

# Sustainability Highlights 2014



Givaudan

engage your senses





We are passionate about creating enjoyable sensory experiences. And we want you to feel good about our products because we believe they make a positive difference – in the way they are made, and to the people who enjoy them.

This has changed how we source, make and sell our flavours and fragrances. For instance, we are collaborating with our vendors to ensure they reach best practice in social responsibility standards. We are reducing water use and energy use at our operations. And our leading scientific research means that customers are benefiting from products that use fewer resources and have lower environmental impacts. All of which is helping us to create more desirable products that consumers can trust.

We have come a long way, on our journey. But the future still holds new challenges for us, which we are keen to address. We are working hard to meet the needs of a growing population, discover innovative ways to keep providing a rich variety of flavours and fragrances, and significantly reduce the environmental impact of the materials we manufacture.

Complex challenges require holistic thinking. So we are working with employees, customers, suppliers, local people in the communities in which we are present, and many other stakeholders all over the world, because only together can we make a positive difference.

# The way we source

## Cultivating a flourishing future for patchouli

Natural perfumery ingredients are subject to all kinds of external influences, from unstable geo-political activity to extreme weather.

Some raw materials are only used in the fragrance industry, so by ensuring correct stewardship of these precious ingredients, we can secure the future of those essential crops and offer a more stable livelihood to the farmers that grow them.

In Indonesia and Malaysia, our Origination team has set up two new sourcing models for patchouli, both of which evolved in 2014. The first is a collection network on the Indonesian island of Sulawesi, which enables Givaudan to team up with local producers to monitor patchouli oil purchase at source. We also initiated a long-term farming partnership with GaiaOne and Gaya Naturals in Malaysia.

Patchouli oil is one of our most frequently used ingredients, yet 80% of the global volume is sourced from Indonesia. Being close to the source means we can improve market intelligence and better anticipate any issues that may affect steady supply. It allows us to wholly manage the process, for our customers, ourselves and with the patchouli oil producers.



## **Palm oil: a sustainable solution is in our hands**

Sourcing palm oil responsibly is an issue that is of the utmost importance to Givaudan, and 2014 saw positive developments on several fronts.

With palm oil consumption on the rise, it is necessary to clearly understand the implications of how palm is sourced.

The current demand is for traceable and deforestation-free palm oil, and the general demand is for palm grown and harvested in a responsible, non-destructive way.

Of the small amount of palm that we use in our products, most of this is palm derivatives. To ensure that we maximise our efforts in sourcing sustainable palm, Givaudan is an active partner of the world's leading responsible palm oil associations.

We are committed to supporting an approach in which supply chains are traceable and transparent, with everyone united in a common main goal, to help stop deforestation and move towards greater traceability.

Givaudan sources 100% of its palm derived ingredients from certified sources. During 2014, for Europe, 95% of the palm (kernel) oils, fats and key derivatives we sourced for our Flavour Division were certified as Mass Balance. For all other ingredients, we continue to use GreenPalm's Book and Claim scheme. In 2015, our objective is for Givaudan's European flavour supply chains to be fully certified, so we can transfer our claims to customers.

# The way we innovate

## Healthier choices, rich in possibilities

Health and Wellness is a key pillar of Givaudan's corporate strategy, and lies at the heart of our sustainability efforts.

2014 saw Givaudan launch TasteSolutions® Richness, which goes some way to seeking out the 'holy grail' of flavour in ready-made, processed foods, namely the recreation of rich, authentic 'home-made' taste sensations.

In line with our TasteSolutions® range, which helps to reduce the need for salt, sugar, fat and MSG, TasteSolutions® Richness has the potential to address the sustainability issue of the pressures on livestock and the meat industry, by lessening manufacturers' reliance on meat powders and extracts.

2014 saw a repeat of the successful seminar programme in LATAM, with the Givaudan Health and Wellness Symposium taking place in Mexico, Brazil, Argentina and Colombia. In the UK, the Flavour Division held its first EAME Health and Wellness Day in London. The event was attended by many of our major customers keen to deepen their knowledge of the relevant issues on this topic. From Givaudan's perspective, the day provided us with valuable insights into our customers' challenges and what they are seeking in terms of today's health and wellness trends.





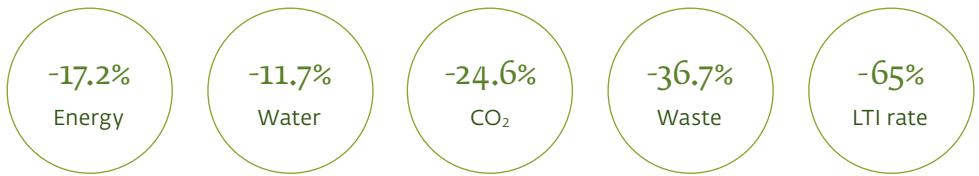
## **Bioscience is a natural route to the future**

Research into active cosmetic ingredients based on bioscience is helping to create new, far greener ways of producing highly sought-after materials for cosmetics and fragrances.

Acquired by Givaudan in 2014, French company Soliance pioneers the use of bioscience in cutting-edge cosmetic products. By harnessing biotechnological routes, Soliance produces natural ingredients of 100% vegetable origin, whilst also providing a softer 'green' approach.

Soliance's know-how is based on three core pillars – 'white', 'green' and 'blue' – three bioscience techniques that make use of fermentation ('white'), plant extracts ('green'), and marine life such as micro-algae ('blue'). The company also develops two star products: DHA (DiHydroxyAcetone) for the ever-popular self-tanning lotions and Hyaluronic Acid (HA), with powerful anti-ageing properties. These particular ingredients are developed by Soliance using their 'green' and 'white' fermentation processes. By marrying Soliance's cutting-edge bioscience techniques with environmental advantages, Givaudan is able to better serve its global cosmetics customers.

Other bioscience achievements in 2014 include the development of Akigalawood®, a fragrance ingredient that employs an enzymatic process to transform raw materials into a new natural and captive perfume compound. Having a similar profile to patchouli, combined with vibrant, spicy aspects of pepper and noble agarwood facets, it has recently been commercialised in a leading men's fragrance in Brazil. Akigalawood® represents an exciting new addition to our perfumers' palette, created with a green, environmental-friendly approach.



\*2014 progress against 2009 baseline

## The way we produce

### Doing more, to impact less

With a global operation covering 88 sites, including 32 manufacturing plants and approximately 50 office complexes, our efforts are internally focused.

We are currently well on target for securing our 2020 eco-efficiency, intensity-based targets.

## The way we partner

### AIM-PROGRESS: collaboration, compliance and continuous improvement

As part of our sustainability programme, Givaudan engages with customers and their consumers to better understand the challenges they face. Dialogues within AIM-PROGRESS help us to address key issues through structuring processes in our own supply chain.

In March 2014, Givaudan co-sponsored an AIM-PROGRESS event on responsible sourcing together with Nestlé and Bacardi. The event enabled suppliers to discuss some of the challenges they face in their supply chain, such as Management Systems, Fire Safety, Traceability or Discrimination. Suppliers are offered solutions and tools developed or identified by the organisation and its partners.

AIM-PROGRESS is a global framework for multinational companies, mainly fast moving consumer goods companies, which have joined forces in the name of responsible sourcing.

# Our performance

Our sustainability strategy is grounded in measurable and quantifiable key performance indicators, which enable us to annually record progress on our performance.



## Procurement

Our vision – 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.

### What we said

Communicate with all suppliers about procurement requirements relating to social responsibility

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

Identify and develop additional ethical sourcing initiatives

Develop third-party certification projects for raw materials

Build 14 schools in Madagascar by 2014

### Other key achievements

### What we did

The Vendor Expectation document was revised to reflect supply chain risks such as anti-corruption, money laundering and human trafficking. This updated document has been communicated to all suppliers in 2014.

A total of 144 suppliers were audited, and a total of 293 suppliers, including indirect material and services suppliers, are now registered with Sedex.

Dedicated Origination team members are now based in countries of origin to set up collection networks in order to source natural ingredients directly from producers.

We continued our local support for a cooperative of three villages and a distiller in Haiti to grow and distil certified ESR vetiver, according to Ecocert standards.

To date, we have been involved in the construction or repair and maintenance of 16 schools in Madagascar.

Givaudan's involvement with the AIM-PROGRESS partnership continued to evolve in 2014. We became a member in 2012, progressed to a supplier capability building work-stream leader in 2013, and in January 2014 we were appointed as a member of the Leadership Team.

We continued to source certified sustainable palm (kernel) oil and derivatives.



# Employees



Our vision – We attract, develop and retain, talented, creative professionals who feel passionate and proud of the work they do in our company and who are empowered to contribute to a sustainable society.

## What we said

Development of the Givaudan leadership framework with the implementation of the first two programmes by end of 2014

Investing in Green Team network and collaboration

Senior leadership positions will represent the wider Givaudan workforce

Lost time injury (LTI) rate below 0.1 by 2020

All populations in scope of annual performance and development discussions by end 2016

Build partnerships with non-profit organisations and work on charitable themes: blindness, family nutrition, supporting local communities

## Other key achievements

## What we did

2014 saw the launch of our Leadership Senses programme, aimed at developing our employees from first-time managers to members of our executive community.

Regional Green Team Forums were held in EAME and NOAM and attended by Site Green Team leaders and senior business leaders. These forums constitute an efficient exchange platform.

The percentage of female employees in Givaudan's senior leadership positions increased to 20.4% in 2014, an improvement on last year's performance.

Our lost time injury rate reduced by 65%, against our 2009 baseline.

More than half of our employees had their annual performance and development plans set-up on our online Engage platform.

We continued to support our many charitable commitments, worldwide.

The new brand launch to employees was successfully rolled-out with educational sessions at each site.

Our newly defined Employer Value Proposition (EVP) was established in 2014, and is in the process of being rolled-out to current and potential employees.

# Innovation and development



Our vision – 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.

## What we said

Fragrance Division compliance with European REACH registrations as they become applicable in 2018

KeratinoSens® to become a globally recognised standard in-vitro test for assessing skin sensitisation, with pending validation from the Organisation for Economic Co-operation and Development (OECD) by 2016

Enable our customers to develop healthier, great-tasting products

## Other key achievements

## What we did

Givaudan prioritised the REACH phase-in registrations due in 2018. Work is on-going on over 100 key chemical substances, which we either manufacture or import into the EU. As the programme progresses, additional substances will be included.

KeratinoSens® received European Centre for the Validation of Alternative Methods (ECVAM) to animal testing approval in February 2014 and is now proposed as a global OECD guideline.

Dr Andreas Natsch was recognised for his outstanding contribution in industrial R&D and was awarded the KGF-SCS Industrial Investigator Awards 2014 from the Swiss Chemical Society (SCS) and the Contact Group for Research Matters (KGF).

The Flavour Division unveiled TasteSolutions® Richness, our new taste technology which is revolutionising how we design flavours in Savoury and is also an approach that meets today's demands for health and wellness.

We acquired the French company Soliance, which is an expert in bioscience.

We developed Akigalawood®, a novel fragrance ingredient created using biotechnology.

We launched MAHONIAL™ ingredient, a safe replacer to cyclohexal.

# Operations



Our vision – We continuously drive operational excellence without compromising the environment, the health and well-being of our employees, or the communities in which we operate.

## What we said

## What we did

Progress per tonne of product against our 2009 baseline was as follows:	
Energy consumption: 20% reduction, per tonne of product, by 2020	17.2% reduction in energy consumption.
Water use: 15% reduction, per tonne of product, by 2020 (for municipal and groundwater)	11.7% reduction in municipal and groundwater use.
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)	24.6% reduction in direct and indirect CO <sub>2</sub> emissions.
Total weight of incinerated and land-filled waste by type and disposal: 15% reduction, per tonne of product, by 2020	Our total weight of incinerated and land-filled waste decreased by 36.7%.

# Find out more

Updates for 2014 will now appear on the Sustainability section of our corporate website, with stories covering the full range of sustainable activities. Our 2014 GRI Report, independently assured by Ernst & Young LLP, follows G4 in accordance ‘Core’ structure, recording information about Givaudan, our materiality analysis, management approach and performance indicators.



See our [Sustainability website](#) section for more progress

See the [GRI report](#) for full disclosure of performance

# Customers and markets



Our vision – We actively engage with our customers to ensure that our products meet the demand for 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.

## What we said

Establish joint initiatives to further progress towards Givaudan sustainability targets and those of our partners

## What we did

Givaudan has been an active member of the AIM-PROGRESS Leadership team and has led the supplier capability building work-stream. Six supplier events were held in 2014.

We continued to partner with the Natural Resource Stewardship Circle (NRSC) on initiatives including vetiver, ylang ylang and styrax.

As a member of French Alliance on Sustainable Palm Oil, Givaudan signed a sustainable palm oil commitment at the Paris International Agricultural Show.

Givaudan was awarded a responsible sourcing prize from one of our key customers.

All Givaudan manufacturing sites to be SMETA compliant

18 out of 20 of our Flavour Division sites were audited compliant with SMETA in 2014. The decision was taken to achieve SMETA compliance for our Fragrance Division sites.

## Other key achievements

The Givaudan Flavour Division held a series of industry events to discuss and debate new Health and Wellness trends.

Givaudan introduced CSPO Mass Balance certification for palm-derived ingredients in our European Flavour sites.

We continued to undertake external advocacy efforts, at the World Perfumery Congress and at the Sustainable Cosmetic Summit in Brazil.

# Contact us

For more information on Givaudan's Sustainability activities, please contact:  
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