circle' approach to ethical sourcing: we address an endangered supply chain and apply responsible practices. We then share this knowledge with perfumers and customers. They can share the success of our programmes and the resultant quality to achieve brand differentiation and bring exciting new fragrances to market. Eau Mohéli by Dyptique was launched in 2013 and contains a significant dosage of responsibly sourced pure ylang ylang essential oil. This is the first time that the floral scent has been showcased in this way by Givaudan. With the guarantee of quality and a reliable supply, customers' creative opportunities are flourishing.

# Environment

In this section:

25 Materials  
26 Energy  
28 Water  
28 Biodiversity  
29 Emissions, effluents and waste  
32 Products and services  
32 Compliance  
33 Transport

This section concerns the environmental dimension of sustainability and Givaudan's impacts on living and non-living natural systems, including ecosystems, land, air, and water.

Source: GRI 3.1 Sustainability reporting guidelines – Part 2 – Environmental – page 27

## ⬇ Materials

### Why it's material to us

**Responsible sourcing of raw materials is an important element of Givaudan's Sustainability Programme, and a key issue for many of our customers who increasingly want assurances of responsible supply chain practices, traceability and provenance.**

### Our commitments

Our ultimate sourcing aspirations are to:

- Expanding our responsible sourcing initiatives ensures security of supply;
- Working with our suppliers on sustainability throughout our value chains contributes to our customers increasing supply chain requirements;
- Conducting regular reviews of our portfolio and implementing improvements through our ethical sourcing initiatives; and
- Gather information on origin of our ingredients to contribute to regulatory requirements, food safety and issue management.

### Progress in 2013

#### Communicate with all suppliers about procurement requirements relating to social responsibility

All suppliers are informed of our sustainability requirements through a Global Vendor Expectations document, which was first distributed to all suppliers in 2010. We recently revised this document to reflect supply chain risks such as anti-corruption, money laundering and human trafficking. It will be communicated to all suppliers by 2014.

#### Conduct audits with 200 of our top 400 suppliers by 2015; 200 of our top 400 suppliers to have joined the Sedex programme by 2015

In 2013 we surpassed our 2015 objective to have 200 top suppliers register with Sedex. We now have a total of 248 key suppliers registered with Sedex. These suppliers represent 62% of our raw materials spend.

#### Identify and develop additional sustainable sourcing initiatives

The following are two sustainable sourcing initiatives we developed in 2013:

**Origination initiative:** In 2013, we added a new dimension to the Ethical Sourcing programme by establishing a dedicated Origination procurement team to manage the sourcing of selected crops directly in the countries of origin. Origination is about being as close to the source as possible – to gather market intelligence which in turn drives security of supply and innovation. It also gives us greater control over the quality and provenance of our unique fragrance and

flavours materials. The initiative introduces two new sourcing models: Collection Networks and Farming Partnerships. The former enables Givaudan to team up with local producers and collect crops at source. Farming Partnerships allow Givaudan to collaborate with plantation owners to develop and purchase unique and exclusive qualities of iconic ingredients. Both scenarios are characterised by alliances with local suppliers, and facilitate the supervision of the production process.

#### Patchouli in Malaysia: In 2012

Givaudan signed an agreement with GaiaOne and the Kebun Rimau SDN BHD group in the Malaysian state of Sabah, on the island of Borneo. A key component of our joint Ethical Sourcing commitment is biodiversity, to ensure that crop cultivation methods are in harmony with Borneo's rich environmental heritage.

#### Develop third-party certification projects for raw materials

**Vetiver in Haiti:** Since 2012, Givaudan is working on an Ethical Sourcing initiative on vetiver in Haiti. Givaudan is working with a local vetiver essential oil producer and a cooperative of vetiver growers spanning three local villages. Growers are supported to improve the environmental and harvesting practices, and consequently the quality of the roots. The vetiver sourced is certified ESR (Fairness, Solidarity, Responsibility) according to Ecocert standards, with the added benefit that the crop is organic and fair trade.

### How we manage this issue

Givaudan's Procurement Division monitors and manages supply chain risks arising from raw material purchases. There are three main ways we raise standards in our supply chain:

1. **Global Vendor Expectations:** As a signatory to the UNGC, we use our Global Vendor Expectations document to notify raw material suppliers that they need to comply with its principles. All suppliers are informed of our sustainability requirements through this document.
2. **Sedex and SMETA:** We encourage selected suppliers to improve performance. One way we do this is by inviting suppliers to register with Sedex, which is a data-sharing platform to improve supply chain practices. Some then voluntarily go on to complete the Sedex Members Ethical Trade Audit (SMETA) which requires compliance in four key responsible sourcing pillars including Labour Standards, Business Integrity, Environment and Health & Safety. Non-compliance with these standards is not an option for Givaudan. One of the benefits of SMETA is that 'an audit for one is an audit for all'. Across AIM-PROGRESS this process is known as Mutual Recognition (MR), and it helps reduce supplier 'audit fatigue'. Internally, these processes are managed by procurement. Our category managers, located around the world, play a vital role in helping to ensure compliance.

3. **Ethical sourcing initiatives:** Suppliers that provide our business-critical natural ingredients are covered by our own Ethical Sourcing programme. Our pioneering Ethical Sourcing initiatives aim to achieve a medium and long-term supply of unique raw materials in Australia, Laos, Venezuela, the Comoros Islands, Haiti, France and Madagascar. Givaudan's Ethical Sourcing programme addresses both social compliance and supply risk, and covers materials with a strategic role in our supply chain. Supply chain solutions for these materials are tailored by region but also encompass the four key pillars of Labour Standards, Business Integrity, Environment and Health & Safety. Givaudan's Origination procurement team, set up in 2013, takes this commitment to new levels, and is particularly focused on alleviating supply risk.

## ⬇ Energy

### Why it's material to us

**Givaudan's stated vision is to continuously drive operational excellence without compromising the environment. This is good for the environment, and good for business.**

### Our commitments

- Improve eco-efficiency of factory manufacturing sites with a focus on greenhouse gas emissions, waste and water and reduce our overall footprint against a 2009 baseline focusing on eco-efficiency for energy, carbon emissions, incinerated and land-filled waste, and municipal and groundwater.

### Progress in 2013

**Energy consumption: 20% reduction, per tonne of product, by 2020 against baseline year 2009**

13.4% (against restated 2009 baseline). During 2013 the energy per tonne figure improved from -10.7% to the stated -13.4% as a result of further efficiency improvements implemented by local Green Teams and local engineering activities. Some examples of this are described below.

### How we manage this issue

In 2013, our Eco-Efficiency Leadership Team (EELT) continued to encourage local Green Teams and local site Eco-Efficiency Management Teams to further develop and update site improvement plans. Plans are now in place at most sites. Our EELT also reconfirmed the need for consideration of the eco-efficiency aspects of planned budgeted investments in the Capital Expenditure process.

Internal monitoring and reporting of performance via the Givaudan management cycle is a continuing key success factor in our eco-efficiency gains. This involves target setting, developing and documenting improvement initiatives and performance monitoring through regular reporting by individual sites aligned with the requirements and principles of ISO 14001 Environmental Management System. To date, five Givaudan manufacturing locations have been certified against the ISO 14001 standard.

### Performance indicators

#### EN3: Direct energy consumption by primary energy source

	2009 (restated)	2012 (restated)	2013
Direct energy: from primary sources (GJ)	1,632,545	1,686,925	1,739,829

#### EN4: Indirect energy consumption by primary energy source

	2009	2012 (restated)	2013
Indirect energy: purchased electricity and steam (GJ)	897,286	962,744	1,003,056



## Performance indicators

### EN5: Energy saved due to conservation and efficiency improvements

	2012 (restated)	2013
Energy saved (per tonne of product) since 2012	-10.7%	-13.4%

### Improving the efficiency of manufacturing operations

#### Moistening the air with water, rather than steam at Naarden, the Netherlands

Bio-filters in the manufacturing process are essential to minimise odour emissions and require a high-humidity environment, commonly achieved using steam, which in turn requires energy to heat the water. At Givaudan's Naarden facility, in the Netherlands, the local Green Team converted the process from steam to a high-pressure water system based on developing a 'water fog'. Moistening the air in this way saves energy because the need to heat water to create steam is avoided. The result is also a reduction in CO<sub>2</sub> emissions. The new process incorporates a framework, utilising spray nozzles attached to a high-pressure pump. With the new nozzle system, near 100% humidity can be achieved. Producing steam requires 300,000m<sup>3</sup> of natural gas per annum, so this innovation is a significant saving on energy costs and carbon emissions.

### Improving environmental performance at Jaguaré, Brazil

Jaguaré has been measuring its environmental performance since early 2000. With the introduction of our ambitious Company-wide 2020 eco-efficiency goals, we recognised the need to develop a clear plan of action to address areas of inefficiency. A multi-functional team of 12 Givaudan employees, representing our Flavours and Fragrances Divisions, operations, engineering, procurement and EHS began the process by looking at the site's consumption data. Site Eco-Efficiency Plans (SEEP) were then created, outlining potential projects and studies regarding process improvements. To deliver these projects we formed partnerships with external environmental services suppliers, local environmental agencies and customers. Through the improvement programme that followed, so far we have eliminated and avoided about CHF 100,000 in operational costs through the savings identified. Furthermore, we have also increased our understanding of consumption trends and have created strong working relationships across the business.

#### Eco-efficiency at Ashford, UK

At our Ashford factory in the UK, we have developed a site energy map and associated building energy displays to allow anyone to easily identify our energy and water use across the site and use this information as the basis for suggesting reduction initiatives. The map includes quarterly gas, steam, electricity and water use of each building, along with the building's colour-coded EPC

certificate energy grade and certificate number. The map has already highlighted the need for additional utilities metering, as well as irregularities in the readings and differences between our meter readings and our billed data. This has led to a complete review of the accuracy of our meters and the accuracy of our billed meters. It has also provided an invaluable tool when explaining our energy use to external contacts and for raising energy-awareness among staff members.

### EN6: Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives

#### Buying in green energy to reduce emissions

Givaudan Indirect Material & Service Suppliers (IM&S) has agreed to buy green energy that will meet our electricity needs and reduce our carbon footprint. Electricity accounts for 33% of the total energy used across the Group, but equates to about 50% of our total CO<sub>2</sub> emissions. The initiative began in 2011 in Europe, and was rolled out to the US in 2012. Guidelines enable our purchasing teams to buy greener energy, moving away from electricity produced from traditional fossil fuels, like coal and oil, to natural gas and renewable energy sources. Highlights of the programme to date include:

- Germany, which sources 100% of its electricity from green sources, is saving at least 1,900 tonnes of CO<sub>2</sub> this year;

- the Netherlands, with 22% electricity consumption now green as compared to 2012, is saving more than 1,600 tonnes of CO<sub>2</sub> per year; and
- Spain plans to use 100% green electricity by 2014 which will save a projected 2,000 tonnes of CO<sub>2</sub> per year.

The CO<sub>2</sub> emission load per purchased kWh of electricity further reduced by 3.3% compared to 2012, while against baseline this figure is 10.5%. Of all electricity purchased about 24% is produced from renewable sources, while 46.5% is carbon free (45% in 2012).

### EN7: Initiatives to reduce indirect energy consumption and reductions achieved

Also in 2013 one of the bought-in services was outbound transport of finished product to our customer. During 2013 the carbon footprint related to shipments in EAME, NOAM and Singapore was about 39,700 tonnes of CO<sub>2</sub>. This is the second consecutive year that we are able to report a reduction in footprint (8%) despite an increased sales volume. (See also Products and services section).

## ↓ Water

### Why it's material to us

**Givaudan's stated vision is to continuously drive operational excellence without compromising the environment. This is good for the environment, and good for business.**

### Our commitments

- Improve eco-efficiency of factory manufacturing sites with a focus on greenhouse gas emissions, waste and water and reduce our overall footprint against a 2009 baseline focusing on eco-efficiency for energy, carbon emissions, incinerated and land-filled waste, and municipal and groundwater.

### Progress in 2013

**Water use: 15% reduction, per tonne of product, by 2020 (for municipal and groundwater) against baseline year 2009**

–6.4% (against 2009 baseline). During 2013 the water consumption per tonne figure deteriorated from –9.0% against baseline to the stated –6.4%. The main reasons are the increased water consumption at some sites because of more demanding cleaning requirements and the parallel operation of a factory, for which disclosure was delayed because of commissioning problems in a new factory. The effect of both aspects did not outweigh the efficiency improvements implemented by local Green Teams and local engineering activities at other Givaudan sites.

### How we manage this issue

In 2013, our Eco-Efficiency Leadership Team (EELT) continued to encourage local Green Teams and local Site Eco-Efficiency Management Teams to further develop and update site improvement plans. Plans are now in place at most sites. Our EELT also reconfirmed the need for consideration of the eco-efficiency aspects of planned budgeted investments in the Capital Expenditure process.

### Performance indicators

#### EN8: Total water withdrawal by source

Water intake (m³)	2009	2012	2013
Municipal water	2,286,999	2,513,293	2,615,967
Groundwater	1,070,613	1,073,851	1,318,604
Municipal and groundwater	3,357,612	3,587,144	3,934,571
Surface water	7,432,649	5,095,310	5,150,236
Total water*	10,790,261	8,682,454	9,084,807

\* Includes sanitary, cooling and process water

Internal monitoring and reporting of performance via the Givaudan management cycle is a continuing key success factor in our eco-efficiency gains. This involves target setting, developing and documenting improvement initiatives and performance monitoring through regular reporting by individual sites aligned with the requirements and principles of ISO 14001 Environmental Management System.

## ↓ Biodiversity

### Why it's material to us

**Some of the raw materials we use in our creations are considered as endangered species or at risk – for the longevity of our business we must ensure the longevity of these natural ingredients.**

### How we manage this issue

We work closely with NRSC (Natural Resources Stewardship Circle), who promote fair and sustainable cooperation with indigenous peoples and local communities while protecting the biodiversity and ecosystems of the territories concerned. Givaudan was a founding member and has been involved since 2008.

Biodiversity issues are largely managed locally. One example of a local partnership to tackle a biodiversity issue that threatened lavender supply is CRIEPPAM in France. Lavender pervades every aspect of life – from prestige perfumery through personal care routines to home and fabric care products across the world. In France a

bacteria that weakens the plant until it dies threatened supply of this important natural ingredient. Recent European climate changes have caused proliferation of the insect, which spreads the disease and further weakens plants through periods of drought.

As a direct result of the need to find a solution to the increasing threat to lavender plants, Givaudan has expanded its Innovative Naturals programme and extended its involvement in the lavender supply chain. Building on relationships that started in 2007 with the local growers cooperative, France Lavande, Givaudan has also become a member of CRIEPPAM, a French fragrant plants research organisation, and has built a three-way partnership in which Givaudan finances the supply of certified healthy lavender plants from CRIEPPAM to the cooperative members of France Lavande. The partnership works to encourage farmers to join the cooperative, and to collaboratively evaluate and improve lavender quality each year to strengthen this crop in the future.

The number of France Lavande cooperative members continues to grow. Givaudan also continues to financially support the development of four plant nurseries that have supplied part of the plant needs for the 2013 crop in France. In this way Givaudan is able to support the production of healthy lavender plants and thus protect lavender from Provence for the fragrance industry.



For more information on our brands and products please see: [www.nrsc.fr](http://www.nrsc.fr)

## Performance indicators

### EN13: Habitats protected or restored

Givaudan and Conservation International (CI) have been working together since 2007 through three grant agreements to conserve the Caura Basin of Venezuela and improve the collection and commercialisation of non-timber forest products (tonka beans and copaiba oil). Givaudan and CI's Conservation Stewards Program (CSP) are using conservation agreements to ensure forest conservation and support local livelihoods.

The conservation agreement has promoted community-based action to protect biodiversity, and strengthened the link between local tonka collectors and international buyers, while enhancing the

quality of life of the Aripao community. Under the agreement signed in 2012, the initial project area of 88,000 hectares (more than 217,000 acres) will expand to 148,000 hectares (almost 366,000 acres), and the partners will engage at least two additional indigenous communities and provide income opportunities for at least 40 additional families. The 64 families of the Aripao community have also committed to control hunting and illegal hunting in exchange for patrolling wages, equipment and training, and better access to markets for tonka beans and other non-timber forest products such as copaiba oil. Over the next three years, the objective of the partnership is to ensure sustainability by focusing on three pillars: conservation of the protected area, community empowerment and sustainable use of natural products.

## ↓ Emissions, effluents and waste

### Why it's material to us

**Givaudan's stated vision is to continuously drive operational excellence without compromising the environment. This is good for the environment, and good for business.**

### Our commitments

- Improve eco-efficiency of factory manufacturing sites with a focus on greenhouse gas emissions, waste and water and reduce our overall footprint against a 2009 baseline focusing on eco-efficiency for energy, carbon emissions, incinerated and land-filled waste and municipal and groundwater.

We want to improve eco-efficiency of factory operations with a focus on greenhouse gas emissions, waste and water. In particular we are focused on:

- reducing carbon emissions as far as possible. We are determined to achieve year-on-year improvements, with an ultimate aspiration of zero carbon emissions;
- encouraging the redesign of resource lifecycles so that waste generation is minimised, with any unavoidable waste products being reused or recycled. Our ultimate aspiration is to achieve zero waste;

- designing our processes to minimise noise and odour emissions; and
- reducing the volume of effluents by reducing the intake of water from municipal and/or groundwater sources.

### Progress in 2013

**Direct and indirect CO<sub>2</sub> emissions: 25% reduction, per tonne of product, by 2020 (indirect relates to purchased secondary energy and not energy used by others, i.e. our raw materials suppliers or transport service providers)**

-19.9% (against restated 2009 baseline). During 2013 the CO<sub>2</sub> per tonne figure improved from -16.0% to the stated -19.9%, as a result of further efficiency improvements and investments implemented by local Green Teams and local engineering activities. Some examples of this are described on the next page.

**Total weight of incinerated and land-filled waste by type and disposal: 15% reduction, per tonne of product, by 2020**

-14.4% (against restated 2009 baseline). During 2013, the waste reduction per tonne figure improved from -10.7% to -14.4%, as a result of further efficiency improvements and investments implemented by local Green Teams and local engineering activities. Some examples of this are described on the next page.

### How we manage this issue

In 2013, our Eco-Efficiency Leadership Team (EELT) continued to encourage local Green Teams and local Site Eco-Efficiency Management Teams to further develop and update site improvement plans. Plans are now in place at most sites. Our EELT also reconfirmed the need for consideration of the eco-efficiency aspects of planned budgeted investments in the Capital Expenditure process.

Internal monitoring and reporting of performance via the Givaudan management cycle is a continuing key success factor in our eco-efficiency gains. This involves target setting, developing and documenting improvement initiatives and performance monitoring through regular reporting by individual sites aligned with the requirements and principles of ISO 14001 Environmental Management System.

### Monitoring carbon emissions

We participate in the annual CDP survey for investors. Our performance score improvement from C to A (the latter being the highest on a scale from E-A) demonstrates that we regard the mitigation of climate change as a critical issue for our business and that we manage our carbon emissions through rigorous internal data management and the implementation of improvement initiatives.

### Biodegradability

Givaudan's biodegradability programme has been built on the expertise of our internationally recognised scientists who have developed novel methods to understand the fate of fragrance raw materials in the environment. This has resulted in the development and use of biodegradable fragrance materials that today represent over 50% of the total number of materials used for creation in 2013. This commitment to environmentally responsible materials has enabled Givaudan to meet ever-increasing requirements of regulators such as REACH in Europe or the EPA in the USA who are encouraging industry to design in safety. As an example the US EPA has now recognised Givaudan through their Sustainable Futures Program to be consistently delivering new fragrance materials to the market with high environmentally responsible designs.

### Performance indicators

#### EN16: Total direct and indirect greenhouse gas emissions by weight

GHG emissions (tonnes)*	2009 (restated)	2012 (restated)	2013
Scope 1: from direct energy sources	102,465	102,547	103,703
Scope 2: from indirect energy sources	113,687	110,461	113,247
Total CO <sub>2</sub> emissions	216,152	213,007	216,950

\* Greenhouse gas data are limited to CO<sub>2</sub> emissions

#### EN17: Other relevant indirect greenhouse gas emissions by weight

GHG emissions (approximate tonnes)	2012	2013
Scope 3: Business travel	12,000*	14,950
Scope 3: Outbound Product transport**	43,300 (restated)	39,700
Scope 3: Commuting	14,700	No update available
Scope 3: Packaging	49,500 (restated)	49,875

\* The majority of this data was collected through our global travel agent and we added an estimate, based on purchased tickets, to cover the countries in Asia which book business travel locally

\*\*The figures include outbound transport by air, ship and road and a significant part of the reduction comes from fewer shipments by air

#### EN18: Initiatives to reduce greenhouse gas emissions and reductions achieved

##### Reducing emissions at Pedro Escobedo, Mexico

At our Pedro Escobedo site in Mexico we have switched from heavy fuel oil as primary energy source to gas, leading to a significant reduction of CO<sub>2</sub> and SO<sub>2</sub> emissions. The reductions were achieved through a contract between MaxiGas and Givaudan de México, for the supply of natural gas and involved a series of technical measures to facilitate the switch from oil to gas. With the implementation of this project, we will eliminate emissions of about 375 tonnes of SO<sub>2</sub> per annum; of which 106 tonnes already has been realised during 2013. Since the CO<sub>2</sub> emissions from natural gas per gigajoule of heat generated are lower than for heavy fuel oil, we will achieve an annual reduction of 3,700 tonnes per year of CO<sub>2</sub>. This is equivalent to a reduction of 13.5% of the emissions of the Pedro Escobedo site, and a reduction of 1.7% of the 2012 emissions of the Givaudan Group. Using natural gas supplied by pipe instead of heavy fuel has also eliminated the indirect emissions generated by the ground transportation of the heavy fuel by 100%.

For further initiatives on greenhouse gas emissions and reductions achieved, please refer to EN5 and EN7.

## Performance indicators

### EN19: Emissions of ozone-depleting substances by weight

Ozone-depleting substances	2009	2012 (restated)	2013
CFC inventory (kg)	15,714	11,644	10,359
CFC 11 equivalent inventory (kg)	not available	674	591
CFC loss-replacement (kg)	1,393	1,139	1,254
CFC 11 equivalent loss/replacement (kg)	not available	84	70

### EN20: NOx, SOx, and other significant air emissions by type and weight

Other significant air emissions	2009 (restated)	2012 (restated)	2013
Nitrogen oxides – NOx tonnes*	104.7	106.9	104.2
Sulphur dioxide – SO2 tonnes	358.9	378.6	269.8
Volatile organic compounds (tonnes)	not available	363.6	436.9

\* Quantity is calculated by multiplying the annual fuel consumption by the corresponding emission factor for fuel type

### EN21: Total water discharge by quality and destination

Water discharge (m³)	2009 (restated)	2012 (restated)	2013
To the environment without biological treatment	7,513,427	5,025,935	4,935,623
To the environment after biological treatment	1,926,523	1,919,315	1,997,694
To external treatment facility without pre-treatment	319,117	407,152	519,419
To external treatment facility after pre-treatment	1,317,696	1,501,193	1,730,944
Total discharged water	11,076,763	8,853,594	9,183,679

The slightly higher total volume of discharged water compared to water intake is caused by the treatment of waste water of a local community at 1 of our manufacturing sites.

### EN22: Total weight of waste by type and disposal method

Hazardous waste (tonnes)	2009 (restated)	2012 (restated)	2013
Incinerated	14,729	16,056	15,827
Incinerated with energy recovery *	not available	not available	11,039
Land-filled	728	278	376
Recycled	2,656	5,008	5,462
Total hazardous waste	18,113	21,342	21,666

Non-hazardous waste	2009	2012	2013
Incinerated	3,030	3,150	2,974
Incinerated with energy recovery *	not available	not available	1,412
Land-filled	6,623	6,820	7,764
Recycled	16,370	25,011	28,663
Total non-hazardous waste	26,022	34,981	39,402

\* Quantity out of total incinerated waste which is incinerated with an energy recovery of at least 75%

The % of the total generated waste which is recycled is growing from 43% in baseline year to 53% and 56% respectively in 2012 and 2013. The 2013 figures increase to 76% when incineration with 75% energy recovery is classified as 'recycled'.

### EN26: Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation

#### Reducing waste across key fragrance ingredients

Starting in 2012, the technical teams at our three fragrance ingredient manufacturing sites – Vernier, Sant Celoni and Pedro Escobedo – have been tasked with identifying and implementing process improvement actions specifically for 20 key Givaudan ingredients. In addition to cost reduction, we estimate that on a fixed portfolio basis, these process improvements will yield a 10% reduction in the annual waste produced in our ingredients production units. The initiative is continuing in 2014, and further waste reduction and benefits aligned with green chemistry principles are anticipated.

#### Targeting waste and water reductions at Jigani in Bangalore, India

Our manufacturing facility at Jigani, Bangalore, is working towards a 15% by 2020 water reduction target (against a 2009 baseline). Additionally, waste programmes are also an ongoing area of focus for the site. In 2013, the Jigani Green Team put in place an eco-efficiency programme to further these aims. As a result of the programme, Jigani has developed a new waste management system, based on the principal of waste-type pyramid segregation, which classifies waste into hazardous and non-hazardous materials. As a result the site is able to avoid any land-filling or incineration of waste and the absolute quantity of recycled waste reduced by 85 tonnes.



## → Products and services

### Why it's material to us

**Most of the products we manufacture and sell are used as an ingredient in consumer products. In order to minimise the environmental impact of these consumer products, it is important to understand the impact of our products and aim to minimise this impact.**

### Our commitments

- Engage with customers to develop new technologies for healthier and sustainable products.
- Do more with less, promoting innovative design based on concentrated quality and compacted fragrances.
- Ensure our products are not persistent in the environment after their use.

Our ultimate aspiration is to create products that are designed and developed in line with sustainability principles, and by consequence are 100% sustainable by design.

### How we manage this issue

Our innovation and development teams regularly conduct sustainability-related research programmes to design more sustainable products using green chemistry principles and through sustainability profiling studies and lifecycle analysis. For example, in 2013 Givaudan and a strategic supplier embarked on a programme to evaluate the sustainability attributes of a typical oral care flavour formulation. Both companies believe that any product, regardless of its provenance

(organic, natural, natural identical, etc.), has the potential to be more sustainable over time.

In the assessment the impact of more than 10 oral care ingredients were reviewed. Givaudan and its partner have more than two decades of experience on evaluating environmental impacts, and a total of 11 impact categories were assessed. Analysed impact categories include greenhouse gas and water emissions, as well as land-use, energy-use and non-renewable resource-use.

### Product transport

Also in 2013 one of the bought-in services was outbound transport of finished product to our customer. During 2013 the carbon footprint related to shipments in EAME, NOAM and Singapore was about 39,700 tonnes of CO<sub>2</sub>. Which is the second consecutive year that we are able to report a reduction in footprint (8%) despite an increased sales volume. Following on from a September 2012 started initiative to reduce our reliance on air freight transport, we were successful because the footprint of air transport reduced by almost 20% compared to 2012. Actually, the airfreight footprint changed from just under 55% to 48% of the total footprint.

Eight small transport/packaging related incidents have been reported via our external emergency response provider. With the help of this provider all incidents were controlled and minor in nature, i.e. limited to minor leakages or spillages and none led to any negative environmental impact or any occupational hazard.

## → Compliance

### Why it's material to us

**The minimum requirement for a Sustainable Business Model is to be compliant with local laws and regulations. Givaudan recognises the value of operating beyond compliance, including social and environmental compliance.**

### Our commitments

- Full regulatory compliance of all products.

### Progress in 2013

**Fragrance Division compliance with European REACH registration requirements, as they become applicable, in 2010, 2013 and 2018**

We continue to achieve our REACH compliance goals. From the inception of REACH, through pre-registration and two phase-in registration deadlines we have met our objectives. The latest deadline was 31 May 2013 and was the most challenging yet. We succeeded with our registrations. The joint registrations provided perhaps the greatest challenge, due to the complexities of working within substance exchange forums and consortia. The process has provided us with greater insights into our industry and how others are coping with the challenge and increasing demands made by such regulation. The road ahead will be a greater test, with a predicted yearly registration rate for the final phase-in deadline (2018) of more than double that previously undertaken. It is a challenge we intend to meet to ensure

REACH compliance for not only Givaudan but also our customers in the EU as our downstream users.

### How we manage this issue

As the leader in our industry, Givaudan is expected to adhere to the highest ethical standards in business conduct. We are committed to complying with all applicable laws and regulations in relation to customers, suppliers, shareholders, employees, competitors, government agencies and the communities in which it works. These are enshrined in Givaudan's Principles of Business Conduct and are complemented by a system of internal policies, procedures, and guidelines, and overseen by a multi-layered compliance organisation.



## → Transport

### Why it's material to us

**Delivery of finished or intermediate products to our customers or other Givaudan manufacturing sites is an important step in our value chain. The associated carbon footprint with transport is significant in relation to the footprint of our manufacturing activities.**

### Our commitments

- Sustainable logistics offers opportunities to improve the efficiency through reduced fuel usage and therefore lower transport costs.

### How we manage this issue

We monitor the environmental impact associated with different transport modes through CO<sub>2</sub> emissions. Contractors who transport our products are increasingly producing carbon footprint reports, which allows Givaudan to establish a baseline. A programme with targets for improvements will be developed from this baseline. In 2013, we started a programme to reduce reliance on air cargo to transport finished products. We continue to investigate ways to reduce our reliance on air freight transport.

### Supply chain project to reduce our carbon footprint

In 2012, we set up a Global Transportation Project to reduce freight spend and share best practices across the Company. The initiative also focused on identifying

carbon savings through transport and distribution efficiency – in particular through shipment consolidation and by changing the mode of transport to less carbon intensive forms. Through close cooperation with supply chain managers in each of the regions, customer care managers and local site transportation managers, we have consolidated our approach to transportation – across air, sea and road freight modes of transport. The project has also improved consolidation of products distributed between production sites and warehouses and production sites and customers.

### Performance indicators

#### EN29: Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce

**Product transportation:** With the help of the transport companies we use to ship products to our customers, we have established the carbon footprint of our outbound transport. In 2013, this figure was approximately 39,700 metric tonnes which is 8% less than in 2012. This figure includes transport by air, ship and road and a significant part of the reduction comes from fewer shipments by air.

**Employee air travel:** In 2013 employee air travel was responsible for approximately 14,950 metric tonnes of CO<sub>2</sub> emissions. Compared to 2012 this is an increase, which in particular featured in the category of long-distance flights. The majority of this data was collected through our global travel agent and we added an estimate, based on purchased tickets, to cover the countries in Asia which book business travel locally.

Eight small transport/packaging related incidents have been reported via our external emergency response provider. With the help of this provider all incidents were controlled and minor in nature, i.e. limited to minor leakages or spillages and

none led to any negative environmental impact or any occupational hazard.

**Employee commuting:** During 2012 an employee survey about commuting practices was organised. Based on the responses received, the total carbon footprint associated with commuting was estimated at 14,700 metric tonnes of CO<sub>2</sub>. No new survey was done in 2013.

**Packaging of finished product:** Our SAP systems allow us to retrieve global data for the different types of packaging used. Combining these data with standard carbon footprint information from our suppliers enabled us to estimate the 2013 footprint for packaging at 49,875 metric tonnes, which is only 0.8% higher compared to 2012 despite a 6% production volume increase.

# Labour Practices

In this section:

35 Employment  
36 Labour/management relations  
36 Occupational health and safety  
38 Training and education  
38 Diversity and equal opportunity  
39 Equal remuneration for women and men

This section concerns the social dimension of sustainability and Givaudan's impacts on, and responsibilities to, employees of the Company, including how people issues are managed.

Source: GRI 3.1 Sustainability reporting guidelines – Part 2 – Social – page 29

## ⬇ Employment

### Why it's material to us

**Rather than viewing organisational processes as ways of extracting more economic value, the best companies have a purpose beyond creating economic value. For Givaudan, this includes providing meaningful and rewarding jobs, and enhancing employees' quality of life.**

### Our commitments

- Engage employees in sustainability thinking and practices.

We are committed to offering a workplace where people are able to achieve their career aspirations, be rewarded for their performance, and be given the best development opportunities.

### How we manage this issue

As long-term success is built with the strength of our people, Givaudan aims to equip our business leaders with the skills they need to excel while developing and challenging them, and rewarding talents in a performance-driven culture which promotes respect, openness and diversity.

### Recruitment and development

We are committed to educating our people to achieve their full potential through attractive developmental opportunities, and managing our talent pipeline to ensure the sustainability and leadership position of Givaudan. We give our people the time to learn and the right

exposure to ensure their career growth, adopting a flexible approach to each person's skills and personal situations, wherever we can. We recently launched 'Engage', an integrated and comprehensive online platform available to managers and employees that centralises the majority of people processes related to recruitment, performance and development.

### Compensation and benefits

Compensation is a key component of Givaudan's people management strategy. Our philosophy is to provide market-competitive and fair compensation, while rewarding employees for individual and business achievements. Givaudan's wide-ranging benefits package is constantly assessed to make sure it is competitive and thorough. It includes comprehensive benefits to help employees meet their retirement, healthcare, income-protection and time-off needs.

### Work-life balance

We published a work-life balance position statement in March 2012.

### Givaudan Engagement Survey

Givaudan's first all-employee Engagement Survey aims to measure employee engagement across regions and divisions, to understand the key drivers of engagement in our Company, and will ultimately result in focused action plans to work on identified areas.

## Performance indicators

### LA1: Total workforce by employment type, employment contract and region, broken down by gender

#### By employment type

Region	Full-time – female	Full-time – male	Part-time – female	Part-time – male	Total – female	Total – male
Asia Pacific	937	1,183	7	1	944	1,184
Europe, Middle East, Africa	1,415	2,808	116	40	1,531	2,848
Latin America	400	765	3	0	403	765
North America	698	1,194	4	0	702	1,194
TOTAL	3,450	5,950	130	41	3,580	5,991

#### By employment contract

Region	Permanent – female	Permanent – male	Temporary – female	Temporary – male	Total – female	Total – male
Asia Pacific	926	1,160	18	24	944	1,184
Europe, Middle East, Africa	1,493	2,775	38	73	1,531	2,848
Latin America	402	757	1	8	403	765
North America	702	1,194	0	0	702	1,194
TOTAL	3,523	5,886	57	105	3,580	5,991

## Performance indicators

### LA2: Total number and rate of new employee hires and employee turnover by age group, gender and region

#### Employment contracts initiated

Region	Age range <30	Age range 30-50	Age range >50	Female	Male
Asia Pacific	131	178	14	155	168
Europe, Middle East, Africa	239	243	20	174	328
Latin America	94	91	3	61	127
North America	65	110	28	66	137
TOTAL	529	622	65	456	760

#### Employment contracts terminated

Region	Age range <30	Age range 30-50	Age range >50	Female	Male
Asia Pacific	47	131	22	98	102
Europe, Middle East, Africa	96	321	145	179	383
Latin America	52	87	4	52	91
North America	28	108	42	59	119
TOTAL	223	647	213	388	695

#### Turnover rate (%)\*

Region	Age range <30	Age range 30-50	Age range >50	Total	Female	Male
Asia Pacific	13%	8%	10%	9%	10%	9%
Europe, Middle East, Africa	17%	11%	14%	13%	12%	13%
Latin America	19%	11%	4%	12%	13%	12%
North America	13%	10%	7%	9%	8%	10%
TOTAL	16%	10%	11%	11%	11%	12%

\* Turnover calculation is based on number of terminations divided by total headcount during the reporting period

## Labour/management relations

### Why it's material to us

Businesses face many uncertainties in the rapidly changing global market. Establishing genuine dialogue with freely chosen workers' representatives enables both workers and employers to understand each other's challenges better and find ways to resolve them.

### How we manage this issue

Givaudan supports the freedom of employees to join trade unions or other employee representative bodies, provided these bodies are properly constituted and in line with local laws and practices. Givaudan does not discriminate based on employee membership of, or association with, these bodies and seeks to enter into constructive discussions at all times. One example is the recent revision to the European Works Council agreement to take into account the most recent EU directives.

We continue to hold regular European Works Council consultations with a group of employees, which represents work council members from all EU member states where we have operations. The purpose is to keep employees informed and consulted about significant structural changes in the organisation, and to report any feedback to the Executive Committee. Givaudan's European Works Council has recently established a key sustainability contact/representative in charge of bringing the topic 'Sustainability' to the social dialogue forum.

## Performance indicators

### LA4: Percentage of employees covered by collective bargaining agreements

Collective agreement in %	
Yes	28%
No	72%

## Occupational health and safety

### Why it's material to us

An essential part of being a responsible company and employer is the health and safety of our employees, and the protection of the environment in which we operate.

### Our commitments

- Reduce incidents by strengthening workplace environment, safety behaviour and awareness.

Our ultimate health and safety aspiration is to eliminate accidents. Our primary means to achieving this aspiration is through a 'Zero is Possible' behavioural-based safety awareness programme designed to develop a strong culture in which every employee takes responsibility for their own safety, the safety of the people around them and the safety of the environments in which we operate.

### Progress in 2013

#### Conduct 'Zero is Possible' behavioural safety programme

The roll-out of our SafeStart™ personal safety awareness training, which is part of our global behavioural-based safety programme 'Zero is Possible', continued at our manufacturing and commercial locations, as did refresher sessions for those who have already had this training. In addition, safety leadership coaching continued in 2013.

#### LTI rate below 0.1 by 2020

The 2013 LTI rate remained stable compared to 2012 at 0.44 (very close to our 2013 target set at 0.43). Significant progress was recorded for the associated number of lost days, which was drastically reduced compared to the previous reporting period.

#### How we manage this issue

##### Execution of 'Zero is Possible', an instrumental programme of our Global EHS Strategy

The execution of our Global EHS Strategy is facilitated by our network of local, regional and global EHS professionals, recognised as valued partners for our operations and business teams. Guidance, project management support and governance advice is provided by our Corporate EHS Centre of Expertise in the field of:

- hazardous material compliance (industrial safety, dangerous goods transport, data compliance management, material stewardship, packaging and labelling);
- occupational health (identification, evaluation and control of potential health hazards in the workplace, medical surveillance and documentation);
- process safety management (standardised approaches to process risk assessment, odour emissions control, engineering support, internal audits, business continuity planning and global safety laboratory); and
- occupational safety (technical safety, behavioural-based safety).

With actions visible on a daily basis, the 'Zero is Possible' programme started in 2009 with the ultimate goal to get to zero occupational incidents. This programme consists of safety leadership training for line managers and a globally rolled-out employee awareness training covering the behavioural aspects of occupational health and safety. As part of this programme, we are rolling out SafeStart™ training in all our manufacturing locations and progressively expanding it to commercial sites. These activities facilitate the implementation of proactive behavioural audits called safety contacts as well as periodic workplace inspections. Last but not least, every location receives a yearly pre-defined local safety target aligned with and contributing to the global objective in accident reductions.

### Performance indicators

#### LA7: Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and by gender

##### Health & safety data

	2009	2012	2013
Fatalities	0	0	0
Number of LTIs	79	36	37
LTI rate	1.03	0.44	0.44
Lost day* rate	N/A	9.94	9.61
Number of Restricted Work Cases (RWC)	28	19	24
Number of Medical Treatment Cases (MT)	28	27	37
Number of Total Recordable Cases (TRC)	135	82	98
Total Recordable Case Rate**	1.76	0.99	1.17
Number of lost days	N/A	819 (includes 184 days carried over from 2011)	803 (includes 323 days carried over from 2012)
Number of hours worked	15,341,093	16,485,046	16,712,479***
Absenteeism	N/A	2.90%	2.97%****

\* Number of lost work days resulting from work-related accidents per 200,000 working hours. Calculation based on scheduled work days lost from the day after the accident

\*\* LTI and TRC are both according to the official OSHA definitions

\*\*\* 8.4% of these represent external contractors for whom the Company is liable (Temps)

\*\*\*\* Compared to the number of normal available working days, includes correction for employees working on a part-time basis

#### Total recordable cases by region and gender

Region	Number of total recordable cases – female	Number of total recordable cases – male
Asia Pacific	8	12
Europe, Middle East, Africa	5	37
Latin America	0	6
North America	2	28
TOTAL	15	83

#### LTI rate – Lost day rate by region – Absenteeism

Region	LTI rate	Lost day rate	Absenteeism
Asia Pacific	0.23	2.50	2.06%
Europe, Middle East, Africa	0.70	7.43	3.60%
Latin America	0.25	14.58	1.15%
North America	0.19	19.07	3.48%

## ⬇ Training and education

### Why it's material to us

**An employee who receives the necessary training is better able to perform his/her job. Continuous training also keeps employees on the cutting edge of industry developments. Employees who are competent and on top of changing industry standards help companies hold a position as a leader and a strong competitor within the industry.**

### How we manage this issue

We are fostering a learning culture where more and more employees can take stock of their own skills progress and education needs. Wherever possible, employees deal with challenging and stretching assignments and constructive team feedback is becoming more widespread.

We are keen that Givaudan's line managers should regard themselves, increasingly, as 'talent champions': they should be committed to offering people flexible and wide-ranging development opportunities so they can maintain and increase their employability and boost their job satisfaction.

Givaudan continues to work on a Learning & Development strategy to strengthen capabilities and to develop a high-performance culture. This strategy is articulated around four priorities:

1. Culture and onboarding
2. People management and leadership
3. Core business skills
4. Functional excellence

We recently launched 'Engage', an integrated and comprehensive online platform available to managers and employees, which centralises the majority of people processes related to recruitment, performance and development. As part of Engage, a Learning Management System (LMS) is also now available, which enables Givaudan employees to register with courses online.

The Fragrance Division is conducting a Business Master Class to train, educate and develop its Global Sales Force. A similar initiative is expected to be launched in 2014 within the Flavour Division.

## ⬇ Diversity and equal opportunity

### Why it's material to us

**Equal opportunity is necessary in order to cultivate a set of leaders with legitimacy in the eyes of employees. It is therefore necessary that the path to leadership is visibly open to talented and qualified individuals of every race and ethnicity. Respecting and celebrating diversity also adds value to the experience of working for and with Givaudan.**

### Our commitments

- Embrace diversity throughout our organisation and create a diverse and inclusive workforce.

### Progress in 2013

#### Increase the representation of females in our senior leadership positions

The current percentage of female employees in Givaudan's senior leadership positions has increased to 17.9% in 2013, an improvement on last year's performance.

### How we manage this issue

It is Givaudan's policy to recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed, without regard to race, age, sex, national origin or any other non-relevant category. We embrace diversity throughout our organisation and are fully committed to creating a diverse and inclusive workforce.

In particular, we try as much as we can to promote women into managerial positions, and we produce analytics to track progress in this regard (including percentage of women in leadership positions).

Our **Diversity Position Statement** outlines our commitment to ensuring a representative workforce that reflects the diverse communities in which we operate.

### Performance indicators

**LA12: Percentage of employees receiving regular performance and career development reviews, by gender**

Female	33%
Male	26%



## ⬇ Equal remuneration for women and men

### Why it's material to us

Companies with a reputation for compensating men and women equally may have access to a larger talent pool when recruiting and hiring. Highly-qualified candidates may be more likely to consider working for a company if they believe opportunities for economic growth will be available to them as they demonstrate their value, regardless of their gender. Once hired, productive workers may be more likely to remain with the organisation if they believe they are being compensated fairly.

### How we manage this issue

For Givaudan employees a robust process is in place to ensure our compensation offering is competitive and enables us to attract, retain and motivate qualified employees. This process includes all markets in which we operate, all job functions and all levels. We achieve this by conducting annual (and in some cases bi-annual) benchmarking studies. Salaries are reviewed and benchmarked at least annually and take into account various macro-economic data (including cost of living) and market evolution. In developing markets and high-inflation environments, we may review compensation more often than annually. We also have a profit sharing scheme which allows our non-management employees globally to share in Company profits.

These elements are reviewed at the senior management level each year. Furthermore, our Principles of Business Conduct state that "It is Givaudan's policy to recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed without regard to race, age, sex, national origin or any other non-relevant category".

Our **Diversity Position Statement** reinforces our commitment to equal pay.



For more information on our Diversity Position Statement:

[www.givaudan.com/staticweb/StaticFiles/GivaudanCom/Publications/Corporate%20Governance/Giv\\_globalDiversityPosStat.pdf](http://www.givaudan.com/staticweb/StaticFiles/GivaudanCom/Publications/Corporate%20Governance/Giv_globalDiversityPosStat.pdf)

## Performance indicators

### LA13: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity

#### Composition governance (Leadership Board and Board of Directors)

	Leadership Board/Board	%	<30	30-50	>50
Female	2	15%	0	0	2
Male	11	85%	0	1	10

#### Employees' categories and composition of governance bodies

	Male			Female			Total
	<30	30-50	>50	<30	30-50	>50	
Senior management	0	69	49	0	15	12	145
Middle management	27	1,014	353	46	957	157	2,554
Associates	764	2,688	1,021	584	1,435	374	6,866
TOTAL	791	3,771	1,423	630	2,407	543	9,565

# Human Rights

In this section:

- 41 Investment and procurement agreements
- 41 Non-discrimination
- 41 Freedom of association and collective bargaining
- 42 Child labour
- 43 Prevention of forced and compulsory labour
- 43 Indigenous rights
- 43 Assessment
- 44 Remediation

This section concerns the social dimension of sustainability and the extent to which processes have been implemented by Givaudan to mitigate incidents of human rights violations, including how incidents are managed and remediated.

Source: GRI 3.1 Sustainability reporting guidelines – Part 2 – Human Rights – page 32

## ⬇ Investment and procurement agreements

### Why it's material to us

As one of the world's largest buyers in the fragrance and flavour industry, we expect our suppliers to avoid causing, or contributing to, adverse human rights impacts as a result of business actions. We also expect them to address such impacts when they occur. It is important that these expectations are clear, not only from a human dignity perspective, but to manage risk in the supply chain and to protect our reputation.

### How we manage this issue

Since becoming a signatory of the UNGC, Givaudan's global purchasing function has revised its Vendor Expectation document, specifically stating that as a signatory to the UNGC, Givaudan holds itself to high ethical and social standards regarding Human Rights, Labour Standards and Anti-Corruption, and that it has the same expectations of its vendors and manufacturers.

As part of our supplier evaluation process, we are encouraging selected suppliers to join the Supplier Ethical Data Exchange (Sedex) platform. We have now assessed the high-risk suppliers within our large spend category, of which 248 suppliers joined Sedex (representing 62% of our raw material spend), 199 have completed the Sedex Self-Assessment Questionnaire and 100 have been audited. Sedex allows us to monitor and validate supplier performance, and are conducted by independent auditors who evaluate suppliers against four pillars: Labour Standards, Health & Safety, Environment and Business Practices.

### Performance indicators

**HR2:** Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening and actions taken

The number of suppliers that have undergone human rights screening, and corresponding percentage of raw materials spend from these suppliers- Progress in 2013 – 222 and 58%

## ⬇ Non-discrimination

### Why it's material to us

Givaudan strongly believes that fighting against all forms of discrimination is one of the most important tasks that any organisation can undertake.

### How we manage this issue

Givaudan is a signatory to the UNGC, which is a strategic policy initiative for businesses committed to align operations and strategies with ten universally accepted principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. Principle 6 seeks the "elimination of discrimination in respect of employment and occupation".

Givaudan's Principles of Business Conduct represent a governing charter for ethical behaviour including, amongst others, the fair treatment of employees with mutual respect and without any form of discrimination.

Additionally, it is Givaudan's policy to recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed, without regard to race, age, sex, national origin or any other non-relevant category. Givaudan is furthermore committed to providing a working environment that is based on mutual respect among employees, and is free from harassment based upon categories such as race, age, sex and national origin.

## ⬇ Freedom of association and collective bargaining

### Why it's material to us

The fundamental principle of freedom of association and the right to collective bargaining has a positive effect on economic development by ensuring that the benefits of growth are shared. In a globalised economy, freedom of association and the right to collective bargaining in particular provide a connecting mechanism between social goals and the demands of the market place.

### How we manage this issue

Givaudan supports the freedom of employees to join trade unions or other employee representative bodies, provided these bodies are properly constituted and in line with local laws and practices. Givaudan does not discriminate based on employee membership of, or association with, these bodies and seeks to enter into constructive discussions at all times. One example is the recent revision to the European Works Council agreement to take into account the most recent EU directives. Our Principles of Business Conduct (section 4) state that "It is Givaudan's policy to recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed without regard to race, age, sex, national origin or any other non-relevant category".

Givaudan is also a signatory to the UNGC, including ten universally accepted principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

## ↓ Child labour

### Why it's material to us

**All forms of child labour are against our Company principles and values and therefore we have a corporate policy, risk assessment processes and prevention measures in place to monitor this. Eliminating the risk of child labour in our supply chain is of paramount importance to Givaudan. At Givaudan, we deeply value the transparent and trusting relationships we have with all our stakeholders, including our raw material suppliers, our customers and ultimately our employees, who expect us to operate at the highest level of corporate social responsibility.**

### How we manage this issue

Givaudan is a signatory to the UNGC, which is a strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. Principle 4 seeks the “elimination of all forms of forced and compulsory labour”. Principle 5 seeks the “effective abolition of child labour”.

Givaudan's Principles of Business Conduct represent a governing charter for ethical

behaviour including, amongst others, the fair treatment of employees with mutual respect and without any form of discrimination. These Principles also outlaw all forms of exploitation of children, including by suppliers, and stipulate that Givaudan will not provide employment to children before they have completed their compulsory education. We will also not knowingly do business with suppliers that use child labour.

We select and audit strategic suppliers on their sustainability performance to ensure they are in compliance with Givaudan's high ethical standards and their own local laws, and that they are not using child labour, slaves or those subjected to human trafficking. One way we do this is by participating in the Supplier Ethical Data Exchange (Sedex). A core principle of the Sedex model is the avoidance of unfair or unsafe labour practices, which includes slavery and human trafficking.

We respect the Ethical Trade Initiative base code and audit supplier practices regarding child labour using the same code that states “Child Labour shall not be used”:

- there shall be no new recruitment of child labour;
- companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child;
- children and young persons under 18 shall not be employed at night or in hazardous conditions; and

- these policies and procedures shall conform to the provisions of the relevant ILO standards.

Givaudan complies with California Senate Bill 657, the California Transparency in Supply Chains Act, which requires retail and manufacturing companies to disclose the precautions they have taken or will take to eliminate slavery and human trafficking from their supply chains.



For more information on Givaudan's efforts to eradicate child labour, human trafficking and slavery from its direct supply chain see:

[www.givaudan.com/staticweb/StaticFiles/GivaudanCom/Sustainability/Documents/Giv-childLabourHumanTraffickingSlavery.pdf](http://www.givaudan.com/staticweb/StaticFiles/GivaudanCom/Sustainability/Documents/Giv-childLabourHumanTraffickingSlavery.pdf)



For more information on our approach to supplier engagement and capacity building, see [p46](#)

### Performance indicators

#### **HR6: Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour**

Child labour or young workers exposed to hazardous work can be an issue across the entire supply chain covering our own operations and our suppliers.

### 100% of operations assessed for risk

Since 2008 Givaudan has been an active user of the Sedex platform which incorporates human rights risks in its assessments. Since 2010, all Givaudan manufacturing sites have been registered on Sedex and completed Sedex self-assessment questionnaires (SAQ) to share information with customers. Givaudan annually reviews and updates the SAQ. To date, 16 Givaudan sites have been audited according to SMETA standards.

**Significant suppliers assessed for risk:** In 2013 we surpassed our 2015 objective to have 200 priority suppliers registered with Sedex. These suppliers represent 62% of our spend. We now have a total of 248 key suppliers registered with Sedex.

## ⬇ Prevention of forced and compulsory labour

### Why it's material to us

**We are against all forms of forced and compulsory labour. Monitoring and eliminating the risk of forced and compulsory labour in our supply chain is important for Givaudan because such incidents could harm our reputation and undermine the trusting relationships we have with our stakeholders, especially customers who expect us to operate the highest supply chain standards.**

### How we manage this issue

Givaudan is a signatory to the UNGC, which is a strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. Principle 4 seeks the “elimination of all forms of forced and compulsory labour”. Principle 5 seeks the “effective abolition of child labour”.

For Givaudan the Principles of Business Conduct represent a governing charter for ethical behaviour including, amongst others, the fair treatment of employees with mutual respect and without any form of discrimination. These principles also outlaw all forms of exploitation of forced labour.

We audit selected suppliers on their sustainability performance to ensure they are in compliance with Givaudan's high ethical standards and their own local laws, and that they are not using child labour, slaves or those subjected to human trafficking.

Givaudan is also a participant in the Supplier Ethical Data Exchange (Sedex), a member-based organisation whose goal is to drive improvements in ethical and responsible business practices in global supply chains. A core principle of the Sedex model is the avoidance of unfair or unsafe labour practices.

We respect the Ethical Trade Initiative base code and audit the suppliers' practices regarding prevention of forced and compulsory labour using the same code that states Employment is Freely Chosen:

- there is no forced, bonded or involuntary prison labour; and
- workers are not required to lodge 'deposits' or their identity papers with their employer and are free to leave their employer after reasonable notice.



For more information on our approach to supplier engagement and capacity building, [see p46](#)

## ⬇ Indigenous rights

### Why it's material to us

**As one of the world's largest buyers in the fragrance and flavour industry we want to promote fair and sustainable cooperation with indigenous peoples and local communities whom we often depend on for a stable and secure supply of raw materials.**

### How we manage this issue

We realise that our commitment to sustainable sourcing must go beyond auditing and the provision of supplier expectations documentation. We now have several different ongoing sourcing initiatives, each combining security of supply of critical raw materials with delivering benefits for local communities. See EC9 for examples of our partnerships to deliver direct and indirect economic benefits to local communities.

Givaudan joined NRSC (Natural Resources Stewardship Circle) in 2008 to help find the right answers to promote fair and sustainable cooperation with indigenous peoples and local communities, while protecting the biodiversity and ecosystems of the territories concerned. See Profile Disclosure 4.14 for more details of our involvement in NRSC.

## ⬇ Assessment

### Why it's material to us

**As the global leader of the fragrance and flavour industry, it is critical that we conduct regular workplace assessments to have a deep understanding of the risks that can be caused by ourselves or by our suppliers.**

### How we manage this issue

We assess selected suppliers to make sure they comply with local laws and our high ethical and business standards, and meet the UNGC and Sedex standards.

For example, by 2015, we have committed to ask 200 of our 400 top suppliers to have joined the Sedex programme. We are also committed to conduct audits of 200 suppliers by 2015. So far, 248 suppliers are already Sedex members and 100 audits have been conducted.

## ⬇ Remediation

### Why it's material to us

**As the global leader of the fragrance and flavour industry, non-respect of human rights is unacceptable for Givaudan. It is critical that all non-conformities to our standards are subject to a remediation plan.**

### How we manage this issue

Internal audits are now complemented by audits conducted by third parties relying on the SMETA (Sedex Members Ethical Trade Audit) methodology, which is a compilation of best practices in ethical trade and sourcing. The resulting supplier audit reports include observations, non-compliances and examples of good practices to address non-conformances. Any contractors or employees who are found to violate local laws or our high ethical and business standards are subject to a remediation plan.

## Supplier selection and risk

Givaudan suppliers are categorised and assessed for their potential risk – the extent to which they have opportunities to introduce positive changes in their system. These risks include supply, health and safety challenges, human rights, political instability or risk related to weather, which could destroy a key crop and cripple a community.





# Society

In this section:

46 Local communities

47 Corruption

48 Public policy

48 Anti-competitive behaviour

49 Compliance

This section concerns the social dimension of sustainability and the impacts Givaudan has on the local communities it operates in, including how interactions are managed and remediated.

Source: GRI 3.1 Sustainability reporting guidelines – Part 2 – Society – page 36

## ⬇ Local communities

### Why it's material to us

**Local communities where we operate have the ability to impact our business and they can be impacted by our activities. They have therefore been designated as one of the six key stakeholders with whom we conduct ongoing stakeholder dialogue.**

### Our commitments

- Work together with our local communities on projects and causes that benefit the communities within which we work.

### Progress in 2013

**Build partnerships with non-profit organisations and work on charitable themes: Blindness, Family Nutrition and supporting Local Communities**

Givaudan developed a number of partnerships in 2013 around its three charitable themes, including:

#### Blindness

- **India – Healthy eyes:** The Jigani site in India sponsored the treatment of 15 infants with a disease of the eye affecting prematurely-born babies, known as Retinopathy of Prematurity. As a result of the treatment, all of these infants will have normal eyesight. Jigani also sponsored eye camps for school children of junior schools within a 10km radius of the site. This included the sponsorship of eye checkups for 100 students and

the provision of eye medicines for 16 students.

- **United States – Mount Olive Braille Trail clean-up:** Givaudan's manufacturing site at Mount Olive, New Jersey, initiated and funded the development of a unique walking trail, called 'The Braille Trail', in collaboration with members of the Township of Mount Olive and the State of New Jersey. Givaudan employees actively participated in the trail's creation, which enhances the beauty of the environment, offering a multi-sensory experience to people with visual impairments.
- **Singapore – Helping the blind to help themselves:** Givaudan Singapore's Green Team collaborated with SAVH (Singapore Association of the Visually Handicapped) to incorporate its Mobile Massage Team services into our Company events.

#### Nutrition

- **Brazil – Teaching healthy habits:** Givaudan organised a series of activities to teach healthy nutrition habits to a group of 250 students, between the ages of 9 and 13. 'Meu Pratinho Saudável' was created in 2011 by partnering with a recognised health institution in Brazil, called Incor (Instituto do Coração), which is part of the University of São Paulo.
- **China – Kidstrong Nutrition Project:** In partnership with Shanghai Roots & Shoots, Givaudan sponsored the purchase and delivery of nutritious food for around 1,000 children from a migrant school and a kindergarten in Pudong, Shanghai.

### Supporting local communities

- **Colombia – Community Forest Project:** Givaudan planted 700 trees to reforest nearly 10,000m<sup>2</sup> of eroded land at the Ecological Park of Matarredonda, high up in the Andes Mountains.
- **Colombia – Olfactive workshop for children:** Givaudan and the Belcorp Foundation sponsored the Canativa Elementary School to provide underprivileged children with the opportunity to enjoy perfumery.
- **India – Sustainable care and conservation:** The Daman Green Team in India raised money for the purchase of a candle-making machine to help physically and mentally disabled children learn vocational skills.
- **China – Kidstrong Lighting Project:** Givaudan sponsored the renovation of the lighting system in a migrant school in Pudong, Shanghai.
- **South Africa – Nutrition for children's home:** Givaudan's Green Team in South Africa adopted a shelter called the Carl Sithole Children's Home. The shelter is situated in Soweto, Johannesburg, and is home to underprivileged children from 2-18 years who are orphans, or have been abandoned or abused by their families. Some are also HIV positive. Donations have been given to the home in the form of money, clothing and toys. Givaudan staff have also volunteered to assist the home.

### Other outreach

- **Switzerland – Conference on Sustainable Cities:** Givaudan's head office in Vernier presented its Sustainability Programme to local and global audiences at the 7th European Conference on Sustainable Cities & Towns, held in Geneva on 17-19 April 2013.

**Build 14 schools in Madagascar by 2014**  
At the end of 2013, 12 schools had been built.

### How we manage this issue

Actively developing and sustaining relationships with affected communities and other stakeholders throughout the life of our operations, and understanding how we interact with markets and social institutions, are key components of our Sustainability Programme. In particular, we listen to community representatives to make sure we take their point of view into account, and integrate this feedback into our sustainability activities. On most sites, formal relationships have been established both with local authorities and with significant organisations representing neighbours, or working on specific environmental and social issues.

In 2011 we undertook an internal global audit to understand the extent of our interaction with stakeholder groups such as affected communities, local government authorities, non-governmental and other civil society organisations, local institutions and other interested or affected parties. The internal audits included assessments of impacts, and the topics covered environmental and social programmes and local community complaints

procedures. Every year we monitor this programme, in 2013 the results established:

- all our sites have on-going interactions with local authorities regarding regulatory affairs; and
- 30 of our 33 manufacturing sites (91%) have implemented effective Local Community Development Programmes.\*

### Charitable giving

We also monitor charitable spend on every site. Since 2012 we have implemented an annual budget allocation process for charitable giving, for all our sites. Spend is controlled and consolidated by a sustainability controller. Every site manager is responsible for the way the site budget is spent. He or she has some freedom to allocate funding to local organisations providing they comply with Givaudan guidelines and local laws on non-profit organisations. In 2013 the total spend on charitable giving for local communities was CHF 1,342,000.

### Performance indicators

#### SO1: Percentage of operations with implemented local community engagement, impact assessments and development programmes

30 of our 33 operations (91%) have implemented effective Local Community Development Programmes.\*

## ⬇ Corruption

### Why it's material to us

**Ethical behaviour by Givaudan's employees, agents and business partners is of utmost priority to Givaudan. We can be held responsible not just for our own actions, but also for the actions of our agents, consultants and certain other business partners. Penalties for violating bribery and corruption laws are severe, including prison sentences and significant fines. In addition, mere allegations of bribery or corruption violations can damage Givaudan's reputation.**

### How we manage this issue

Most countries where we operate have anti-bribery laws, including the UK Bribery Act, the US Foreign Corrupt Practices Act and anti-bribery laws and regulations of other countries in which Givaudan does business or intends to do so. Our actions will be especially scrutinised whenever public officials are involved.

Corruption is managed as part of the Givaudan compliance management system through the following instruments:

- corruption is one of the risk areas regularly reviewed by the corporate compliance officer as part of a compliance risk assessment;
- corruption and inappropriate gifts and entertainments are prohibited in Givaudan's Principles of Business

Conduct. In addition, in 2011 Givaudan introduced a Global Anti-Bribery, Gifts, Entertainment and Hospitality Policy addressing the issue in more detail, including reporting of gifts and entertainment. Both documents are available to employees in all major Company languages. The policy has been reconfirmed in 2013;

- Givaudan has included corruption and gifts/entertainment in its basic compliance training for all permanent Givaudan employees. Moreover, Givaudan has introduced specific anti-bribery training for employees with material outside stakeholder relations. Both trainings are available in all major Company languages;
- as part of the monitoring activities, Givaudan has introduced a compliance helpline to allow employees to report compliance issues in confidence. As at the end of 2013, the compliance helpline has been opened in all countries worldwide except for France, where Givaudan requires an approval by the competent local authority (CNIL) before it can open its helpline to French employees. The helpline is also available in all major Company languages, and
- Givaudan has enacted a procedure for the selection and engagement of agents and distributors, which includes a formal due diligence review and minimum requirements for agent contracts and payments.

### Performance indicators

#### SO3: Percentage of employees trained in organisation's anti-corruption policies and procedure

Basic anti-bribery training as part of our code of conduct training: 96.2% of all our employees. 96.4% of all our managers and above, including 100% of our top management (Executive Committee), have completed the training.

Additionally 4,568 employees including 100% of the top management (Executive Committee) received additional specific anti-bribery training.

This includes 1,246 managers (92% of those invited to take the training as well as 100% of our top management).

\*Between 2012 and 2013 the scope of our manufacturing sites has changed, with removal of Argenteuil which is no longer a manufacturing site and the addition of Makó as a new manufacturing site

## ↓ Public policy

### Why it's material to us

**As the largest fragrance and flavour company, Givaudan takes responsibility to support, and in many cases lead, in the development of public policy that impacts the fragrance and flavour industry.**

### How we manage this issue

Givaudan supports, and in many cases leads, industry-wide programmes with international industry associations (IFRA and IOFI), and many national associations for assuring the safe use of flavours and fragrances in consumer products. No funds are used to benefit organisations of a political nature.

Givaudan continues to drive the regulatory advocacy activities within the International Organization of the Flavor Industry (IOFI). For example, this committee, chaired by Givaudan, is working closely with the European Union (EU) Food Safety Authority, the EU Commission and the European Flavour Association (EFA) to ensure a smooth implementation of the most important reforms to flavour regulations in the EU for the past 30 years. Givaudan also actively participates in national trade associations in the USA (FEMA), Japan (JEFMA) and Europe to respond to questions and issues raised by local and regional health authorities. In each case, Givaudan educates regulators in the development of sound regulations promoting the safe use of flavourings.

The Fragrance Division provides leadership to the global industry in regulatory advocacy activities within the International Fragrance Association (IFRA) – both at the global and regional level.

For example Givaudan is leading efforts to enhance the regulation of allergens in Europe, as well as to protect the intellectual property of fragrances in both Europe and the USA.

### Performance indicators

#### **SO5: Public policy positions and participation in public policy development and lobbying**

Givaudan continues to drive regulatory advocacy activities within the International Organization of the Flavor Industry (IOFI). This committee, chaired by Givaudan, is working closely with the European Union (EU) Food Safety Authority and the EU Commission to ensure a smooth implementation of the most important reforms to flavour regulations in the EU for the past 30 years.

The move towards greater consistency in food additive and flavour regulations are having positive impacts in the food industry but are resulting in an increase in the amount of activity required to register new materials. In all markets, whether in Asia, Europe, Latin America or North America, Givaudan is actively engaged in dialogue with the regulators to ensure that sound scientific methods are being developed to determine the safety of food additives.

In all cases, Givaudan meets or exceeds the expectations of regulatory authorities when conducting studies to support the safe use of flavour ingredients.

The Fragrance Division provides leadership to the global industry in regulatory advocacy activities within the International Fragrance Association (IFRA) – both at the global and regional level.

For example Givaudan is leading efforts to enhance the regulation of allergens in Europe, as well as to protect the intellectual property of fragrances in both Europe and the USA.

#### **SO6: Total value of financial and in-kind contributions to political parties, politicians and related institutions by country**

No funds are used to benefit organisations of a political nature.

## ↓ Anti-competitive behaviour

### Why it's material to us

**Givaudan believes that lasting leadership in the marketplace can only be achieved in a context of vigorous competition, characterised by fair and open trade, which is the basis of any free-market economy, and by adhering to high ethical standards throughout the organisation. In line with Givaudan's Principles of Business Conduct, it is therefore in Givaudan's best interest and its fundamental commitment to ensure that at all levels of its organisation any applicable legislation concerning competition, just like any other laws, should be strictly adhered to.**

### How we manage this issue

Anti-competitive behaviour is managed as part of the Givaudan compliance management system through the following instruments:

- anti-competitive behaviour is one of the risk areas regularly reviewed by the corporate compliance officer as part of compliance risk assessments;

- anti-competitive behaviour is prohibited in Givaudan's Principles of Business Conduct. In addition, Givaudan has introduced a Memento of Competition Law addressing the issue in more detail including the process to follow in case of questions. The Memento has been reconfirmed in 2013 and is being translated into all major company languages;
- Givaudan has included anti-competitive behaviour in its basic compliance training for all permanent Givaudan employees; and
- as part of the monitoring activities, Givaudan has introduced a compliance helpline to allow employees to report compliance issues in confidence. As at the end of 2013, the compliance helpline has been opened in all countries worldwide except for France, where Givaudan requires an approval by the competent local authority (CNIL) before it can open its helpline to French employees. The helpline is also available in all major Company languages.

## ⬇ Compliance

### Why it's material to us

**Ensuring compliance in all our dealings – whether in relation to customers, suppliers, shareholders, employees, competitors, government agencies or communities – protects our reputation, which has been built upon a rich heritage. It also ensures risks are managed proactively and consistently wherever we operate in the world.**

### How we manage this issue

Givaudan has created a compliance management system to manage compliance throughout the Givaudan Group. It rests on five pillars:

1. **Organisation:** Givaudan has appointed a corporate compliance officer as well as local compliance officers in every country in which it operates. The local compliance officers are the company managers for each local Givaudan company. Besides the general ethical compliance organisation, there exist additional internal organisations for special technical compliance areas such as environment, health and safety or product regulatory amongst others. The corporate compliance officer reports regularly to the Executive Committee and at least once annually to the Audit Committee of the Board and to the full Board of Directors.
2. **Compliance risk assessment:** The corporate compliance officer undertakes regular compliance risk assessment, considering input from the local compliance officers and the central corporate functions, as well as external developments.
3. **Compliance documents:** Based on the risk assessment, Givaudan enacts, upholds or amends such compliance documents as are deemed necessary. All major compliance documents are translated into all major Company languages.
4. **Awareness and training:** Givaudan has introduced a system of compliance training to ensure that employees are trained on all relevant compliance areas in accordance with their risk exposure.
5. **Monitoring:** As part of the monitoring activities, Givaudan has introduced a compliance helpline to allow employees to report compliance issues in confidence. As at the end of 2013, the compliance helpline has been opened in all countries worldwide except for France, where Givaudan requires an approval by the competent local authority (CNIL) before it can open its helpline to French employees. The helpline is also available in all major Company languages.

In 2013, Givaudan mandated an expert law firm with an independent review of its compliance management system. The review confirmed that fundamentally Givaudan's compliance management system is well designed, implemented and maintained. Based on the review and in line with the concept of continuous improvement, Givaudan continues to further develop and strengthen its compliance management system.

# Product Responsibility

In this section:

51 Customer health and safety  
52 Product and service labelling  
53 Marketing communications  
53 Customer privacy  
53 Compliance

This section concerns the social and environmental dimensions of sustainability and the impacts of Givaudan's products that directly affect customers, namely, health and safety, information and labelling, marketing, and privacy.

Source: GRI 3.1 Sustainability reporting guidelines – Part 2 – Product Responsibility – page 38



## ↓ Customer health and safety

### Why it's material to us

**Ensuring consumer safety for use of Givaudan's fragrance and flavour products is a core responsibility of the business for ethical and legal reasons.**

### Our commitments

- Gather information on origin of our ingredients to contribute to regulatory requirements, food safety and issue management.
- Ensure Givaudan products are safe for people and the environment when used as intended.
- Promote Health and Wellness through our products.
- Engage with customers to develop new technologies for healthier and more sustainable products.

### Progress in 2013

**Fragrance Division compliance with European REACH registration requirements, as they become applicable, in 2010, 2013 and 2018**

We continue to achieve our REACH compliance goals. From the inception of REACH, through pre-registration and two phase-in registration deadlines we have met our objectives. The latest deadline was 31 May 2013 and was the most challenging yet. We succeeded with our registrations.

### How we manage this issue

Givaudan has a long history of investment in supporting safety evaluation of its raw materials for use. Critical data to support use is developed by Givaudan or its suppliers to enable us to comply with safety regulations around the world. With our regulatory expertise we not only provide an essential service of advice to our customers, but also ensure that our products meet or exceed all requirements around the world.

### Regulatory assessments

The ingredients we use are subject to regulatory assessment by government agencies and international organisations worldwide that approve their use based on a review of their safety profile. For flavours these include the US Food and Drug Administration (FDA); the Flavor and Extract Manufacturers Association of the US (FEMA); the European Food Safety Authority (EFSA); the International Organization of the Flavor Industry (IOFI); and the Joint Expert Committee on Food Additives of the World Health Organization (JECFA). Fragrance materials meet mandatory IFRA requirements for safety in addition to specific country or regional regulatory requirements such as those of the European Chemicals Agency and US Environmental Protection Agency.

We maintain stringent methodologies to assure the safety and quality of our products. To enhance these, and to ensure we meet ever-changing regulatory requirements, we have developed a SAP-based global Regulatory Compliance Engine (RCE).

### REACH regulation update

We continue to achieve our REACH compliance goals. From the inception of REACH, through pre-registration and two phase-in registration deadlines we have met our objectives. The latest deadline was 31 May 2013 and was the most challenging yet. We succeeded with our registrations.

The joint registrations provided perhaps the greatest challenge, due to the complexities of working within substance exchange forums and consortia. The process has provided us with greater insights into our industry and how others are coping with the challenge and increasing demands made by such regulation. The road ahead will be a greater test with a predicted yearly registration rate for the final phase-in deadline (2018) of more than double that previously undertaken. It is a challenge we intend to meet to ensure REACH compliance for not only Givaudan but also our customers in the EU as our downstream users.



See also our Principles of Business Conduct – sections 1, 5 & 9:

[www.givaudan.com/Media/Publications/Corporate+Governance+Publications](http://www.givaudan.com/Media/Publications/Corporate+Governance+Publications)

### Performance indicators

**PR1: Lifecycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures**

#### Product registration/certification

The ingredients we use are subject to regulatory assessment by government agencies and international organisations worldwide that approve their use based on a review of their safety profile.

#### Manufacturing and production

Our product safety assessment programme is designed to ensure that all products are safe for consumer use. At the core of the programme is a systematic safety evaluation of the ingredients used in our fragrance and flavour products, and control of their use. All new ingredients are evaluated for human and environmental safety, as required, prior to their use.

We maintain stringent methodologies to assure the safety and quality of our products. To enhance these, and to ensure we meet ever-changing regulatory requirements, we have developed a SAP-based global Regulatory Compliance Engine (RCE). The compliance calculation is performed by the Compliance Engine (proprietary technology exclusive to Givaudan), using calculation technology from SAP across all sites and regions;

the Compliance Engine is connected with all commercial systems used for fragrance creation, development and sales.

#### Marketing and promotion

Health and safety is not applicable at this stage of the product life cycle.

#### Use and service

All products delivered to customers are subject to product information requirements. Environment and health and safety information about our products is made available to the users through product labels and Material Safety Data Sheets. In the Flavour Division additional information is also provided in the format of an Ingredient Declaration and instructions for the application.

#### Disposal, reuse or recycling

Finished products are created to comply with all appropriate end consumer product safety and regulations in the markets in which they will be sold.

Our programme to establish a biodegradable palette of fragrance ingredients began in 2007. We have now completed the biodegradability screening of all our perfumery ingredients, including natural materials. Rich with more than 20 years' experience in the biodegradability testing of fragrance ingredients, Givaudan has an extensive database on the biodegradability of fragrance ingredients.

For flavours, all our products are consumed at the end of their life cycle, so should not cause disposal issues.

## ↓ Product and service labelling

### Why it's material to us

**Givaudan recognise that health and safety is key for all of our stakeholders. Through product labels and Material Safety Data Sheets we can maintain trusted relationships with our customers.**

### How we manage this issue

The ingredients used in our formulae are evaluated for safety, health and environmental impact. This information is disclosed and filed with the relevant regulatory bodies. All our products delivered to customers are subject to product information requirements and regulations. Quality and environmental data about our products, including safety information, is made available to the users through product labels and Material Safety Data Sheets.

For flavours we can also provide allergen, nutritional and religious related information.

Givaudan operates regional hazardous materials competence centres and in 2012 appointed a global packaging engineer to globally coordinate and reinforce expertise on packaging and labelling activities.

### Performance indicators

**PR3: Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements**

All products delivered to our customers are subject to product information requirements and regulations. Quality and environmental data about our products, including safety information, is made available to the users through product labels and Material Safety Data Sheets.

## ↓ Marketing communications

### Why it's material to us

Givaudan recognises the value of having informed customers and consumers. While we are a business-to-business (and our marketing communications are not aimed at consumers), Givaudan views the consistency of its marketing communications with the reality of its products and services to be of a crucial importance to ensuring we maintain trusted relationships with our stakeholders.

### How we manage this issue

See PR6, right.

### Performance indicators

**PR6: Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship**

Marketing communications guidelines exist to ensure that all marketing communications adhere to all applicable laws and standards and are appropriate and ethical. These Marketing Communications guidelines comply with ethical standards set out by organisations such as the International Association of Business Communicators (IABC); the American Marketing Association (AMA) as well as all codes of advertising standards, which apply to the market where an advertisement appears. These include, among others, the guidance of the Federal Trade Commission in the United States and the Advertising Standards Authority in the United Kingdom.

## ↓ Customer privacy

### Why it's material to us

Information is one of Givaudan's most valuable assets and we are committed to maintaining strict confidentiality on proprietary customer information and customer projects, as well as to fully protect their intellectual property.

### How we manage this issue

One of the key aspects of Givaudan's internal policies and practices is the commitment to maintain strict confidentiality on proprietary customer information and customer projects, as well as to fully protect their intellectual property. Information is one of Givaudan's most valuable assets.

In conformity with each employee's obligation of confidentiality, employees must not disclose any confidential information or trade secrets acquired during employment with Givaudan to any third party, unless applicable laws or Givaudan's business interests require such disclosure. In these cases, the disclosure of confidential information or trade secrets is subject to the prior conclusion of a confidentiality agreement with the recipients.

Within Givaudan, confidential information and trade secrets may be disclosed only to employees who have a legitimate business need to know them. To prevent accidental or intentional misuse of confidential information or trade secrets, Givaudan's policy requires that computer systems and related services be appropriately safeguarded.



See the Principles of Business Conduct – section 8

[www.givaudan.com/Media/Publications/Corporate+Governance+Publications](http://www.givaudan.com/Media/Publications/Corporate+Governance+Publications)

## ↓ Compliance

### Why it's material to us

**The minimum requirement for a Sustainable Business Model is to be compliant with local laws and regulations. Givaudan recognises the value of operating beyond compliance, aspiring to social and environmental best practice, as well as regulations related to our products.**

### How we manage this issue

Givaudan ensures that our products meet or exceed all requirements around the world. The ingredients we use are subject to regulatory assessment by government agencies and international organisations worldwide that approve their use based on a review of their safety profile. For flavours these include the US Food and Drug Administration (FDA); the Flavor and Extract Manufacturers Association of the US (FEMA); the European Food Safety Authority (EFSA); the International Organization of the Flavor Industry (IOFI); and the Joint Expert Committee on Food Additives of the World Health Organization (JECFA). Fragrance materials meet mandatory International Fragrance Association (IFRA) requirements for safety in addition to specific country or regional regulatory

requirements such as those of the European Chemicals Agency and US Environmental Protection Agency.

We maintain stringent methodologies to assure the safety and quality of our products. To enhance these, and to ensure we meet ever-changing regulatory requirements, we have developed a SAP-based global Regulatory Compliance Engine (RCE). The compliance calculation is performed by the Compliance Engine (proprietary technology exclusive to Givaudan), using calculation technology from SAP across all sites and regions. The Compliance Engine is connected with all commercial systems used for fragrance creation, development and sales.

Givaudan requires that all its employees comply strictly with the applicable laws of the countries in which they operate. Givaudan furthermore expects its employees to adhere to high ethical standards as reflected by these Principles of Business Conduct as well as to any other Givaudan policies that apply to their job.



See also the Principles of Business Conduct – section 1

[www.givaudan.com/Media/Publications/Corporate+Governance+Publication](http://www.givaudan.com/Media/Publications/Corporate+Governance+Publication)

# Appendix

## Performance Indicators – Environmental

Key performance Indicators		2009	2012	2013
<b>Energy</b>				
Energy (GJ)	Direct energy (from primary sources <sup>a</sup> )	1,632,544.80	1,686,925.30	1,739,828.60
	Indirect energy: purchased electricity & steam	897,286.10	962,744.40	1,003,056.10
	Total energy	2,529,830.90	2,649,669.70	2,742,884.70
Energy efficiency (GJ/tonne production)	Direct energy efficiency	5.29	4.66	4.5036
	Indirect energy efficiency	2.91	2.66	2.60
	Total energy	8.20	7.32	7.10
<b>CO<sub>2</sub> emissions</b>				
CO <sub>2</sub> emissions (tonnes) <sup>b</sup>	Scope 1: from direct energy sources	102,464.70	102,546.50	103,702.90
	Scope 2: from indirect energy sources	113,687.00	110,460.80	113,247.20
	Total CO <sub>2</sub> emissions	216,151.70	213,007.30	216,950.10
CO <sub>2</sub> emissions efficiency (tonnes CO <sub>2</sub> /tonne of production)	Scope 1: from direct energy sources	0.3322	0.28	0.2684
	Scope 2: from indirect energy sources	0.3686	0.31	0.2931
	Total CO <sub>2</sub> emissions	0.7007	0.59	0.5616
<b>Waste</b>				
Hazardous waste (tonnes)	Incinerated	14,728.60	16,055.89	15,827.25
	Incinerated with energy recovery <sup>c</sup>	–	–	11,038.71
	Land-filled	728.36	278.24	376.19
	Recycled	2,655.91	5,008.29	5,462.16
	Total hazardous waste	18,112.87	21,342.42	21,665.60
Non-hazardous waste (tonnes)	Incinerated	3,029.70	3,150.30	2,974.30
	Incinerated with energy recovery <sup>c</sup>	–	–	1,412.40
	Land-filled	6,622.60	6,819.70	7,764.10
	Recycled	16,370.10	25,011.10	28,663.20
	Total non-hazardous waste	26,022.40	34,981.10	39,401.60
	Total incinerated and land-filled waste (HZ and NHZ)	25,109.26	26,304.13	26,941.84
One-off waste		–	10,295.60	30,944.00
Waste efficiency <sup>d</sup> (tonnes of waste/tonne of production)		0.08	0.07	0.07
<b>Water intake</b>				
Water intake (m <sup>3</sup> )	Municipal water	2,286,998.90	2,513,293.10	2,615,966.80
	Ground water	1,070,612.90	1,073,851.10	1,318,603.70
	Total municipal and groundwater	3,357,611.80	3,587,144.20	3,934,570.50
	Surface water	7,432,649.00	5,095,310.00	5,150,236.00
	Total water <sup>e</sup>	10,790,260.80	8,682,454.20	9,084,806.50
Water efficiency <sup>f</sup> (m <sup>3</sup> /tonne of production)		10.88	9.91	10.18
Water discharge (m <sup>3</sup> )	To the environment w/o biological treatment	7,513,426.80	5,025,934.50	4,935,622.60
	To the environment after biological treatment	1,926,523.00	1,919,314.50	1,997,693.60
	To external treatment facility w/o pre-treatment	319,117.00	407,152.00	519,418.60
	To external treatment facility with pre-treatment	1,317,696.40	1,501,192.60	1,730,944.00
	Total discharged water	11,076,763.20	8,853,593.60	9,183,678.80

Key performance Indicators		2009	2012	2013
<b>Other data</b>				
	Nitrogen oxides – NOx tonnes <sup>g</sup>	104.70	106.90	104.21
	Sulphur dioxide – SO <sub>2</sub> tonnes	358.90	378.60	269.80
	VOC (tonnes)	–	363.63	436.90
	CFC inventory (kg)	15,714.05	11,643.95	10,358.77
	CFC 11 equivalent inventory (kg)	–	674.04	591.19
	CFC loss-replacement (kg)	1,393.14	1,139.38	1,253.64
	CFC 11 equivalent loss/replacement (kg)	–	84.12	69.89
<b>Production</b>				
Production quantities		308,466.70	361,949.30	386,319.80

<sup>a</sup> includes natural gas (0.0345 GJ/m<sup>3</sup>), light fuel (36.12 GJ/m<sup>3</sup>), heavy fuel (39.77 GJ/m<sup>3</sup>), liquid petroleum gas (22.65 GJ/m<sup>3</sup>), town gas (0.0186 GJ/m<sup>3</sup>)

<sup>b</sup> Greenhouse gas data are limited to CO<sub>2</sub> emissions

<sup>c</sup> Among the quantity of HW and non-HW incinerated, this is the quantity incinerated with energy recovery in tonnes on condition that at least 75% of energy is recovered

<sup>d</sup> includes incinerated and land-filled waste (HZ and NHZ)

<sup>e</sup> includes sanitary, cooling and process water

<sup>f</sup> includes municipal and groundwater

<sup>g</sup> quantity is calculated by multiplying the annual fuel consumption by the corresponding emission factor for fuel type



**Performance indicators – Environmental**

Key performance indicators	2009 (as published in 2012 SR)	2009 corrected	% change 2009	2012 (as published in 2012 SR)	2012 corrected	% change 2012
<b>Energy (GJ)</b>						
Total energy	2,529,877.00	2,529,830.90	-0.001	2,643,803.00	2,649,669.70	-0.2
Total CO <sub>2</sub> emissions	215,867.00	216,151.70	0.33	212,650.00	213,007.30	0.2
<b>Waste</b>						
Hazardous waste (tonnes)						
Incinerated	14,729.00	14,728.60	0.00	16,047.00	16,055.89	0.1
Recycled	3,062.00	2,655.91	-13.30	4,977.00	5,008.29	0.6
Total hazardous waste	18,519.00	18,112.87	-2.20	21,302.00	21,342.00	0.2
Non-hazardous waste (tonnes)						
Incinerated	3,286.00	3,029.70	-7.80	3,235.00	3,150.30	-2.6
Land-filled				6,487.00	6,819.70	5.1
Recycled	15,962.00	16,370.10	2.60	24,941.00	25,011.10	0.3
Total non-hazardous waste	25,871.00	26,022.00	0.60	34,663.00	34,981.10	0.9
Total incinerated and land-filled waste (HZ and NHZ)	25,366.00	25,109.00	-1.00	26,047.00	26,304.00	1.0
<b>Water discharge (m<sup>3</sup>)</b>						
To the environment after biological treatment	1,846,091.00	1,926,523.00	4.40	1,824,272.00	1,919,314.50	5.2
To external treatment facility w/o pre-treatment	271,213.00	319,117.00	17.70	362,086.00	407,152.00	12.4
To external treatment facility with pre-treatment	1,365,601.00	1,317,696.40	-3.50	1,546,259.00	1,501,192.60	-2.9
Total discharged water	10,996,332.00	11,076,763.00	0.73	8,758,552.00	8,853,594.00	-1.1
<b>Other data</b>						
Sulphur dioxide – SO <sub>2</sub> tonnes	360.70	358.90	-0.50	384.60	378.60	-1.6
VOC (tonnes)	–	–	–	370.60	363.63	-1.9
CFC inventory (kg)	15,713.00	15,714.05	0.00	10,585.00	11,643.95	10.0
CFC 11 equivalent inventory (kg)	–	–	–	641.00	674.04	5.1
CFC loss-replacement (kg)	1,393.00	1,393.14	0.00	1,080.00	1,139.38	5.5
CFC 11 equivalent loss/replacement (kg)	–	–	–	81.00	84.12	3.9
<b>Production</b>						
Production quantities (tonnes)	<b>307,619.00</b>	<b>308,466.70</b>	<b>0.30</b>	<b>363,157.00</b>	<b>361,949.30</b>	<b>-0.3</b>

# Assurance

## The principles of the UN Global Compact

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**The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:**

### Human rights

- Principle 1** Businesses should support and respect the protection of internationally proclaimed human rights
- Principle 2** Make sure that they are not complicit in human rights abuses

### Labour

- Principle 3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4** The elimination of all forms of forced and compulsory labour
- Principle 5** The effective abolition of child labour
- Principle 6** The elimination of discrimination in respect of employment and occupation

### Environment

- Principle 7** Businesses are asked to support a precautionary approach to environmental challenges
- Principle 8** Undertake initiatives to promote greater environmental responsibility
- Principle 9** Encourage the development and diffusion of environmentally friendly technologies

### Anti-corruption

- Principle 10** Businesses should work against corruption in all its forms, including extortion and bribery



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#### The Management and Board of Directors

Givaudan S. A.  
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Switzerland

#### Independent Assurance Statement

Ernst & Young LLP (EY) has been engaged by Givaudan S. A. (the 'Company') to provide independent assurance to its GRI Report 2013 (the 'Report') covering the Company's sustainability performance during the period 1<sup>st</sup> January 2013 to 31<sup>st</sup> December 2013.

The development of the Report based on the Global Reporting Initiative (GRI-G3.1) Guidelines, its content, and presentation is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below

#### Assurance standard

Our assurance is in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), and our conclusions are for 'limited' assurance as set out in ISAE 3000.

#### Scope of assurance and methodology

The scope of our work for this engagement was limited to review of information pertaining to environmental and social performance for the period 1<sup>st</sup> January 2013 to 31<sup>st</sup> December 2013. We conducted review and verification of data collection/ measurement methodology and general review of the logic of inclusion/ omission of necessary relevant information / data and this was limited to:

- Review of consistency of data/information within the report as well as between the report and source;
- Verification of the sample data and information reported at the following 10 manufacturing units and Corporate Headquarter (HQ) at Vernier:
 

1. Devon, Cincinnati, USA	2. Mount Olive, New Jersey, USA
3. Pedro Escobedo, Mexico	4. Cuernavaca, Mexico
5. River Front, Shanghai, China	6. Zhang Jiang, Shanghai, China
7. Song Jiang, Shanghai, China	8. Sant Celoni, Barcelona, Spain
9. Dortmund, Germany	10. Vernier, Switzerland
- Review and execution of audit trail of selected claims and data streams to determine the level of accuracy in collection, transcription and aggregation processes followed;
- Review of Company's plans, policies and practices, so as to be able to make comments on the completeness of the reporting and degree to which EY believes the report provides a fair and honest representation of the Company's activities.



#### Limitations of our engagement

The assurance scope excludes:

- Data and information outside the defined reporting period (1<sup>st</sup> January 2013 to 31<sup>st</sup> December 2013);
- The 'economic performance indicators' included in the Report;
- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim or future intention.

#### Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our Climate Change and Sustainability network, and undertakes similar engagements with various Indian and international companies. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

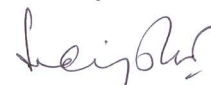
#### Conclusion

On the basis of our procedures for this limited assurance, nothing has come to our attention that causes us not to believe that the Company has reported on sustainability issues materially significant to its business and its stakeholders.

#### Observations and opportunities for improvement

- The Company has demonstrated a structured approach for addressing the reporting principles and criteria of the GRI G3.1 Guidelines;
- The Company has taken a comprehensive approach towards revisiting its material issues;
- The understanding on reporting requirements against the GRI indicators was observed to be quite comprehensive at the sites visited by our team; some indicators still require better data management such as EN21 (total water discharge) and EN22 (total waste).

Ernst & Young LLP



Sudipta Das  
Partner

Dated: March 12, 2014  
Place: Kolkata



## Statement GRI Application Level Check

GRI hereby states that **Givaudan S.A.** has presented its report “GRI Sustainability Report 2013” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 5 March 2014

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The “+” has been added to this Application Level because **Givaudan S.A.** has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

*Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 28 February 2014. GRI explicitly excludes the statement being applied to any later changes to such material.*