

# Our Sustainability Approach

## A Sense of Tomorrow



Givaudan

engage your senses



Sustainability is key to securing the long-term viability of our business: it allows us to drive responsible growth, create new opportunities and share success.

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# Introduction

### About this report

Our activities have an impact that goes far beyond the economic result: to be successful in the long run, we need to align our business performance with the expectations of our stakeholders and with society in general. Sustainability is therefore an intrinsic part of our strategy and of our day-to-day business. This is why, since 2016, we have committed to integrated reporting, showing how non-financial capital contributes to our growth and development.

More and more sustainability information has been integrated into the Annual Report, showing that it really is at the core of our business. Today, detailed, specific information on sustainability can be found in separate documents. We have further developed our reporting suite, introducing Our Sustainability Approach, a comprehensive strategic overview of our fundamental approach towards sustainability. This document is designed to include essential information about our sustainability approach, 'A Sense of Tomorrow', policy and regulations, supported initiatives and strategic memberships. It also explains the basis of our report preparation, which consists of understanding the most relevant concerns of different stakeholder groups and mapping out the material topics that reflect the importance to Givaudan and its partners as well as the magnitude of economic, environmental and social impacts.

### Our reporting suite

Readers are advised to consult our entire reporting suite to get a complete overview:

- The **Integrated Annual Report** offers a holistic explanation of our value creation, financial and non-financial capitals and performance, including our Governance, Compensation and Financial reports.
- The **Sustainability Progress Review** offers case studies and progress data for the three focus areas of our sustainability approach as well as eco-efficiency targets versus progress. The GRI Content Index is included in this report.
- **Our Sustainability Approach** offers a strategic overview of A Sense of Tomorrow, the approach for each of the three focus areas, and related topics such as stakeholder engagement and material topics.

Cross-references help readers navigate through the reports: a GRI icon signals information related to GRI Disclosures; SDG icons are used to show which content contributes to the ten United Nations Sustainable Development Goals (SDG) we believe we can have the most impact on; and the magnifying glass icon refers the reader to a specific page in the report or to the website or to another publication for further information.

### References used

References to other pages, reports, documents or websites for more information



Indicates GRI Standards disclosures



Indicates UN Sustainable Development Goals Givaudan contributes to



# Our sustainability approach

## A Sense of Tomorrow

Innovation, integrity and responsibility are at the heart of our business and our collaborative mindset focuses on contributing to delightful taste or scent experiences and memories, while taking care of society and our planet.

Our values and culture give the Company its framework for continuously improving the sustainability of our business in all that we do, guiding our own actions and those of our partners to maintain the long-term value of our business. Givaudan's ambition is to be the most collaborative and trusted Company in the flavours and fragrances industry, providing leading innovations to help our customers enhance the health and well-being of consumers, wherever they are.

Meeting today's needs without compromising the interests of future generations has then been fundamental to our business model. While providing our customers with a rich variety of flavours and fragrances, we ensure that our raw materials are sourced in a way that respects people and the environment, and significantly contributes to reducing the footprint of the products we manufacture.



Increasing momentum behind sustainable business now puts us in an even better position, together with our partners and stakeholders, to make a positive contribution and create and share increasingly more value, capturing opportunities and managing risks, measuring and quantifying the difference we are making in terms of the economy, environment and society.

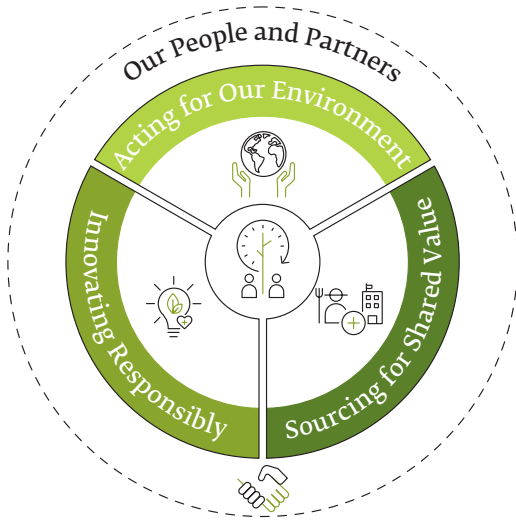
When thinking about the future, consumers are increasingly aware of the unprecedented social and environmental challenges created by climate change, population growth, resource scarcity and poverty. They are concerned about the planet as well as their own well-being, and demand that companies be more transparent about how they operate. Business models are now inextricably linked to sustainability. Our approach to sustainability helps customers create products that set them apart and address consumer demand and societal expectations.

That is, sustainability offers exciting opportunities to add value to our business. By expanding sustainable practices linked to how we source materials, develop products and reduce our environmental footprint, we can better meet our customers' needs and share that value. This also allows us to anticipate changing needs and ultimately to transform the challenge of sustainability into new possibilities for our business and our customers. Our commitment to a more sustainable future also comes from a belief that corporations must be leaders in a movement to safeguard the planet and be prepared to put sustainability at the forefront of their strategies. For Givaudan, being a responsible and sustainable company means securing our long-term economic growth, positively impacting the environment and society, all while meeting stakeholders' expectations.

Our approach to meeting these goals is A Sense of Tomorrow, a framework that extends our vision to 2030 and beyond. It sets new performance targets and provides structures for designing innovative products that contribute to a sustainable world while helping to secure the viability of our business. We strive to go beyond responsible growth and benefits for our shareholders: we target long-term success for our customers, consumers, society and the planet.

A Sense of Tomorrow is built on the three pillars of Sourcing for Shared Value, Innovating Responsibly and Acting for Our Environment. Initiatives target our supply chains, further investment in innovative new products, the minimisation of our carbon footprint and climate change mitigation. Still, we
































Meeting needs today. Defining what's next.

cannot do this alone. None of it would be possible without the support of our people and partners: managing the talent of those who are passionate about their work and committed to creating a sustainable society is key to meeting our business and sustainability goals. Choosing like-minded partners is essential.

Our initiatives support our own objectives, but also address no fewer than 10 of the United Nations' Sustainable Development Goals. In focusing our own priorities on global aspirations such as, for example, dietary shifts (Goal 2: Zero Hunger), well-being, (Goal 3: Good health and well-being) and environmental protection (Goal 15: Life on Land and Goal 13: Climate Action), we show our commitment to sustainability and how we apply creativity and innovation to achieving it. Customers can be confident that our products have been produced in a responsible way.

	Material topics	SDGs
 <b>Sourcing for Shared Value</b>	<ul style="list-style-type: none"> <li>– Biodiversity</li> <li>– Deforestation</li> <li>– Human rights</li> <li>– Local community development</li> <li>– Responsible sourcing</li> <li>– Raw material availability</li> <li>– Traceability</li> </ul>	       
 <b>Innovating Responsibly</b>	<ul style="list-style-type: none"> <li>– Consumer health and well-being</li> <li>– Product environmental and societal footprint</li> <li>– Product quality and safety</li> </ul>	   
 <b>Acting for Our Environment</b>	<ul style="list-style-type: none"> <li>– Climate change</li> <li>– Waste management</li> <li>– Water stewardship</li> </ul>	   
 <b>Our People and Partners</b>	<ul style="list-style-type: none"> <li>– Diversity and inclusion</li> <li>– Employee health, safety and well-being</li> <li>– Labour/management relations</li> <li>– Talent management</li> <li>– Women's empowerment</li> </ul>	   
	<ul style="list-style-type: none"> <li>– Economic performance</li> <li>– Good governance and business conduct</li> <li>– Transparency and reporting</li> </ul>	  

Please note that Biodiversity, Human rights, Product environmental and societal footprint and Local community development are cross-focus area topics.

A Sense of Tomorrow is then another step in our long history of high ethical standards in our interactions with all stakeholders. The initiatives support our goal of making Givaudan the most trusted partner in taste and scent and help ensure that our 250-year-long journey of passion and performance continues. They will allow us to keep delighting people with unique sensory experiences that they can feel good about.

 Management Approach 103 – 2: Topic 201, pages 4 – 6



## Sourcing for Shared Value

Givaudan depends on natural resources and the people that produce them: our sourcing promotes stability for producers and the local environment. We call this Sourcing for Shared Value as it brings new value to those involved in the sourcing of our natural raw materials. It is based on three practices. **Responsible Sourcing** means auditing suppliers and assessing supply chains to work with our suppliers on driving compliance and continuous improvements against norms in health and safety, social, environmental and business integrity practices as defined in our Responsible Sourcing Policy. **Sourcing at Origin** focuses on direct collection networks and partnerships with farmers, distillers and producer groups. It secures the long-term and balanced supply of natural ingredients from fragile ecosystems while boosting the local economy through knowledge transfer and more stable incomes. Social and environmental projects help build more secure futures for the **Communities at Source** and their environments. Together, these three practices move us closer and closer towards our goal of sourcing all materials responsibly.

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## Innovating Responsibly

Givaudan has always pursued a culture of innovation, exploring timely questions in sensory experience. Today's most pertinent questions surround sustainability: the curiosity that has always driven us is helping us to find answers. We look to make sustainability part of every breakthrough and add value by enhancing research and developing products that benefit both society and the environment. We look to improve the resource efficiency of **Naturals**, while also developing alternative sources of key raw materials, helping to protect fragile natural resources. Enabling dietary shifts towards plant-based foods and promoting odour's positive impact can help promote **Health and Well-being**. Efforts in **Sustainable Processes** evaluate and improve the sustainability of our production methods: this leads to a continuous reduction of impact, increase in efficiency and improved response to consumer needs. Green chemistry, biodegradability and the optimisation of biotransformation and upcycling opportunities also help us develop the ingredients palette of the future. In the

end, Innovating Responsibly means considering the impact of our products and services on society and the environment and leading change for the better by working to benefit both.

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## Acting for Our Environment

We constantly improve operational processes to reduce our environmental footprint and contribute to climate change mitigation. We are committed to reducing absolute scope 1 and 2 greenhouse gas emissions (GHG) by 30% and target a drop in scope 3 emissions of 20% between 2015 and 2030. We aim for 100% renewable electricity by 2025 and a 4% year-on-year average reduction in waste. We reached our goal of reducing global water consumption per tonne of production by 15% by 2020 three years in advance and are reviewing new water reduction targets. The real footprint of a product includes every step in the supply chain that gets it to market. This is why we are also collaborating with our suppliers to reduce their own footprint, minimising the overall environmental impact of each product consumed. This has a direct, positive impact on local producer communities and the supply of the natural ingredients we rely on. These efforts lead to a continuous and successful reduction of our GHG emissions, waste production, water consumption and support our shift to renewable electricity.

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## Our People and Partners

Our ambitious goals can only be met with the help and commitment of employees and partners who are dedicated to forming a sustainable society. We support them by providing opportunities for people of all backgrounds, gender and origins, making sure our staff reflects the societies and cultures in which we operate. An example is our approach to a better balance: a good mix of nationalities and gender reinforces our inclusive culture and is essential for achieving our business goals. We will continue to build a diverse workforce, representing a balanced mix of backgrounds, gender and origin in our leadership teams. Safety, health and well-being are also critical to our approach: we target these areas through awareness campaigns and specific training programmes. We develop talent through a comprehensive approach embedded in a culture of continuous learning and curiosity. Managing sustainability issues is a huge undertaking with diverse challenges. Effective, long-term solutions can only be found by developing strong partnerships; for example we work with suppliers, associations and non-profit organisations to tackle these challenges in an efficient, mutually beneficial manner.

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## Sustainability governance

The Head of Global Procurement and Sustainability, a member of the Executive Committee (EC), heads the Company's sustainability approach. He is supported by a cross-functional corporate Sustainability Steering Committee (SteerCo) and a Sustainability Leadership Team (SLT) made up of internal specialists in corporate responsibility and sustainability to implement the approach. The Head of Global Procurement and Sustainability reports annually to the Board of Directors on sustainability matters.

The SteerCo is a strategic body that supports the EC and the SLT to meet Givaudan's sustainability goals and validate the sustainability approach being proposed to the EC. The SteerCo meets at least twice a year and whenever necessary. The SLT

is the operational body that supports the Global Head of Sustainability in driving the approach and its coordination. A cross-functional team, it meets every six weeks (including the SteerCo meetings) and on an ad-hoc basis for specific purposes.

The Executive Committee usually meets monthly to discuss general Company business and strategy and sustainability is a recurrent point on the agenda. The meetings, which take place at various sites, provide the EC an opportunity to interact with local management and to visit Givaudan locations across the globe. Each major region is visited at least once a year to ensure a close interaction with all the different business areas.

 2018 Integrated Annual Report – Governance report  
Disclosure 102 – 18



# Sourcing for Shared Value

**Our business depends on natural resources and the communities who grow them: Sourcing for Shared Value brings new advantages to all involved.**

We are committed to ensuring that our raw materials are sourced responsibly and we work with suppliers who demonstrate respect for people and the environment. We seek to bring long-term stability to both our supply chains and to the communities from which we source. Wherever possible, we source directly from producers, developing exclusive farming partnerships and collection networks. In collaboration with NGOs, other local partners and the communities themselves, we run a variety of projects around the world. From promoting schools and good agricultural practices to finding ways to mitigate climate change, we help strengthen the social, environmental and economic fabrics of these communities while supporting the continued successful growth and supply of the raw materials we rely on. We call our approach Sourcing for Shared Value because it brings new value to all who are involved in the sourcing of our raw materials.

Givaudan's approach to sourcing springs from a principled commitment to deal ethically and respect human rights wherever we have influence and do business. We naturally expect the same of our suppliers and seek to work with those who have strong business ethics and demonstrate respect for people and environment.

Our approach is rooted in our Principles of Conduct, which in turn reflect initiatives including the United Nations Global Compact, a framework that targets, among other goals, the elimination of forced, compulsory and child labour. According to principles 7–9 of the Global Compact, we also expect suppliers to support a precautionary approach to environmental challenges, to take initiatives that promote greater environmental responsibility and to encourage the development and implementation of environmentally friendly technologies.

We are committed to the Ethical Trade Initiative Base Code, which states that there shall be no new recruitment of child labour; that companies shall develop or participate in and contribute to policies and programmes that provide for the

## Our targets:

- **All audited suppliers are compliant by 2020.**
- **90% of our raw materials volume of natural origin is responsibly sourced by 2020.**
- We aim to address the remaining volume by 2030.**

transition of children from labour to quality education; and that people under 18 shall not be employed at night or in hazardous conditions.

 [www.ethicaltrade.org/eti-base-code](http://www.ethicaltrade.org/eti-base-code)

As a member of the AIM-PROGRESS organisation, we follow its recommendations on human rights issues. Givaudan is also a member of the Natural Resources Stewardship Circle, which is strongly involved in defending human rights and labour standards, particularly in remote local communities. We comply with the California Transparency in Supply Chains Act (California Senate Bill 657), 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. Our commitment to eradicating human trafficking and slavery from our operations and direct supply chain is expressed through our compliance to the UK Modern Slavery Act (2015 Bill S.54).







Our approach allows us to satisfy our own ethical convictions, but also those of consumers. Inspired by a flavour or a fragrance, they increasingly want to know where ingredients come from and be assured that they have been produced in a sustainable way: the transparency ingrained in our supply chain helps our customers meet this consumer need. We do this through the three practices – Responsible Sourcing, Sourcing at Origin and Communities at Source – that make up Sourcing for Shared Value.

### Responsible Sourcing Programme

We source more than 10,000 raw materials from all over the world and managing supply chains at scale is a complex task. We are nonetheless committed to working with our suppliers to create transparent supply chains. Apart from our expectation that suppliers meet legal requirements, we also call on all of them, including smallholders, to make continuous improvements in regard to our Responsible Sourcing Policy. The policy, published in 2016, sets out high standards in terms of health and safety as well as social and environmental responsibility and business integrity. We ask our suppliers for collaboration in supporting the policy and disclosing information that could help drive improvements.

The policy stipulates, for instance, that suppliers should provide safe workplaces and accommodation that is hygienic, with clean drinking water and adequate sanitation. We emphasise our respect for human rights: employment should be freely entered into; we do not use child labour; workers are to be treated equally and with respect. We respect the land rights of local communities and producers.

We also encourage sustainable food production systems and resilient agricultural practices including environmental management principles and the use of best agricultural and

processing techniques. We look to promote a reduction in the degradation of natural habitats, halt the loss of biodiversity and restore degraded land and soil. Finally, we ask that our suppliers maintain the highest degree of business integrity, carefully adhering to laws, standards and conventions on issues such as bribery, gifts and fair competition.

We target improvement in respect to our Responsible Sourcing Programme at every level of our supply chains, from primary producers of raw materials to intermediary suppliers, service providers, workers and employees. The approach also helps us serve our customers, who increasingly seek to understand the impact of their supply chains and ask for more data on environmental and social aspects. We are working towards all of these goals through a two-pronged approach: we work with our main direct suppliers through site audits and we assess the full length of supply chains for strategic raw materials of natural origin.

### Engaging with direct suppliers to meet audit goals

We aim to ensure that all main direct suppliers comply with our Responsible Sourcing Policy and our target is to have all of them reach full compliance with their audits by 2020. Our Procurement team and implementation partners work closely with these suppliers to guide them through the Responsible Sourcing Policy, identify gaps, agree on remediation plans and prepare for the audit. The sites of direct suppliers are audited according to Sedex Members Ethical Trade Audit (SMETA), one of the most widespread ethical audit formats in the world, or by an equivalent protocol that can be used instead. Auditing suppliers accordingly allows them to benefit from a mutual recognition agreement among the members of the AIM-PROGRESS platform: they can avoid audit duplication because suppliers are encouraged to share audit reports with the largest number of customers.

### Assessing end-to-end supply chains for raw materials of natural origin

A raw material of natural origin is considered to be sourced responsibly when 1) best practices are identified or 2) improvement plans are in place when gaps in reference to the Responsible Sourcing Policy are found. Our target is to ensure that 100% of raw materials volume of natural origin are responsibly sourced by 2030. We aim to reach 90% already by 2020, but reaching 100% will take considerable effort. The Responsible Sourcing Programme is applied to supply chains made up of thousands of people and businesses in many different parts of the world: integrating all of them requires a substantial review of our practices and partnerships so that we can fully identify the specific needs and requirements of each one.

The ability to map the supply chain and gather data on all and each of the intermediary suppliers, right back to the farmers and smallholders, is critical when it comes to raw materials of natural origin. Givaudan organises the mapping of natural ingredients to provide full life-cycle transparency, including the role, importance and geographical location of all suppliers. Field assessments, hotspot identification and remediation plans are also implemented at the local level with the support of third-party field experts. These authorities, such as The Forest Trust (TFT) or Control Union, are fundamental to supporting smallholders in assessing their management practice against the standards of our Responsible Sourcing Policy. When the assessment reveals gaps, these field partners also identify the most appropriate remediation plan.

**GRI** Management Approach 103 – 2: Topic 308, 407, 408, 409, 414, pages 8 – 10

### Sourcing at Origin

Our business relies on the secure, long-term supply of many raw materials of natural origin. As a key actor in these supply chains, we can work to safeguard the sustainability of the most vulnerable natural ingredients. Our Sourcing at Origin initiatives involve the direct sourcing of raw materials by working with local smallholder farmers, intermediate suppliers and partners to secure the long-term supply of these ingredients. These initiatives also strengthen the fabric of the local economy by contributing to more stable incomes for thousands of farmers.

Our dedicated procurement teams are based where our natural raw materials are produced. Operating in countries all over the world, these field teams travel to remote sourcing regions to visit and buy directly from farmers, distillers and producer associations. Through personal relationships with producers, we are able to build trust and work together to ensure the long-term future of raw materials. These teams are also responsible for ensuring opportunities for knowledge transfer on technical solutions and practices that enable smallholder farmers to enhance the quality of their crops, gaining more value from cultivation or distillation.

Improving farming capabilities and contributing to more stable incomes helps improve livelihoods of these communities and avoid the socio-economic instability that could compromise the long-term supply of valuable crops and ingredients. Today, we have our own field teams deployed in several supply chains, reaching thousands of smallholder farmers. One example, managed through a joint venture, involves field teams sourcing vanilla beans directly from smallholder farmers, through a collection network, in 31 rural villages in Madagascar.

🔍 [www.givaudan.com/sustainability/sourcing-for-shared-value/working-together/madagascar-vanilla](http://www.givaudan.com/sustainability/sourcing-for-shared-value/working-together/madagascar-vanilla)

Even when our teams cannot be in the field, we can bring transparency and stability to our supply chains by partnering with direct suppliers on improved sourcing models. For example, to secure the production of quality chillies in southern India, we partner with our local supplier to build a traceable sourcing network of over 100 smallholder farmers and promote more sustainable methods of production, which also generate more value from their crops.

🔍 [www.givaudan.com/sustainability/sourcing-for-shared-value/working-together/india-chilli-pepper](http://www.givaudan.com/sustainability/sourcing-for-shared-value/working-together/india-chilli-pepper)

Overall, Sourcing at Origin makes our activities increasingly transparent and generates key benefits. Our strong presence on the ground gives us a clear view of the supply chain and this helps us make it less vulnerable, more efficient, and ensure traceability: it allows us to tell our customers where our ingredients come from and how they are produced.

🔍 For more information on Sourcing at Origin:  
[www.givaudan.com/sustainability/sourcing-for-shared-value/sourcing-at-origin](http://www.givaudan.com/sustainability/sourcing-for-shared-value/sourcing-at-origin)







### Communities at Source

Producers of raw materials of natural origin we rely on make an important contribution to our business. In return, we are committed to supporting them to build stable lives. We have supported local producer communities for more than a decade through a variety of social and environmental projects. Since 2014, we have been working through a partnership with the Givaudan Foundation, a not-for-profit organisation that funds projects to help build more secure futures for communities and their environments.

Depending on the challenges identified for a particular supply chain, targeted action plans are developed in cooperation with

the producers, suppliers and/or other organisations such as NGOs. We support projects in education, health and nutrition as well as good practice in agriculture and production. We also assist producing communities in safeguarding their environment and natural resources.

Our Communities at Source initiative encompasses 14 ongoing projects in 9 supply chains across 7 countries. They touch more than 10,000 people worldwide, going beyond the immediate beneficiaries to positively impact their families and communities as well.


 Management Approach 103 – 2: Topic 203, 413

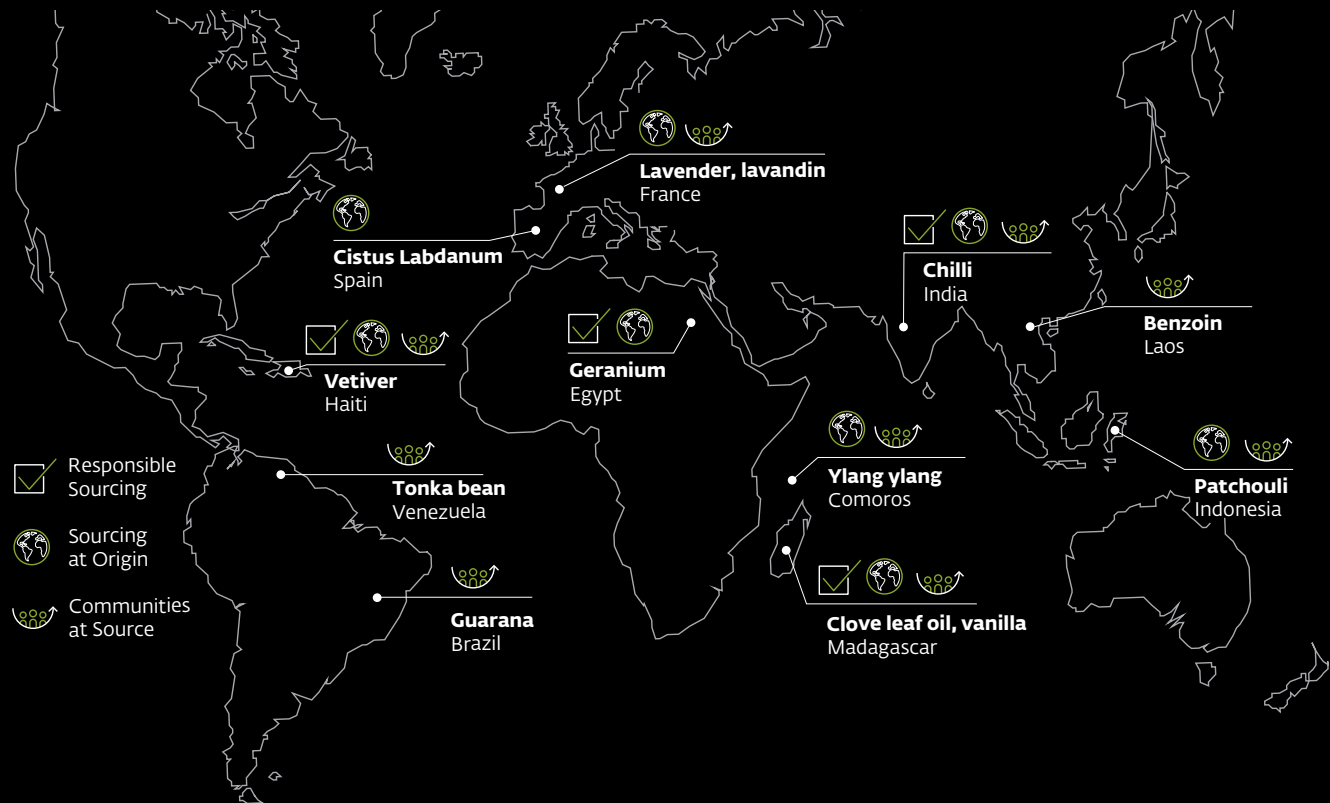
## Givaudan Foundation

The Givaudan Foundation is a non-profit organisation created in 2013 as a result of Givaudan's desire to reinforce its commitment towards the communities in which it operates. The foundation's purpose is to initiate and support projects as well as to grant donations in the areas defined by its vision and mission.

One of the causes supported by the foundation is to safeguard the future of communities and their fragile environment. There is a specific focus on three areas in which Givaudan as a Company is already engaged and where its expertise and experience can be leveraged to make a difference: communities at source, blindness and nutrition. The Givaudan Foundation

works closely with and relies on resources provided by Givaudan to conduct and monitor its projects. The Foundation also operates with local partners to ensure the efficient deployment of projects and their relevance to those who are intended to benefit from them.

 [www.givaudan.foundation.org](http://www.givaudan.foundation.org)



### Vetiver in Haiti

A cooperative of vetiver farmers benefits from technical support and price premiums, which are used to fund development projects such as the repair of an important local road. The vetiver cooperative and our local oil producer in Haiti are certified Fair for Life by Ecocert.



### Tonka bean in Venezuela

Tonka bean collectors, a large community of families, receive incentives and technical assistance in return for their commitment to monitor the local forest and its biodiversity.

### Guarana in Brazil

A cooperative of producer families receives technical and agricultural training. The cooperative uses modern equipment to improve production processes and boost quality.



### Cistus Labdanum in Spain

Producers of labdanum gum benefit from our collaboration with a local supplier to increase production efficiency, improve working conditions and joint efforts to preserve the local natural environment.





### Lavender, lavandin in France

A cooperative of lavender producers will benefit from our partnership with research institutes to fight plant diseases and to promote the long-term future of the crop. We also collaborate with producers to improve quality.



### Geranium in Egypt

A partnership with a local supplier to secure a high-quality and consistent long-term supply of geranium oil by sourcing from a modern, large-scale plantation.

### Clove leaf oil in Madagascar

A large Givaudan collection network of smallholder producers supplies our clove leaf oil. Sustainable production is supported via a natural resources preservation project, which plants thousands of trees for firewood per year. Producer associations we work with have achieved Fair for Life certification.



### Vanilla in Madagascar

Vanilla farmers and their communities take part in a programme to develop local education and healthcare infrastructure and to promote food security. Their vanilla beans are certified Ecocert Organic.



### Ylang ylang in Comoros

Ylang ylang oil producer communities are supported through social and environmental projects. Energy efficient equipment for the distillation of ylang ylang oil is used to boost the yield and reduce the impact on the environment.



### Chilli in India

Numerous chilli producers benefit from assistance to increase productivity and reduce the impact of their production processes on the environment.



### Benzoin in Laos

Benzoin producing communities benefit from educational infrastructure in their villages to improve access to secondary schooling in rural areas.

### Patchouli in Indonesia

A large Givaudan collection network of smallholder producers on the island of Sulawesi supplies our patchouli oil. They benefit from training in sustainable production methods to reduce the impact on the environment.



## Biodiversity

As populations grow and levels of consumption rise, natural ecosystems are being replaced by agriculture, means of producing energy, and settlement. In addition, climate change is undermining the ecological processes that support healthy, productive landscapes.

In addition to the compelling ethical reasons for halting the loss of biodiversity, there are many practical motivations directly related to our business. These developments are posing a challenge to the sustainable and profitable growth of many supply chains as well as the socio-economic stability of the communities that depend on them and this has immediate consequences for our sourcing activities. We therefore consider it to be part of our business as well as our responsibility to join forces with local stakeholders to preserve the delicate equilibrium of the landscapes from which we source: our Responsible Sourcing Policy requires all suppliers of raw materials to conserve biodiversity. We strive to prevent the loss of species and support the implementation of best management practices and climate adaptation strategies that can help preserve yield and income, sustaining the long-term viability of complex value chains of smallholder farmers, small traders and transformers.

### Access and Benefit-sharing

The Convention on Biological Diversity is the main international instrument giving a general framework for the conservation and sustainable use of biodiversity and the fair and equitable sharing of the benefits arising from its use. The Nagoya Protocol implements Article 15 of the convention, which covers access to genetic resources – and associated traditional knowledge – and sharing of monetary and non-monetary benefits linked to their use. Because the flavour and fragrance industry uses natural ingredients or their transformations, we have identified the potential implications of the Nagoya Protocol and its access and benefit sharing (ABS) framework on our activities in order to comply with all our obligations.

### Biodiversity conservation

We support our Foundation in engaging with local and international NGOs that are involved in the conservation of vulnerable ecosystems such as, for example, Conservation International.

We form partnerships with local stakeholders to conserve local landscapes and genetic resources. For example, we have been collaborating for about a decade with the University of California, Riverside to support the care and preservation of one of the world's most extensive, unique and diverse citrus collections, encompassing more than 1,000 different varieties. The Company also supports The Givaudan Citrus Variety Collection Endowed Chair with the aim of helping to conserve this genetic diversity for generations to come.

We also join forces with international organisations such as the Natural Resources Stewardship Circle (NRSC) to contribute to enhancing biodiversity in the areas where we source our natural raw materials. As NRSC members, we follow their guidelines on best practice, which define the technical specifications and processes for reducing the environmental and societal impact on the species that we buy. The recommendations address soil health and fertility, reforestation and natural resources use efficiency.

**GRI** Management Approach 103 – 2: Topic 304, page 14,  
Topic 204, pages 8 – 14





# Innovating Responsibly

## We aim to integrate sustainability into every breakthrough, developing products that benefit society and the environment.

Since its founding, Givaudan has pursued a culture of innovation by encouraging its scientists, technologists, flavourists and perfumers to explore timely questions in sensory experience. Is it possible to intensify floral essences? Where can the earth's rarest and most wonderful essences be sourced? What happens if you dehydrate a flavour and reproduce it in powdered form? Which olfactive notes touch peoples' hearts? Finding answers to such questions has been key to our success, allowing us to produce novel ingredients that enable our customers to differentiate themselves in the marketplace.

Some of today's most pertinent questions are linked to sustainability. How can we increase access to nutritious food? How can we increase overall well-being and mental health? How can we best meet demand for natural products? How can we improve processes to make them more sustainable? The curiosity that has always driven our innovation is helping us to find answers to these questions. Creating and collaborating throughout Givaudan, with external organisations and with our customers, we look to make sustainability part of every breakthrough and add value by enhancing scientific research and developing products that benefit both society and the environment.

Among the key trends guiding our innovation is an increasing need to address issues linked to health and well-being. Improved diets with more plant-based foods benefit both people and the planet, while heightened well-being and mindfulness boost the quality of our daily lives. A growing emphasis on health and feeling good means consumers are increasingly drawn to ingredients from natural sources they recognise in both food and the products they use and we must figure out how to meet this increased demand in a sustainable way.

We are addressing these issues through the development of flavours and fragrances that promote health and well-being, a sustainable approach to the demand for natural ingredients and products and, finally, a focus on processes that minimise the impact on the environment. That is, innovation at Givaudan goes beyond simply creating better solutions for our customers: Innovating Responsibly means considering the impact of our products and services on society and the environment and taking the opportunity to lead change for the better by benefiting both.

### Innovation for sustainable flavours

Food has a critical role to play in a sustainable future. As a major player in the industry, Givaudan can make a significant contribution to enabling the dietary shifts that will benefit both human health and the environment. In Flavours, our main motivation is finding ways to promote access to safe, nutritious and sufficient food for all in a sustainable way. We are building on our heritage in natural ingredients and our longstanding tradition of exploration and discovery to innovate in this area, particularly in terms of the efficient use of natural resources.

The role of diet in human health is becoming increasingly clear. Eating more plant-based food and reducing the intake of ingredients such as salt, sugar and fat is beneficial to our health. What is more, leading-edge researchers in the fields of food, nutrition and environment recommend that we eat a more plant-based diet because it is one of the main ways in which we can reduce greenhouse gas (GHG) emissions. The Oxford Martin Programme on Food estimates that shifting to a plant-based diet could save up to 8 million lives by 2050, reduce food-related GHG emissions by two-thirds, and lead to healthcare-related savings and avoided climate-related damages of US \$1.5 trillion.<sup>1</sup> Finding ways to enable these shifts while meeting growing demand for natural ingredients in a sustainable way is what motivates us every day.

While creating the flavour palette of the future – and becoming the 'go to' provider of natural flavours for all customers by providing the best and most sustainable range of ingredients – we have to do all we can to limit the potential impact of our products on the environment and make the most efficient use of what we have. Our flavour innovation programme focuses

1. Analysis and valuation of the health and climate change co-benefits of dietary change. Marco Springmann, H. Charles J. Godfray, Mike Rayner, and Peter Scarborough, <https://doi.org/10.1073/pnas.1523119113>

on natural enabling technologies that allow us to provide 'kitchen ingredients' to our customers: harnessing the power of nature through enhanced fermentation and new technologies, we convert raw materials into highly desirable natural flavour ingredients.

### Health and well-being

Providing access to safe, nutritious and sustainable food is the key food challenge of our time. Our pioneering processes and technologies allow our customers to introduce exciting, great-tasting plant-based foods and meat substitutes, enabling the dietary shifts that will help promote consumer health and reduce the impact on the environment.

### Shift towards a plant-based diet

As we explore how the world's growing population can be nourished in a sustainable way, the transition to more plant-based diets will play an increasingly important role. Research has shown that meat consumption impacts our health as well as the environment: pound-for-pound, gallon-for-gallon, animal-sourced foods use more resources to produce than plant-based foods and produce more GHG emissions. Meat and dairy products provide just 18% of calories and 37% of protein and use 83% of farmland and produce 60% of agriculture's GHG emissions.<sup>2</sup> The very lowest impact meat and dairy products cause much more environmental harm than growing the least sustainable vegetables and cereals.

More people would be willing to move away from a carnivorous diet if they did not have to sacrifice the visual or taste appeal. They are also concerned about making sure they get enough protein. This is where we can play a big role, using our food technology and flavour expertise to find ways of making plant-based food effectively mimic real meat and taste great. We have developed expertise in creating consumer-preferred flavours for meat-like products and are elevating vegetable proteins to the high expectations of flexitarian taste and designing meat substitutes that recreate the experience and enjoyment of real meat. We have also developed taste-masking solutions to enhance the palatability of high-protein drinks and other products.

Our new technologies and solutions in the area of meat substitutes and alternatives enable our customers to innovate, expanding the segment and enabling more people to eat plant-based diets. This directly addresses the demands of consumers, who have been looking to cut down on their meat consumption in an effort to improve their own health as well as that of the planet. Flexitarianism, a trend that refers to



consumers who consciously reduce the amount of meat they eat and have 'meat-free' days, is on the rise. We have dedicated considerable effort to understanding such trends and to developing tools to transform vegetable proteins into a real meat experience.

Exploration in these areas is supported through our involvement in a number of research programmes. For example, the Plant Meat Matters Consortium at Wageningen University in the Netherlands is looking for solutions that address the taste and texture challenges of non-animal protein and we are working with students to design flavours and smells that can be used to create enticing plant-based meat alternatives. Work with the University of California, Berkeley has focused on specific technical challenges such as introducing 'meat-like colour' to plant-based meat substitutes.

### Helping to make food more nutritious

According to the World Health Organization (WHO), an estimated 2.5 million deaths could be prevented each year if global salt consumption was reduced to the recommended level.<sup>3</sup> Similarly, the organisation has recommended that both adults and children reduce their intake of free sugars and fats.<sup>4,5</sup>

Enticing consumers away from ingredients such as salt, sugar and fat is then another element of promoting healthier diets. Food manufacturers have tried to reduce the levels of such ingredients, but fear that consumers might turn away from these variants because they do not think they taste as satisfying as standard products.

2. Reducing food's environmental impacts through producers and consumers, J. Poore, T. Nemecek Science, 01 Jun 2018: Vol. 360, Issue 6392, pp. 987 – 992, DOI: 10.1126/science.aag0216

3. <http://www.who.int/news-room/fact-sheets/detail/salt-reduction>

4. <https://www.who.int/mediacentre/news/releases/2015/sugar-guideline/en>

5. <http://www.who.int/news-room/fact-sheets/detail/healthy-diet>



We are looking to provide customers with solutions for healthier products such as TasteSolutions® Salt to help reduce sodium levels in existing branded lines; TasteSolutions® Sweetness for unique taste, mouthfeel and aroma and, finally, TasteSolutions® Mouthfeel, which aims to minimise fat by replicating the satisfying mouthfeel that comes from high levels of the ingredient.

### Naturals and Sustainable Processes

Consumer interest in health and well-being is driving demand for natural ingredients and clean and clear labels listing ingredients they recognise rather than numbers or letters. Understanding 'natural' as meaning 'as intended by nature', they seek products they can trust: the less processed or complex the product, the more natural and healthy it is perceived to be.

While natural flavours are still acceptable to many consumers, there is an evolving preference for simple, recognisable natural ingredients. As one of the largest buyers of natural raw materials in the industry, we have an important role to play in ensuring that this increased demand can be met in a responsible, sustainable way.

We have been making and providing great tasting solutions from real food ingredients since 1907 and our natural ingredients heritage is rooted in a longstanding tradition of exploration, discovery and innovative thinking. Today, we are using our know-how in cultivation processes and biotechnology to increase yield and go beyond fully natural ingredients: we are well positioned to alleviate pressure on sourcing and supply chains as well as the planet's limited resources.

When developing our new flavour ingredients, we always consider the impact on the environment and target sustainable innovation through natural processes. We look to use as few resources as possible and incorporate circular thinking, also using our scientific knowledge to replicate traditional natural processes on a large scale to produce desirable flavour ingredients.

### Kitchen Ingredients

Under the term Kitchen Ingredients, we have created a portfolio of ingredients which are derived directly from recognised foods and are minimally processed, e.g. herbs and spices, extracts, stocks and other natural ingredients.

Our flavour innovation programme focuses on natural enabling technologies that allow us to provide these ingredients to our customers: harnessing the power of nature through enhanced fermentation and new technologies, we convert raw materials into highly desirable natural flavour ingredients.

We continue to innovate in this area, using natural technologies such as bio-fermentation to produce natural

flavours that satisfy requirements for 'clear' labels. Some of our approaches include a search for and the use of alternative, sustainable plants that contain ingredients that can be used as natural flavour; natural conversions, which are precursor ingredients that can be converted by mimicking the tools that nature has developed for itself; fermentation, or biotransformation, which uses micro-organisms to convert raw materials; isolation methods that use new technologies to fractionate extracts from natural sources and, finally, kitchen processes, which entail looking at what cooks do at home and in restaurants, combined with scientific insights. Such processes are often more sustainable than conventional/synthetic processes and produce less hazardous side streams.

### New sources of raw materials

Creating new sources of key raw materials also plays an important role in enabling us to maintain constant supply to our customers and alleviate the pressure on some natural products. Take the example of citrus, a flavour that consumers increasingly seek in beverages and other products. This rise in demand comes as some of the key citrus growing areas have been under threat, for example from diseases like the citrus greening disease, which causes the tree to die if left untreated, or from natural phenomena like hurricanes. The resulting reduction in yield and quality has put considerable pressure on the supply of citrus worldwide.

New sources of key citrus raw materials allow us to provide security of supply to our customers: our SunThesis® citrus ingredients collection, a range of natural citrus oil replacers, function like original citrus oil, are at least as stable, and provide great citrus flavour even though they come from non-citrus sources.

Furthermore, we are working and sharing knowledge with local communities to investigate and develop alternative sources of key natural raw materials. This helps us protect fragile resources while expanding our customers' access to the natural ingredients and solutions they seek.



## Upcycling

We are also continuing to explore possibilities for upcycling – the use of natural waste materials to create high added value and sustainable flavour ingredients – to ensure maximum natural resource efficiency. These can be our own side streams, or indeed those of customer or others in the industry. We look to inform our approach with the latest best practices by participating in EIT Food's Zero waste agenda and in FRESH's Food Loss and Waste workstream. We also continue research in the areas of variety selection and cultivation, sourcing, plant cell cultures and holistic flavour creation. We would also like to participate in the creation of inter-company logistics networks to support side-stream valorisation and promote more innovative and eco-efficient upcycling models.

## Innovating Responsibly in Fragrances

Critical questions in Fragrances surround how we can improve the daily lives of people while minimising impact on the environment. Consumers want to look good and feel good, and seek products that promote mental and bodily health and well-being as well as beauty and sustainability. Consumers look for fresh scents that can banish bad odours in clothing and in the environment, boosting self-confidence, enabling social inclusivity, and seek fragrances that positively influence how they feel. Ageing, active populations want to live better as they are living longer and we are looking to address such issues. Inspiring a sense of well-being that contributes to a positive state of mind is our goal as well as a key strategy for many of our customers and consumers.

As in Flavours, naturalness is an important driver of demand in our market: consumers seek and trust products from recognised natural sources. We look to respond to these demands while respecting the planet. We seek to maximise the value from nature but at the same time going beyond fully natural fragrances by increasing the use of biotechnology. This will allow us to offer fragrance ingredients and design solutions that meet this consumer demand for our customers. We can give access to different options of fragrance design, making sure we respect the planet at the same time.

An essential element of developing a more sustainable palette for perfumers is more efficient use of resources, greater adoption of cleaner and more environmentally sound technologies and industrial processes. We take the principles of Green Chemistry into account and look to reduce waste generation through prevention, reduction, recycling and reuse.

## Health and well-being

We work closely with our customers to develop and maximise the growth of their brands by offering novel sensory experiences and unique solutions to help them promote consumer health and well-being. Health and well-being boils down to helping people feel better throughout their lives and we approach this in multiple ways. With over 30 years of experience we are able to leverage creation to influence



people's well-being, their moods and emotions, enhancing self-esteem and a positive mindset.

In Active Beauty, we create products that enhance skin and hair throughout life, while our growing understanding of the skin microbiome is allowing us to develop more personalised solutions for better skin for everyone.

## Impact of fragrance on emotion and behaviour

Watching a film or listening to a song can trigger emotional reactions because of sensory process called 'transduction': converting light and sound into electrical signals that combine with chemical neurotransmitters, it forms the essence of how our brain thinks, feels and behaves at every moment of the day and night. Our sense of smell is also managed through transduction. Research has shown that odours that evoke positive memories may increase positive emotions, decrease negative mood states, disrupt cravings, and reduce physiological indices of stress, including systemic markers of inflammation.

Our specialists in neuroscience, psychology, sensory science and fragrance design have undertaken scientific testing and analysis on a range of topics at our state-of-the-art Health and Well-being Centre of Excellence in Ashford, UK. Already leading the industry in researching effects of odours on emotion, we have expanded this research to include behavioural responses such as sleep. This is allowing us to develop a new range of solutions, designing complex fragrances covering different olfactive directions to create a better night's sleep.

## Feeling fresh in daily life

Consumers wish to feel and smell fresh as they go about their busy lives, reducing interfering odours from their clothing and environment, and to remain integrated in society. To address this need, our Health & Well-being Centre of Excellence has a dedicated programme of innovation focused on malodour control and oral care. The teams are working on the promotion of health and well-being through the removal of negative influences such as malodour and using fragrance to positively

influence mood and behaviour. For oral care we are also working on the delivery of positive experiences in the mouth and oral hygiene.

### **Looking good, feeling good**

How we look also contributes to our sense of well-being and self-esteem and in Active Beauty we are developing products that address this need. To further our knowledge in skin health and extend our expertise, we have established a dedicated research centre. The Skin Expertise Technical Centre in Pomacle, France has the mission to accelerate cosmetic research and development projects, using high throughput screening capabilities to more rapidly identify and select lead compounds with new biological activities.

The work we lead in our Applied Microbiomics Centre of Excellence in Toulouse (France) on the skin microbiome is another key approach of how we strive to offer our customers products that they can use to improve the lives of consumers. Billions of micro-organisms known as 'microbiota' live on the surface of our skin and just as each of us has our own set of genes, our personal community of microbiota, or 'microbiome', is unique too. Understanding it is essential if we want better health and skin: any imbalances can manifest in skin conditions such as eczema, allergies, dandruff or acne.

### **Naturals and Sustainable Processes**

At Givaudan we are looking to go beyond fully natural fragrances and develop highly sustainable options that meet consumer demand and consider both human safety and the environmental impact. In providing our perfumers with the best palette of ingredients, we need to innovate to make more efficient use of natural products and get the most out of side streams. In this way, our customers can continue to develop differentiating olfactive signatures.

Our ability to offer these alternatives in a sustainable way depends heavily on various innovative processes. Our objectives are to use the latest and emerging science to find new ways of making existing products through sustainable methods as well as new sustainable chemistry and biotechnology to deliver carbon-efficient molecules. This will help us meet long-term ingredient needs while keeping perfumery creation relevant to the future expectations of consumers.

### **Making the most of what we have**

One way of improving yields is to look at new cultivation methods combined with novel breeding when possible. One example is our patchouli programme in Indonesia where a new patchouli breed, Patchoulina, developed locally is more tolerant to disease and so provides farmers with a higher yield both in terms of biomass and essential oil.

We also look to make more efficient use of natural resources through, for example, a novel technique that allows us to produce more fragrance with less material. By concentrating citrus molecules we can yield intensely powerful notes and obtain a multiplier effect at low quantities. This approach has been used to create several Citrus Coeur qualities, which now form part of our exclusive Citrus Collection.

### **Givaudan's approach to Green Chemistry**

The 12 principles of Green Chemistry came about as a response to the need to reduce the environmental impact in chemical manufacturing and it is now an integral part of our sustainability approach, helping us to produce fragrances that are safe for consumers, conserve resources and reduce environmental impacts. It is an approach to chemistry that aims to maximise efficiency and minimise hazardous effects on human health and the environment as outlined by Anastas and Warner.



The principles underpin efforts to be more sustainable and by following them we ensure that ingredients are safe by design and that our manufacturing processes optimise energy use, make efficient use of materials and reduce water and waste. The approach also contributes to our commitment to responsible sourcing: scientists can take abundant, simple ingredients or waste materials and produce molecules that could otherwise be difficult to obtain. This helps us to keep the cost of quality ingredients low, ensure continuity of supply and reduce pressure on scarce resources.

Our approach to putting the principles into practice focus on the areas where we can make the biggest difference. We are particularly focused on Waste Prevention; Less Hazardous Chemical Syntheses; Safer by Design; Use of Renewable Feedstocks; Catalysis; Design for Degradation and Real-time analysis for Pollution Prevention. We have appropriate monitoring in place at our ingredients factories to ensure we can improve chemical processes, quickly respond to any changes in output and meet our legal requirements for the locations concerned.

We have several external collaborations and partnerships in the field of Green Chemistry, including active participation in Europic, a European forum of industry and academia to share experience and expertise in process intensification.

### **Biotechnology**

Modern biotechnology techniques enable us to produce existing molecules or create new captives. For instance, by following Green Chemistry techniques such as biocatalysis, in which enzymes from microorganisms or plants are used as catalysts to perform chemical transformations, we ensure ingredients are designed in an efficient manner and that our manufacturing processes make efficient use of energy and materials, while reducing water consumption and waste.

In Active Beauty, we are creating active cosmetic ingredients through the use of micro-organisms (fermentation and bioconversion) or enzymes (biocatalysis) allowing us to create products that are more eco-responsible, require less energy and generate less waste. One example is BisboLife™, a form of alpha-bisabolol produced through fermentation bringing quality with lower impact on the environment.

### **Safe by Design**

Safe by Design™ is part of Givaudan's vision to develop new molecules more efficiently and shows our commitment to increasingly using non-invasive test methods to screen them: research on alternatives to animal testing form the basis of the approach. It makes development more efficient, but also speeds up the product development process in a cost-effective way. This leads to safer products that can be brought to market more

quickly, all while side-stepping the ethical dilemmas posed by using sentient creatures for commercial gain.

We were the first fragrance company to invest in exploring alternatives to animal testing and we are leading in their development with, for example, the Organisation for Economic Co-operation and Development (OECD) guidelines of KeratinoSens® as well as bioaccumulation assessment in the field of perfumery. The KeratinoSens® assay tests for skin sensitisation and we made the decision to make this in-vitro assay openly available, working with the OECD to adopt and promote it. The OECD adopted it in 2015 and it is regarded as an essential tool for cosmetics companies, many of whom we count as customers. We have also partnered with BASF and The Institute for In Vitro Sciences (IIVS) to validate another assay originally invented at Givaudan, the Kinetic Direct Peptide Reactivity Assay (Kinetic DPRA) to predict skin sensitisation.

Another test, the Trout Liver S9 Fractional Assay, has also been approved by the OECD. Mainly developed by the U.S. Environmental Protection Agency, we were in 2014 the first company to publish a study proving the use of the approach for fragrance molecules. It allows us to test whether molecules are eliminated by the liver – an indication of its bioaccumulative potential – in fish liver enzymes rather than in fish themselves.

### **Upcycling**

Upcycling, also known as creative reuse, refers to the transformation of co-products, waste materials, useless or unwanted products into new materials or products of better quality and environmental value. At Givaudan, we obtain such materials by valorising side streams (natural or not) that are normally disposed or downgraded by transforming them into ingredients used in fragrance creations. One example is using upcycling methods to produce Apple Oil directly from fruit puree, a process side stream of juice production.

In Active Beauty, we are using upcycling as a way to unlock the skin care benefits of plants in our portfolio of sustainably sourced natural ingredients, which have historically provided raw materials for our fragrance creations. Creative, sustainable innovation such as this ensures we can do more with less, by finding two applications from just one source. This concept aims to use all parts of the plant to optimise the usage and reduce waste, further emphasising the synergies between fragrance and the cosmetics world.

An example is Vetivyné™, made using a water-soluble extract from exhausted Haitian vetiver roots, a by-product of the extraction procedure used to produce vetiver oil for fragrances. These ground-breaking Upcycling approaches reduce waste and minimise our environmental impact.



# Acting for Our Environment

## We continue to pursue excellence in our operations while helping partners improve supply chain efficiency.

Climate change has a direct impact on the availability of our key natural resources because it alters ecosystems and disrupts food production and water supplies. As such, it poses a significant risk to our operations. Motivated then by both ethical and business concerns, we are going to great lengths to continuously improve processes, reduce our environmental footprint and mitigate the effects of climate change. We seek to optimise the environmental impact of our products within the entire supply chain, carefully examining how they are designed, manufactured and ultimately used by the consumer.

We have introduced an ambitious agenda that aims to protect the environment across our operations and throughout our value chain. Because the real footprint of a product includes all the steps in the supply chain that lead to the market, we are also collaborating increasingly with our suppliers to reduce





their own footprints, helping us minimise the true environmental impact of a given product. By working with our suppliers, we contribute to overall climate change mitigation: this has a direct impact on local producer communities and a positive effect on the supply of the natural ingredients and all of the raw materials we rely on.

Through this collaborative approach, we seek to reduce greenhouse gas (GHG) emissions and improve water stewardship and waste management and have correspondingly ambitious targets. We assess our activities and those of our suppliers to find opportunities to limit our environmental impact, from purchasing 100% renewable electricity to encouraging zero deforestation. Our targets to reduce GHG emissions are approved by the Science Based Targets initiative and are aligned with the global effort to limit climate change.

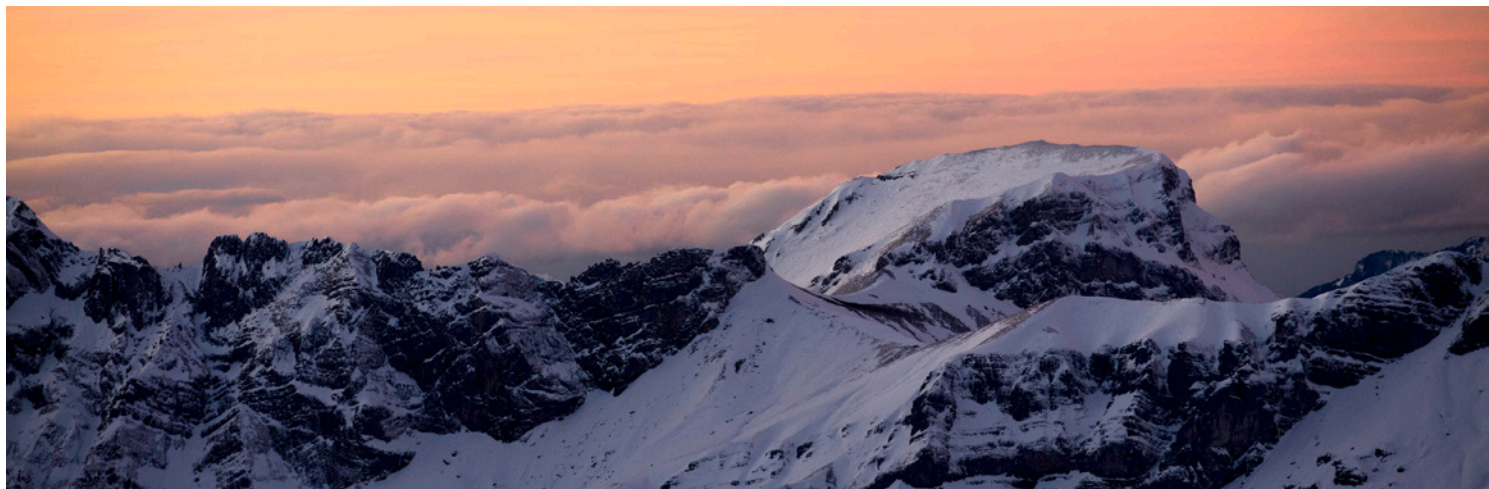
As a signatory to the International Council of Chemical Associations Responsible Care Global Charter, Givaudan commits to actively strengthen Responsible Care worldwide by dedicating its people, technologies and business practices to the charter's six elements, which target continuous improvement in environmental, health and safety performance.

Our Responsible Care Management System provides the framework within which our environment, health and safety (EHS) policy, procedures and daily activities operate. This framework is structured around the Responsible Care Charter, ISO standards, industry best practices, and regulatory requirements. It is an established and successful initiative to improve performance in environmental protection, and occupational health and safety and builds on existing EHS policies and procedures, providing a coherent framework to bind them together.

### Our targets

	<b>Greenhouse gas emissions</b> Reduce absolute Scope 1 and 2 GHG emissions by 30% between 2015 and 2030 Additional goal to reduce Scope 3 GHG emissions by 20% over the same time period
	<b>Renewable electricity</b> 100% renewable electricity by 2025
	<b>Total weight of incinerated and land-filled waste by type and disposal</b> 4% reduction, per tonne of product, year on year on average (baseline 2015)
	<b>Water</b> 15% reduction, per tonne of product, by 2020 (use of municipal and groundwater; baseline 2009)





Target setting, documentation and performance monitoring are aligned with the requirements and principles of the ISO 14001 Environmental Management System. To date, all our ingredient manufacturing sites have had their EMS certified against the ISO 14001 standard. Three other sites – Cimanggis, Daman and Volketswil – have also been certified.

Our management team of experts, including members of the Environment Centre of Expertise, the Environment, Health & Safety (EHS) field organisation, operations, supply chain and procurement functions, develops the global roadmap and supports and encourages every part of the business and its leadership in efforts to meet environmental targets. It drives progress on the material aspects of climate change, water stewardship, waste management, transparency and reporting, as well as the environmental and societal impact of our products. The ultimate mission is to translate targets and commitments into concrete plans and identify future opportunities to improve environmental performance.

Different means of ensuring that our targets are met include site-specific goals, dedicated employee teams as well as educational workshops. All production sites have Site Eco-efficiency Plans (SEEP), which set individual eco-efficiency targets meant to be achieved over a period of two to three years. This work is supported by Green Teams, cross-functional groups of volunteer employees at each site who identify additional eco-efficiency projects or seek to improve existing ones: the Executive Committee recognises the most successful projects annually with awards.

We have introduced regular eco-efficiency performance reporting at the site, regional, divisional and global levels. We have also implemented the 'Green Chapter' for capital expenditure project proposals. The Green Chapter must include an outline of the eco-efficiency aspects, a cost/benefit analysis and elements related to a 'price on carbon' concept of the proposed investment.

## Emissions

We are committed to reducing absolute direct (scope 1 and 2) emissions by 30% by 2030 compared to 2015 levels and aim to reduce indirect (scope 3) emissions – those produced by our entire value chain – by 20% over the same period.

### Scope 1 + 2 Emissions

Scope 1 emissions are defined as those generated by Givaudan's production. Such emissions come from the combustion of fossil fuels (gasoline, diesel, fuel oil, natural gas, propane) consumed to produce heat and steam on our facilities or to operate our vehicles. Scope 2 emissions come from the production of electricity, steam, or other sources of energy (e.g. chilled water) generated upstream by another organisation using fuels such as coal, fuel oil, natural gas, waste, and others, to do so.

## 100% RENEWABLE ELECTRICITY

**As part of its commitment to reducing GHG emissions, Givaudan will ensure that all of the electricity it buys will come from renewable sources by 2025.**

We are a member of RE100, and have committed to converting our entire electricity supply to fully renewable sources by 2025. This is a fundamental element of our comprehensive plan to reduce scope 2 emissions. We are at the same time leading significant energy consumption reduction projects across operations and making improvements through investment and effort in energy saving workshops, eco-efficiency plans and targeted projects.

We are now investigating various means of achieving this goal, looking to go beyond green tariffs. This may involve, for instance, investing directly into renewable power or, for

example, having power purchase agreements with other companies. We have also started some relevant projects such as the investigation of the use of solar heat in industrial processes. In an EU-funded pilot project, for instance, we are coupling solar thermal collectors with special hybrid heat pumps to provide flexible and cost-efficient cooling systems for industrial applications in our Sant Celoni site in Spain.

At the same time, we are introducing significant energy consumption reduction projects across operations and making improvements through the investment and effort that goes into energy saving workshops and site eco-efficiency plans.

Energy saving workshops are meant to improve overall employee awareness by asking them to see energy use in a new light. Workshops typically begin with an explanation of different ways of identifying inefficiencies, reviewing internal technical infrastructures such as pipes and machinery and looking at essential data relating to energy, waste and water. Teams formed within the workshop then review different operational technologies to identify where improvements and savings might be found. The teams then have an opportunity to present projects to the regional operational management teams and they lead to real change in site performance and efficiency.

### Scope 3 Emissions

We define scope 3 emissions as those that come from all sources of emission in our value chain excluding those already covered under scope 1 and 2. Scope 3 refers then to items including but not limited to the production of purchased goods, goods transport, packaging, capital goods, waste disposal and employee commuting and business travel.

We are also targeting a decrease in such emissions through a joint effort with suppliers to reduce the carbon footprint of purchased goods and services and associated transport. We have joined the CDP Supply Chain, which will enable us and our suppliers to identify ways to do so, focusing especially on opportunities in transport, packaging and purchasing of raw materials. For example, achieving sustainable transport and logistics requires good planning, which in itself depends on good communication and organisation both within the business and with our customers. This could allow us to, for instance, replace some air cargo with sea freight, which is cost-effective and generates less GHG emission.

 Management Approach 103 – 2: Topic 302, 305, pages 22 – 23

## Water and Effluents

Water is an essential element in our manufacturing activities as well as in our entire value chain and Givaudan is striving to be an industry leader in conservation and stewardship. We are looking to consume and discharge this increasingly precious natural resource in a socially equitable, environmentally sustainable and economically beneficial manner.

Our strategy for monitoring and reducing water consumption is embodied in our Water Stewardship Programme, which is also used to guide our growth strategy in terms of location, technology and procedures to ensure water risks are managed and monitored. We are putting a priority on places where water stress is expected, carrying out risk assessments to develop water mitigation action plans including efficiency improvements and water reuse opportunities.

### Water Risk Assessment

To get a more detailed picture, we carry out a periodic corporate water risk assessment that allows an exhaustive identification of relevant exposures and a specific analysis related to the context at the watershed level. This process applies to both the operations and the supply chain as they are the most material stages of our value chain in terms of water consumption.

This water risk assessment includes all Givaudan manufacturing facilities and takes into account six indicators from two water risk mapping tools – the Water Risk Filter and WRI Aquaduct – that cover all water risk aspects: physical, regulation & reputation. In addition, we use a set of criteria on production volume, water withdrawal, level of risks for each indicators and internal knowledge to prioritise the facilities. All prioritised facilities have to fulfil a Local Water Risk Assessment aiming to get contextual information and develop mitigation plans. Because of the transparency of the data source and the global coverage of the WRI Aqueduct and WWF-DEG Water Risk Filter tools, both tools were selected to identify risks in our operations.





A corporate water footprint based on ISO 14046 and using a metric-based methodology has also allowed us to identify hot spots in terms of countries and products. The goal of this project was to perform a screening corporate water footprint assessment of Givaudan's activities, specifically aiming to: quantify the total water consumption of our activities, taking into consideration the whole value chain from raw materials extraction to product use and end-of-life; quantify the water scarcity footprint to highlight water consumption located in water stressed areas along the value chain; provide a detailed breakdown of the water footprint to identify main contributors and, finally, to identify water hotspots and physical water risks along the value chain. This allows us to set priorities for reducing water use and a mitigation plan is under development.

Additionally, our most important suppliers are annually evaluated through the SEDEX platform and SMETA audits to assess water risks in our supply chain. Both tools were selected because of their application to a broad range of users.

### Actions

Our actions already include reducing water withdrawal, recycling water and making use of other sources such as rainwater. Some approaches have included switching processes that currently use municipal water to our existing cooling tower loop, meaning we reduced the amount of municipal water required for cooling. Another is the installation of automatic valves to manage water needed for purging product dust from the recirculating scrubber water. This allows the unit to stop adding water when product is not being dried. These are just a few of the many water-saving initiatives ongoing at Givaudan sites worldwide, from on-site biological treatment of waste water and subsequent reuse in the Netherlands to rainwater harvesting in India.

Due to very efficient water reduction programmes implemented at our production sites, Givaudan achieved its 2020 water reduction target three years in advance. Today we are assessing a new target and are looking into how to increase our impact for global water stewardship. We will soon publish a relevant new target.

In parallel, we work with key suppliers and help them manage their own environmental footprints by asking them to report water use, risks and management strategy including targets and actions that they are taking to reduce their impact. We use this collected information to create partnerships to put into place collaborative measures that contribute to our Water Stewardship Programme. We also aim to work with local communities through our Communities at Source programme to help them figure out solutions for improving water and sanitation management.

We are also working to ensure that the wastewater from our operations is discharged responsibly.



### Materials and Waste

We work hard to limit the amount of waste we produce through a four-pronged process based on the key concepts of 'reduce,' 'reuse,' 'recycle' and 'recover.' We are reducing the amount we create as a by-product of our processes; then we reuse where possible and recycle in an effort to move away from disposal in landfill or by incineration. Where waste is incinerated, we recapture the energy. Our target is to reduce incinerated and landfilled waste production per tonne of product by an average of 4% year on year against the 2015 baseline figure.

One of the ways we are getting closer to our waste management targets is by putting more emphasis on notions engrained in the idea of the circular economy, a generic term for an industrial economy that produces little or no waste. It is estimated that 90% of the raw materials used in manufacturing become waste before the product leaves the factory, and that 80% of products made are thrown away within the first six months.<sup>1</sup> In the circular economy model, various measures can be taken such as, for instance, managing biological materials so that they can be returned to the biosphere without contamination.



An example is our biorefinery that produces hyaluronic acid (HA), used in moisturising and anti-ageing products, and dihydroxyacetone (DHA), the essential active ingredient in self-tanning products. It operates in a circular fashion in that, for example, water is generated as a by-product from sugar beets and reused in specialised products and processes; CO<sub>2</sub> resulting from fermentation is captured for use in the carbonation of beverages; ethanol is recycled and finally, effluents are sent to a retention and purification plant for downstream spreading on fields. The use of fertiliser is kept low thanks to the reuse of effluent from the purification plant. We are continuing to investigate ways of introducing similar concepts into our daily business.

 Management Approach 103 – 2: Topic 301, 306, pages 24 – 25



# Our People and Partners

## Managing and encouraging people and protecting the health and safety of our employees and contractors is critical to meeting our business and sustainability goals.

People who are passionate about our work and committed to creating a sustainable society make significant contributions to the success of our business. We are a leading employer in the industry, with a global staff of more than 13,000, including more than 90 nationalities: we reflect the societies and cultures in which we operate by providing opportunities for people of all backgrounds, gender and location. We believe that diversity and inclusivity add strength and balance to our workforce and we look to contribute to full and engaged employment and decent work for all.

Part of our commitment to decent work is our insistence on fair compensation, labour rights and good labour/management relations as well as continuous development of the skills of our talented workforce. We are opposed to all forms of forced labour and exploitation of children. Finally, health and safety are critical elements of our work as we strive to get 'Everyone Home Safe, Everyday.'

### Promoting diversity and managing talent under fair conditions

Diversity is critical to helping us manage our complex operating environment and serving our customers in the best possible way. Equal opportunity is necessary to cultivate leaders with legitimacy and to make better business decisions. Managing talent allows us to attract and keep the best and the brightest.

We embrace diversity throughout our organisation and are fully committed to increasing inclusiveness. We produce analytics to assess and review the numbers of our balanced workforce (in particular relating to gender and nationality) and we track progress in this regard, including the percentage of women and high growth market nationalities in leadership positions. Our Diversity Position Statement outlines our commitment to ensuring a representative workforce that reflects the diverse communities in which we operate.

One way we promote this is through our approach to a better balance: a good mix of nationalities and gender reinforces our inclusive culture and is essential to achieving our business goals. Evolving the balance of nationalities and genders in our management teams over time will lead to steady, sustainable change, not quick or superficial fixes. We are committed to providing and contributing to a work environment that is based on mutual respect among people and is free from harassment.

### Leadership path open to all

The path to leadership is open to all motivated, talented and qualified people and we are committed to equal opportunity. Our Principles of Conduct state that it is our policy to recruit, employ and promote people on the sole basis of the qualifications and abilities needed for the work to be performed without regard to race, age, gender, national origin or any other non-relevant category.

While we believe it is fundamentally right to do so, it also makes sound business sense. Highly qualified candidates may be more likely to consider working for a company if they believe opportunities for economic growth will be available to them as they demonstrate their value, regardless of their gender or nationality. Companies who compensate men and women and people from all backgrounds equally will have access to a larger talent pool when recruiting and hiring, and are more likely to retain these highly talented people.



### Equal pay and talent development

We are particularly attentive to the remuneration of women compared to that of men and we strive to have equal pay for work of equal value. This is a priority topic at Givaudan and we have conducted studies in some of our key markets because equal pay for equal responsibilities is our target.

We also focus on talent development to improve skills and engagement. This helps reduce costs and increase our revenue and it also provides an engaging and inspiring environment for employees to realise their career aspirations. This enables us to retain and motivate qualified people.

Our drive to develop and engage our talented professionals is reflected in projects such as our regional ONE Givaudan onboarding initiative – a programme that allows new employees to acquire fundamental knowledge about our Company and its rich heritage, our business and our DNA; a set of customised management training programmes called Leadership Senses; a yearly performance cycle including talent reviews and career discussions; and a culture of continuous learning, curiosity and feedback.

**GRI** Management Approach 103 – 2: Topics 202, 404, 405, 406, pages 26 – 27

### Fair working conditions

Fair and competitive compensation is essential to attract, motivate and retain the best talent in the industry and we recognise that managing and encouraging our talent is critical to meeting our business and sustainability goals. This is why our remuneration policy is based on the principles of pay for performance; external competitiveness; internal consistency and fairness: internal pay scales reflect job level, function and geographic market. We pay fair wages, do not demand excessive working hours from our employees and comply with all applicable wage and hour laws.

We review all salaries by taking into account macroeconomic data such as cost of living and market evolution and salaries may be reviewed more frequently than once a year in high-inflation countries. This process includes all markets where we operate, all job functions and all levels. Furthermore, all employees are paid at least – and in most cases well above – the minimum salary stipulated by law or collective agreements and a robust and continuously updated rewards strategy is in place.

In addition, our people may benefit from additional forms of compensation. The Profit Sharing Plan is designed for non-management employees and payouts are based on yearly evolution of Group EBITDA. The Annual Incentive Plan covers all managers and executives globally, rewarding participants for the achievement of financial targets and other organisational and individual objectives. The Performance Share Plan (PSP) links executives and selected manager



compensation to the evolution of the Givaudan share price and long-term business objectives through the award of Performance Shares.

Finally, benefit plans seek to address current and future security needs of employees and generally include retirement, health, death and disability benefits.

### Respecting human rights

We respect, protect, and fulfill human rights within our sphere of influence and contribute to eradicating inequality and unfair labour conditions wherever we do business. We strive to make a positive impact on the communities in which we are present.

Specifically, we are particularly opposed to all forms of forced labour and exploitation of children. Our Principles of Conduct stipulate that we do not practice or tolerate any form of child exploitation or forced labour. We do not provide employment to children before they have completed their compulsory education and, in any event, not before they reach the age of 15. We do not engage with suppliers who exploit or use child or forced labour.

We fully support the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the United Nations Global Compact's (UNGC) guiding principles. We also follow the principles of the fundamental conventions of the International Labour Organisation (ILO), the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of March 2006 and the OECD Guidelines for Multinational Enterprises of June 2011.

We conduct general employee training on our Principles of Conduct, which covers Corporate Social Responsibility topics. We also train employees in health and safety aspects.

**GRI** Management Approach 103 – 2: Topics 408, 409, 412



### Good relations with our employees

Genuine conversations improve mutual understanding and help us find resolutions to potential conflicts and we have a proud history of constructive dialogue with employee representatives. For example, over recent years we have successfully modified our benefits plans, a process which required solid labour/management relations. These relations are crucial for continued success. We protect labour rights and support the freedom of individuals to join trade unions or other employee representative bodies. Givaudan does not discriminate based on employee membership of, or association with, these bodies and seeks to enter into constructive discussions when issues arise. Givaudan always consults with the employee representatives.

Givaudan regularly consults with employee representatives, for example continuing to hold regular European Works Council consultations with a group of employees, which represents works council members from all European Union member states where we have operations. The purpose is to inform and consult employees about significant changes in the organisation, ensure the right to freedom of association and collective bargaining is not put at risk, and to report any feedback to the Executive Committee.

Communication is particularly important when employees are affected by significant operational changes and we respect legal local notice periods before implementing them. We specify minimum notice periods regarding operational changes in countries where there are collective agreements and where it is mandatory. The minimum notice period may be as long as three months, depending on the country and based on local laws and practices.

Another element of constructive dialogue is our global Employee Engagement Survey, which offers all employees the opportunity to have their say. The survey is anonymous and conducted by an external agency, providing employees with assurance they can speak freely and that their voice will be heard. The impressive response rates show us that our employees feel empowered to speak up and create change. Following these surveys, results are communicated to employees; local sites and countries are encouraged to take ownership of their results to build on their strengths and address opportunities and global actions are reviewed by the Executive Committee.

 Management Approach 103 – 2: Topics 402, 407

### 'Everyone Home Safe, Everyday'

Ensuring the safety, health and wellness of our staff are an essential part of being a responsible company and employer and we actively promote safe and secure working environments for all. We strive to manage risks that are associated with working in industrial environments and with hazardous chemicals as well as air, water and soil pollution and contamination. Our mission is therefore to empower all of us to safeguard the environment and protect people's health and safety.

Our goal at Givaudan is to eliminate accidents and get 'Everyone Home Safe, Everyday'. We engage our employees to actively contribute to this target through awareness campaigns and specific training programmes and look to ingrain these reflexes into our very culture.



Our primary means of achieving this is through a behavioural-based safety awareness programme designed to reinforce a strong culture in which every employee takes responsibility for his or her own safety, the safety of the people around them and the safety of the environments in which we operate. Our approaches consist of safety leadership training for line managers, a set of Safety Ground Rules and globally rolled-out employee awareness training that covers the behavioural aspects of occupational health and safety. The introduction of SafeStart™ training, a programme that promotes behavioural safety, also helped with the implementation of safety contacts as well as periodic workplace inspections. In addition, every location receives a yearly pre-defined local safety target that is aligned with and contributes to the global objective in accident reductions.

In this way, our EHS mission goes beyond rules and processes by aiming to empower all employees to take shared responsibility in safeguarding the environment and protecting their own health and safety as well as that of their colleagues. Our goal is to enhance this EHS mindset in the daily activities of all employees so it becomes second nature as well as the right thing to do. We are executing our EHS 2020 strategy, which builds on the successful platform of the past and focuses on areas that need reinforcement to achieve continued success.

### Embedding EHS in our culture

To reach our goals, we have created an EHS Excellence model. It uses a workshop approach to raise the visibility and strengthen the impact of our EHS culture. It also helps our leadership teams assess their sites and functions in terms of the desired culture and, in turn, agree on how to improve them. Training new EHS facilitators in a way that differs from the traditional 'centre outwards' approach will further development in this area. This programme also enhances and supports local ownership of EHS matters. The people trained will gain external accreditation from IOSH (the UK-based Institution of Occupational Safety and Health) as part of our investment in their skills and development. We plan to implement the programme on all sites. The programme teaches employees how to avoid unsafe situations, how to keep themselves and others healthy, and how to look after the environment. It also facilitates the 'See something – say something' approach as well as the examination of events that might have had serious consequences.

We in any case manage occupational health and safety in numerous ways, including prevention measures and emergency management, in addition to documentation and guidelines that help spread information. We track our efforts through leading indicators such as the number of hours spent on training, and by measuring the number of safety contacts (proactive behavioural safety audits) and near-miss reports, thus reducing exposure to work-related risks or incidents.

All these activities are aligned with and contribute to our EHS Management System. The EHS Management System provides a framework for implementing our engagement towards EHS on a day-to-day basis. It describes and explains how all elements interact and relate to each other and provides guidance on how to translate our Global EHS policy into strategies and processes that drive continuous improvement. Our system is structured around the Responsible Care® charter – a voluntary commitment by the global chemical industry to drive improvement and excellence in environmental, health and safety performance – along with ISO standards, industry best practices and regulatory requirements.

The execution of our Global EHS strategy is helped by our network of local, regional and global EHS professionals, who are valued partners to our operations and business teams. Guidance, project management support and governance advice is provided by our corporate EHS Centres of Expertise in the fields of:

- environmental sustainability and protection: optimal eco-efficiency targets and action plans, data reporting and analysis, support for 'Green Chapter' capital expenditure and encouraging local Green Teams.
- material stewardship and hazardous material compliance: industrial safety, dangerous goods transport, data compliance management, packaging and hazard communication channels like labels and safety data sheets.
- occupational health: identification, evaluation and control of potential health hazards in the workplace, medical surveillance and documentation.
- occupational safety: technical safety, behavioural based safety.
- process safety management: standardised approaches to process risk assessment, odour emissions control, engineering support, internal audits, business continuity planning and global safety laboratory.


Empowering everybody to safeguard the environment and protect people's health and safety continues to be embedded in our culture. We know that a safe place to work is also a great place to work. EHS events on sites around the world are highly successful in engaging and energising our people. We see a clear increase in the number of people watching out for themselves and their colleagues and will continue to build on our EHS events to help in executing our EHS strategy.

**GRI** Management Approach 103 – 2: Topic 403, pages 28 – 29, Topic 401, pages 26 – 29









# External environment

## In this section

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# Policy and regulations

## We adhere to the highest ethical standards in the way we interact with all our stakeholders in all communities in which we operate.

High ethical standards are essential to how we interact with all our stakeholders, everywhere – customers, suppliers, shareholders, employees, competitors, government agencies and the communities in which we operate. Being open, transparent and honest in our dealings with these stakeholders, presented in more detail in the following chapter, allows us to grow responsibly and share our success.

Ethical behaviour by our employees, agents and business partners is of utmost importance: we can be held responsible for our own actions as well as for the actions of our agents, consultants and other business partners. Our corporate governance systems ensure that our Company is managed in the interests of shareholders and other stakeholders. Our management systems include checks and balances to control risk and oversee management accountability. The penalties for violating bribery and corruption laws are severe, including prison sentences and significant fines. We also know that mere allegations of bribery or corruption can damage our reputation.

Our Principles of Conduct apply to all the employees of any Givaudan company across the world.

Our expectations of business integrity also extend to our suppliers, who are expected to maintain the highest degree of business integrity as described in our Responsible Sourcing Policy. They must abide by local laws and international standards and conventions on bribery, gifts, entertainment and hospitality, money laundering, fraud, fair competition, confidential information and reporting. The implementation of such a comprehensive policy across a global network of suppliers is an enormous task, but we view the implementation of the policy as an opportunity to transform the supply chain. Our approach is to work hand-in-hand with the suppliers to help them achieve compliance with the requirements. Givaudan's Responsible Sourcing Programme aims to implement the policy while encouraging supplier leadership and fostering supply chain innovation.

Finally, in terms of product and service labelling, our Regulatory and Product Safety teams provide the critical information that enables customers around the world to use our products in the knowledge they are safe and compliant for the intended use.

### Anti-corruption

Keeping our business free from corruption issues is a key concern to Givaudan. It reflects the high ethical standards that are the basis of our DNA. Most countries where we operate also have anti-bribery laws. Some of them apply even extraterritorially, such as the UK Bribery Act, the US Foreign Corrupt Practices Act or the French Loi Sapin II. Non-compliance with these and other anti-corruption laws may expose us to fines and reputational damage, which may lead to loss of customers.

Anti-corruption compliance is managed as one of the compliance risk areas within our Compliance Management System as follows:

### Policies

Our Principles of Conduct, last updated in 2018, state that Givaudan has zero tolerance of bribery and corruption and do not make facilitation payments. This principle is further detailed in two policies:

1. Givaudan's Global Anti-Bribery, Gifts, Entertainment and Hospitality policy, first enacted in 2011 and last amended in 2018 to take into account recent changes in French anti-corruption law (Loi Sapin II) includes prohibitions on corruption, bribery, inappropriate gifts as well as mechanisms for approval and reporting of gifts, entertainment and hospitality.
2. Global Charitable Giving and Community Support policy, also last amended in 2018 to reflect the French Loi Sapin II, provides mandatory guidelines of permitted charitable causes, due diligence on recipients and reporting.

The Principles of Conduct, as well as the two policies are available to employees in all major Company languages.

### Compliance Risk Assessment

Corruption and bribery risks are regularly reviewed by the Corporate Compliance Officer as part of a compliance risk assessment, which is done at local and corporate level. The results are presented to the Executive Committee, the Audit Committee and the Board of Directors.



### Training

Givaudan has included corruption and gifts/entertainment in its basic compliance training for all permanent employees. Moreover, we have introduced specific anti-bribery training for employees with material outside stakeholder relations. Both courses are available in all major Company languages.

### Due Diligence

Givaudan has a process for the selection and engagement of sales agents and distributors that includes a formal due diligence review and minimum requirements for agent contracts and payments.

### Detection / Due Diligence

Givaudan established a helpline to allow employees to report compliance issues in confidence. This compliance helpline is serviced by a third-party provider and is available at all sites worldwide and in all major languages spoken at the Company. In addition, we have a dedicated grievance e-mail to allow third parties to report alleged non-compliances. All reported cases are reviewed and investigated as appropriate.

### Monitoring and Reporting

Monitoring is done via a number of measures, including an annual compliance certificate by all Local Compliance Officers, regular reporting by the Corporate Compliance Officer to the Executive Committee, the CEO, the Audit Committee and the Board of Directors. In addition, Givaudan discloses completion rates for compliance trainings and charitable contributions and sponsorship in its annual report.

### Consumer health and safety

As new regulations are proposed and implemented in the global flavour and fragrance industry, we are at the forefront of ensuring our products comply with the relevant changes. We work closely with our customers to help them understand the changes as well as the impact they will have on their consumer products.

Beyond this direct support of our customers' needs, we continue to lead efforts to help shape the industry landscape by committing resources and sharing expertise. This advocacy, support and expertise is provided by 200 employees at over 25 locations with different skills, ranging from scientists to trade and safety and toxicology experts.

We are committed to ensuring that our products are safe for consumers, workers and the environment when used as intended, and that these products are compliant in the markets around the world where we sell. We are a business-to-business organisation and as such we do not sell products directly to the end-consumer, but we are responsible for providing safe products to the businesses we sell to, and we seek to ensure the health and safety of our customers when handling our products.

Givaudan has a long history of investing in safety evaluation of its raw materials and we develop critical data to support these evaluations along with our suppliers. This enables us to comply with safety regulations around the world. With our regulatory expertise, we not only provide essential advice to our customers, but also ensure that our products meet or exceed all requirements.




### Regulatory assessments

Our flavour ingredients are subject to regulatory oversight and/or assessment by government agencies and international organisations worldwide that approve their use based on their origin and/or a review of their safety profile. These include the US Food and Drug Administration (FDA); the Flavour and Extract Manufacturers Association of the US (FEMA); the European Food Safety Authority (EFSA); the International Organization of the Flavour Industry (IOFI); and the Joint Expert Committee on Food Additives of the World Health Organization (JECFA).

Fragrance materials meet mandatory International Fragrance Association (IFRA) requirements for safety in addition to specific country or regional regulatory requirements, such as those of the European Chemicals Agency and U.S. Environmental Protection Agency.

### REACH regulation update

REACH – the EU Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals – aims to ensure a high level of protection of human health and the environment from risks that can be posed by chemicals and to promote alternative test methods. Givaudan has ensured that all the ingredients we manufacture and purchase to minimise risk in our supply chain within the scope of REACH have been registered. A dedicated cross-functional team also ensured that suppliers have registered the ingredients we purchase from them. We tackled a huge challenge for the 2018 REACH registration deadline, completing more registrations compared with registrations done before the previous deadline. We ensure REACH compliance, not only for Givaudan but also for our customers in the EU and the end consumer.

 [www.givaudan.com](http://www.givaudan.com) – Our company –  
Corporate Governance – Principles of conduct

 Management Approach 103 – 2: Topic 416, pages 33 – 34

### Product and service labelling

Transparency is increasingly expected in all areas of our business, from supply chain data to R&D information and formulas. It is important that we provide all the necessary information for the proper handling of materials we sell to enable our customers to manage any EHS risks associated with the use of our ingredients.













Givaudan operates different Centres of Expertise in the Global EHS organisation to coordinate and reinforce expertise on classification, labelling and packaging activities, ensuring compliance of our products with local regulations. We evaluate all the ingredients used in our formulas for any EHS impact and this information is disclosed and filed with the relevant regulatory bodies whenever necessary.

As a business-to-business organisation, our marketing communication is not aimed at consumers, but it is crucial that it accurately reflects the reality of our products and services. Quality and environmental data about our products, including safety and technical information, are made available to the users through product labels, safety data sheets (SDS) and technical data sheets (DTS). The SDS, which are available in more than 45 languages, are attached to every consignment and readily available to customers on request. For flavour products, information related to allergens, ingredient, GMO, organic, nutritional and religious criteria can be provided. The businesses we sell to have the information needed to handle our products correctly and deliver safe products to the consumer.

 Management Approach 103 – 2: Topic 417

# Supported initiatives and strategic memberships

## Overview

	<b>United Nations Global Compact</b>
	<b>CDP</b>
	<b>Science Based Targets initiative</b>
	<b>The Global Reporting Initiative</b>
	<b>Sedex (Supplier Ethical Data Exchange)</b>
	<b>RE100</b>
	<b>EcoVadis</b>
	<b>AIM-PROGRESS</b>
	<b>Natural Resources Stewardship Circle</b>
	<b>Roundtable on Sustainable Palm Oil</b>
	<b>American Cleaning Institute</b>
	<b>French Alliance for Sustainable Palm Oil</b>
	<b>World Business Council for Sustainable Development</b>
	<b>The Forest Trust</b>

## We endorse and participate in external global commitments and initiatives that promote sustainable business practices.

We engage in a series of external initiatives and strategic collaborations with relevant organisations and partners to support and inform our work on the most material sustainability issues. Collaboration across our supply chain as well as with other businesses and non-profit organisations is essential; the more we do together, the quicker we drive sustainable solutions. This chapter details some external initiatives and some of the most relevant strategic partners: it is not meant to be exhaustive.

### External initiatives

#### United Nations Global Compact

The United Nations Global Compact (UNGC) is a strategic policy initiative for businesses committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption. We have been signatory since February 2010 and we measure our progress towards sustainability against its principles. Our GRI reporting also serves as a communication on progress (COP) towards the implementation of these principles and also achieving our sustainability targets. We are also involved with the UNGC Swiss Network, allowing us to participate in conferences and share best practices with other members.

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

## CDP

We demonstrate our commitment to monitoring and reducing our greenhouse gas emissions and safeguarding water resources through our involvement with CDP, formerly known as the Carbon Disclosure Project.

CDP is an international, non-profit making organisation that uses investor and buyer power to motivate companies and governments to disclose their impact on the environment and take meaningful steps to address climate change, deforestation and water security. CDP works with institutional investors with assets of USD 100 trillion; in 2017, more than 6,300 companies with 55% of the global market capitalisation disclosed environmental data through CDP. This is in addition to more than 500 cities and 100 states and regions that have also disclosed through the platform.

We recognise that there are tangible business benefits to disclosure and action because this helps us ensure long-term sustainability and profitability and equips us to respond to regulatory and policy changes such as the Paris Agreement. We aim to communicate with our stakeholders as transparently as possible on strategic direction, motivation, goals, development and progress and our CDP disclosure is part of that effort. We report annually on greenhouse gas emissions, energy use and the risks and opportunities associated with climate change. We have disclosed our greenhouse gas emissions as well as our reduction strategy and performance for both investor and supply chain surveys every year since we began participating in the CDP Climate Change programme in 2007.

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

## Science Based Targets initiative

The Science Based Targets initiative champions science-based target setting as a powerful way of boosting companies' competitive advantage in the transition to the low-carbon economy. It is a collaboration between CDP, World Resources Institute (WRI), the World Wide Fund for Nature (WWF), and the United Nations Global Compact (UNGC) and one of the We Mean Business Coalition commitments. The initiative defines and promotes best practice in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets.

 <http://sciencebasedtargets.org>

## The Global Reporting Initiative

We have used the Global Reporting Initiative (GRI) guidelines, the leading and most widely adopted global standard for sustainability reporting, since 2010. They allow for better comparability, greater transparency and accountability and align with other prominent standards including: the OECD guidelines for multinational organisations; ISO 26000; the United Nations Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework; the UNGC's Ten Principles and the United Nations' Sustainable Development Goals. Givaudan has been applying the GRI Standards, the newest evolution of the GRI guidelines, since the reporting period 2017.

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

## Sedex (Supplier Ethical Data Exchange)

Sedex is a not-for-profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains. Givaudan engages with Sedex for the assessment of both its production sites and suppliers. The registration of our production sites with Sedex is an ongoing process related to acquisitions and the opening of new production sites. To ensure high standards, we are committed to starting the registration process soon after an acquisition has been announced or a new facility has been commissioned. Givaudan has been an active user of the Sedex platform since 2008 and reviews and updates the SAQ every year.

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

## EcoVadis

EcoVadis aims to improve environmental and social practices of companies by leveraging the influence of global supply chains. EcoVadis' reliable ratings and easy-to-use monitoring tools allow companies to manage risks and drive eco-innovations in their global supply chains. Givaudan completed the EcoVadis CSR assessment for the first time in 2008 and has received several outstanding recognitions since then.

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



### RE100

RE100 is a collaborative, global initiative that unites more than 100 influential businesses committed to 100% renewable electricity and to working to increase demand for and delivery of renewable energy. It is organised by The Climate Group, an international non-profit organisation, in partnership with CDP (see above), both part of the We Mean Business coalition. RE100 shares the compelling business case for renewables, including factors such as greater control over energy costs, increased competitiveness, and delivery on emissions goals. It also highlights business action on renewables and encourages supplier engagement, while working to address barriers to companies reaping the benefits of going 100% renewable. Companies joining RE100 set a public goal to source 100% of their global electricity consumption from renewable sources by a specified year. They disclose their electricity data annually, and RE100 reports on their progress. As part of its 'Road to Paris' commitments in 2015, Givaudan committed to procure 100% electricity from renewable sources by 2025. Progress is reported in our annual reporting suite.

 <http://there100.org>

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### Membership of associations

The strategic organisations we are currently engaged with include:

#### AIM-PROGRESS

AIM-PROGRESS is an association of consumer goods companies seeking to enable and promote responsible sourcing practices and sustainable production systems. We have been an active member of AIM-PROGRESS since 2012 and regularly attend conferences that focus on responsible sourcing practices. Through our membership, we enhance our supplier and customer partnerships to help create a more responsible supply chain. Our engagement with AIM-PROGRESS addresses the material topics of deforestation; diversity and inclusion; employee health, safety and wellness; governance and business conduct; human rights; responsible sourcing; traceability and transparency and reporting.

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

### Natural Resources Stewardship Circle

The Natural Resources Stewardship Circle (NRSC) is a group of leading industry organisations in beauty, flavours and fragrances taking collective action to reduce their negative impact on biodiversity, taking the social and economic development of local communities into account. Givaudan is participating in several working groups with the objective of transforming practices in different supply chains for the better. By working with our suppliers we are developing an in-depth understanding of traceability and risk all along the complex palm oil supply chain. Our engagement with the NRSC addresses the material topics of biodiversity; consumer health and well-being; deforestation; human rights; local community development; raw material availability; responsible sourcing; traceability and transparency and reporting.

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

### Roundtable on Sustainable Palm Oil

The Roundtable on Sustainable Palm Oil (RSPO) is an international, multi-stakeholder organisation and certification model to advance the production, procurement, finance and use of sustainable palm oil products. Givaudan joined the RSPO in 2011 to promote the production and use of sustainable palm oil. We continue to support the aim of sustainable production of palm oil and palm oil derivatives. Our ultimate objective is to obtain all of our palm oil and palm oil derivatives from certified traceable sources once they become technically and commercially available. Since 2012, 100% of the palm oil and palm kernel oil we source is covered by Green Palm Book and Claim certificates, unless already sourced with RSPO Mass Balance or Segregated certification. From 2017 the Book and Claim certificates provided by Green Palm are replaced by RSPO Credits provided through PalmTrace. This supports our commitment to eliminate deforestation from our supply chain; to address key issues such as traceability and to create a positive difference for workers, farmers and local communities. Givaudan's annual communication on progress is available on the RSPO website. Our engagement with RSPO addresses the material topics of biodiversity; consumer health and well-being; deforestation; economic performance; product environmental and societal impact; product quality and safety; responsible sourcing; traceability and transparency and reporting.

 [www.rspo.org](http://www.rspo.org)  
[www.rspo.org/members/882/Givaudan-SA](http://www.rspo.org/members/882/Givaudan-SA)

### American Cleaning Institute

The American Cleaning Institute (ACI) is an association that aims to support the sustainability of the cleaning product and oleo chemical industries. Givaudan has been an ACI member since 2012 and is a recognised member of the ACI sustainability programme in North America. Our engagement with ACI addresses the material topics of climate change; and product quality and safety.

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

### French Alliance for Sustainable Palm Oil

The French Alliance for Sustainable Palm Oil is an association of French companies that promotes the use of sustainable palm oil, which is produced without causing deforestation and with respect for the needs of local populations. Our engagement with the French Alliance for Sustainable Palm Oil addresses the material topics of biodiversity; consumer health and well-being; deforestation; economic performance; product environmental and societal impact; product quality and safety; responsible sourcing; traceability; and transparency and reporting.

 [www.stop-deforestation.org](http://www.stop-deforestation.org)  
[www.huiledepalmedurable.org](http://www.huiledepalmedurable.org)

### World Business Council for Sustainable Development

The World Business Council for Sustainable Development (WBCSD) is a global, CEO-led organisation of more than 200 leading businesses and partners working together to accelerate the transition to a sustainable world by focusing on the maximum positive impact for shareholders, the environment and societies.

We are also active members of WBCSD's programme FReSH – Food Reform for Sustainability and Health – particularly in terms of their transformational goal on dietary shifts. The FReSH programme was launched in November 2016 by the WBCSD together with the EAT Foundation, a global strategic initiative linking food, health and sustainability policies, with the purpose of accelerating transformational change in global food systems. To achieve its ambitious goals, FReSH is drawing together key stakeholder groups including leading global companies, policy and scientific experts such as the distinguished Lancet Committee. The group is working to establish targets for healthy and sustainable food systems. By participating in FReSH, we contribute to transforming global food systems for improved sustainability and health.

Our engagement with the WBCSD addresses the material topics of biodiversity; climate change; consumer health and well-being; deforestation; diversity & inclusion; economic performance; human rights; local community development; product environmental and societal impact; responsible sourcing; traceability; transparency and reporting; waste management; water stewardship; and women's empowerment

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

### The Forest Trust

Givaudan became a member of The Forest Trust in 2017. The global non-profit organisation is focused on transforming supply chains for the benefit of nature and people. TFT supports Givaudan in implementing its Responsible Sourcing Programme through supply chain assessments and, where needed, co-designing innovative solutions with supply chain partners that create value for all. Our engagement with TFT addresses the material issues of product environmental and societal impact; raw material availability; responsible sourcing and traceability.

 [www.tft-earth.org](http://www.tft-earth.org)

 Disclosure 102 – 13, pages 37 – 38









# Materiality and stakeholders

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# Stakeholder engagement

Listening to our stakeholders is a core element of our sustainability management.

## Identifying and selecting stakeholders

### How we identify and select our stakeholders

Working systematically with interested parties and evaluating their perspectives on economic, social, environmental, ethical and governance issues can help us strengthen the dialogue and better address their concerns and manage the direct or indirect impact on Givaudan. This approach can be used as a strategic management tool, it helps build stronger and lasting relationships with key stakeholders, allows us to manage our business successfully and also lays out the basis for our materiality assessment.

When we set out to develop a materiality matrix in 2011, we carried out a wide-ranging assessment of our stakeholders to determine who had the greatest impact on us and on whom we had the most effect. We identified six key stakeholder groups from a list of more than 200 organisations: customers, suppliers, investors, public and government agencies, local communities and employees.

Givaudan has developed specific tools to support interaction with the various stakeholder panels at both global and local levels. We also review and evaluate diverse stakeholder engagement initiatives that exist across the Company and continuously monitor their relevance in a two-stage process.

First, we map each direct engagement with an external organisation by considering its relevance to several areas: our stakeholder groups; the key issues in our materiality matrix; the three focus areas of our sustainability approach and to the

Stakeholder dialogue			
Dialogue channel	Customers	Suppliers	Employees
	<ul style="list-style-type: none"><li>– Ongoing dialogue</li><li>– Customer sustainability requests</li><li>– Audits</li><li>– Customer innovation days</li><li>– Conferences and events</li><li>– At associations and advocacy organisations</li></ul>	<ul style="list-style-type: none"><li>– Assessments</li><li>– Issues raised at supplier audits</li><li>– Collaborations to improve performance</li><li>– Multi-stakeholder groups</li><li>– Supplier events: capacity building, discussing issues</li><li>– Direct engagement with supplier relationship managers</li></ul>	<ul style="list-style-type: none"><li>– Works Council consultations</li><li>– Employee engagement initiatives</li><li>– Annual performance dialogue</li><li>– Talent management processes</li><li>– Learning and development opportunities</li><li>– Green Teams, engagements and ongoing dialogue</li></ul>
Key topics and concerns raised	<ul style="list-style-type: none"><li>– Climate change</li><li>– Consumer health and well-being</li><li>– Human rights</li><li>– Product environmental and social impact</li><li>– Product quality and safety</li><li>– Responsible sourcing</li><li>– Transparency and reporting</li><li>– Traceability</li></ul>	<ul style="list-style-type: none"><li>– Responsible sourcing</li><li>– Raw material availability</li></ul>	<ul style="list-style-type: none"><li>– Employee health, safety and wellness</li><li>– Diversity and inclusion</li><li>– Talent management</li><li>– Women's empowerment</li></ul>



Sustainable Development Goals on which we have an impact. Then we look at every current or potential external engagement and assess it against several criteria: local or global engagement; membership criteria and membership fees; participating customers and suppliers; participating competitors; participant profiles; type of sessions; size of groups; impact on our sustainability approach; risks and benefits. Based on the outcome, we decide whether to pursue a current engagement or seek opportunities with new organisations. We then suggest actions to be taken within the engagement for the next three years.

**GRI** Disclosure 102 – 42, pages 42 – 43

### Stakeholder groups engaged by Givaudan

Listening to our stakeholders is a core element of our sustainability management practice. Their feedback helps us understand expectations and it contributes to the development of our overall sustainability approach. We gather the views of our stakeholders by inviting them to discuss critical issues and strategic priorities. We create dialogue groups to understand how our business affects stakeholders and to determine the most material impacts to be managed.

The sustainability aspects listed in the Givaudan materiality matrix are presented to the stakeholders to allow them to

confirm which they see as the most important topics, and which they would like to discuss or know more about.

The process gives stakeholders a genuine role in setting the direction of our sustainability approach and prioritising the issues in the matrix. Ultimately, through stakeholder dialogue, we seek to identify opportunities to improve management and our relationships, as well as create projects for our mutual benefit. This allows us to focus our drive for greater sustainability in those areas that are most important to our key stakeholders. Givaudan has many channels for stakeholder dialogue spread across different departments and teams; this also includes the information and feedback we receive during the ordinary course of business.

**GRI** Disclosure 102 – 43

	Owners and investors	Local communities	Public and regulatory agencies
Dialogue channel	<ul style="list-style-type: none"> <li>– AGM/half-year meeting</li> <li>– Annual investor road show</li> <li>– Briefings with analysts</li> <li>– Conferences with investors and other financial stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>– Community development programme survey</li> <li>– Local site community engagement programme</li> <li>– Ongoing dialogue with local authorities and community organisations</li> <li>– Green Teams engaged on social activities within the community we operate</li> <li>– Givaudan Foundation</li> <li>– Local partners (NGOs or cooperatives) acting as Givaudan agents</li> </ul>	<ul style="list-style-type: none"> <li>– UNGC consultation</li> <li>– Industry association consultation and commenting on emerging regulations</li> <li>– CDP project workshop</li> <li>– Membership of working groups/forums</li> <li>– Media</li> </ul>
Key topics and concerns raised	<ul style="list-style-type: none"> <li>– Economic performance</li> <li>– Raw material availability</li> <li>– Talent management</li> <li>– Transparency and reporting</li> </ul>	<ul style="list-style-type: none"> <li>– Employee health, safety and wellness</li> <li>– Consumer health and well-being</li> <li>– Product environmental and social impact</li> <li>– Human rights</li> <li>– Diversity and inclusion</li> <li>– Transparency and reporting</li> </ul>	<ul style="list-style-type: none"> <li>– Product quality and safety</li> <li>– Responsible sourcing</li> <li>– Product environmental and social impact</li> <li>– Employee health, safety and wellness</li> <li>– Transparency and reporting</li> <li>– Human rights</li> </ul>

**GRI** Disclosure 102 – 40, 102 – 44, pages 42 – 43

# Our material topics

## Our materiality assessment helps to align our business with the expectations of our stakeholders and with society in general.

### Defining report content and topic boundaries

A critical part of our sustainability approach involves identifying and prioritising the issues of the greatest material importance to Givaudan: this is also the basis for defining reporting content and the boundaries of the topics. The process follows the principles of stakeholder inclusiveness, sustainability context, materiality and completeness according to the GRI Standard.

### Materiality assessment

Our activities have an impact that goes far beyond economic results. To be successful in the long run, we need to align our business performance with the expectations of our stakeholders and with society in general. To achieve this goal, a deep understanding of the most relevant topics for the different groups of stakeholders is essential.

In this spirit, we have developed our materiality assessment to help shape our strategy, to strengthen our commitment to dialogue and to support our assumptions and our reports.

We use the Givaudan materiality assessment to prioritise aspects identified as being of most concern to our customers and other key stakeholders. The matrix is reviewed through discussion with the main stakeholders and our materiality cycle aims to conduct a comprehensive assessment of surveys and interviews every four years. We address critical issues and strategic priorities, look for opportunities to improve management and relationships, and identify possible projects to work on together. In the middle of each cycle, we conduct a review based on the opportunity to acquire meaningful information about changes and emerging topics.

The elements now considered material are those that had already been identified in the last materiality assessment as having a substantial influence on the decisions of the main

stakeholders and a significant impact on Givaudan's business performance as well as a wider social, environmental and economic impact in terms of how we create new value to be shared by all stakeholders in our supply chains.

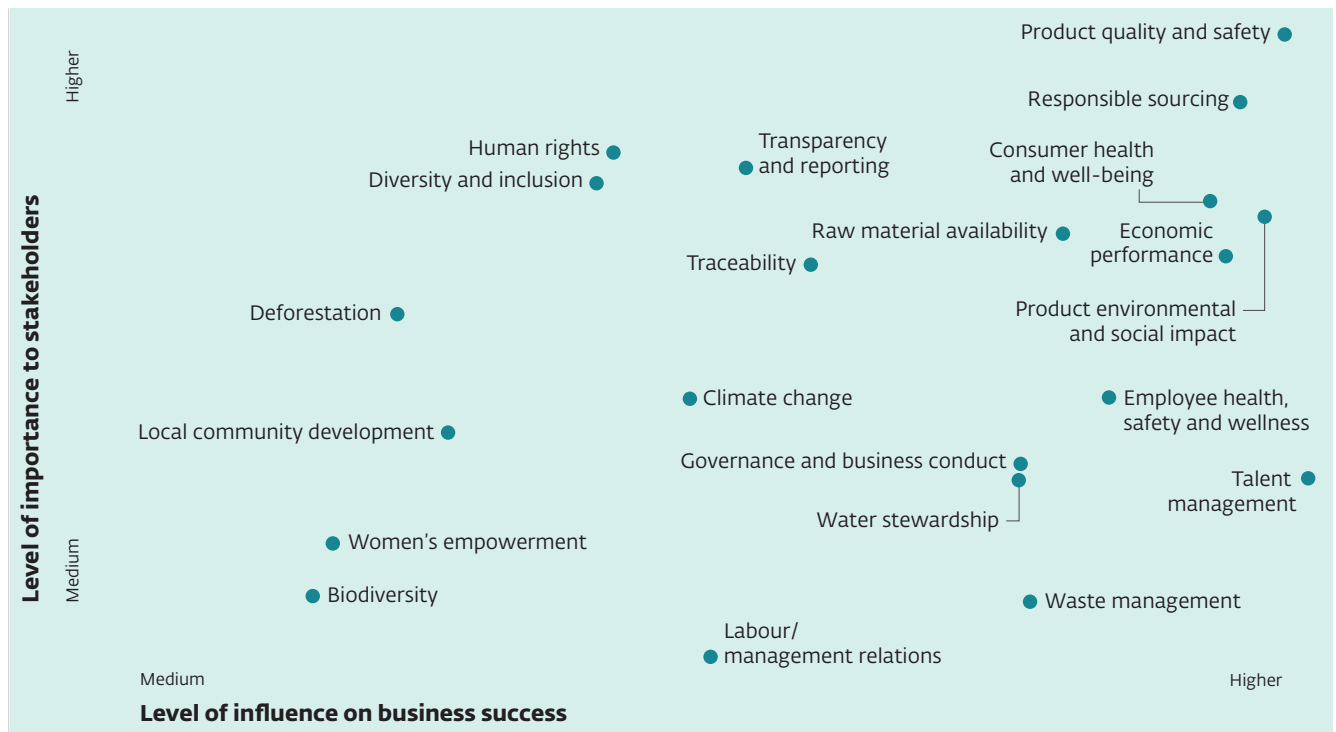
In 2018, we reviewed the materiality assessment defined in 2016 and included a database of about 600 sustainability questions from our customers, also making some light amendments to the definitions of the material topics to clarify the concepts. In this regard we have redefined what 'Access to food' means to us. Our definition largely revolves around dietary shifts made possible through ingredients that use less sugar, salt and fat and so we have decided to cluster this topic under 'Consumer health and well-being'.

We have also reviewed our SDG mapping to our material topics and made some changes to strengthen both meaning and the mapping itself. Given the prevalence of the collaboration with our suppliers and the co-creation of innovative solutions, we decided to include SDG 17 to cover this strong partnership aspect.

This holistic assessment of current and future expectations and needs of key stakeholder groups (including employees, customers, governmental and non-governmental organisations and universities) allows us to assess our strategic focus and respond to stakeholder expectations, optimally allocating resources to material problems. In the next year we will incorporate other relevant elements such as an Employee Engagement Survey and will review the assessment to form the basis of our new five-year plan.

 Disclosures 102 – 46, 102 – 49





























Materiality matrix 2018





























## List of material topics

Our list of material aspects is mapped against the GRI Standards topics and the United Nations' Sustainable Development Goals (SDGs) to show that they are fully consistent with the most commonly used sustainability frameworks. The list of all material aspects identified in this process is as follows:

Materiality topic	Equivalent GRI topic	UNGC Principles	SDGs mapping
<b>Biodiversity</b>	<b>304:</b> Biodiversity		  
<b>Climate change</b>	<b>102 – 11:</b> Precautionary principle <b>201:</b> Economic performance <b>302:</b> Energy <b>305:</b> Emissions	<b>Principle 7, 8, 9</b>	 
<b>Consumer health &amp; well-being</b>	<b>416:</b> Customer health and safety		  
<b>Deforestation</b>	<b>204:</b> Procurement practices <b>301:</b> Materials <b>308:</b> Supplier environmental assessment	<b>Principle 8</b>	   
<b>Diversity &amp; inclusion</b>	<b>405:</b> Diversity and equal opportunity <b>406:</b> Non-discrimination	<b>Principle 6</b>	  
<b>Economic performance</b>	<b>201:</b> Economic performance		 
<b>Employee health, safety and wellness</b>	<b>403:</b> Occupational health and safety		 
<b>Good governance and business conduct</b>	<b>102 – 16:</b> Values, principles, standards, norms of behaviour <b>102 – 18:</b> Governance structure	<b>Principle 10</b>	
<b>Human rights</b>	<b>102 – 41:</b> Collective bargaining agreements <b>406:</b> Non-discrimination <b>407:</b> Freedom of association and collective bargaining <b>408:</b> Child labour <b>409:</b> Forced or compulsory labour <b>412:</b> Human rights assessment <b>414:</b> Supplier social assessment	<b>Principle 1, 2, 3, 4, 5</b>	   
<b>Labour/management relations</b>	<b>102 – 41:</b> Collective bargaining agreements <b>402:</b> Labour/management relations <b>414:</b> Supplier social assessment	<b>Principle 1, 2, 3, 4</b>	
<b>Local community development</b>	<b>203:</b> Indirect economic impacts <b>413:</b> Local communities	<b>Principle 1</b>	   

Materiality topic	Equivalent GRI topic	UNGC Principles	SDGs mapping
<b>Product environmental and societal impact</b>	<b>301:</b> Materials <b>302:</b> Energy <b>305:</b> Emissions	<b>Principle 7, 8, 9</b>	 
<b>Product quality and safety</b>	<b>416:</b> Customer health and safety <b>417:</b> Marketing and labelling		 
<b>Raw material availability</b>	<b>301:</b> Materials		  
<b>Responsible sourcing</b>	<b>204:</b> Procurement practices <b>205:</b> Anti-corruption <b>308:</b> Supplier environmental assessment <b>414:</b> Supplier social assessment	<b>Principle 1, 2, 4, 8, 10</b>	   
<b>Talent management</b>	<b>401:</b> Employment <b>404:</b> Training and education <b>405:</b> Diversity and equal opportunity	<b>Principle 6</b>	  
<b>Traceability</b>	<b>204:</b> Procurement practices		 
<b>Transparency and reporting</b>	<b>102 – 54:</b> Claims of reporting in accordance with the GRI Standards <b>102 – 55:</b> GRI Content Index <b>102 – 56:</b> External assurance		
<b>Waste management</b>	<b>306:</b> Effluents and waste	<b>Principle 8</b>	
<b>Water stewardship</b>	<b>303:</b> Water <b>306:</b> Effluents and waste <b>308:</b> Supplier environmental assessment	<b>Principle 8</b>	  
<b>Women's empowerment</b>	<b>202:</b> Market presence <b>405:</b> Diversity and equal opportunity <b>406:</b> Non-discrimination	<b>Principle 6</b>	  

## Biodiversity

### Definition

Contributing to biodiversity conservation and the preservation of a rich diversity.

### Why is the issue material?

Our business relies on a supply of diverse natural resources for the creation of our flavour and fragrance products. However, climate change and the loss of habitats pose a threat to the biodiversity that underpins the sources of those natural materials. For that reason, a combination of protection, sustainable management and, where necessary, restoration is needed at a landscape scale to ensure the future of a diverse, living planet. It is essential for the long-term future of our Company that we assist in the effort to conserve biodiversity.

### Boundaries

#### Within Givaudan

We abide by global rules and policies on biodiversity conservation.

#### Outside Givaudan

We help to reduce the pressure on natural resources by securing responsible sourcing as well as efficient use of naturals and alternative sources of key natural raw materials.

## Climate change

### Definition

Mitigating effects on climate change by reducing emissions and supporting adaptation along Givaudan's value chain.

### Why is the issue material?

Climate change has a direct impact on the availability of our key natural resources because it causes fundamental changes in ecosystem functioning and impacts the environment and human society. As such, climate change poses a significant risk for Givaudan, but it also presents an opportunity to adapt our processes and act to mitigate its effects.

### Boundaries

#### Within Givaudan

We work to improve the eco-efficiency of our manufacturing sites, with a focus on reducing greenhouse gas emissions, including supplying electricity from renewable sources. We constantly assess and mitigate the risks posed by climate change and drive adaptation and remediation in the affected areas.

#### Outside Givaudan

We involve our supply chain, from the raw material suppliers to indirect materials and service providers, in an effort to reduce GHG emissions and the impact on the ecosystems.

## Consumer health and well-being

### Definition

Developing products and services that promote the health and well-being of people as they experience our ingredients in everyday consumer products.

### Why is the issue material?

As a key player in the food chain we are in a position to influence the well-being of society. For example, by developing great tasting flavour solutions for foods with lower levels of sugar, fat and salt we can encourage the uptake of healthier diets.

In addition, fragrance contributes to the sense of well-being and can be used around the world to drive consumers to choose products with desired health benefits.

### Boundaries

#### Within and outside Givaudan

We create great tastes and smells to evoke a sense of well-being and encourage consumers to choose healthier foods and adopt good hygiene practices.



## Deforestation

### Definition

Identifying raw materials linked to deforestation and collaborating with suppliers and other key partners to halt deforestation and support reforestation along Givaudan's supply chain.

### Why is the issue material?

As population and consumption levels rise, natural ecosystems are being replaced by agriculture, energy, and settlement. Deforestation and land degradation put at risk the ecosystems and biodiversity that underpin the sources of natural ingredients that we buy for our flavour and fragrance products.

### Boundaries

#### Outside Givaudan

We map our supply chains for deforestation, and where necessary engage suppliers in activities to end it.

## Diversity & inclusion

### Definition

Having a balanced workforce which reflects the societies in which Givaudan operates, including efforts to eliminate all discrimination and to ensure the opportunity for people from all backgrounds to succeed.

### Why is the issue material?

Givaudan operates in many different countries around the world, and in order to be effective, we need to understand the cultural differences that we encompass. Sensitivity to diversity and promoting inclusion is key to developing a broad range of views within the Company. We believe equal opportunities for everyone is important to our success.

### Boundaries

#### Within Givaudan

We embrace diversity throughout our organisation and recruit to build a representative and inclusive workforce.

## Economic performance

### Definition

Operating a profitable business model for the long-term viability of the Company.

### Why is the issue material?

Our 2020 strategy of 'Responsible growth. Shared success' focuses on economic performance, which is the short- to long-term measure of Givaudan's success. The strategy also views economic success as inseparable from high standards in environmental and social stewardship.

### Boundaries

#### Within Givaudan

We ensure that our business is financially sustainable from the short to the long-term.

#### Outside Givaudan

We support our customers' own market expansion plans and provide them with growth opportunities through the use of our products. Meanwhile, we work in partnership with producers and suppliers to transform the way we source; to secure supply and create new value to be shared by all stakeholders in our supply chains.

## Employee health, safety and wellness

### Definition

Providing a safe and healthy working environment and encouraging responsible employee behaviours.

### Why is the issue material?

Givaudan's ongoing success depends on the health and safety of our employees and our efforts to always improve their well-being in and outside the workplace.

### Boundaries

#### Within Givaudan

We reduce the number of health and safety incidents by improving the workplace environment, safety behaviour and awareness.

## Good governance and business conduct

### Definition

Ensuring business practices are in alignment with international standards, local laws and Givaudan standards in countries of operation. Safeguarding the effective functioning of the governing bodies of Givaudan.

### Why is the issue material?

Corporate governance systems ensure that our Company is managed in the interests of shareholders (including minority shareholders) and stakeholders, while complying with international laws.

### Boundaries

#### Within Givaudan

We ensure our practices are aligned with international standards and we safeguard the function of our own governing bodies. Our management systems include checks and balances to control risk and to oversee accountability of management.

## Human rights

### Definition

Ensuring that Givaudan respects human rights by acting with due diligence, as defined in the UN Guiding Principles for Business and Human Rights.

### Why is the issue material?

Respect for human rights is an essential guide to the right way to do business. A commitment to high ethical standards, as well as transparency and honesty in our dealings with customers, suppliers, employees and the communities where we operate, enables us to grow responsibly and share our success.

### Boundaries

#### Within Givaudan

We ensure that we respect human rights by acting with due diligence, as defined in the UN Guiding Principles for Business and Human Rights.

#### Outside Givaudan

We work with our suppliers to help them adhere to the same principles.

## Labour/management relations

### Definition

Fostering collaborative labour relations with employees and employee-elected representatives.

### Why is the issue material?

Good relations between management and staff are necessary to the operation of a sustainable and viable business. Staff should be respected, listened to and provided with adequate working conditions.

### Boundaries

#### Within Givaudan

We encourage good labour and management relations and follow commonly recognised best practices.

## Local community development

### Definition

Recognising and supporting the broader development goals of local communities where Givaudan operates in and sources from.

### Why is the issue material?

Maintaining a good reputation in communities where we have a manufacturing or commercial presence helps to attract the right talent and personnel to the Company.

In areas where we source raw materials, we can help to secure the long-term supply of those ingredients by supporting the development of local communities. By fostering good relations we can work together on causes that benefit the community; help to protect local ecosystems; and support livelihoods. Sourcing is one of the most significant areas of interest for our stakeholders, especially our customers.

### Boundaries

#### Outside Givaudan

We work with local communities on projects and causes that benefit them.

## Product environmental and societal impact

### Definition

Optimising the impact of our products within our whole supply chain, in the way they are designed, manufactured and ultimately used by the consumer, both in terms of environmental impact and ability to positively affect societal issues.

### Why is the issue material?

We want to make a positive impact on the environment and society. This is a central concern for our customers and their consumers and it is key to improving our own performance. But we must also anticipate and influence change. Givaudan has the ambition and ability to shape the future of the flavor and fragrance industry. We can design tastes and smells that encourage positive behaviour. Our approach to Innovating Responsibly considers the potential impact of our processes and products on the environment and also where we can have a positive impact on society.

### Boundaries

#### Within Givaudan

We develop new technologies and processes to limit the environmental impact of our products and encourage positive consumer behaviour.

#### Outside Givaudan

We engage with customers to develop new products and technologies that are healthier and more sustainable.

## Product quality and safety

### Definition

Ensure our products are safe and comply with all applicable laws, regulations as well as customer requirements.

### Why is the issue material?

The safety of our products and the safety of the consumer are of the utmost importance. We have to provide our customers with products and services that meet all agreed requirements and applicable legislation or we run the risk of extra costs and damaging our reputation. The quality of our products is the key to our success and that of our customers. We place their need for quality at the heart of everything we do.

### Boundaries

#### Within and outside Givaudan

We ensure our products are safe for people and the environment when used as intended and that they comply with all local laws as a minimum requirement. We gather information on the origin of ingredients to support compliance and to contribute to food safety and issue management.



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## Raw material availability

### Definition

Ensuring a stable supply of raw materials used in Givaudan's products.

### Why is the issue material?

In order to operate a successful business we need to ensure continuity of supply. However, each raw material we purchase has a potential supply risk that we need to understand and mitigate. This is a key activity of our procurement department.

### Boundaries

#### Outside Givaudan

Our procurement teams work closely with suppliers to monitor supply risks and ensure continuity of supply. We build relationships with local producers around the world and work in partnership to secure the long-term future of the crops and natural raw materials on which we depend.

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## Responsible sourcing

### Definition

Fostering compliance with high standards in health, safety, social, environmental and business integrity in the way we source.

### Why is the issue material?

By expanding our responsible sourcing initiatives we are able to reduce our environmental and social impact. Our sourcing strategy also helps to mitigate the risks inherent in our complex supply chains.

### Boundaries

#### Outside Givaudan

We work with our suppliers to make sure they have plans in place to meet our sourcing standards.

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## Talent management

### Definition

Effectively recruiting, developing, engaging, deploying and retaining a balanced workforce that meets future business imperatives.

### Why is the issue material?

We focus on employee development to improve skills and productivity; to constantly adapt skills to requirements and to offer the best opportunities to our people. This helps to improve retention of staff, reduce costs and increase our revenue. It also makes Givaudan a great place to work.

### Boundaries

#### Within Givaudan

There is an engaging and inspiring environment for employees to realise their career aspirations. We foster proactive talent development, offer targeted technical and functional support and work to strengthen our leadership capabilities. In addition, we underpin the growth of a strong workforce by nurturing a pipeline of industry experts and future leaders to develop skills for sustained success; similarly we seek to attract local talent and industry experts to support growth in all markets.

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## Traceability

### Definition

Understanding the supply chain and tracing the provenance of raw materials we use from their origin to the final formulation.

### Why is the issue material?

Our customers increasingly seek assurances on the provenance of raw materials and their production; also that we adhere to responsible supply chain practices.

### Boundaries

#### Outside Givaudan

We work with our direct suppliers to map our supply chains. Mapping helps us to understand how a supply chain is organised and to collect data on the number of intermediary suppliers involved, their role, importance and geographical location. In this way we are able to identify any potential risk of non-compliance with our Responsible Sourcing Policy and to work with our suppliers on a solution.

## Transparency and reporting

### Definition

Disclosing an adequate level of information and data in alignment with recognised frameworks and in compliance with local laws and regulations.

### Why is the issue material?

Transparency is expected in all areas of our business, from supply chain data to R&D information, formulas and business processes. Increased transparency has a positive impact on our reputation, which boosts loyalty among customers and employees, and therefore our bottom line.

### Boundaries

#### Within and outside Givaudan

We have to be open to sharing data and information, internally and externally within the confines of data protection laws.

## Waste management

### Definition

Pursuing a culture of waste elimination by adequately managing all Givaudan's waste streams.

### Why is the issue material?

Waste management helps to limit our negative impact on the environment, and reducing waste production cuts costs.

### Boundaries

#### Within and outside Givaudan

We work to reduce waste through recycling and reuse or ensure that it is recovered and/or disposed of in an environmentally sustainable way.

## Water stewardship

### Definition

Optimising the use of intake water and ensuring the quality of discharged water. Assessing and addressing water risks at owned operations and in our supply chain.

### Why is the issue material?

Water is essential in our manufacturing activities as well as in our value chain. But there is increasing competition for access to water in areas where availability is limited due to climate change. Therefore we need to use water efficiently in order to keep our operations running; consumers are also seeking products that are manufactured in a water-efficient way.

### Boundaries

#### Within and outside Givaudan

We make efficient use of this increasingly precious natural resource and limit the environmental impact of the way we consume and discharge water.

## Women's empowerment

### Definition

Implementing policies and programmes that are consistent with promoting equal opportunities for all.

### Why is the issue material?

Equal treatment of women and men is not just the right thing to do – it is also good for business. The full participation of women at Givaudan makes sound business sense now and in the future. A broad concept of sustainability and corporate responsibility that embraces women's empowerment as a key goal will benefit us all. Women's empowerment is essential to expand economic growth and promote social development.

### Boundaries

#### Within Givaudan

We implement policies and programmes that are consistent with promoting equal opportunities for all.

# 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 Sustainable Development Goals

Sustainable development calls for concerted efforts towards building an inclusive and sustainable future for people and planet.

The Sustainable Development Goals (SDGs), adopted by the United Nations and entered into force on 1 January 2016, build on the success of the Millennium Development Goals (MDGs). The ambitious goals shall be achieved by 2030 through effective action taken through both the public and private sector in all countries.

<b>1 NO POVERTY</b> 	<b>Goal 1:</b> End poverty in all its forms everywhere	<b>7 AFFORDABLE AND CLEAN ENERGY</b> 	<b>Goal 7:</b> Ensure access to affordable, reliable, sustainable and modern energy for all	<b>13 CLIMATE ACTION</b> 	<b>Goal 13:</b> Take urgent action to combat climate change and its impacts
<b>2 ZERO HUNGER</b> 	<b>Goal 2:</b> End hunger, achieve food security and improved nutrition and promote sustainable agriculture	<b>8 DECENT WORK AND ECONOMIC GROWTH</b> 	<b>Goal 8:</b> Promote inclusive and sustainable economic growth, employment and decent work for all	<b>14 LIFE BELOW WATER</b> 	<b>Goal 14:</b> Conserve and sustainably use the oceans, seas and marine resources
<b>3 GOOD HEALTH AND WELL-BEING</b> 	<b>Goal 3:</b> Ensure healthy lives and promote well-being for all at all ages	<b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> 	<b>Goal 9:</b> Build resilient infrastructure, promote sustainable industrialization and foster innovation	<b>15 LIFE ON LAND</b> 	<b>Goal 15:</b> Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss
<b>4 QUALITY EDUCATION</b> 	<b>Goal 4:</b> Ensure inclusive and quality education for all and promote lifelong learning	<b>10 REDUCED INEQUALITIES</b> 	<b>Goal 10:</b> Reduce inequality within and among countries	<b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b> 	<b>Goal 16:</b> Promote just, peaceful and inclusive societies
<b>5 GENDER EQUALITY</b> 	<b>Goal 5:</b> Achieve gender equality and empower all women and girls	<b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> 	<b>Goal 11:</b> Make cities inclusive, safe, resilient and sustainable	<b>17 PARTNERSHIPS FOR THE GOALS</b> 	<b>Goal 17:</b> Revitalise the global partnership for sustainable development
<b>6 CLEAN WATER AND SANITATION</b> 	<b>Goal 6:</b> Ensure access to water and sanitation for all	<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> 	<b>Goal 12:</b> Ensure sustainable consumption and production patterns		

✓ SDGs Givaudan explicitly contributes to according to its mapping of material issues (see pages 44 – 47).

🔍 [www.un.org/sustainabledevelopment](http://www.un.org/sustainabledevelopment)

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