



**This is our Communication on Progress
in implementing the principles of the
United Nations Global Compact.**

We welcome feedback on its contents.

Communication on Progress by Givaudan SA on implementation of the Ten Principles of the United Nations Global Compact 2010

Introduction

Givaudan has been a signatory to the Ten Principles of the United Nations Global Compact (UN GC) since February 2010

While the company had already been focusing on operating a sustainable business model for many years prior to joining, joining the UN Global Compact prompted Givaudan to develop a comprehensive Sustainability Programme (the Programme) and in March 2010 published its inaugural Sustainability Report. The Givaudan Programme and subsequent Report put into place an overarching framework to better coordinate efforts and drive sustainability principles right across the organisation. Many of these are aligned with the principles of the UN GC.

The first Sustainability Report summarised Givaudan's vision and long-term aspirations regarding defined five focus areas for sustainability, being raw material purchasing, innovation & development, operations, customer & markets and employees. 2010 saw Givaudan moving from formulating and articulating vision into taking action.

This Communication on Progress (COP) describes the first tangible results of translating vision and principles into actions, and how Givaudan is supporting adherence to the UN GC principles with a focus on raw material sourcing, safety and the company's environmental footprint.

Activities on Human rights and Labour Principles

In the context with becoming a signatory of the UN GC, Givaudan's global purchasing function has revised its vendor expectation document, specifically stating that as a signatory to the UN GC Givaudan holds itself to high ethical and social standards regarding human rights, labour standards and anti-corruption, and that by consequence it has the same expectations of its vendors and toll manufacturers.

Following the successful participation of Givaudan's own manufacturing locations in the SEDEX (Supplier Ethical Data Exchange) programme, in parallel with the re-launch of the vendor expectation document, Givaudan started a pilot programme to request a first part of our suppliers to participate in SEDEX and complete the comprehensive SEDEX self-assessment questionnaire.

The results of the SEDEX questionnaire, as well as the supplier's approach towards child and forced labour, freedom of association and discrimination will be included in the verification of the existing supplier auditing programme.

In second half of 2009, Givaudan launched an occupational safety and health continuous improvement programme called "Zero is possible". This behavioural-based programme aims to further reduce the number of injuries; a target having been set of a 90% reduction by 2020 with an ultimate aspiration to reach zero incidents.

The programme consists of training sessions for line managers, an awareness-raising modular programme for all employees and site tailored incident prevention initiatives. One year into the programme, a 15% reduction of injuries can be reported.

Within the Givaudan organisation, the Principles of Business Conduct is 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 and it will also not knowingly do business with suppliers that use child labour.

Key Performance Indicators have been agreed to monitor the company's performance regarding diversity-related policies and workforce characteristics; these indicators are based on the GRI indicators LA 1, 2, 4 and 13.

Activities on Environmental principles

Since becoming an independent company in 2000, Givaudan has reported on its environmental performance and footprint. Over the years, reduction of its footprint has been reported, however the company had never set quantitative environmental performance goals. Since the formal launch of our Sustainability Programme in August 2009, we have confirmed our commitments by defining quantitative improvement targets for a 10-year period. Targets for a reduction in energy use, CO₂-emission and water use, as well the generation of waste, have been agreed and will be published in our next Sustainability Report, in March 2011. These 10-year targets against a 2009 baseline will support the process of moving towards our defined and externally-communicated vision and ultimate aspirations of zero carbon and zero waste. The actual environmental performance of 2009 against 2008 was published in our 2009 Sustainability Report.

Further programmes are being developed to ensure delivery on our commitments. These programmes will include capital investments in improved infrastructure and technology, applying best practices in existing operations and the local improvements delivered by our site-specific 'Green Teams'. At each Givaudan location, a site Green Team has been set up, consisting mainly of employee volunteers. The teams help raising awareness of the Sustainability Programme and identifying and implementing ideas to assist Givaudan to move towards its vision. Many Green Teams have already started delivering improvements in the context of reducing our environmental footprint. To encourage the Green Teams, and to showcase best practice, the Givaudan Leadership Board has presented an award scheme for the best sustainability idea developed and implemented by a Green Team which will be easy for others sites to adopt.

One further specific example of our activities on environmental principles concerns sustainable sourcing of raw materials. To ensure the long-term, sustainable supply of vanilla from Madagascar, we have initiated a series of community-based programmes in villages in the country. The aim is to both improve local communities' well being and to preserve the environment. This is achieved, for example, by supporting the improvement of the education infrastructure through the establishment of schools. Local growers also receive advice on production issues from a Givaudan-employed, specialist agronomist. During 2010, this community-based programme was started in five villages; this will be expanded to more locations with a goal of 14 villages by 2014. In addition, we have started to make products containing fair-trade vanilla products available to the market.

Activities on Anti-Corruption

Givaudan had already amended its Principles of Business Conduct in 2008 to align them with the guidance and principles to combat corruption developed by the OECD. In 2010, a dedicated Corporate Compliance Officer was appointed to monitor and verify compliance with internal and external policies, standards and requirements, including anti-corruption and related areas.

Reporting Principles

Givaudan's first Sustainability Report of March 2010 describes the vision and a set of long-term goals, referred to as ultimate aspirations and includes a review by The Natural Step Organisation. Givaudan's next Sustainability Report due in March 2011 will cover the move from vision into action and will be written following Global Reporting Initiative (GRI) guidelines - the aim is to meet the requirements of the level C application.

Statement of Continued support by the CEO

Givaudan SA is an internationally-operating company selling and manufacturing flavours and fragrance products to industrial customers. Being a signatory to the UN GC, Givaudan recognises the principles supporting sustainable development and, in my role as CEO of the company, I would like to express our continued strong support for them. We will continue to make the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company and do the same in areas covered by our sphere of influence. We support public accountability and transparency, and therefore commit to reporting on progress annually according to the GC COP policy.

Next Communication on Progress in 2012

To underline the importance, the UN Global Compact has for our sustainable development Givaudan SA intends to include its Communication on Progress in its Sustainability Report as of 2012. This report is due in late March of 2012. As Givaudan SA is due to communicate on progress again by February 2012, we hereby request a grace period to allow us to delay communication until the issuance of the Sustainability report.



Gilles Andrier
CEO
January 2011