

# Givaudan<sup>®</sup>

ENGAGING  
THE  
SENSES



## Sustainability Report 2012

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# About this report

This is our fourth Sustainability Report covering our global activities. In recognition of the diversity of our audiences, we have produced an easily-accessible Executive Summary in eight languages, as well as a comprehensive Sustainability Report in an interactive pdf format, available online at [www.givaudan.com](http://www.givaudan.com)

Our Sustainability Programme is built around the interaction with stakeholders in our value chain, and the issues of importance to them and us. In this Report we explain how stakeholder dialogue informs our activities. Our progress is documented in five sections relating to each of our Sustainability Programme pillars.

## Boundary and scope

We have an annual sustainability reporting cycle. Our previous Report was published in March 2012. Unless otherwise stated, the social and economic data is global. Environmental health and safety data is limited to manufacturing locations only. All data is for wholly-owned Givaudan companies, and is for the full financial year ended December 2012.

## Third-party validation and assurance

This report has been prepared in accordance with the Global Reporting Initiative's G3.1 Sustainability Reporting Guidelines. We have benchmarked our sustainability reporting against these and assessed our application of the GRI reporting framework to be B+ [add when checked – The report has been GRI checked at this level]. An index detailing the indicators on which we have reported and an explanation of how we comply is available on pages 41-45.

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 46.

## UN Global Compact Communication on Progress

As a signatory to the United Nations Global Compact (UNGC) we are using this Report to submit our annual Communication on Progress. The GRI standard disclosures index on pages 41-45 includes references to where each of the ten UNGC principles are covered.

## Sustainability defined

We use the following definition of sustainability: "Sustainable development seeks to meet the needs and aspirations of the present without compromising the ability to meet those of the future." Report of the World Commission on Environment and Development: Our Common Future, United Nations, 1987

## For more information contact:

We hope you find this report engaging and informative. We welcome your comments and questions, which can be sent to:

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For further information about GRI, please visit [www.globalreporting.org](http://www.globalreporting.org)

# Leadership statement



Gilles Andrier, Chief Executive Officer.



Joe Fabbri, Global Head of Human Resources, EH&S and Chair of the Givaudan Sustainability Programme.

As the global leader in the fragrance and flavour industry, we are continually inventing the future. Our new discoveries support our customers' efforts to improve consumer nutrition, well-being and quality of life – helping them meet the needs of today's consumers without compromising the future.

Our achievements in 2012 demonstrate the progress we have made. Today, our comprehensive Sustainability Programme is integral to the way we operate – driving sustainability principles right across our value chain.

Stakeholder engagement is critical to this. Our sustainability-related dialogue with customers and other key audiences is focused on shared priorities, such as product safety and quality. To enhance our already stringent methodologies, and to ensure we meet ever-changing regulatory demands, we have developed a new global Regulatory Compliance Engine. This best-in-class tool will provide faster, more complete and better targeted information for customers, adding protection for their brands and reputations.

2012 was not without its challenges. Global economic uncertainty and increasing pressure on the supply of key raw materials continue to impact our business. Addressing today's sustainability challenges offers timely opportunities to build deeper and more robust relationships across our complex supply chain, which will result in long-term competitive advantages and value to our customers.

Operating an effective and responsible raw materials supply chain is critical to our sustainability strategy and, as one of the largest buyers of raw materials in our industry, is

# -57%

Lost Time Injury Rate (LTIR)

Our comprehensive  
Sustainability Programme is  
integral to the way we operate –  
right across our value chain.

pivotal to our business success. In 2012 we strengthened our raw material supply chain through new collaborations and partnerships. In December, we announced a three-way collaboration with French growers and fragrant plants research organisation, CRIEPPAM, to help secure the long-term supply of lavender. This initiative will expand our range of alliances with external organisations such as Conservation International, Natural Resources Stewardship Circle, Roundtable on Sustainable Palm Oil and our commitments as a signatory of the UN Global Compact.

From charity work, to eco-efficiency measures and support for local communities, examples of our employees' commitment to sustainability can be found in this Report. Inspirational work by our grass roots Green Teams has shown us that our Sustainability Programme is truly delivering continuous improvement across our business – and beyond.

Our well-supported annual Green Team Awards recognise and reward these efforts. The Givaudan Executive Committee selected two winners in 2012 – our Jaguare site in Brazil, for combining waste reduction with an entrepreneurial income generation project for women on low-incomes, and our site in Argenteuil, France, for its support of National Sustainable Development Week.

Investing an industry-leading spend on Research and Development (R&D) has led to further discoveries which will keep our business strong for the future. By employing Green Chemistry techniques we and our customers can use fewer raw materials in their products. Equally, by expanding our TasteSolutions™ portfolio, we are helping customers use less fat, sugar and salt whilst creating great-tasting and cost-effective products.

Operationally, against our 2009 baselines, the Lost Time Injury Rate (LTIR) across all our manufacturing sites was reduced by 57%. Meanwhile, water efficiency improved by 9.6%, energy efficiency improved by 11.5%, CO<sub>2</sub> emissions and waste, per tonne of product, reduced by 16.6% and 13.1% respectively.

Playing a key industry role remains vital. In 2012 we continued our sponsorship of the CEW Eco Beauty Awards in the USA, and launched a UK award. In November we co-hosted a conference in Singapore sharing best practice in responsible sourcing with 100 representatives from fragrances, food and beverage suppliers and FMCG manufacturers.

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

We would like to express our continued strong support for the United Nations Global Compact (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.

As we continue to progress towards our sustainability goals, we realise there is always more to do. We would like to thank all our stakeholders for their engagement with us, and look forward to working even more closely with them as our journey continues.

Gilles Andrier, Chief Executive Officer

Joe Fabbri, Global Head of Human Resources, EH&S  
and Chair of the Givaudan Sustainability Programme

# Givaudan at a glance

We have a market share of approximately 25%, and this industry leadership position is underpinned by a sales and marketing presence in all major markets.

We are active in over 100 countries and have sites and branches in more than 40 countries. Details about our sustainability activities in Brazil, China, Colombia, France, Haiti, Hungary, India, Indonesia, Italy, Laos, Madagascar, Mexico, the Comoros, the Netherlands, Russia, Singapore, Spain, Switzerland, Venezuela, the UK and the USA are included in this Report.

## Our products and 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, including a full list of our locations, visit [www.givaudan.com](http://www.givaudan.com)

33

Production sites

81

Locations worldwide

25%

Global industry market share (approx.)

9,124

Full time equivalent

Fragrances 47%

Flavours 53%

Group sales by division

Developing 44%

Mature 56%

Group sales by market

Headquarters:  
**Vernier**  
Switzerland



# Economic performance in 2012

Our 2012 economic performance data has been calculated based on GRI definitions. More detailed information is available in our 2012 Annual Report. Information about our five-year company strategy and management approach, which includes specific references to health and wellness and the sustainable sourcing of raw materials, is also available on our website.

## Nature of ownership and legal form

Givaudan SA, 5 Chemin de la Parfumerie, 1214 Vernier, Switzerland, the parent company of the Givaudan Group, is listed on the SIX Swiss Exchange under security number 1064593. The company does not have any subsidiaries that are publicly listed. Information on Givaudan SA's significant shareholders as per art. 20 Swiss Stock Exchange Act can be found on: [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 2012 Annual Report, page 60-61, which can be downloaded from our website [www.givaudan.com](http://www.givaudan.com)

## Awards received during the reporting period

Givaudan fragrances won eleven of the fifteen FiFi® Awards in New York in May 2012. Our iPerfumer2, was announced as winner of the FiFi® Technological Breakthrough of the Year at the World Perfumery Congress.

CHF **4,307** million  
Revenue in 2012

CHF **2,705** million  
Operating costs

CHF **152** million  
Payments to Governments

CHF **265** million  
Payments to providers of capital

CHF **982** million  
Employee wages and benefits of which CHF 64 is defined benefit plans\*

CHF **203** million  
Economic value retained

\*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, USA, the Netherlands and the UK.



# Our value chain

Our business has environmental, social and economic impacts across the lifecycle of our products, from the growing and gathering of natural raw materials, and the production of synthetic ingredients, to the manufacturing of our products, and their use and disposal.

We aim to identify and reduce negative impacts at each stage of our value chain, and make a positive difference to the local communities with which we interact.

The infographic below shows the scale of our value chain and the link with our five Sustainability Programme pillars:



More than  
**6,000**  
customers

We are using this Report  
to submit our UN Global  
Compact Communication  
on Progress

## Our sustainability approach

We are committed to enhancing our competitiveness whilst operating a sustainable business model. Our vision for each of the five pillars of our Sustainability Programme is as follows:

### Raw materials

Responsibility in supply



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.

### Employees

Passion with purpose



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.

### Innovation and development

Delivering sustainable creations



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.

See page 36 and our website for more details of how we manage our Sustainability Programme

### Operations

Driving operational excellence



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.

### Customers and markets

Product impact



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.

## Targets and KPIs

Our eco-efficiency and safety targets were formally set out for the first time in our 2010 Sustainability Report. In addition to these operational targets, we have identified priority sustainability topics for the mid-term, against which we have set specific Key Performance Indicators (KPIs) so we can clearly demonstrate our progress, see [pages 12-13](#) for details.

# Engaging our stakeholders on the issues that matter

By working together with our stakeholders we can develop practical solutions to common sustainability challenges.

We have identified six stakeholder groups which, currently, are of primary importance to the success of our Sustainability Programme. We engaged in structured dialogue with these groups in 2012.

This diagram summarises these audiences, the sustainability issues our stakeholders told us were important to them in 2012, and our channels of communication with them.

Customers

Suppliers

Employees

Owners  
& investors

Local  
communities

Public &  
regulatory  
agencies

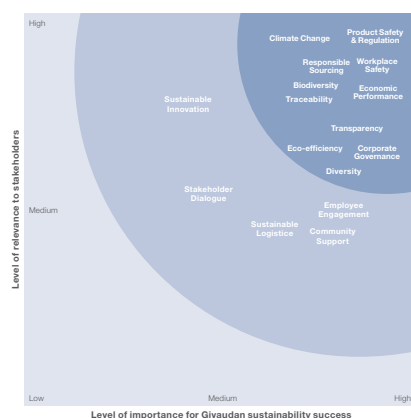
Click on each stakeholder to learn more

## Risks & materiality analysis

The prioritisation of the issues of highest material importance to us and our stakeholders is a critical component of our Sustainability Programme strategy. In 2011 we mapped out the key themes we understand our stakeholders to be most concerned about, as well as those that are considered most important to us on a Materiality Matrix. We reviewed the Matrix in 2012 and confirmed the same themes are still valid.

We use our Materiality Matrix, on an ongoing basis, to help prioritise our Sustainability Programme initiatives and the content of our Sustainability Report. It has also been an invaluable tool for focused dialogue with our internal and external stakeholders in 2012.

### Materiality matrix



(Click to zoom)

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



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



[www.sedexglobal.com](http://www.sedexglobal.com)



[www.nrsc.fr](http://www.nrsc.fr)



[www.cdproject.net](http://www.cdproject.net)



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



[www.greenpalm.org](http://www.greenpalm.org)



[www.rspo.org](http://www.rspo.org)



[www.aim-progress.com](http://www.aim-progress.com)

# Sustainability performance in 2012

## Our commitments



### Raw materials

#### Expand sustainable sourcing focusing on naturals

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



### Employees

#### Engage employees in sustainability thinking and practices

- Reduce incidents by strengthening the workplace environment, safety behaviour and awareness
- Implement local Green Teams which take local ownership of the Sustainability Programme and support local sustainability opportunities
- Embrace diversity throughout our organisation and create a diverse and inclusive workforce
- Work together with our local communities on projects and causes that benefit the communities within which we work



### Innovation & development

#### Continue to supply products which are safe for people and the environment

- Ensure Givaudan products are safe for people and the environment when used as intended
- Full regulatory compliance of all products
- Ensure our products are not persistent in the environment after their use
- Reduce animal testing and develop alternative test methods

#### Create superior products in a sustainable way

- Promote Health and Wellness through our products
- Do more with less, promoting innovative design based on concentrated quality and compacted fragrances



### Operations

#### Improve eco-efficiency of factory operations with a focus on greenhouse gas emissions, waste and water:

- Reduce our overall footprint against a 2009 baseline focusing on eco-efficiency for:
  - energy
  - carbon emissions
  - incinerated and land-filled waste
  - water



### Customers & markets

#### Foster customer partnerships to share responsibility through product lifecycle

- Engage with customers to develop new technologies for healthier and sustainable products

## Our KPIs

- 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 sustainable sourcing initiatives
- Develop third-party certification projects for raw materials
- Build 14 schools in Madagascar by 2014

- Conduct 'Zero is Possible' behavioural safety programme
- LTI rate below 0.1 by 2020
- 100% sites with Green Teams
- Increase the representation of females in our senior leadership positions
- Build partnerships with non-profit organisations and work on charitable themes: Blindness, Family Nutrition and Supporting Local Communities

- Fragrance Division compliance with European REACH registration requirements, as they become applicable, in 2010, 2013 and 2018
- Flavours Health and Wellness programme incremental sales target of CHF 100 million; incremental growth from 2009 to 2013

- Energy consumption: 20% reduction, per tonne of product, by 2020
- Water use: 15% reduction, per tonne of product, by 2020 (for municipal & 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

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

## Progress we have made

- 63 suppliers have been audited, and 106 suppliers joined Sedex, of which 71 have completed the Sedex Self Assessment Questionnaire
  - Co-organisation of AIM-PROGRESS Responsible Sourcing Forum in Singapore
  - Collaborative approach to secure the supply and heritage of French lavender
  - 11 schools built in Madagascar since our programme began
- See page 14

- SafeStart™ programme rolled out to 14 additional sites, 35 sites now trained
  - Our LTI (Lost Time Injury) rate reduced by 57% against our 2009 baseline
  - Further embedded and supported Green Teams
  - Launched approach to work life balance as part of diversity action plan
  - Continued support for charitable commitments
- See page 18

- Fragrance Division fully compliant with REACH. On track to deliver our 2013 registrations
  - New SAP-based global Regulatory Compliance Engine developed
  - On target to beat our forecast of CHF 100 million of incremental sales growth for health and wellness products
  - Completion of biodegradability screening of all our perfumery ingredients
  - KeratinoSens™ (in-vitro method of testing for skin sensitisation) in review for becoming industry standard
- See page 22

- Per tonne of product against 2009 baseline:
    - 11.5% reduction in energy consumption
    - 9.6% reduction in municipal and groundwater use
    - 16.6% reduction in direct and indirect CO<sub>2</sub> emissions
    - Our total weight of incinerated and land-filled waste decreased by 13.1%
- See page 26

- Extended sponsorship of the Cosmetic Executive Women (CEW) Eco Beauty Award to the UK
  - Co-hosted an AIM-PROGRESS responsible sourcing conference
  - All of our production sites are on Sedex
- See page 32



Our progress

## Raw materials

Responsibility in supply

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.

### Engaging suppliers to drive sustainability

As part of our evaluation process, we are encouraging our suppliers to join the Supplier Ethical Data Exchange (Sedex) platform. We have made good progress – 106 of our top suppliers have now signed up against our target of 200 by 2015.

To date, 63 audits have been carried out. We began asking our suppliers to take part in Sedex Members Ethical Trade Audits (SMETA) in 2012. These allow 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.

We are members of AIM-PROGRESS, an association of mainly consumer goods companies seeking to facilitate and promote responsible sourcing practices and sustainable production systems. Through this membership we are enhancing our supplier and customer partnerships to help create a more responsible supply chain. During 2012 we co-hosted a conference in Singapore sharing best practice with 100 representatives from fragrances, food and beverage suppliers and Fast Moving Consumer Goods (FMCG) manufacturers. (See also page 32 – Customers and markets).

84.9% of non-raw materials are purchased locally,  
26.2% of raw materials are sourced locally.



## Securing supply of lavender

Recent European climate change is thought to have accelerated the proliferation of an insect which spreads a bacteria threatening lavender production.

We have established a three-way relationship between ourselves, 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.

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.

Vice President of France Lavande, Alain Couston, said: "Lavender is a precious resource and we have to respect it. Beyond its fragrance, people love the breathtaking landscapes it creates and the memories it evokes, but few are aware that it is under threat. The Lavender Day held at Givaudan's Kleber offices in December was a great opportunity to share information between industry professionals, and discuss how we can combat the risk through the Givaudan/CRIEPPAM/France Lavande partnership. Our willingness to collaborate, share knowledge and make things happen is essential for the protection of lavender for the future."



### Quality guaranteed

We are expanding our commitment to ethical sourcing of ylang ylang via our exclusive partnership on the Island of Mohéli in the Comoros.

Buying agreed quantities directly from the island guarantees the farmers a market. In 2012 we increased our purchases of ylang ylang essential oil, produced using traditional techniques. To meet the firewood supply needed for our increasing demand, we are establishing new sources of wood and have been supporting a replanting programme since 2010.

"The production of ylang ylang essential oil is a real challenge. Constant monitoring is required, from the picking of the flower to the distillation process. It's also important that firewood is used efficiently so that, in the long term, we can produce the volumes of high-quality essential oil that our creation teams need."

**Eric Marinot, Givaudan Agronomist.**



## Raw materials

### Supporting fair trade and biodiversity in the Amazon

We reported on our ongoing partnership with Conservation International in our [2011 Sustainability Report](#). The conservation area in the Caura Basin in Venezuela is being expanded from 88,000 ha protected to 148,000 ha in the next few years. This will benefit four further indigenous communities, who will have access to international fair trade for tonka beans and copaiba balsam.

During 2012 the initial community supported through this agreement, the Aripao, have built a new warehouse, enabling them to properly dry and store harvested tonka beans. This improves the quality and allows them to sell at the best possible price.

“By building partnerships that bring real benefits to the community, our economic partners and to the biodiversity of the area, we can ensure that vital conservation activity is both enduring and sustainable in the long term.”

Juliette Crepin, Natural Product Engagement Manager, Conservation International.

### Making progress on palm oil

We are closely monitoring the availability of traceable palm oil and derivatives, and the commercial feasibility of using it in the future. We also continue to work with our suppliers to encourage them to use certified 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, and attended its General Assembly in Singapore in March 2012. Our ultimate objective is to obtain all of our palm oil derived ingredients from certified traceable sources once they become commercially available.

In 2012, we used [Green Palm certificates](#) to ‘Book & Claim’ 100% of our palm oil usage and undertook a Green Palm audit. The World Wide Fund for Nature (WWF) considers that there remains a need to offer ‘Book and Claim’, a certificate trading system endorsed by RSPO separate from the physical trade in palm oil, especially for products that use complex derivatives of palm oil.

As we mainly purchase fractions and derivatives of palm oil and palm kernel oil, this system enables us to buy certificates to support the production of Certified Sustainable Palm Oil.

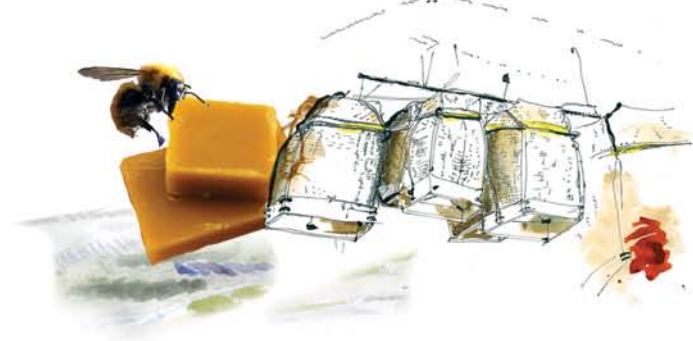
### Fragrance ingredients to support remote communities

Our successful ongoing partnership in Laos, from where we source benzoin, red ginger, cinnamon and beeswax, continues to offer our perfumers access to innovative natural ingredients, while providing additional income streams for local villagers.

“The ingredients sourced from Laos are very inspiring. Red ginger has an exciting ‘sparkling’ quality and the cinnamon a delicious spicy, deep warmth. The beeswax sourced from this area is very special too, with a rich floral note and creamy quality.”

**Shyamala Maisondieu, Fine Fragrance Perfumer, Givaudan.**





“By guaranteeing a fair price for the farmers’ entire vanilla crop and ensuring local farmers follow best practices for curing, we are securing the long-term supply of the highest quality vanilla.”

Leen Demeris, Global Demand and Supply Manager,  
Natural Concentrates, Givaudan

## Backing Fair Trade vetiver

In 2012, significant amounts of the vetiver oil we purchased from Haiti were certified Organic and Fair Trade by ECOCERT.

ECOCERT is an independent organic and fair trade certification company with the goal of supporting entire supply chains through certification of natural ingredients.

Laurent Lefebvre, Head of Fair Trade Department for ECOCERT Group, said:

“Despite the challenging conditions in Haiti, local people have continued to commit to build a fair and sustainable vetiver industry. The partnerships established locally with the producers touch every step of the process. The actors of the supply chain work together closely to find new business ventures, create job opportunities and improve the living conditions of producers and workers, while improving the quality of the product. It’s a real win:win situation.”



## Vanilla programme adds value

Now in its fourth year, our Ethical Vanilla Sourcing Programme continues to ensure a sustainable and traceable supply of high quality vanilla beans from Madagascar by supporting Malagasy vanilla farmers.

During 2012 we financed the creation of three new schools, bringing the total number developed through the programme to 11; we also supported infrastructure projects including a dam and irrigation construction and the installation of eight wells, providing clean water for more than 5,000 villagers.

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 schoolchildren and adults.

A case study about our Ethical Vanilla Sourcing Programme has been highlighted as part of the Raw Materials chapter in a Supplier Workbook. This was developed by Sedex and ethical supply chain consultancy Verité, an NGO specialising in ethical supply chain consultancy and training. It provides practical guidance that will help suppliers who want to take action to improve working standards and minimise their impact on the environment.





Photo: Coca Yang from Kidstrong

Our progress

## Employees

Passion with purpose

Without the support of our employees we could not turn our sustainability vision into reality. We want our employees to be empowered to contribute to an ever more sustainable society and feel proud of their achievements.

### Countdown to zero

We are continuing to make great progress towards our 2020 safety milestone of less than one Lost Time Injury (LTI) per 1,000 employees and our ultimate goal of zero LTIs\*.

In 2012 our performance improved by 57% against our 2009 baseline, currently positioning us one year ahead of the plan.

Our improvement plan, cascaded down to every location, is managed by each site's management committee and supported by our Environmental Health and Safety global network. This ensures everyone is involved and knows how they contribute to the overall success of our safety programme.

SafeStart™ training is instrumental to the success of our behavioural safety programme, 'Zero is possible'. We rolled this out to an additional 14 sites in 2012, bringing the total to 35 sites since 2010. We also extended it to our

Bogota commercial site in Colombia, demonstrating its versatility and suitability for all our activities. We plan to continue rolling it out to other commercial sites in 2013, continuously updating and sharing learning as we go.

\* LTI is according to the official Occupational Safety and Health Administration (OSHA) definition



HALLVARD BREMNES  
Head of Occupational Safety and EHS Services



Our Lost Time Injury Rate  
reduced by 57% against  
the baseline

## A balanced approach

We are fully committed to creating a diverse and inclusive workforce, as well as ensuring a welcoming environment where all employees can maximise their potential.

One of our main focus areas in 2012 was to define and communicate our approach to work-life balance.

We believe individuals perform at their best when they achieve a balance between work and other aspects of their lives. In March, we published a position statement, explaining and supporting our commitment to this.

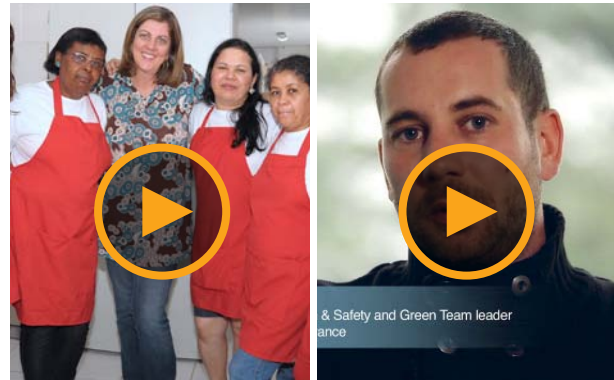
We ask our employees to manage this process and not view it solely as a company responsibility. Equally, we ask our managers and leaders to carefully evaluate employees' requests and to find solutions that are consistent with their interests and the needs of the business.

Our aim is to create an environment where employees facing a work-life balance challenge feel comfortable to discuss this with their manager and propose an effective solution.

Many sites already have a number of successful and varied activities in place, ranging from Health and Wellness programmes to schedule flexibility, which support our employees in achieving a balanced lifestyle.

### Green Teams go online

June 2012 saw the launch of Green Stream, a dedicated internal online community where site Green Teams can share ideas and advice. Discussion topics have included recycling, local sourcing of vegetables, and voting on whether or not our full Sustainability Report should appear in print or online. We also use it to raise awareness of wider issues and events, such as new research published by NGOs, and our own Green Team Awards.



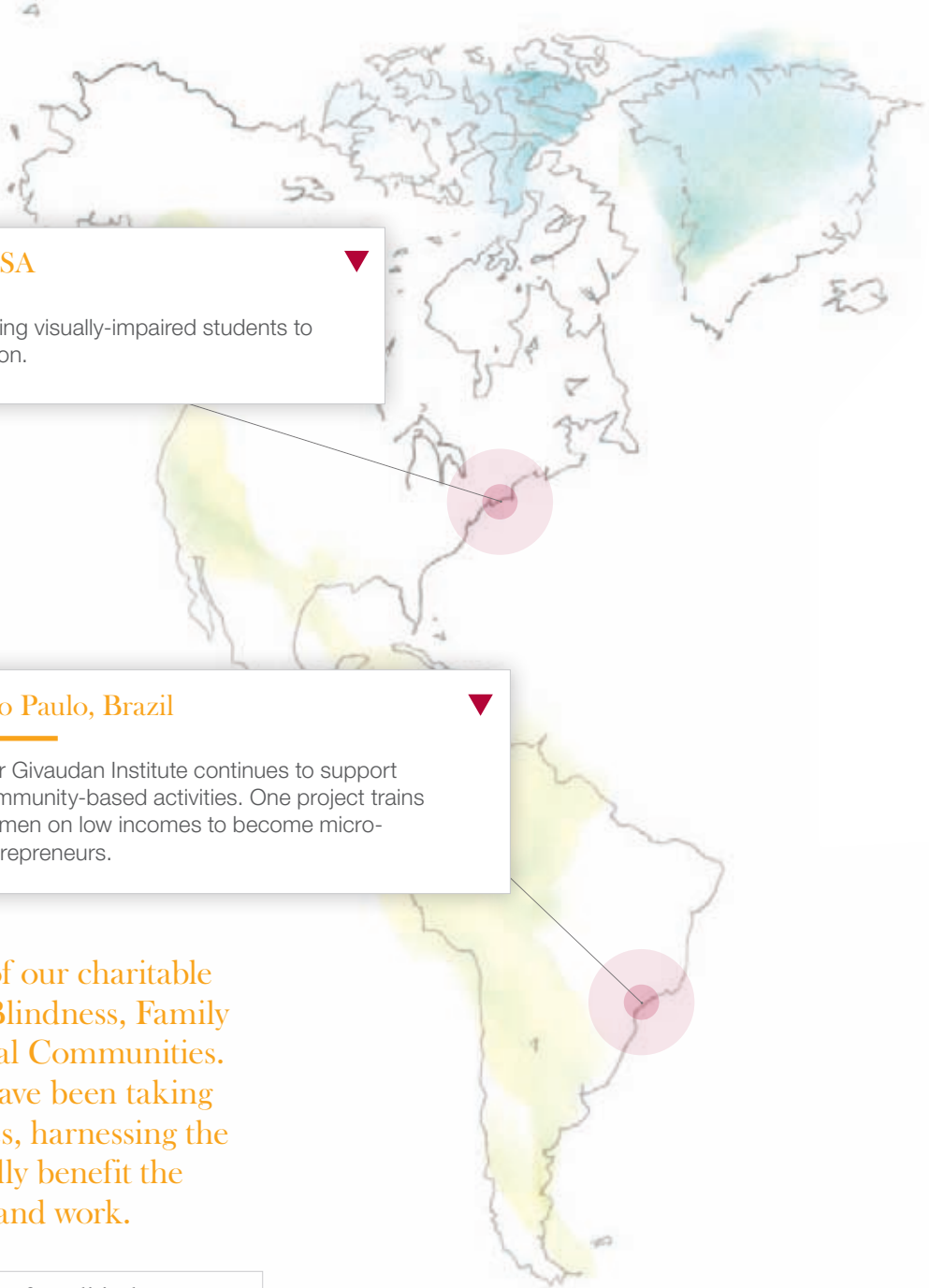
## Rewarding Green Team success

Our third annual Green Team Awards contest received a range of impressive entries from sites around the world. The Givaudan Executive Committee selected two winners in December.

Our Jaguare site in Brazil, for combining waste reduction with an entrepreneurial income generation project for women on low-incomes (featured on page 20) and our site in Argenteuil, France, for its support of National Sustainable Development Week.

Employees in France took part in a number of initiatives, including: a responsible consumption exhibition; a waste prevention contest; the inauguration of our own beehives; a stand for eco-driving simulation; a 'no car day', and were invited to sign up for regular deliveries of locally-sourced organic products. In addition to their trophy, the winning sites will each receive CHF 10,000 to spend on sustainability-related initiatives in 2013.

## Charity with real impact



### New York, USA

We are introducing visually-impaired students to fragrance creation.

### São Paulo, Brazil

Our Givaudan Institute continues to support community-based activities. One project trains women on low incomes to become micro-entrepreneurs.

In 2010 we defined the focus of our charitable commitments in three areas: **Blindness, Family Nutrition and Supporting Local Communities.** Many sites around the world have been taking action in support of our themes, harnessing the power of our employees to really benefit the communities in which we live and work.

No funds are used to benefit organisations of a political nature

### Ashford, UK

We have established a long-term partnership with the Kent Association for the Blind, to provide practical assistance to its blind and partially-sighted members.

### Shanghai, China

We have linked up with local NGO, Roots & Shoots, to support migrant children.

### Argenteuil, France and Vernier, Switzerland

Our employees are enjoying fresh produce while supporting the local community.

### Paris, France

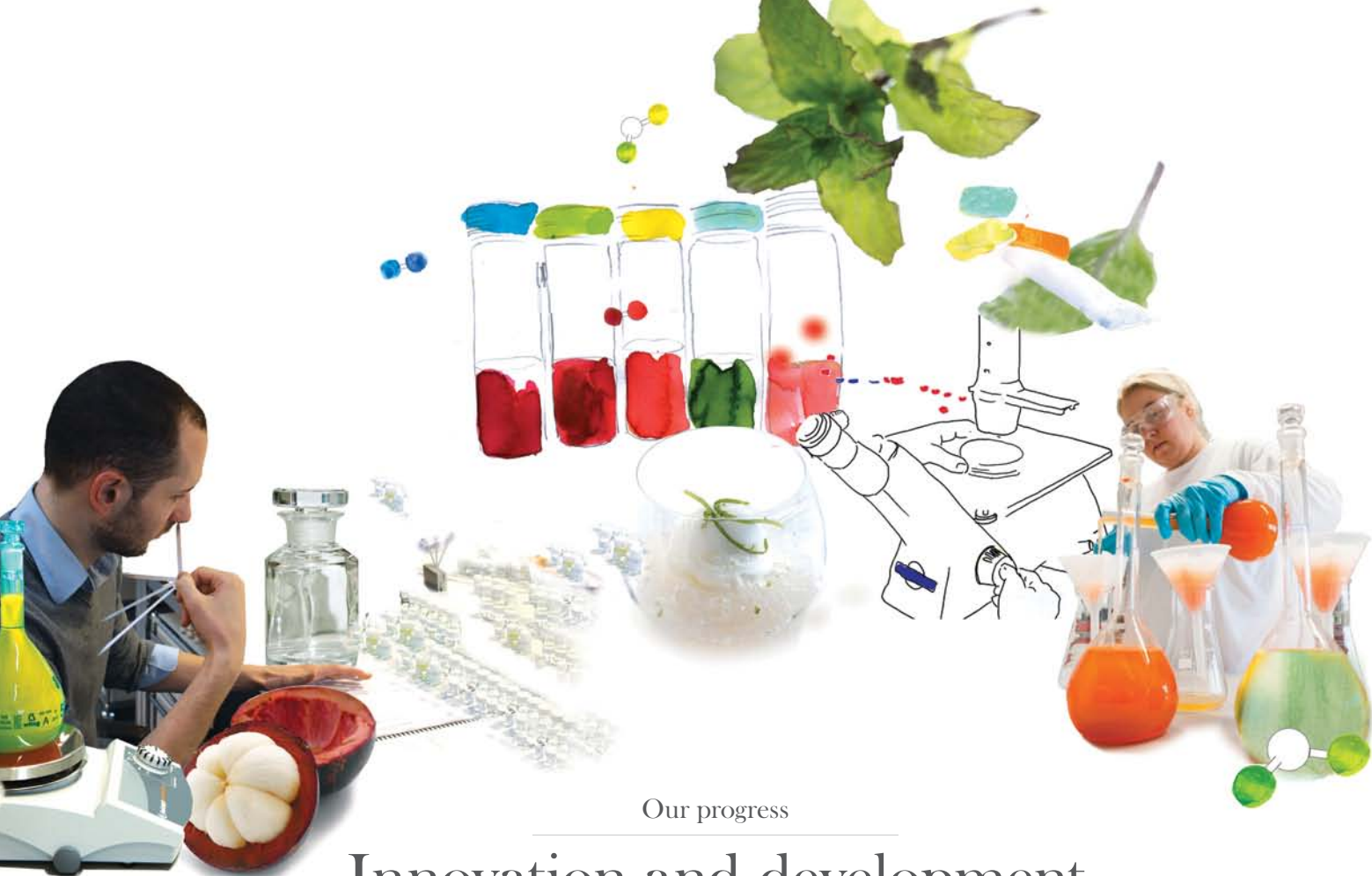
We are helping visually impaired people by creating scents depicting four works of art.

### Jigani, India

We are supporting a project to assist premature babies with abnormal blood vessel development in their eyes.

### Cimanggis, Indonesia

We financially supported the construction of a second Kids Health Centre.



Our progress

## Innovation and development

Delivering sustainable creations

With a long-term goal to have 100% of our new products ‘sustainable by design’, our innovation and development teams continued to strive to find solutions, new technologies and process improvements.

### Less is better for fragrance

Our fragrance development teams have been applying the creativity usually associated with the art of perfumery to our very modern concerns about how to make traditional products more sustainable.

Our fragrance compaction programme has become a strategic priority during 2012, as more concentrated products, sustainable packaging and natural themes continue to be a growing trend.

Creating fragrance with higher impact speciality materials can significantly reduce product volumes, reducing carbon

footprint overall through using fewer raw materials and requiring less packaging and transport. Some of these benefits are shared with our customers, others, such as freeing up valuable production capacity brings a direct benefit to Givaudan.

It all sounds simple. Compacted fragrances, however, need to deliver the same olfactive impact as traditional fragrance – so our perfumers must design them differently to produce smaller, more effective perfumes that are especially suitable for modern consumer product formats or which define the quality expected of fine fragrance.



## Embracing Green Chemistry

Green Chemistry techniques help prevent pollution at a molecular level by optimising the use of energy, materials and water in the design and manufacturing process. We have been actively applying Green Chemistry principles across our business in 2012.

Collectively, these activities will guide and move us towards our ultimate aspirations of greener processes, reduced emissions and an improved sustainability position.

Applying Green Chemistry techniques has allowed us to convert simple and renewable ingredients, such as sugar, into difficult-to-obtain molecules usually derived through botanical extracts. We are working to re-create these molecules in biological systems to secure a supply of natural flavour ingredients that are of consistent quality and predictable price, not bound by growing seasons, or reliant on a specific region or country, which may be hit by inclement weather or disease.

In Cincinnati, USA, a team headed by Gary Kleman, Senior Research Manager, has successfully developed and scaled up to production level, a viable natural process for making one of the most potent and popular aroma molecules in the food industry, Pyrika. For the first time Givaudan has a secure, commercially viable, natural process for making Pyrika.

Vaughn Litteral, Givaudan Research Scientist and Project Manager for the Pyrika Project, said: "The really exciting thing is that this project is just the beginning. Our technological niche fits perfectly with the markets' demand for natural products and Green Chemistry processes."

Our process research and operations teams in Barneveld, the Netherlands, have worked together to implement a solvent-free manufacturing process for a potent blackcurrant aroma chemical. The new process is more robust, reduces emissions of volatile organic compounds and waste, and doubles the throughput.

A team lead by Chris Newman, Senior Research Fellow, has been reviewing all of the chemistries used in the manufacture of our fragrance ingredients. This laborious task ensures that we have a good baseline picture from which to establish performance measures for our manufacturing processes.

Capitalising on data from our SAP/IT systems, we now have a much better knowledge of material consumption and waste generation for our manufactured ingredients. Such data is invaluable in helping us to target opportunities, enabling a much better understanding of the impact of portfolio changes on site waste generation and site environmental improvement targets.

State-of-the-art tools and automated technologies enable rapid parallel screening to identify performing catalysts within a fraction of the time required by traditional approaches. We have invested in developing a Catalysis team within our Science and Technology Process Research group in Dübendorf to identify and optimise these and ensure our processes are sustainable.



VAUGHN LITTERAL  
Research Scientist  
Givaudan Flavour Division USA



## Innovation and development

### Biodegradability of perfumery materials

A further 86 biodegradation tests were completed in our Ecotoxicological Laboratory in Vernier, Switzerland, during 2012, to deepen understanding of the biodegradability of fragrance materials, and to support our new molecules programme and REACH 2013 registrations. We have now completed the biodegradability screening of all our perfumery ingredients, including natural materials.

Alongside other contributors such as BASF and L'Oréal, our collaboration with Ovanes Mekenyan at the Prof. Assen Zlatarov University in Bulgaria continues to assist others with their own assessments of fragrance ingredient biodegradability, helping build further industry understanding of this complex and important topic. Since 2010, we have provided 110 biodegradation test results for the development of an alternative CATALOGIC biodegradation prediction model.

Georg Kreutzer, the manager of our laboratory in Vernier participated in the European Centre for Ecotoxicology and Toxicology of Chemicals (ECETOC) Workshop on 'Assessing Environmental Persistence'. Givaudan's work was referenced as part of the Research Institute for Fragrance Materials' assessment of natural materials and their behaviour in the environment, presented at the workshop. For more information about our work with ECETOC see page 10 (Engaging our stakeholders on the issues that matter).



### Expanding our in-vitro capabilities

As our KeratinoSens™ in-vitro skin sensitisation test is in the process of becoming an industry standard, we remain committed to developing, implementing and routinely using, alternatives to animal testing.

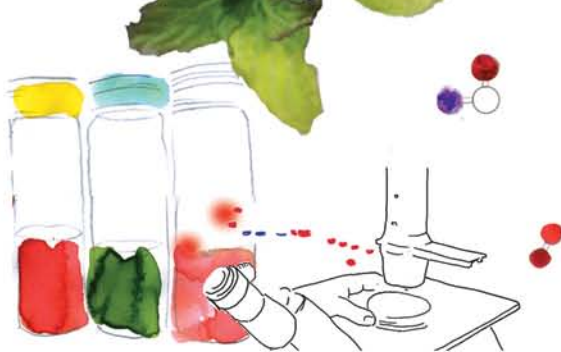
In 2012, we expanded our in-vitro capabilities to include methods for evaluating bioaccumulation potential of fragrance materials in fish. These have been proposed as an alternative to fish bioconcentration studies which require the use of large numbers of animals.

Using in-vitro methods enables the data required by regulatory agencies to be obtained by measuring the metabolic potential to eliminate a particular chemical. The results are used to refine computer model estimates for bioconcentration factors (BCF).

We use the in-vitro assay in our discovery programme for early screening of new fragrance ingredients and for REACH registration. Our ongoing studies aim to refine the methodology and improve the ability to predict bioaccumulation of fragrance materials in fish.



**DR. ANDREAS NATSCH**  
Givaudan Senior Scientist - Bioscience  
Research Fragrance Division



## Fresh breath with less flavour

Our Evercool™ System was launched in January 2012 and enables manufacturers to maintain effective consumer-perceived mouth freshness from lower oral care flavour dosage. The cooling sensation continues for up to three hours, without interfering with the taste of food. With less flavour required, the shipping and production impact associated with manufacture is also significantly reduced.

### Compliance engine comes online

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 new SAP-based global Regulatory Compliance Engine (RCE).

Our Fragrance RCE came online in 2012 and handles the complex product compliance evaluations required by authorities, customers and industry codes of conduct throughout the development process for fine fragrance and consumer products.

When launched in 2013, the Flavour Division's RCE will provide a best-in-class tool providing faster, more complete and better targeted information for our flavours' customers.

Our REACH (Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals) programme is on track to deliver our registrations in line with the phase-in deadlines in 2013. We are committed to delivering quality data and dossiers for its REACH registrations.

## Sweet tasting alternatives to sugar

To help our customers reduce sugar in their products, we have discovered and commercialised a range of tools to improve the taste of natural sweeteners, making products taste more like sugar.

Our sensory taste research has shown that there are a complex range of off-notes associated with natural sweeteners, not limited to bitterness. For example, Stevia also brings liquorice-like off-notes and the lingering sweetness that is characteristic for high intensity sweeteners; while luohanguo, or monk fruit, can give a strong fermented, fruity character that will be perceived as an off-taste in many applications. Our new masking tools help address these issues and we also made advancements in our new, natural TasteSolutions™ Sweetness tools for both sweetness and mouthfeel enhancement.





Our progress

## Operations

Driving operational excellence

Driving operational excellence lies at the heart of our business. We see it as our responsibility to produce flavours and fragrances without compromising the environment, health and well-being of our employees, or the communities in which we operate.

### Our operational performance:

(against a 2009 baseline)



CO<sub>2</sub> emissions

**-16.6%**

per tonne  
of production



Waste

**-13.1%**

Incinerated and land-  
filled waste per tonne  
of production



Water

**-9.6%**

Municipal and  
groundwater  
per tonne of production



Energy  
consumption

**-11.5%**

per tonne  
of production



Safety rate

**-57%**

Lost Time Injury Rate

[Click on each icon to reveal more information](#)



# -16.6%

CO<sub>2</sub> emission per tonne  
of production

## A strategic approach to eco-efficiency

Only by regularly measuring and tracking our environmental performance can we effectively address any negative impacts. In 2010 we introduced quarterly eco-efficiency reporting for all our manufacturing sites and we used the resulting wealth of data to set ambitious but realistic targets for 2020.

In 2012 our Eco Efficiency Leadership Team (EELT) encouraged local Green Teams and local site eco-efficiency management teams to develop site improvement plans and these are now in place at most sites. Our EELT also added consideration of the eco-efficiency of the planned investment as a new requirement in the Capital Expenditure process. In addition, our purchasing department continues its efforts to reduce our reliance on energy from fossil fuels and seeks to ensure new contracts for the delivery of electricity are green or greener.



## Reducing solvent waste

In a multi-product manufacturing site it is essential to rigorously clean production equipment between the manufacture of different products to avoid cross contamination and ensure the highest quality production. To minimise our environmental impact we have been working to reduce the amount of solvents used in the cleaning process.

At our Sant Celoni plant in Spain we have created processes which reuse and recycle solvents, whilst still cleaning effectively. As a result, staff at the site have reduced solvent use by 65% and improved the waste per tonne of production of the site by 5%.

Meanwhile, our team at Dortmund in Germany have created a closed loop recycling system for solvents used in the production process. As a result, all solvents are recirculated eliminating all hazardous waste. Only solvents used up need to be replenished, reducing new solvent use and its disposal by 39%.

### CDP

Our Carbon Disclosure Project (CDP) disclosure score was 70 out of 100 in 2012, which is 10 points more than the Swiss average score of 60. Our performance score of C (on a scale A-E) demonstrates that we regard the mitigation of risk of climate change as a critical issue for our business and that we manage our carbon impact through rigorous internal data management.



## Operations

### Carbon footprint of related activities

#### Product transport

With the help of the transport companies we use to ship products to our customers, we established the carbon footprint of our outbound transport.

In 2012 this figure was approximately 44,000 metric tonnes which is 4,600 less than in 2011. This figure includes transport by air, ship and road and a significant part of the reduction comes from fewer shipments by air. The reported footprint excludes shipments in APAC, LATAM, South Africa and Egypt as we were only partially successful in collecting carbon data from local suppliers in these regions, with several transport companies unable to produce meaningful figures.

We are looking at ways to reduce our reliance on air freight transport. All our supply chain managers are working with their teams to ensure air transport is used only when necessary. To augment this approach, in September 2012 we started closely monitoring all planned air shipments weighing over 1,000kg. In the first two months alone, our Flavours Division identified four shipments to be transferred to sea transport, making an additional saving of approximately 32,000 kg of CO<sub>2</sub> emissions.

Aytül Gökçe, Global Operations Supply Chain Business Analyst, Givaudan Flavours, said: “By monitoring stock transport orders daily we can quickly identify alternative transport options that satisfy customer needs. I am very optimistic that this approach will help us further decrease air freight shipments in future.”

#### Transport incidents

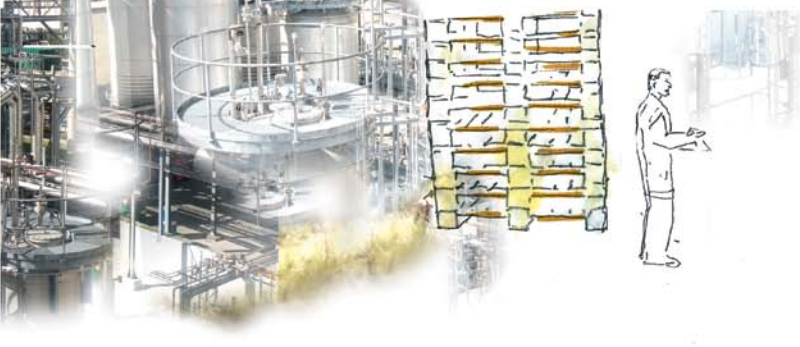
Eight small transport incidents have been reported via our external emergency response provider. All were minor, limited to minor leakages or spillages and none led to any negative environmental impact.

#### Travel

In 2012 employee air travel was responsible for approximately 12,000 metric tonnes of CO<sub>2</sub> emissions. This is the second year-on-year reduction (7% lower than 2011) and reflects an 8.5% reduction in flown miles. 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.

#### Employee commuting

After the successful pilot at our US sites, as described in our previous sustainability report, we conducted a global survey of employees' commuting habits. This was organised via our Green Teams and 54% of employees participated. Extrapolating the received data and using standard emission data per transport mode, the carbon footprint of commuting was estimated at 14,700 metric tonnes, equating to a world average of 1.56 metric tonnes per year per employee. Apart from raising awareness, the survey also resulted in a long list of suggestions to reduce this figure. These include introducing: electric charge points for vehicles, online portals for car sharing, cycle to work promotions and a Green Commuter of the Year award. We will evaluate these suggestions with a view to adopting the most effective.



## Packaging of finished product

Our SAP systems allow us to retrieve global data for the different types of packaging we use. Combining these data with standard carbon footprint information from our suppliers enabled us to estimate that our total footprint for 2012 packaging activities was 50,500 metric tonnes of CO<sub>2</sub>.

## Other emissions

We monitor emissions of NO<sub>x</sub>, SO<sub>2</sub> and Volatile Organic Compounds (VOC) arising both in relation to our use of primary energy sources and relating to our production activities. Our emissions of NO<sub>x</sub> and SO<sub>2</sub> per tonne of production have decreased by 13.7% and 9.7%, respectively since 2009. Our reported SO<sub>2</sub> emission relates almost completely to one location which is still using sulphur containing heavy fuel oil as its main energy source.

VOC data have been collected and aggregated from sites which have a regulatory reporting requirement using national reporting guidance. The total quantity of VOC emitted for these sites was 370.6 metric tonnes (against 431.7 metric tonnes in 2011).

## Environmental expenditure

Measuring environmental mitigation and protection expenditure allows us to assess the efficiency of our initiatives. For the second year we systematically recorded our expenditure and calculated the total spend in 2012 was CHF 32.8 million across all manufacturing sites. This can be broken down as follows:

- Approximately CHF 3.4 million for prevention and environmental management costs.
- Approximately CHF 29.4 million for waste disposal, emission treatment and remediation costs.

## Site remediation/one-off waste

We recognise that our environmental responsibilities extend beyond the operational life of our sites. Our commitment to site remediation encompasses full compliance with applicable regulations and ensures that land, and sometimes property, can be reused safely and beneficially in future. In 2012 we continued our groundwater remediation at Naarden in the Netherlands with groundwater abstracted from three boreholes. Approximately 41,000m<sup>3</sup> of groundwater was subsequently treated in the on-site waste water treatment plant.

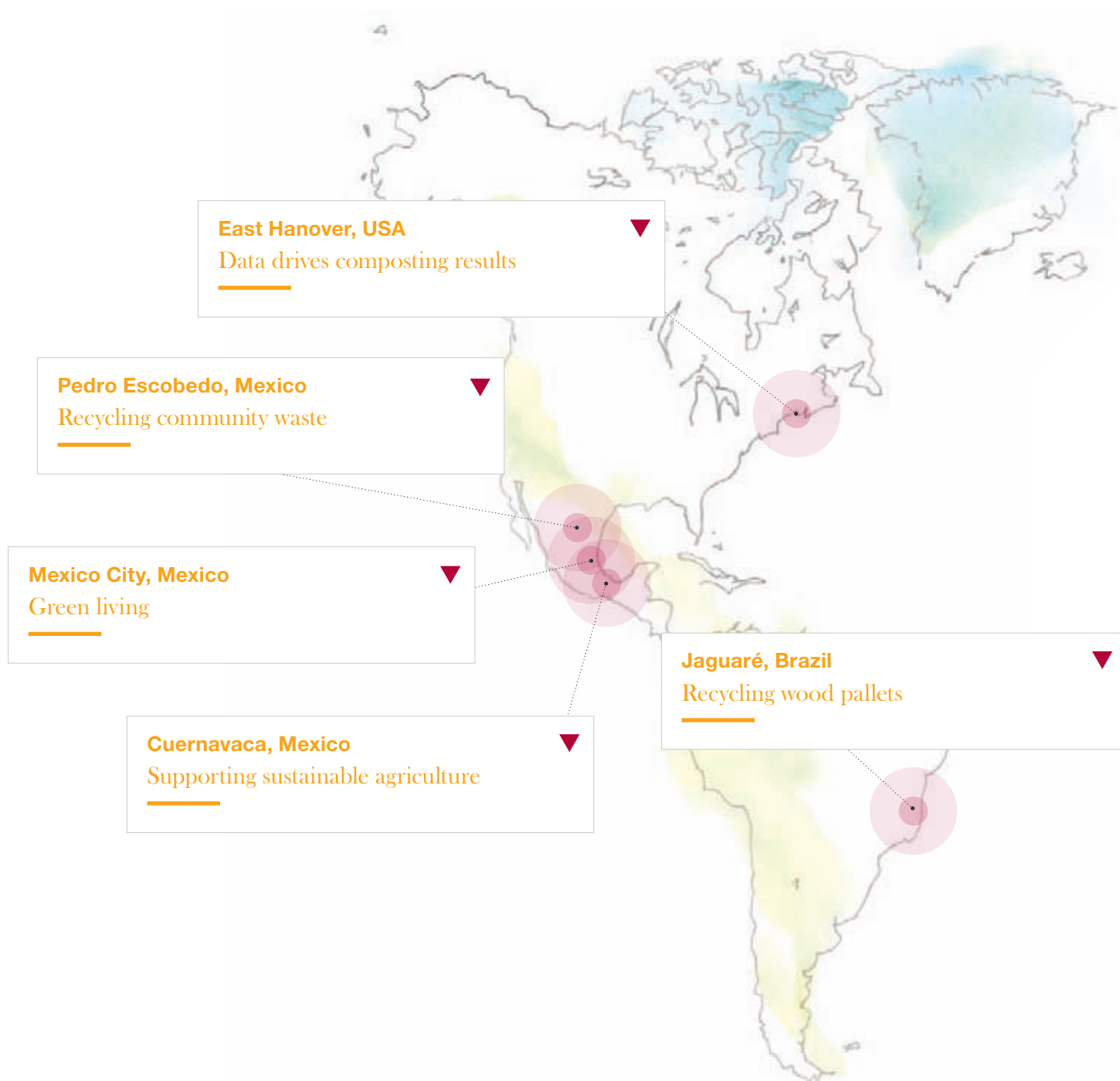
Work also continued to remove a lagoon at our manufacturing location in Perdo Escobedo, Mexico. The lagoon, which had previously used for disposing of cleaning salts, was cleaned resulting in 9,445 tonnes of salt being removed and transported to a landfill facility.

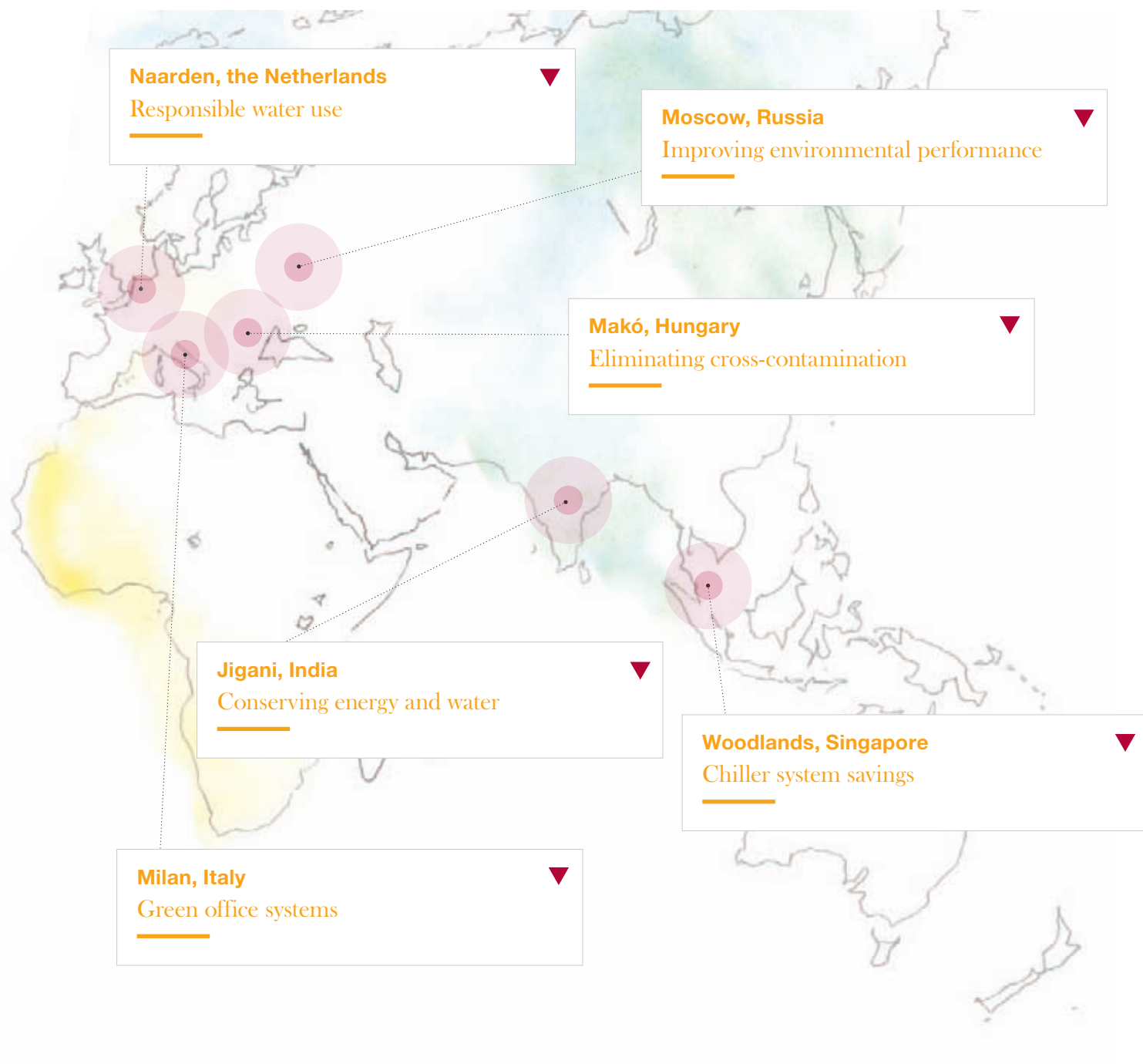
In addition to the above one-off waste streams, we keep a separate record of waste not related to the daily, normal operational activities; which we classify as 'one-off waste'. Examples in the context of one-off waste are demolition waste or debris coming from construction activities. In 2012 we recorded 850 tonnes of this kind of waste.

### One-off waste streams

| Type of material                         | Destination  | Quantity     | Location                |
|------------------------------------------|--------------|--------------|-------------------------|
| Salts                                    | Land filling | 9,445 tonnes | Pedro Escobedo (Mexico) |
| Construction debris/<br>demolition waste | Recycling    | 850 tonnes   | Several sites           |

## Driving operational excellence







Our progress

## Customers and markets

Product impact

Partnerships with our customers allow us to build internal and external knowledge and take action together to meet our shared sustainability challenges across the full lifecycle of products.

### A powerful solution for emerging markets

Powdered soft drinks (PSDs) often include vitamins and nutrients, which make them an effective way to improve health and nutrition in emerging markets. As water is added by the consumer, PSDs also offer a sustainable transport solution for markets that do not always have the transport infrastructure for bulky ready-to-drink products.

In 2012 we continued to invest in our technical tools and consumer understanding to support customers developing locally-relevant PSDs. We are helping manufacturers reduce sugar and mask the off-notes created when

functional ingredients are added to PSDs. We do this by applying our TasteSolutions™ tools to create flavours which reflect regional preferences.

Orange is the most popular flavour, used in approximately 40% of PSDs. However, consumer preferences vary, in Brazil, for example, consumers want to taste the pulpiness of fresh juice, whilst in Indonesia the preference is for juiciness and sweetness.

Globally, we have profiled over 180 PSD market products in 23 countries with particular focus on Asia and Latin America, where 70% of the world's PSD is consumed. Orange is our key area of focus but we have also profiled other local favourites, for example hibiscus flavoured products in Mexico.



## Understanding culinary cultures

Economic uncertainty and growing consumer understanding of nutrition have affected the way people are thinking about food, creating a resurgence of home cooking and local traditions in the western cultures. Conversely, urban prosperity and more women entering the workforce in developing markets are driving more consumers to demand convenience foods and convenient ways to prepare foods.

Consumers demand that food should deliver value for money, be healthy, tasty and provide a great eating experience.

Oana Ocico, our Global Marketing Head Savoury, said: “Flavour technology can help our customers deliver against all these consumer agendas. It enables the development of delicious tasting foods with less fat, sugar and salt and delivers great flavours even when there is a need to add nutritional or functional ingredients.

“Understanding local culinary cultures also helps us deliver the exotic, traditional and local flavours consumers desire. People want food to taste authentic and that means tapping into very local preferences. Indonesian food should taste recognisably Sumatran or Javanese, for example, not ‘generically Indonesian’.”

In 2012, we continued to explore local preferences by conducting a CulinaryTrek™ in China looking at beef noodles. Our flavourists tasted many varieties of different dishes and gained further scientific understanding of the processes and reactions involved in creating the food. This knowledge can be translated into appealing flavours that can help manufacturers deliver healthy products that also taste great.



### Ethical awards success

In 2012, cosmetics company, Lush, launched a joint awards programme with Ethical Consumer magazine. Designed to bring forward the date when ingredients for cosmetics and household products are no longer tested on animals, they attracted more than 30 entries from 15 countries. We were shortlisted for the Science prize, for our work on the development of the KeratinoSens™ skin sensitisation test, alongside internationally-renowned organisations such as the Center for Alternatives to Animal Testing, USA, and the Joint Research Centre, at the European Commission’s Institute for Health and Consumer Protection.



## Customers and markets

### Customer partnerships

As part of our commitment to work with customers to share responsibility for sustainability through the product lifecycle, in 2012 we signed agreements with two key customers in Brazil.

These agreements follow the principles of the GreenHouse Gas Protocol (GHG Protocol), the international accounting tool used to understand, quantify, and manage greenhouse gas emissions. In Brazil this forms a public record of company commitments.

We have agreed targets in Brazil such as reductions in water and energy usage, waste and CO<sub>2</sub> emissions. We also committed to a range of training, education, and social responsibility investments including a special focus on Sedex adherence.

All of our production sites are on Sedex. Our Self-Assessment Questionnaires were renewed in 2012.

### Rewarding eco beauty

We continue to support the CEW Eco Beauty Awards in the USA and extended this by launching an award in the UK in 2012. Our sponsorship of this award is to encourage sustainability to be considered by companies in the beauty and cosmetics industry and to recognise those companies who are taking significant steps. Weleda Pomegranate Firming Facial Care range won the CEW UK Eco Beauty Awards and Neutrogena Purifying Facial Cleanser won the CEW Eco Beauty Award in the USA. The winners demonstrate that taking an environmentally sound approach is possible without compromising product appeal or efficacy.



### Talking flavour sense

In 2012 we launched our latest global flavour language, SenseIt™ Mouthfeel, to help customers who want to reduce fat in their products. Crossing cultural and language barriers, this unique tool enables an effective link between consumer desire, product quality, and flavourists' creations.

The new language follows the success of SenseIt™ Salt and SenseIt™ Sweetness launched in 2010 and 2011 respectively. The three languages enable us to develop effective flavour solutions helping customers use less fat, sugar and salt whilst creating great-tasting and cost-effective products.



We answered more than 250 sustainability-specific customer queries in 2012



## Sharing best practice in responsible sourcing

We are a member of AIM-PROGRESS, an association of 32 consumer goods companies seeking to enable and promote responsible sourcing practices and sustainable production systems.

In 2012, we co-hosted an AIM-PROGRESS responsible sourcing conference to promote responsible sourcing standards. The conference was attended by approximately 100 representatives from fragrances, food and beverage suppliers and FMCG manufacturers. Speaking alongside major players from the food industry was our keynote speaker Balaji Padmanabhan, Head of Operations, APAC. (See also page 14 – Raw materials).



## Optimising mouthfeel

Using the advanced technologies of our TasteSolutions™ Mouthfeel programme, launched in February 2012, we are creating complete mouthfeel solutions for low-calorie applications in both dairy and sweet goods.

“A successful reduced-calorie product depends on rebalancing and optimising mouthfeel, taste and aroma correctly” said Esther van Ommeren, Senior Flavourist. “Whether our customer’s product strategy relates to Health and Wellness, cost, or indulgence, our investment in mouthfeel technology can help.”

# Operating in a sound and ethical manner

Givaudan's corporate governance system is aligned with international standards and practices to ensure proper checks and balances and to safeguard the effective functioning of the governing bodies of the company.

 **Details of the system** are published on our company website: [www.givaudan.com/OurCompany/CorporateGovernance](http://www.givaudan.com/OurCompany/CorporateGovernance)

## Governance of our codes

The Principles of Business Conduct of Givaudan underline our commitment to create an environment where trust and confidence in the ethics of our endeavours are assured, providing value to our customers, shareholders and other stakeholders.

 **For more information:** [www.givaudan.com/OurCompany/CorporateGovernance/RulesandPolicies](http://www.givaudan.com/OurCompany/CorporateGovernance/RulesandPolicies).

The Executive Committee, led by our Chief Executive Officer, is responsible for implementation of the codes, supported by the corporate compliance organisation.

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:** [http://www.givaudan.com/staticweb/StaticFiles/GivaudanCom/Sustainability/Documents/Giv\\_childLabourHumanTraffickingSlavery.pdf](http://www.givaudan.com/staticweb/StaticFiles/GivaudanCom/Sustainability/Documents/Giv_childLabourHumanTraffickingSlavery.pdf)

## Sustainability management

The Givaudan Sustainability Programme is under the overall control of our Board of Directors. Its strategy, policy and organisational structure are set by our Executive Committee. The Executive Committee also appoints one of its members as the Sponsor for the Givaudan Sustainability Programme (the Sustainability Chair).

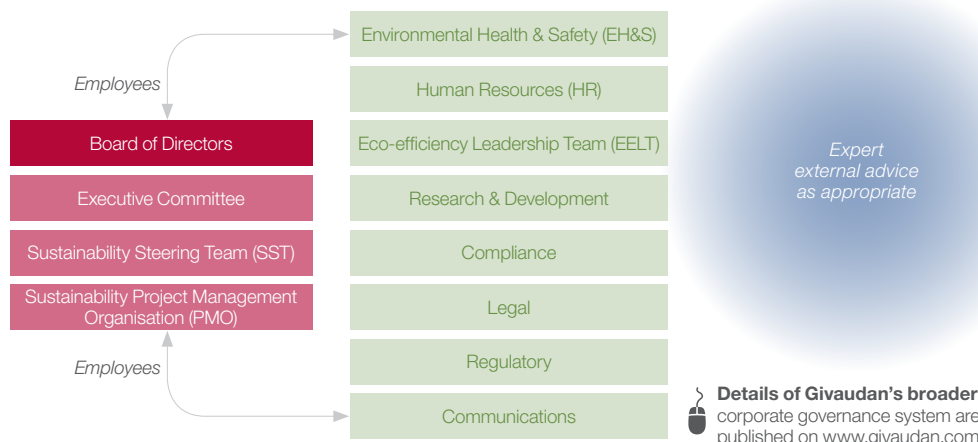
Delivery of the Givaudan Sustainability Programme is supported by a Sustainability Steering Team (SST), led by the Sustainability Chair and whose members are drawn from all areas of the Company.

The Givaudan Sustainability Programme further benefits from coordination by an internal Sustainability Programme Management Organisation (PMO), comprised of corporate responsibility and sustainability specialists who guide the development and implementation of related initiatives.

Alignment between our SST and PMO teams is achieved through sponsorship and ultimate reporting into the Sustainability Chair.

The sustainability framework is supported by specialist teams within Givaudan, such as Environmental Health & Safety (EH&S), Human Resources (HR), Eco-efficiency, Research & Development, Compliance, Legal, Communications and Regulatory. These teams also obtain expert external advice as appropriate.

 **More information** on our sustainability key principles and the GRI index DMAs sections can be found at [www.givaudan.com](http://www.givaudan.com)



# Performance data: Social indicators

## Worldwide employees\*

### By employment type

| Count of HC female          | Permanent    | Temporary  | Total        |
|-----------------------------|--------------|------------|--------------|
| Asia Pacific                | 872          | 11         | 883          |
| Europe, Middle East, Africa | 1,412        | 128        | 1,540        |
| Latin America               | 400          | 1          | 401          |
| North America               | 690          | 3          | 693          |
| <b>Total</b>                | <b>3,374</b> | <b>143</b> | <b>3,517</b> |

| Count of HC male            | Permanent    | Temporary | Total        |
|-----------------------------|--------------|-----------|--------------|
| Asia Pacific                | 1,119        | 2         | 1,121        |
| Europe, Middle East, Africa | 2,849        | 52        | 2,901        |
| Latin America               | 726          | –         | 726          |
| North America               | 1,169        | –         | 1,169        |
| <b>Total</b>                | <b>5,863</b> | <b>54</b> | <b>5,917</b> |

## Turnover\*\*

### Employment contracts initiated

| Region                      | Age range <30 | Age range 30-50 | Age range >50 | Total        |
|-----------------------------|---------------|-----------------|---------------|--------------|
| Asia Pacific                | 116           | 139             | 4             | 259          |
| Europe, Middle East, Africa | 218           | 236             | 8             | 462          |
| Latin America               | 139           | 99              | 3             | 241          |
| North America               | 86            | 135             | 20            | 241          |
| <b>Total</b>                | <b>559</b>    | <b>609</b>      | <b>35</b>     | <b>1,203</b> |

|              | Hires        |
|--------------|--------------|
| Female       | 467          |
| Male         | 736          |
| <b>Total</b> | <b>1,203</b> |

### Employment contracts terminated

| Region                      | Age range <30 | Age range 30-50 | Age range >50 | Total      |
|-----------------------------|---------------|-----------------|---------------|------------|
| Asia Pacific                | 43            | 128             | 16            | 187        |
| Europe, Middle East, Africa | 80            | 248             | 104           | 432        |
| Latin America               | 49            | 100             | 11            | 160        |
| North America               | 36            | 113             | 69            | 218        |
| <b>Total</b>                | <b>208</b>    | <b>589</b>      | <b>200</b>    | <b>997</b> |

|              | CL         |
|--------------|------------|
| Female       | 415        |
| Male         | 582        |
| <b>Total</b> | <b>997</b> |

\* Based on headcount (HC) and not as Full-Time Equivalent (FTE).

\*\* The Turnover rate considers Givaudan employees with their work contract ended (voluntary or involuntary) during the reporting period.

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

### By employment contract

| Count of HC female          | Permanent    | Temporary | Total        |
|-----------------------------|--------------|-----------|--------------|
| Asia Pacific                | 861          | 22        | 883          |
| Europe, Middle East, Africa | 1,487        | 53        | 1,540        |
| Latin America               | 398          | 3         | 401          |
| North America               | 693          | –         | 693          |
| <b>Total</b>                | <b>3,439</b> | <b>78</b> | <b>3,517</b> |

| Count of HC male            | Permanent    | Temporary  | Total        |
|-----------------------------|--------------|------------|--------------|
| Asia Pacific                | 1,092        | 29         | 1,121        |
| Europe, Middle East, Africa | 2,794        | 107        | 2,901        |
| Latin America               | 716          | 10         | 726          |
| North America               | 1,169        | –          | 1,169        |
| <b>Total</b>                | <b>5,771</b> | <b>146</b> | <b>5,917</b> |

### Contract initiated/ended same period

| Region                      | Age range <30 | Age range 30-50 | Age range >50 | Total      |
|-----------------------------|---------------|-----------------|---------------|------------|
| Asia Pacific                | 13            | 14              | –             | 27         |
| Europe, Middle East, Africa | 18            | 25              | 2             | 45         |
| Latin America               | 9             | 4               | –             | 13         |
| North America               | 9             | 10              | 1             | 20         |
| <b>Total</b>                | <b>49</b>     | <b>53</b>       | <b>3</b>      | <b>105</b> |

|              | H&CL       |
|--------------|------------|
| Female       | 33         |
| Male         | 72         |
| <b>Total</b> | <b>105</b> |

## Turnover\*\*\*

### Turnover rate (Company leavers/Total HC)

| Region                      | Age range <30 | Age range 30-50 | Age range >50 | Total        |
|-----------------------------|---------------|-----------------|---------------|--------------|
| Asia Pacific                | 11.6%         | 8.9%            | 8.3%          | 9.3%         |
| Europe, Middle East, Africa | 14.4%         | 8.6%            | 10.3%         | 9.7%         |
| Latin America               | 17.9%         | 13.2%           | 11.3%         | 14.2%        |
| North America               | 17.9%         | 10.5%           | 11.8%         | 11.7%        |
| <b>Total</b>                | <b>14.8%</b>  | <b>9.6%</b>     | <b>10.6%</b>  | <b>10.6%</b> |

|              | Turnover rate |
|--------------|---------------|
| Female       | 11.8%         |
| Male         | 9.8%          |
| <b>Total</b> | <b>10.6%</b>  |

## People covered by collective agreements

| HC  | Collective Agreement in % |
|-----|---------------------------|
| Yes | 30.8%                     |
| No  | 69.2%                     |

## People receiving performance and career development reviews

|        | HC in% of total HC |
|--------|--------------------|
| Female | 32.4%              |
| Male   | 25.6%              |

[This percentage represents the total number of employees on the Givaudan corporate incentive programme. As part of their participation in this programme, they receive a formal assessment of measures and targets. The percentages shown here are calculated per gender as a division of the sum of all Givaudan employees.]

## Employees' categories and composition of governance bodies

| Job level          | Male       |              |              | Female     |              |            | Total        |
|--------------------|------------|--------------|--------------|------------|--------------|------------|--------------|
|                    | <30        | 30 – 50      | >50          | <30        | 30 – 50      | >50        |              |
| Senior Management  | –          | 66           | 55           | –          | 11           | 12         | 144          |
| Middle Management  | 37         | 968          | 332          | 46         | 928          | 138        | 2,449        |
| Associates         | 741        | 2,727        | 991          | 578        | 1,447        | 357        | 6,841        |
| <b>Grand Total</b> | <b>778</b> | <b>3,761</b> | <b>1,378</b> | <b>624</b> | <b>2,386</b> | <b>507</b> | <b>9,434</b> |

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

|        | LB/Board | in %  | <30  | 30 – 50 | >50   |
|--------|----------|-------|------|---------|-------|
| Female | 2        | 15.4% | 0.0% | 7.7%    | 7.7%  |
| Male   | 11       | 84.6% | 0.0% | 7.7%    | 76.9% |

## Injury data

|                                        | 2009       | 2011       | 2012           | Change 2009–2012 |
|----------------------------------------|------------|------------|----------------|------------------|
| Fatalities                             | 0          | 0          | 0              | –                |
| Number of LTIs                         | 79         | 48         | 36             | –                |
| LTI rate                               | 1.03       | 0.57       | 0.44           | -57%             |
| Lost day rate**                        | N/A        | 7.73       | 9.94           | –                |
| Number of Restricted Work Cases (RWC)  | 28         | 37         | 19             | –                |
| Number of Medical Treatment (MT)       | 28         | 34         | 27             | –                |
| Number of Total Recordable Cases (TRC) | 135        | 119        | 82             | –                |
| Total Recordable Case Rate***          | 1.76       | 1.41       | 0.99           | -43%             |
| Number of lost days                    | N/A        | 650        | 819*           | –                |
| Number of hours worked                 | 15,341,093 | 16,822,092 | 16,485,046**** | –                |
| Absenteeism                            | N/A        | 2.84%      | 2.90%          | –                |

## Total Recordable Cases

(by region and gender)

| Region                      | Number of TRCs Male | Number of TRCs Female |
|-----------------------------|---------------------|-----------------------|
| Asia Pacific                | 8                   | 2                     |
| Europe, Middle East, Africa | 28                  | 2                     |
| Latin America               | 6                   | 2                     |
| North America               | 30                  | 4                     |
| <b>Total</b>                | <b>72</b>           | <b>10</b>             |

## Absenteeism – LTI Rate – Lost Day Rate

(by region)

| Region                      | LTIR | L Day Rate | Absenteeism***** |
|-----------------------------|------|------------|------------------|
| Asia Pacific                | 0.31 | 17.41      | 1.46%            |
| Europe, Middle East, Africa | 0.55 | 6.94       | 3.38%            |
| Latin America               | 0.35 | 15.89      | 2.60%            |
| North America               | 0.37 | 5.29       | 3.28%            |
| <b>Total</b>                |      |            | <b>2.90%</b>     |

\* Includes 184 days carried over from 2011

\*\* Number of lost workdays 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

\*\*\*\* 9.4% of these represent external contractors for whom the company is liable

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

# Performance data: Environmental indicators

| Key performance Indicators                                                              |                                                    | 2009 <sup>†</sup> | 2012      | Change 2009<br>corrected v 2012 |
|-----------------------------------------------------------------------------------------|----------------------------------------------------|-------------------|-----------|---------------------------------|
| <b>Energy (GJ)</b>                                                                      | Direct energy (from primary sources*)              | 1,632,591         | 1,680,483 | 2.93%                           |
|                                                                                         | Indirect energy: purchased electricity & steam     | 897,286           | 963,320   | 7.36%                           |
|                                                                                         | Total energy                                       | 2,529,877         | 2,643,803 | 4.50%                           |
| <b>Energy efficiency (GJ/tonnes of production)</b>                                      |                                                    |                   |           |                                 |
|                                                                                         | Direct energy efficiency                           | 5.31              | 4.62      | -12.86%                         |
|                                                                                         | Indirect energy efficiency                         | 2.92              | 2.65      | -9.11%                          |
|                                                                                         | Total energy                                       | 8.22              | 7.28      | -11.53%                         |
| <b>CO<sub>2</sub> emissions (tonnes)***</b>                                             | Scope 1: from direct energy sources                | 102,468           | 102,189   | -0.27%                          |
|                                                                                         | Scope 2: from indirect energy sources              | 113,399           | 110,461   | -2.59%                          |
|                                                                                         | Total CO <sub>2</sub> emissions                    | 215,867           | 212,650   | -1.49%                          |
| <b>CO<sub>2</sub> emissions efficiency (tonnes CO<sub>2</sub>/tonnes of production)</b> |                                                    |                   |           |                                 |
|                                                                                         | Scope 1: from direct energy sources                | 0.33              | 0.28      | -15.57%                         |
|                                                                                         | Scope 2: from indirect energy sources              | 0.37              | 0.30      | -17.53%                         |
|                                                                                         | Total CO <sub>2</sub> emissions                    | 0.70              | 0.59      | -16.60%                         |
| <b>Waste (tonnes)</b>                                                                   |                                                    |                   |           |                                 |
| <b>Hazardous waste</b>                                                                  | Incinerated                                        | 14,729            | 16,047    | 8.95%                           |
|                                                                                         | Land-filled                                        | 728               | 278       | -61.81%                         |
|                                                                                         | Recycled                                           | 3,062             | 4,977     | 62.54%                          |
|                                                                                         | Total hazardous waste                              | 18,519            | 21,302    | 15.03%                          |
| <b>Non-hazardous waste</b>                                                              | Incinerated                                        | 3,286             | 3,235     | -1.55%                          |
|                                                                                         | Land-filled                                        | 6,623             | 6,487     | -2.05%                          |
|                                                                                         | Recycled                                           | 15,962            | 24,941    | 56.25%                          |
|                                                                                         | Total non-hazardous waste                          | 25,871            | 34,663    | 33.98%                          |
| <b>Total incinerated &amp; land-filled waste (HZ &amp; NHZ)</b>                         |                                                    | 25,366            | 26,047    | 2.68%                           |
| <b>Waste efficiency* (tonnes of waste/tonnes of production)</b>                         |                                                    | 0.08              | 0.07      | -13.07%                         |
| <b>Water intake (m<sup>3</sup>)</b>                                                     | Municipal water                                    | 2,286,999         | 2,513,293 | 9.89%                           |
|                                                                                         | Groundwater                                        | 1,070,613         | 1,073,851 | 0.30%                           |
|                                                                                         | Municipal & groundwater                            | 3,357,612         | 3,587,144 | 6.84%                           |
|                                                                                         | Surface water                                      | 7,432,649         | 5,095,310 | -31.45%                         |
|                                                                                         | Total water**                                      | 10,790,261        | 8,682,454 | -19.53%                         |
| <b>Water efficiency<sup>°</sup> (m<sup>3</sup>/tonnes of production)</b>                |                                                    | 10.91             | 9.87      | -9.55%                          |
| <b>Water discharge (m<sup>3</sup>)</b>                                                  | To the environment w/o biological treatment        | 7,513,427         | 5,025,935 | -33.11%                         |
|                                                                                         | To the environment after biological treatment      | 1,846,091         | 1,824,272 | -1.18%                          |
|                                                                                         | To external treatment facility w/o pre-treatment   | 271,213           | 362,086   | 33.51%                          |
|                                                                                         | To external treatment facility after pre-treatment | 1,365,601         | 1,546,259 | 13.23%                          |
|                                                                                         | Total discharged water                             | 10,996,332        | 8,758,552 | -20.35%                         |
| <b>Other data</b>                                                                       | Nitrogen oxides – NO <sub>x</sub> tonnes****       | 104.7             | 106.7     | 1.91%                           |
|                                                                                         | Sulphur dioxide – SO <sub>2</sub> tonnes           | 360.7             | 384.6     | 6.63%                           |
|                                                                                         | VOC (tonnes)                                       |                   | 370.6     |                                 |
|                                                                                         | CFC inventory (kg)                                 | 15,713            | 10,585    | -32.64%                         |
|                                                                                         | CFC 11 equivalent inventory (kg)                   |                   | 641       |                                 |
|                                                                                         | CFC loss-replacement (kg)                          | 1,393             | 1,080     | -22.47%                         |
|                                                                                         | CFC 11 equivalent loss/replacement (kg)            |                   | 81        |                                 |
| <b>Production (tonnes)</b>                                                              | Production quantities                              | 307,619           | 363,157   | 18.05%                          |

<sup>†</sup> Restated data see page 40.

\* Includes natural gas, light fuel, heavy fuel, liquid petroleum gas, town gas, diesel and gasoline

\*\* Includes sanitary, cooling and process water

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

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

+ Includes incinerated & land-filled waste (HZ & NHZ)

° Includes municipal and groundwater

## Data measurement techniques and the basis of calculations

We replaced our data collection system, Enablon, with BlueSuite at the start of 2012. It 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.

## Re-statement of information provided in last year's Report about 2009 data

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 2011 Sustainability Report. With few exceptions, the corrections are minor, and for the eco-parameters for which targets are set, less than 1%.

The energy correction includes several small data corrections and one significant change to take into account a total review of all energy use at one location which resulted in a 15% correction of natural gas usage (most probably arising from a mistake in converting the unit used by the site to the standard unit of global reporting).

The CO<sub>2</sub> corrections correspond both to the energy corrections and to results of a global and documented review of all CO<sub>2</sub> conversion factors for purchased primary energy sources and electricity.

Regarding the corrected figure for waste (incinerated and land-filled), a number of small corrections were made, including taking into account sludge from a biological waste water treatment plant, which had not previously been recorded as waste.

The municipal and groundwater baseline figure was adjusted following the discovery of a faulty water meter for which we estimated a correction.

The volume of discharged water increased by 0.6% following corrections at several sites triggered by a review to align water flows in and out; the latter volume is not always directly measured.

The corrections to NO<sub>x</sub> and SO<sub>2</sub> emission loads are related to the global and documented review of all NO<sub>x</sub> and SO<sub>2</sub> emission factors and CO<sub>2</sub> conversions conducted by the sites for purchased primary energy sources.

Regarding CFC reporting, the inventory figure was corrected because the 2009 data for one site was never included. The Loss/Replacement category required a small adjustment following a site audit.

## Significant changes from previous period

Early 2012 the activities of one of our manufacturing locations in the USA, Mount Olive East, were ceased and transferred to the existing main location Mount Olive.

| Parameter                     | 2009 figure reported in SR 2011 | 2009 figure reported in this SR 2012 | % change |
|-------------------------------|---------------------------------|--------------------------------------|----------|
| Energy (GJ)                   | 2,513,612                       | 2,529,877                            | +0.6%    |
| CO <sub>2</sub> (tonnes)      | 214,536                         | 215,867                              | +0.6%    |
| Water (M+G) (m <sup>3</sup> ) | 3,333,327                       | 3,357,612                            | +0.7%    |
| Waste (tonnes)                | 25,369                          | 25,366                               | +0.2%    |
| Production volume             | 309,590                         | 307,619                              | -0.6%    |
| Discharged water              | 10,913,643                      | 10,996,332                           | +0.8%    |
| CFC (Inv.) kg                 | 15,371                          | 15,713                               | +2.2%    |
| CFC (L/R) kg                  | 1,418                           | 1,393                                | -1.8%    |
| NO <sub>x</sub> load (tonnes) | 99                              | 105                                  | +6.0%    |
| SO <sub>2</sub> load (tonnes) | 364                             | 361                                  | -0.8%    |

# GRI standard disclosures index

Including reference to United Nations Global Compact

## Part I: Profile disclosures

|          | Description                                                            | Status        | Page/reference  | UN Global Compact             |
|----------|------------------------------------------------------------------------|---------------|-----------------|-------------------------------|
| <b>1</b> | <b>Strategy and analysis</b>                                           |               |                 |                               |
| 1.1      | Statement from the CEO                                                 | Fully covered | *4, 5           | 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 |
| 1.2      | Key impacts, risks, and opportunities                                  | Fully covered | *11             |                               |
| <b>2</b> | <b>Organisational profile</b>                                          |               |                 |                               |
| 2.1      | Name of the organisation                                               | Fully covered | *6              |                               |
| 2.2      | Primary brands, products and services                                  | Fully covered | *6              |                               |
| 2.3      | Operational structure                                                  | Fully covered | *6              |                               |
| 2.4      | Location of headquarters                                               | Fully covered | *6              |                               |
| 2.5      | Number of countries where the organisation operates                    | Fully covered | *6              |                               |
| 2.6      | Nature of ownership and legal form                                     | Fully covered | *7              |                               |
| 2.7      | Markets served                                                         | Fully covered | *6              |                               |
| 2.8      | Scale of the reporting organisation                                    | Fully covered | *3, 6, 7, 8     |                               |
| 2.9      | Significant changes during the reporting period                        | Fully covered | *40             |                               |
| 2.10     | Awards received in the reporting period                                | Fully covered | *7, 19, 33      | 8                             |
| <b>3</b> | <b>Report parameters</b>                                               |               |                 |                               |
| 3.1      | Reporting period                                                       | Fully covered | *3              |                               |
| 3.2      | Date of most recent previous report                                    | Fully covered | *3              |                               |
| 3.3      | Reporting cycle                                                        | Fully covered | *3              |                               |
| 3.4      | Contact point                                                          | Fully covered | *3              |                               |
| 3.5      | Process for defining report content                                    | Fully covered | *3, 9, 10, 11   |                               |
| 3.6      | Report scope and boundary                                              | Fully covered | *3, 6           |                               |
| 3.7      | Specific limitations on the scope or boundary of the report            | Fully covered | *3              |                               |
| 3.8      | Joint ventures, subsidiaries, leased facilities, outsourced operations | Fully covered | *3, †60         |                               |
| 3.9      | Data measurement techniques and the bases of calculations              | Fully covered | *40             |                               |
| 3.10     | Changes to the company compared to previous report                     | Fully covered | *40             |                               |
| 3.11     | Changes to the information provided in earlier reports                 | Fully covered | *40             |                               |
| 3.12     | Standard Disclosures Table                                             | Fully covered | *41, 42, 43, 44 |                               |
| 3.13     | External assurance for the report                                      | Fully covered | *46, 47         |                               |

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## Part I: Profile disclosures continued

|          | Description                                                                                                                                   | Status        | Page/reference          | UN Global Compact             |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------|-------------------------------|
| <b>4</b> | <b>Corporate Governance</b>                                                                                                                   |               |                         |                               |
| 4.1      | Governance structure of the organisation                                                                                                      | Fully covered | *36                     |                               |
| 4.2      | Independence of the Chairman of the Board                                                                                                     | Fully covered | †63                     | 10                            |
| 4.3      | Members of the Board                                                                                                                          | Fully covered | †63, 64, 65, 66         | 10                            |
| 4.4      | Shareholders' and employees' recommendations                                                                                                  | Fully covered | †70, 71, 75, 76         | 3                             |
| 4.5      | Compensation Policy                                                                                                                           | Fully covered | †78-85                  | 10                            |
| 4.6      | Avoidance of conflicts of interest                                                                                                            | Fully covered | †66                     | 10                            |
| 4.7      | Expertise of the members of the Board and its committees                                                                                      | Fully covered | †63-70                  |                               |
| 4.8      | Mission statements and Corporate codes                                                                                                        | Fully covered | *36, †46, 47            | 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 |
| 4.9      | Identification and management of performance, risks and opportunities, and compliance with agreed standards, codes of conduct, and principles | Fully covered | *11, †55, 56, 57        | 1, 2, 3                       |
| 4.10     | Assessment of the Executive Committee                                                                                                         | Fully covered | †68, 69                 |                               |
| 4.11     | Implementation of the precautionary principle                                                                                                 | Fully covered | *24, †56, 57            |                               |
| 4.12     | Support to external initiatives                                                                                                               | Fully covered | *11, 15, 16, 17, 20, 21 | 9                             |
| 4.13     | Memberships in associations/interest group                                                                                                    | Fully covered | *11, 35                 | 9                             |
| 4.14     | Engagement of stakeholder groups                                                                                                              | Fully covered | *10, 11                 | 1, 2                          |
| 4.15     | Selection of stakeholders                                                                                                                     | Fully covered | *10, 11                 | 1, 2                          |
| 4.16     | Approaches to stakeholder dialogue                                                                                                            | Fully covered | *10, 11                 | 1, 2                          |
| 4.17     | Position on stakeholder concerns                                                                                                              | Fully covered | *10, 11                 |                               |

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## Part II: Disclosures on Management Approach

|    | Description                      | Status        | Page/reference         | UN Global Compact |
|----|----------------------------------|---------------|------------------------|-------------------|
| EC | Economic                         | Fully covered | †15-31                 |                   |
| EN | Environmental                    | Fully covered | *5, 11, 12, 13, 26-31  | 7, 8, 9           |
| LA | Labour practices and decent work | Fully covered | *12, 13, 18-21, †49-51 | 3, 6              |
| HR | Human rights                     | Fully covered | *14, 17, †46, 47       | 1, 2, 4, 5, 6     |
| SO | Society                          | Fully covered | *10, 11, †46, 47       | 1, 2, 10          |
| PR | Product responsibility           | Fully covered | *10, 11, 24, †56, 57   |                   |

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## Part III: Performance indicators

| Description                                                                  | Status            | Page/reference  | UN Global Compact |
|------------------------------------------------------------------------------|-------------------|-----------------|-------------------|
| <b>Economic Performance indicators</b>                                       |                   |                 |                   |
| EC1 Direct economic value generated and distributed                          | Partially covered | *7              |                   |
| EC3 Coverage of the organisation's defined benefit plan                      | Fully covered     | *7              |                   |
| EC6 Locally-based suppliers                                                  | Fully covered     | *14             | 1, 2              |
| EC9 Indirect economic impacts                                                | Fully covered     | *15, 16, 17, 19 | 9                 |
| <b>Environmental Performance indicators</b>                                  |                   |                 |                   |
| EN3 Direct energy consumption                                                | Fully covered     | *26, 39         | 7, 8, 9           |
| EN4 Indirect energy consumption                                              | Fully covered     | *26, 39         | 7, 8, 9           |
| EN5 Energy saved                                                             | Fully covered     | *26, 30, 31     | 7, 8, 9           |
| EN6 Initiatives to provide energy-efficient products                         | Partially covered | *22, 23         | 7, 8, 9           |
| EN7 Initiatives to reduce indirect energy consumption                        | Partially covered | *26-31          | 7, 8, 9           |
| EN8 Total water withdrawal                                                   | Fully covered     | *26, 39         | 7, 8, 9           |
| EN16 Greenhouse gas emissions                                                | Fully covered     | *26, 39         | 7, 8, 9           |
| EN17 Other indirect greenhouse gas emissions                                 | Fully covered     | *28, 39         | 7, 8, 9           |
| EN18 Initiatives to reduce greenhouse gas emissions                          | Fully covered     | *26-31          | 7, 8, 9           |
| EN19 Emissions of ozone-depleting substances                                 | Fully covered     | *39             | 7, 8, 9           |
| EN20 NO <sub>x</sub> , SO <sub>2</sub> , and other significant air emissions | Fully covered     | *29, 39         | 7, 8, 9           |
| EN21 Total water discharge                                                   | Partially covered | *26, 39         | 7, 8, 9           |
| EN22 Total weight of waste by type and disposal method                       | Fully covered     | *26, 39         | 7, 8, 9           |
| EN29 Environmental impacts of transporting products                          | Partially covered | *28             | 7, 8, 9           |
| EN30 Environmental protection expenditures and investments                   | Fully covered     | *29             | 7, 8, 9           |

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## Part III: Performance indicators continued

| Description                                                                          | Status        | Page/reference   | UN Global Compact |
|--------------------------------------------------------------------------------------|---------------|------------------|-------------------|
| <b>Labour practices and decent work</b>                                              |               |                  |                   |
| LA1 Total workforce                                                                  | Fully covered | *6, 37           | 6                 |
| LA2 New employee hires and employee turnover                                         | Fully covered | *37              | 6                 |
| LA4 Employees covered by collective bargaining agreements                            | Fully covered | *38              | 3                 |
| LA7 Rates of injury, occupational diseases, lost days, and absenteeism               | Fully covered | *18, 26, 38      |                   |
| LA12 Employees receiving regular performance and career development reviews          | Fully covered | *38              | 6                 |
| LA13 Composition of governance bodies and breakdown of employees                     | Fully covered | *38              | 6                 |
| <b>Human rights</b>                                                                  |               |                  |                   |
| HR2 Screening of suppliers, on human rights                                          | Fully covered | *12, 13, 14      | 1, 2, 4, 5, 10    |
| HR6 Measures taken to contribute to the abolition of child labour                    | Fully covered | *14, 17, 36      | 1, 2, 4, 5        |
| <b>Society</b>                                                                       |               |                  |                   |
| SO1 Programmes on local community engagement                                         | Fully covered | *10, 11          | 4, 5, 6, 8, 9     |
| SO5 Public policy positions and participation in public policy development           | Fully covered | *10, 11, †57     | 7, 8              |
| SO6 Total value contributions to political parties and related institutions          | Fully covered | *20, 21          | 10                |
| <b>Product responsibility</b>                                                        |               |                  |                   |
| PR1 Health and safety impacts of products                                            | Fully covered | *24, 25, †56, 57 | 7, 9              |
| PR3 Information on products and services                                             | Fully covered | *24, 25, †56, 57 | 7, 9              |
| PR6 Programmes for adherence to laws, standards, related to marketing communications | Fully covered | *36              |                   |

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# The principles of the UN Global Compact

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

The Management and Board of Directors  
Givaudan S. A.  
5 Chemin de la Parfumerie  
CH-1214, Vernier  
Switzerland

#### Independent Assurance Statement

Ernst & Young Pvt. Ltd. (EY) was engaged by Givaudan S. A. (the 'Company') to provide independent assurance to its Sustainability Report 2012 (the 'Report') covering the Company's sustainability performance during the period 1<sup>st</sup> January 2012 to 31<sup>st</sup> December 2012.

The development of the Report, 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

#### Reporting criteria and assurance standard

The Company has stated that it has developed the Report based on the Sustainability Reporting Guidelines Version 3.1 of Global Reporting Initiative (GRI-G3.1).

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 assurance statement was limited to review of information pertaining to environmental and social performance for the period 1<sup>st</sup> January 2012 to 31<sup>st</sup> December 2012. 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 major anomaly within the report as well as between the report and source data/information;
- Verification of the sample data and information reported at the manufacturing units and corporate headquarter (HQ) in the following locations:
  1. East Hanover, USA
  2. Ashford, UK
  3. Munro / Malvinas, Argentina
  4. Cimanggis, Indonesia
  5. Argenteuil, France
  6. Johannesburg, South Africa
  7. Vernier, Switzerland (HQ)
- 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 2012 to 31<sup>st</sup> December 2012);
- 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, was drawn from our Climate Change and Sustainability network, and undertakes similar engagements with various global 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;
- We observed that data on a few indicators (viz. hazardous waste, water, waste water, ODS) from certain locations were not comprehensively captured; though not critical from materiality perspective, going forward, addressing these would enhance completeness of reporting;
- The Company may put in place a robust internal review mechanism to further improve accuracy of data.



**Ernst & Young Private Limited**  
**Sudipta Das**  
Partner

**Dated: 7<sup>th</sup> March 2013**  
**Place: Kolkata, India**

## Statement GRI Application Level Check

GRI hereby states that **Givaudan SA** has presented its report “Sustainability Report 2012” 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, 8 March 2013



Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The “+” has been added to this Application Level because Givaudan SA 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 1 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.





# Givaudan<sup>®</sup>

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