

# Givaudan®

ENGAGING  
THE  
SENSES

MAKING PROGRESS TOGETHER



Sustainability Report 2011

# Sustainability

MAKING PROGRESS TOGETHER

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# About this report

This is Givaudan's third comprehensive Sustainability Report covering our global operations. Unless otherwise stated, the boundary of the social and economic data is global. Environmental and injury data is limited to manufacturing locations only. All data is for the full financial year ended December 2011.

We have an annual sustainability reporting cycle. Our previous Report was published in March 2011, which related to the full financial year ended December 2010. Our first report was published in March 2010.

A full list of our locations can be found in our 2011 Annual Report on pages 151-156 or by clicking the locations link on [www.givaudan.com](http://www.givaudan.com)

In addition to providing an overview of our performance and sustainability approach, this Report contains five sections, covering issues relating to our Sustainability Programme pillars. These pillars represent each stage of our product life-cycle and include: Raw Materials – responsibility in supply; Employees – passion with purpose; Innovation and Development – delivering sustainable creations; Operations – driving operational excellence; Customers and Markets – product impact. Where other significant material events have occurred in 2011, these are also included. The Report references relevant sustainability pages of our website, where we provide more information about our strategic approach and our overall sustainability principles.

This Report has been prepared in accordance with the Global Reporting Initiative's G3.1 Sustainability Reporting Guidelines, which provide a globally-recognised framework for reporting on an organisation's economic, social and environmental performance. We have benchmarked our sustainability reporting against these guidelines and assess our application of the GRI reporting framework to be at level B+. An index of conformance with the guidelines and an explanation of how we comply with the GRI principles are available on pages 39-43.

The data and commentary in this Report are assured by Ernst & Young in accordance with the principles of the International Standards on Assurance Engagements ISAE 3000. The assurance includes verification of the contents of the Report in relation to the principles of inclusivity, materiality and responsiveness.

As a signatory to the United Nations Global Compact (UNGC) we are using this Report to submit our annual 'Communication on Progress'. The GRI standard disclosures index on pages 39-43 includes references to pages where each of the ten UNGC principles are covered. For further information, please visit [www.unglobalcompact.org](http://www.unglobalcompact.org)



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

An online version of this, and previous reports, are available at [www.givaudan.com/Sustainability/Publications](http://www.givaudan.com/Sustainability/Publications)

For further information about Givaudan and our Sustainability Programme, please visit [www.givaudan.com](http://www.givaudan.com) or contact:

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Gilles Andrier  
CHIEF EXECUTIVE OFFICER

# CEO statement

OUR SUSTAINABILITY PROGRAMME MADE MANY IMPORTANT STEPS FORWARD IN 2011 AND WE ARE PLEASED TO SHARE THIS PROGRESS IN OUR THIRD ANNUAL GIVAUDAN SUSTAINABILITY REPORT. IN PREVIOUS YEARS WE CARRIED OUT DILIGENT WORK TO ESTABLISH GIVAUDAN'S VISION OF HOW A SUSTAINABLE FUTURE MIGHT LOOK. WE THEN MOVED FURTHER WITH OUR COMMITMENTS IN TRANSLATING THIS VISION INTO CONCRETE ACTIONS.

In 2011 we focused on engaging in dialogue with the many different people who affect our business, or who are affected by us. Their input was essential to identify what they believe are the most significant sustainability-related issues, thus ensuring that our sustainability strategy and efforts are addressing their needs.

This ongoing and collaborative dialogue helps us to continue focusing our sustainability efforts in those areas that are most important to our numerous stakeholders – ranging from customers and employees to investors and suppliers. An overview of the process and the summary outcome of this materiality analysis can be found on page 10 of this Report. We believe that we can only progress towards our ultimate sustainability goals and aspirations if we share the same ideas and travel together on this journey with all of our stakeholders. The continuous process of evolving the dialogue we are now engaged in is why we have called this report 'Making progress together'.

Operationally, 2011 has been challenging in particular when looking at the price increases experienced across all our key raw materials. This highlights, however, the importance of our Sustainability Programme and demonstrates how critical it is to continue to focus, for example, on the sustainable sourcing of raw materials.

After the launch of our company 'Green Team' award in 2010, we saw an increase in entries for this year's award scheme, receiving 28 applications from our locations around the world. Based on feedback from last year, we have amended the Award and for 2011 we are honouring two local Green Teams: one in Daman, a manufacturing site in India, for their success in developing energy and waste reduction programmes, in addition to health and nutrition-related charitable giving; and one in Colombia, a commercial site, that has in place an impressive recycling scheme which directly benefits members of the local community.

In last year's Report, for the first time in our industry, we used the Global Reporting Initiative (GRI) guidelines to report our progress and our self-assessed C status was checked and confirmed by GRI.

In 2011, as a result of the considerable progress made, we have achieved a B+ Application Level, confirmed by GRI and independently verified by an external auditor. I would like to thank our Sustainability Programme teams, local Green Teams and employees involved in sustainability initiatives for this important achievement and for their continued support and dedication towards achieving our sustainability targets.



For me personally, what has been most significant in 2011 is seeing how we are evolving sustainability within Givaudan to be an integral part of who we are; we could say that it is now becoming part of our DNA. We have moved the idea of Sustainability being 'a project' to something that is being embedded within our organisation. Talking about compacting fragrances, for example, or helping food manufacturers create great tasting healthier products, is now becoming intrinsic to how we do business.

Building on what we have achieved in 2011, there are many areas where we can further advance and improve.

Our programme remains ambitious and we will continue to make the necessary changes and investments to reach the goals and targets we have set out for ourselves. We are on an exciting journey and we look forward to your continued support and advice as we 'make progress together'.





Joe Fabbri

GLOBAL HEAD OF HUMAN RESOURCES,  
EH&S, IM&S, AND CHAIR OF THE  
GIVAUDAN SUSTAINABILITY  
PROGRAMME.

# Sustainability Programme Chair statement

OUR FORMAL SUSTAINABILITY PROGRAMME HAS BEEN IN PLACE FOR THREE YEARS NOW. WHILE 2011 WAS FOCUSED ON DELIVERING AGAINST OUR COMMITMENTS, IT WAS EQUALY IMPORTANT TO REFLECT ON THE PROGRESS WE HAD MADE AND TO ENSURE OUR EFFORTS ARE ALIGNED WITH OUR KEY STAKEHOLDERS AS WE MAKE A PUSH TO THE NEXT LEVEL OF PERFORMANCE.

An important element of this was to formally document and provide even more transparency on our approach to sustainability at Givaudan. Our 'Key Principles of Sustainability' document was approved by the Executive Committee in December 2011 and is now available on both our external website [www.givaudan.com](http://www.givaudan.com) and intranet. The purpose of this document is to provide the framework within which we operate and strive to develop sustainability excellence.

In addition to these principles we also developed an internal 'Sustainability Organisation, Roles & Responsibilities' document providing details about the governance of our Programme.

The rigour we have introduced to the governance of our programme has lent itself well to the GRI B+ Application level of this Sustainability Report. This Report has been externally assured by Ernst & Young.

Vital to our sustainability success is continued dialogue with all our stakeholders whose input has helped us to develop our materiality matrix. Those topics which feature as high priorities for both us and our stakeholders include, among others, product safety and responsible sourcing. For example, we have very stringent methodologies to assure the quality and the safety of our products as well as their compliance with all national and

international flavour and fragrance regulations (for more information see page 30).

Examples of our responsible sourcing initiatives include making significant progress towards sustainable sourcing of palm oil by joining the Round Table on Sustainable Palm Oil (RSPO), and also strengthening and enhancing our partnership with Conservation International to conserve the Caura Basin of Amazonian forest in Venezuela, from where we source tonka beans (see case studies on pages 15 & 17).

In 2011 we continued to make good progress against our 2020 operational targets. Against our 2009 baselines, our water efficiency improved by 13.8%, energy efficiency improved by 7.8%, and CO<sub>2</sub> emissions, per tonne of product, reduced by 12.8%. Our waste, per tonne of product, increased by 0.2%, however, the quantity of hazardous waste to landfill fell by 60%. Last, but not least, our behavioural-based safety programme 'Zero is Possible' has now led to a 44% reduction in the rate of Lost Time Injuries across all our manufacturing sites.

Many of our manufacturing and commercial sites have implemented new initiatives to increase eco-efficiency, encouraged by the work of our Green Teams. For example, both our Zhangjiang site in China and our Vernier site in Switzerland

have put solar technology to good use in order to reduce their reliance on external energy supply. Our commercial site in Argenteuil, France has achieved a 15% reduction of incinerated waste by composting organic waste from the site restaurant on site; whilst our sites at Sant Celoni, in Spain, and Naarden, in the Netherlands, have implemented schemes to produce energy from waste (see case studies on page 28).

We are sure this Report demonstrates that, together with our stakeholders, we are making considerable progress on our sustainability journey. We invite your feedback and look forward to working with you in 2012.



## Our operational performance: (against a 2009 baseline)

CO<sub>2</sub> EMISSIONS

12.8%

REDUCTION  
PER TONNE  
OF PRODUCTION

WASTE

0.2%

INCINERATED AND  
LAND-FILLED WASTE  
REDUCTION PER TONNE OF  
PRODUCTION

ENERGY CONSUMPTION

7.8%

REDUCTION  
PER TONNE  
OF PRODUCTION

WATER CONSUMPTION

13.8%

MUNICIPAL AND  
GROUNDWATER REDUCTION  
PER TONNE OF PRODUCTION

SAFETY RATE

44%

LOST TIME  
INJURY RATE

# Givaudan at a glance

Givaudan SA is the global leader in the fragrance and flavour industry, offering its products to global, regional and local food, beverage, consumer goods and fragrance companies.

We operate in over 100 countries and have subsidiaries and branches in more than 40 countries. Case studies from our operations in Brazil, China, Colombia, France, Germany, India, Italy, Laos, Madagascar, Mexico, Netherlands, Spain, Switzerland, United Kingdom, United States of America and Venezuela are included in this Report.

## Our products and services

Our company is split into two principal divisions: Fragrance and Flavour. The Fragrance Division is further divided into Fine Fragrances, Consumer Products and Fragrance Ingredients business units. The Flavour Division consists of four business units: Beverages, Dairy, Savoury and Sweet Goods.

More information can be found at [www.givaudan.com/Flavours](http://www.givaudan.com/Flavours) and [www.givaudan.com/Fragrances](http://www.givaudan.com/Fragrances)



HEADQUARTERS  
Vernier, Switzerland



# Economic Performance in 2011

Our 2011 economic performance data has been calculated based on GRI definitions. More detailed information is available in our 2011 Annual Report at [www.givaudan.com](http://www.givaudan.com). Information about our five-year company strategy and management approach, which includes specific references to health and wellness and the sustainable sourcing of raw materials, is also available on our website.



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

## Awards received during the reporting period

In 2011 our Flavour Division received numerous awards from key customers around the world for activities ranging from innovation and strategic development, to material sourcing and business development.

Our creations won 18 fine fragrance industry awards, including Perfume Extraordinaire at the US FiFi® awards.

Following the award of a 'Cleaner Production Certificate' by the Shanghai Municipal Promotion Cleaner Production Office in December 2010, our Zhangjiang site in China received a grant for CNY 150,000 for the previous investment in the energy saving and emission control and reduction from the Chinese government.

Our sites in Mexico and Bromborough, in the UK, also received awards for their environmental achievements.

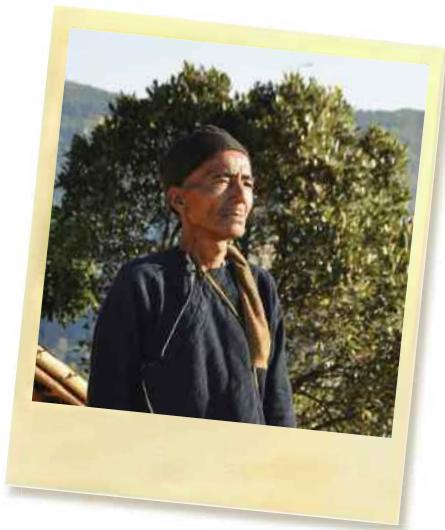
## Nature of ownership and legal form

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

More detailed financial information about the scale of our organisation and our operational structure is available in our 2011 Annual Report, page 61, which can be downloaded from our website [www.givaudan.com](http://www.givaudan.com)

# Sustainability approach

Givaudan is committed to enhancing its competitiveness whilst operating a sustainable business model. We achieve this by developing business that protects the environment, sourcing materials in a responsible and sustainable way, using materials and energy efficiently, creating a safe environment for our employees, and advancing the social and economic conditions of the communities in which we operate.



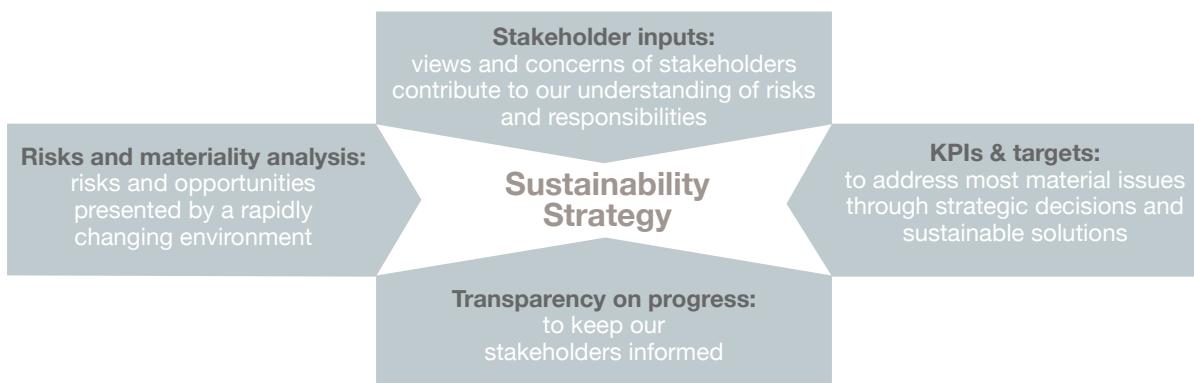
On a functional level, we aspire to a clear and simple framework that applies to all sustainability related activities in our organisation:

- **Take a long-term approach:** reflect long-term strategic thinking and careful target-setting that includes tangible measurement practices
- **Apply continuous improvement:** embrace innovative, workable solutions that enhance the effectiveness of our business and processes for the benefit of the environment, society and Givaudan's financial stability
- **Establish open dialogue:** take a collaborative approach with stakeholders to ensure best understanding of expectations and interests.

To embed our sustainability strategy within the business, we have established five different pillars of our Sustainability Programme. Our 2009 Sustainability Report explained our vision and long-term aspirations for each pillar. In 2010 we identified priority sustainability topics for the mid-term, which we have committed to action, setting specific measurable Key Performance Indicators (KPIs) where possible. Progress against these KPIs is reported on pages 12-13.

Our overall Sustainability Principles are available on our website [www.givaudan.com](http://www.givaudan.com)

Four integrated dimensions shape our sustainability approach:



# Stakeholder engagement

Our key stakeholders are the people who affect our business or who are affected by it; listening and responding to them is a core part of our sustainability management practices.

The feedback we receive from these stakeholders helps us understand their expectations, enables us to prioritise issues effectively and contributes to our overall sustainability strategy, as well as helping deliver against our combined sustainability goals.

We have identified six out of the list of our many stakeholder groups which, at the moment, are of primary importance to our Sustainability Programme. Examples of how we have engaged with these key stakeholders in 2011 are below.

For more information about our methodology to define critical players and wider stakeholder groups see our 2010 Sustainability Report at our website [www.givaudan.com](http://www.givaudan.com)



## Decision making on material issues

### Engaging with local communities

Actively developing and sustaining relationships with affected communities and other stakeholders throughout the life of our operations, and understanding how we interact with markets and social institutions, are key components of our Sustainability Programme. In 2011 we undertook an internal global audit to understand the extent of our interaction with stakeholder groups such as: affected communities, local government authorities, non-governmental and other civil society organisations, local institutions and other interested or affected parties. The internal audits included assessments of impacts, and the topics covered environmental and social programmes and local community complaints procedures. The results established:

- All our sites have ongoing interactions with local authorities regarding regulatory affairs.
- 17 of our 33 operations (52%) have implemented effective Local Community Development Programmes.

We will continue this programme of implementation of local community plans in 2012.



# Materiality analysis

GIVAUDAN MONITORS AND EVALUATES EMERGING SUSTAINABILITY THEMES ON AN ONGOING BASIS. OUR 2010 SUSTAINABILITY REPORT DESCRIBED SOME OF THE CHALLENGES FACED IN THE FIVE DIFFERENT PILLARS OF OUR SUSTAINABILITY PROGRAMME FROM OUR PERSPECTIVE. MORE INFORMATION CAN BE FOUND AT OUR WEBSITE [WWW.GIVAUDAN.COM](http://WWW.GIVAUDAN.COM)

In 2011 we went a step further, and undertook dialogue with some of our stakeholders to identify which sustainability issues are most important to them. Specifically, we asked some of our largest customers for their input – many of which have advanced sustainability programmes in place, and with whom we are already working on sustainability issues.

Our approach was then formalised with the development of a 'materiality matrix'.

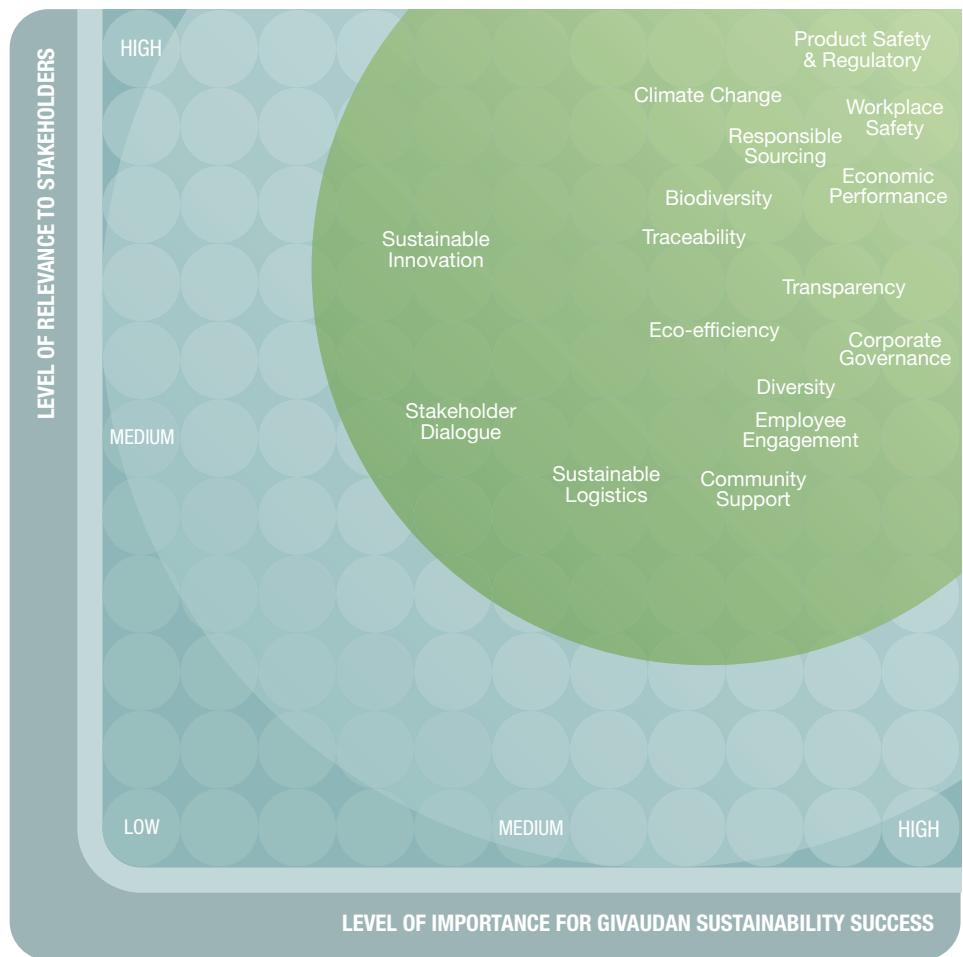


## Givaudan Materiality Matrix 2011

This matrix maps out the key themes we understand our customers and other key stakeholders to be most concerned about, as well as those that are considered to be most important to us. The result of this process is to determine which aspects are therefore most 'material' to our Sustainability Programme.

We use the matrix to assess the relative importance of each topic and to help prioritise our Sustainability Programme initiatives.

Our performance against some of the most important themes identified through this process are covered in this Sustainability Report. An overview of our initial matrix is included here and we look forward to continuing the dialogue with our stakeholders in 2012.



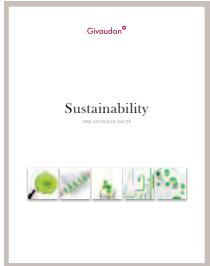
# Commitment to external initiatives

Making meaningful progress requires the right partners, especially when considering the topics most material to us and our stakeholders. Givaudan takes these external partnerships seriously – dedicating resources to taking part effectively in the conversation and helping find the right answers to sustainability challenges.

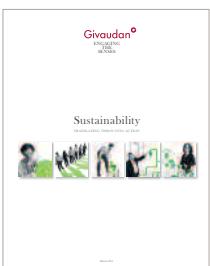
| Sustainability partner   | Sustainability pillar   | Sustainability challenge  |
|--|---|---|
| <p>UN Global Compact aims to align policies and business practices with universally agreed values in the area of human rights, labour, environmental protection and fighting against corruption. Givaudan became a signatory in February 2010 and publishes updates in the Communication on Progress (COP) integrated into our Sustainability Report. <a href="http://www.unglobalcompact.org">www.unglobalcompact.org</a></p>   | <br><b>RAW MATERIALS</b><br><b>EMPLOYEES</b><br><b>OPERATIONS</b>  | Supply chain management<br>Health and safety<br>Environmental impact  |
| <p>Sedex stands for Supplier Ethical Data Exchange. Sedex operates an extensive and secure, web-based database of information based on four pillars, Labour Standards, Health &amp; Safety, Environment and Business Integrity. Sedex promotes continuous improvement and ensures a harmonised approach in measuring ethical performance. In 2010 Givaudan extended its membership to AB and asked a number of its suppliers to complete a Sedex questionnaire to acquire information about its raw materials supply chain. <a href="http://www.sedexglobal.com">www.sedexglobal.com</a></p>   | <br><b>RAW MATERIALS</b><br><b>EMPLOYEES</b><br><b>OPERATIONS</b><br><b>CUSTOMERS &amp; MARKETS</b>  | Supply assessment<br>Health and safety<br>Environmental impact<br>Customer requests                             |
| <p>NRSC stands for Natural Resources Stewardship Circle and promotes fair and sustainable cooperation with indigenous peoples and local communities while protecting the biodiversity and ecosystems of the territories concerned. Givaudan was a founding member and has been involved since 2008. <a href="http://www.nrsc.fr">www.nrsc.fr</a></p>   | <br><b>RAW MATERIALS</b>   | Biodiversity<br>Responsible sourcing  |
| <p>Since 2003 the Carbon Disclosure Project has aimed to accelerate solutions to climate change and water management by putting relevant information at the heart of business, policy and investment decisions. Givaudan started participation in the CDP in 2007 and has disclosed greenhouse gas emissions annually and reduction strategy and performance for both investors and supply chain surveys. <a href="http://www.cdproject.net">www.cdproject.net</a></p>   | <br><b>RAW MATERIALS</b><br><b>OPERATIONS</b><br><b>CUSTOMERS &amp; MARKETS</b>  | Transport<br>Energy/CO <sub>2</sub><br>Transport<br>Business travel<br>Transport                                |
| <p>Global Reporting Initiative (GRI) seeks to align policies and business practices with universally agreed values in the area of human rights, labour, environmental protection and fighting against corruption. Givaudan started to use GRI guidelines in our 2010 Sustainability Report which fulfilled the requirement for Application Level C. <a href="http://www.globalreporting.org">www.globalreporting.org</a></p>   | <br><b>RAW MATERIALS</b><br><b>EMPLOYEES</b><br><b>INNOVATION &amp; DEVELOPMENT</b><br><b>OPERATIONS</b><br><b>CUSTOMERS &amp; MARKETS</b> | Metrics and targets<br>Metrics and targets<br>Metrics and targets<br>Metrics and targets<br>Metrics and targets |
| <p>GreenPalm is a certificate trading programme which is designed to tackle the environmental and social problems created by the production of palm oil in tropical climates such as Indonesia and Malaysia. Exclusively endorsed by the Roundtable on Sustainable Palm Oil (RSPO), the GreenPalm programme (RSPO Book&amp;Claim supply chain option) is based on the principle that the best way to encourage palm growers to work in a sustainable and responsible way is to reward them for doing so. In 2011 Givaudan started to buy green palm certificates to support the sustainable production of palm oil. For more information visit <a href="http://www.greenpalm.org">http://www.greenpalm.org</a></p> | <br><b>RAW MATERIALS</b>   | Responsible sourcing  |
| <p>The Roundtable on Sustainable Palm Oil (RSPO) was formed in 2004 with the objective of promoting the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders. It is a not-for-profit association that unites stakeholders from seven sectors of the palm oil industry – producers, processors or traders, consumer goods manufacturers, retailers, banks and investors, and NGOs – to develop and implement global standards for sustainable palm oil. In 2011 Givaudan joined RSPO to promote the production and use of sustainable palm oil. For more information visit <a href="http://www.rspo.org">www.rspo.org</a></p>                           | <br><b>RAW MATERIALS</b><br><b>CUSTOMERS &amp; MARKETS</b>   | Responsible sourcing<br>Collaboration   |
| <p>AIM-PROGRESS is a forum of consumer goods companies assembled to enable and promote responsible sourcing practices and sustainable production systems. It is a global initiative supported and sponsored by AIM in Europe and the GMA in North America. Its key objectives include the provision of a forum to exchange views and supporting the effective collaboration with other initiatives having similar aims or interests. Givaudan was invited to join the AIM-PROGRESS Task Force in 2011, and has signed up as a member for 2012. More information is available on the AIM website: <a href="http://aim-progress.com/">http://aim-progress.com/</a></p>   | <br><b>RAW MATERIALS</b><br><b>INNOVATION &amp; DEVELOPMENT</b><br><b>CUSTOMERS &amp; MARKETS</b>  | Responsible sourcing<br>Auditing<br>Collaboration   |

# Sustainability performance in 2011

OUR 2009 SUSTAINABILITY REPORT EXPLAINED OUR VISION AND LONG-TERM ASPIRATIONS FOR EACH OF OUR FIVE SUSTAINABILITY PROGRAMME PILLARS.



IN 2010 WE IDENTIFIED PRIORITY SUSTAINABILITY TOPICS FOR GIVAUDAN FOR THE MID-TERM, SETTING SPECIFIC MEASUREABLE KEY PERFORMANCE INDICATORS (KPIs) WHERE POSSIBLE. THE TABLE (RIGHT) SUMMARISES THE PROGRESS WE HAVE MADE AGAINST THESE KPIs IN 2011.



For more information, and access to both these previous reports, go to [www.givaudan.com/sustainability](http://www.givaudan.com/sustainability)



## Raw Materials RESPONSIBILITY IN SUPPLY



## Employees PASSION WITH PURPOSE

### Our commitments Expand sustainable sourcing focusing on naturals

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

### Our commitments Engage employees in sustainability thinking and practices

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

### Our KPIs

Communicate with all suppliers about procurement requirements relating to social responsibility  
Build 14 schools in Madagascar by 2014  
Conduct audits with 200 of our top 400 suppliers by 2015; 200 of our top 400 suppliers to have joined the SEDEX programme by 2015  
Identify and develop additional sustainable sourcing initiatives  
Develop third-party certification projects for raw materials

### Our KPIs

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

### Progress we have made

Third-party audit partner appointed and pilot project completed  
Eight schools built in Madagascar since our programme began  
41 suppliers have been audited, and 75 suppliers joined Sedex of which 42 have completed the Sedex SAQ  
Signed up as an AIM-PROGRESS member for 2012  
Signed a renewed and expanded agreement with Conservation International

### Progress we have made

SafeStart™ training programme rolled out to 21 manufacturing sites  
LTI rate reduced by 44% compared to 2009 baseline  
Green Teams established at all sites and effectively sharing best practice  
Diversity Action Plan developed  
Charitable themes embraced by the business



## Innovation & Development

DELIVERING SUSTAINABLE CREATIONS

### Our commitments

**Continue to supply safe products for people and the environment**

Ensure Givaudan products are safe for people and the environment when used as intended

Full regulatory compliance of all products

Ensure our products are not persistent in the environment after their use

Reduce animal testing and develop alternative test methods

### Create superior products in a sustainable way

Promote health and wellness through our products

Do more with less, promoting innovative design based on concentrated quality and compacted fragrances

### Our KPIs

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

Flavours health and wellness programme incremental sales target of CHF 100 million; incremental growth from 2009 to 2013

### Progress we have made

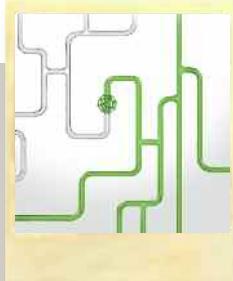
Fragrance Division fully compliant with REACH and fully engaged in preparation for 2013 deadline

We are progressing well towards our incremental sales target for health & wellness

Fragrance Division added 53 ingredients to its biodegradable palette

Publication of study findings of KeratinoSens assay (in-vitro methods of testing for skin sensitisation)

New sweetness enhancer launched



## Operations

DRIVING OPERATIONAL EXCELLENCE

### Our commitments

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

Reduce our overall footprint focusing on eco-efficiency for:

- energy
  - carbon emissions
  - incinerated and land-filled waste
  - water
- against a 2009 baseline

### Our KPIs

Energy consumption: 20% reduction, per tonne of product, by 2020

Water use: 15% reduction, per tonne of product, by 2020 (for municipal & groundwater)

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

Total weight of waste by type and disposal: 15% reduction, per tonne of product, by 2020



## Customers & Markets

PRODUCT IMPACT

### Our commitments

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

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

### Our KPIs

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



# RAW MATERIALS

## RESPONSIBILITY IN SUPPLY

Our ultimate goal is to ensure that our purchasing decisions preserve and safeguard the environment and stimulate the development and wellbeing of the communities from which we source.

Securing the supply of high quality natural raw materials now and into the future, without compromising the environment, the livelihoods of producers, or the security of supply is business critical.

Our sourcing of raw materials is informed by our 'Key Principles of Sustainability', which were approved by our Executive Committee in December 2011 and formalise our sustainability framework. This document is publically available on the Givaudan website, enabling all of our raw materials suppliers to access it.

It is Givaudan best practice to source from locally-based suppliers where possible, where locally is defined as 'based in the same country as the Givaudan facility'. However, several of the raw materials we buy only grow in specific geographic areas and therefore cannot be locally sourced. 86.7% of non-raw materials are purchased locally. 22.7% of raw materials are sourced locally.

The scale of our raw material requirements has enabled us to develop deep knowledge of sourcing responsibly from small suppliers in remote rural locations. For example, we source specialist ingredients such as vanilla, tonka beans and benzoin, which are concentrated in less developed countries such as Madagascar, Venezuela and Laos.



Developing close working partnerships with our suppliers remains critical to securing an ongoing supply of sustainable raw materials. The tonka bean and vanilla case studies on pages 15 and 16 are examples of this.

To help our customers manage ethical and responsible practices in their supply chains, all our manufacturing sites participate in the Supplier Ethical Data Exchange (Sedex). Sedex operates an extensive and secure, web-based database of information based on four pillars: Labour Standards; Health & Safety; Environment; and Business Integrity.

The supplier Sedex pilot we ran in 2010 was extended in 2011 with 75 suppliers now having joined Sedex, against our target of having 200 of our top 400 suppliers join the platform by 2015. In addition, 19% of our targeted raw material suppliers have undergone human rights screening.

Based on a risk assessment on significant raw material and non-raw material suppliers on potential sustainability issues, including human rights, it was decided to focus on raw material suppliers regarding Sedex and audits. Of the non-raw material suppliers 90% (in spent value) are based in low and medium risk countries for potential human rights issues.

Given the complexity and scale of this task, we took the decision to appoint a third-party audit partner to assist with this process.

Following the 2010 communication of our Global Vendor Expectations document to notify raw material suppliers of the need to comply with the principles of the United Nations Global Compact, auditing of our suppliers was a core area of focus for us in 2011. 41 supplier audits have now been completed.

Givaudan was also invited to join the AIM-PROGRESS Task Force in 2011, and has signed up as a member for 2012. For more information see page 11.



## Conservation International partnership protects biodiversity

IN NOVEMBER 2011 GIVAUDAN CEO, GILLES ANDRIER, SIGNED A RENEWED AND EXPANDED AGREEMENT WITH CONSERVATION INTERNATIONAL (CI), A NON-PROFIT ORGANISATION WHICH EMPOWERS SOCIETIES TO: "RESPONSIBLY AND SUSTAINABLY CARE FOR NATURE AND GLOBAL BIODIVERSITY, FOR THE LONG-TERM WELLBEING OF PEOPLE".



CI's Conservation Stewards Program (CSP) and Givaudan have been working together since 2007 to conserve the Caura Basin of the Amazonian forest in Venezuela, to support local livelihoods and a secure supply of tonka beans.

Tonka bean is a precious, wild-grown natural raw material used in luxury fine fragrance. Its surprisingly profound, warm and sweet scent is reminiscent of caramel, almond and tobacco. Venezuela is one of only two places in the world where tonka beans are collected.

Under the new agreement, the initial protection area of 88,000 hectares will be expanded by a further 60,000 hectares in the next three years – securing important habitats for local wildlife such as the American Tapir, Jaguar, Spectacled Caiman and Yellow-spotted Amazon River Turtles, among others.

It promotes community-based action to protect biodiversity and strengthen the link between local tonka collectors and international buyers. Through the agreement the quality of life of the 64 families of the Aripao community is enhanced. Local communities receive technical and financial assistance from Givaudan and CSP, through a local NGO, in exchange for their commitment to preserving the forest and its precious flora and fauna. This is leading to a better harvesting, drying and storage process of the tonka beans, thus improving the quality of our supply. We are also funding the maintenance of harvesting routes, which increases the volume of beans collected in high production years. With the new agreement signed we are now exploring the development of a new supply chain for a second non-timber forest product – copaiba balsam.



The higher output of beans that results from the agreement enables the local community to increase its revenue. The initiative is helping the local community to improve the organisation of the tonka and copaiba supply chain. A small percentage of the money received for the beans is held in a bank account that is managed by the community. Funds from this can be used as a line of interest-free credit to help people invest in equipment, seeds or in promotion of small businesses.

Finally, as part of the Tonka Project, we have also developed an exclusive product, Tonka Roasted Bean, which is certified organic by Ecocert – a French environmental body dedicated to sustainable development and the certification of organic agricultural products. Tonka Roasted Bean brings new intonations of cocoa powder to the perfumers' palette for use in fragrance creation. It also creates extra revenues for local collectors.

For more information about the partnership visit the Conservation International website: [www.conservation.org/FMG](http://www.conservation.org/FMG)





## Tracing the origins of ethical vanilla

MADAGASCAR IS THE SOURCE OF THE VAST MAJORITY OF THE WORLD'S VANILLA CROP AND 2011 HAS SEEN SIGNIFICANT DEVELOPMENTS IN ALL ASPECTS OF OUR ETHICAL VANILLA PROGRAMME IN THE COUNTRY.



We are working with Malagasy vanilla farmers to improve the yield and quality of their vanilla crop. Not only does sourcing vanilla in this way help secure future supplies, but the use of designated areas and organic farming practices have also secured completely traceable and certifiable supplies of vanilla.

Traceability is a key factor for our customers. Working in an exclusive partnership with our local partner, who has been curing and exporting Malagasy vanilla since 1911, we have a relationship with local growers that offers us complete control over the growing, harvesting and curing of the vanilla. In fact, each field has a GPS location. See page 31 to find out about our customer engagement regarding vanilla.

All vanilla sourced from our ethical vanilla sourcing programme is certified organic by Ecocert and participating farmers have the security of knowing that they have a guaranteed market for their product.

Working with our partner we have also implemented a school-building programme, and are helping Malagasy families implement a System of Rice Intensification (SRI), which can double, or even triple, the yield of this staple of the local diet. In 2011 we took this initiative to four additional villages, increasing the total number of villages supported to eight – representing more than 300 hectares and 400 farmers.

OUR VANILLA PARTNER SAID: "WE ARE PROUD TO BE WORKING IN PARTNERSHIP WITH GIVAUDAN. WE OPERATE SIDE-BY-SIDE WITH LOCAL GROWERS TO IMPROVE THE QUALITY AND TRACEABILITY OF THE VANILLA SUPPLY CHAIN AND TO INCREASE YIELDS FOR RICE CULTIVATIONS. THE VILLAGERS PARTICIPATED IN BUILDING FOUR SCHOOLS IN 2011. THESE SIGNIFICANT ACHIEVEMENTS WOULD NOT HAVE BEEN POSSIBLE WITHOUT GIVAUDAN'S SUPPORT. INVOLVING VILLAGERS AND THE SCHOOL CHILDREN'S PARENT ASSOCIATIONS ON A VOLUNTARY BASIS IS A RICH EXPERIENCE AND THE DEDICATION FROM EVERYBODY HAS TRULY PAID OFF."

SUPPORTING  
8 VILLAGES  
**300**  
HECTARES



## Making progress on sustainable palm oil

A NUMBER OF OUR CUSTOMERS MADE ANNOUNCEMENTS CONCERNING THE SUSTAINABLE SOURCING OF PALM OIL IN 2011. GIVAUDAN DOES NOT PURCHASE SIGNIFICANT VOLUMES OF CRUDE PALM (KERNEL) OIL BUT, LIKE MANY COMPANIES IN THE FOOD MANUFACTURING AND COSMETICS INDUSTRIES, DOES PURCHASE FRACTIONS AND DERIVATIVES OF PALM OIL AND PALM KERNEL OIL.

Although there are currently no regulatory requirements concerning the sourcing of palm oil and its derivatives, our intention is to source any crude palm oil we do purchase from certified sustainable sources by the end of 2012. In addition, we will source all fractions and derivatives of palm oil and palm kernel oil from certified sustainable sources by 2015 – providing sufficient quantities are commercially available.

In June 2011 we joined the Round Table on Sustainable Palm Oil (RSPO). Its certification scheme is designed to assure the purchaser that RSPO certified crude palm (kernel) oil comes solely from sustainable sources. In 2012 we will be purchasing ingredients which contain RSPO Certified Sustainable Palm Oil (CSPO) where they are commercially available. We will also be encouraging our suppliers to use CSPO quality palm oil in the materials they supply to us.

Meanwhile, for those ingredients that do not yet have certified sustainable alternatives, we have actively covered our use of palm (kernel) oil fractions and derivatives with Green Palm certificates, to support the production of sustainable palm oil.

More information about RSPO and Green Palm is included on page 11 of this Report.



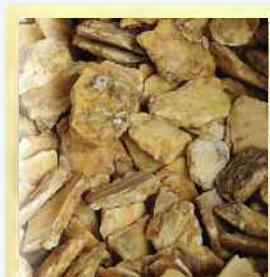
## School programme success in Laos

BENZOIN RESIN IS A POPULAR FINE FRAGRANCE INGREDIENT. IT IS COLLECTED FROM WILD TREES IN REMOTE PARTS OF NORTHERN LAOS. IN OUR 2009 AND 2010 SUSTAINABILITY REPORTS WE MENTIONED OUR SCHOOL BUILDING PROGRAMME IN THE PHONGSALI PROVINCE OF LAOS, RUN IN COLLABORATION WITH A LOCAL PARTNER, TO HELP COMBAT THE THREAT OF RURAL EXODUS FROM THE BENZOIN SOURCING AREA.

We are proud to see the two schools we have built so far running successfully. The secondary school in the remote village of Azeuh, in the Samphan district, now has 130 students and 10 teachers – from just 38 students and one teacher when it first opened in 2008. Our initiative encouraged the local authorities to improve the access to the villages with a new road and the establishment of a local market. Plans are in place for an additional classroom to be built, as well as a dormitory for those students who have to travel long distances to attend.

The second school to open is in Yangteuil, in the Khoa district. It now has four classrooms and 88 students.

Our sourcing of benzoin from Laos has more than doubled in four years. We also source other exclusive ingredients from the country, such as red ginger, beeswax and cinnamon, which ensures that villages are not reliant on just one income stream.





# EMPLOYEES

## PASSION WITH PURPOSE

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



During 2011 we made good progress delivering against the commitments outlined in the Employee Pillar of our Programme. These focus on safety, grass roots activity to support sustainability, diversity and community projects.

In addition, a significant amount of work has been linked to the improvement opportunities we identified during the development of our Employee Value Proposition published in 2010. More information can be found at our website [www.givaudan.com](http://www.givaudan.com). These opportunities, resulting from direct employee input, have focused on Work-Life Balance, Career and Development Planning, People Management and Compensation.

We launched our global competency model which identifies the key competencies individuals need to develop to be successful in their career at Givaudan. This model is currently linked to the work we are doing on development and career

planning. Our aim is that this will become the fundamental cornerstone of all our people management processes, from recruitment to development, and from performance management to career planning.

We also launched our online employee profile tool, which allows employees to document their career and development aspirations. This will be used during our talent management processes to help match the right people to the right opportunities. It will also serve to increase transparency in career development, something that we started in 2010 with the launch of our internal Job Posting process.

With respect to Work-Life Balance, we are currently engaged in a project to define our position and provide a range of Work-Life Balance support tools to our management and HR teams around the world. We are committed to providing a work environment that enables our people to engage in challenging careers whilst meeting their personal goals and interests, as well as the needs of the business.

Our Green Teams grass roots initiative has grown from strength to strength over the past year. Local groups of employees have been empowered and encouraged to contribute to the Givaudan Sustainability vision by proposing and implementing practical changes at an individual site level. Every site has a Green Team and these teams have developed a constructive method of sharing best practice via three global calls per year. In 2011 a communications toolkit was developed for the Green Teams to help them with their future efforts in sharing their work more widely within the business and in their local communities. This will be rolled out to all Green Teams in 2012. See pages 19, 20 and 29 for case studies showing examples of the Green Teams' work in 2011.

Social indicator data regarding our employees is available on pages 35-36.





## Celebrating and supporting diversity



AT GIVAUDAN, WE HAVE A LONG AND SUCCESSFUL HISTORY OF BRINGING TOGETHER PEOPLE FROM DIFFERENT BACKGROUNDS. TOWARDS THE END OF 2010, WE LAUNCHED OUR DIVERSITY POSITION STATEMENT STATING OUR COMMITMENT TO SUSTAIN A DIVERSE AND INCLUSIVE WORKFORCE. THIS POSITION STATEMENT CAN BE FOUND ON BOTH OUR INTRANET AND INTERNET, FOR REFERENCE BY INTERNAL AND EXTERNAL AUDIENCES.

A number of activities have been taking place across the organisation in active support of our commitment.

Increasing the representation of females in senior leadership positions is a key area of activity. In 2011 we conducted interviews with over 50 participants across the company for their insights and perspectives on diversity-related matters. Interviewees were generally senior male and female employees, who provided feedback focusing on career enablers, barriers and organisational culture. Common opinions included:

- Greater visibility is needed around how Givaudan supports career progression
- More opportunity for achieving work-life balance can have a positive impact on all employees.

This input has provided us with a better understanding of what we do well and has also highlighted our areas for development.

After considering the feedback received and reviewing diversity best practices, we have developed a Diversity Action Plan and started several specific initiatives to tangibly demonstrate our commitment towards diversity. Some of these focus on projects related to career visibility, talent management and work-life balance.

We have also established a 'Diversity Sounding Board', made up of senior leaders from across our organisation. This group provides guidance as we continue our current effective practices in managing diverse teams, and as we plan for the future.

## Inspiring each other

In April 2011 our Argenteuil Green Team in France held a Sustainability Development Week. Inspired by the 'Sustainability Awareness Week' run by our Bromborough Green Team in 2009, different events were planned for each day of the week, including:

- A 'no cars day', resulting in approximately 70 fewer cars being driven to work and a corresponding 400kg reduction of CO<sub>2</sub> emissions
- A sustainability contest, attracting over 40 entries
- A conference about biodiversity with an external speaker.

Large displays, posters and panels were also erected about the trees, plants and flowers around the site and emails were circulated every day. Many employees took part and the Green Team received excellent feedback from colleagues as well as some good ideas for future initiatives. Building on this success, the team is planning new activities for 2012.





## EMPLOYEES

PASSION WITH PURPOSE

# Rewarding sustainability success

BUILDING ON THE SUCCESS OF LAST YEAR'S INAUGURAL GREEN TEAM AWARDS, WE DEVELOPED THE COMPETITION FURTHER IN 2011. ENCOURAGINGLY, WE RECEIVED 28 AWARD ENTRIES SHOWING DIVERSE AND HIGH-QUALITY INITIATIVES.

Two winners have been selected by the Executive Committee for their achievements in 2011. Our Daman Green Team, based in a manufacturing location in India, has been honoured for its energy and waste reduction programmes and its health and nutrition-related charitable giving; whilst our Bogotá Green Team, in Colombia, a non-manufacturing location, has put in place an impressive recycling scheme which directly benefits members of the local community.

Our Daman site has reduced its energy usage by 7.1% per production batch by replacing lighting and air conditioning equipment with more efficient models, and raising employee awareness of energy efficiency. The combination of careful planning and employee awareness also enabled the site to reduce its waste by 25% per tonne of flavour produced.

In addition, the Daman Green Team organised a Family Nutrition Health Camp for approximately 200 residents of Dabhel Village in June 2011. The objective was to raise awareness of the importance of hygiene and nutrition.

A talk was given by medical officers with the opportunity to consult the doctor for help on nutrition-related illness. The response to the open session and question and answers demonstrated that people were interested in the topic and many people took advantage of the free medical service. The team was encouraged by the response to the event and plans to continue to raise awareness about these issues and hopes to be able to run similar events in the future.

Our Bogotá Green Team, meanwhile, focused its efforts on building a culture of recycling with social responsibility. A range of tactics were used to create awareness and commitment including training sessions, competitions and email hints and tips. Local people who make a living from recycling, buy the recyclable materials and the proceeds are given to those who clean the site (low income workers and single mothers). In 2011 the site recycled 1,348kg of materials including paper, cartons, glass, plastic and metal, thereby reducing its reliance on incineration and landfill.



# Safety culture strengthened following SafeStart™ training

OUR TARGET OF LESS THAN ONE LOST TIME ACCIDENT PER 1,000 EMPLOYEES PER YEAR BY 2020 IS A MAJOR MILESTONE TOWARDS REACHING OUR ULTIMATE ASPIRATION TO HAVE ZERO ACCIDENTS.

**ZERO  
IS POSSIBLE**  
  
Serious about safety



**44%**

LTI RATE REDUCTION  
2009-2011

In 2011 there were 48 Lost Time Injuries. This was a 44% reduction of Lost Time Injury rates for our manufacturing sites compared with 2009. See page 36 for more details.

Every employee has played their part in achieving this improvement, which demonstrates our progress in strengthening safety culture across the organisation.

One critical enabler for safety progress is our SafeStart™ programme, which focuses on training employees on practical and consistent safety behaviours – valid at work, home or on the road. This five-module programme kicked off in Q4 2010 and by the end of 2011 had been rolled out to 21 sites. The programme will have been delivered globally to all employees by the end of 2012 and is progressively becoming an

integral part of our new employee on-boarding schedule.

In addition, all teams are taking very specific and concrete actions on safety, putting the emphasis on simple and everyday activities, and this is making a real difference.

In 2011, for several sites the SafeStart™ terminology was included as part of our existing daily interactive 'safety contact' processes. This involves both observation and proactive contact with employees to highlight safe behaviours, correct unsafe behaviours, help employees recognise and evaluate risk and evaluate the level of known and unknown safety practices in the business.

Several incident investigation forms have also been tailored to include the SafeStart™ principles. This has helped

us build more safety and risk awareness as well as increasing safety accountability – both of which contribute to a comprehensive safety culture.

In 2012 we aim to complete the process of creating a dedicated SafeStart™ on-boarding programme for new starters, embed SafeStart™ in our safety reporting process and deliver tailored awareness training at our office-based sites.

## Making progress on our injury and occupational diseases rate target

During 2011, our manufacturing sites' Lost Time Injury (LTI) rate per 200,000 hours worked, reduced by 44% compared to 2009, against a long-term target of LTI rate below 0.1 in 2020.

There were no occupational fatalities.

## Bringing our charitable themes to life

SUPPORTING LOCAL COMMUNITIES IS A KEY DRIVER FOR OUR CHARITABLE COMMITMENTS PROGRAMME. IT IS UP TO OUR EMPLOYEES AT EACH SITE TO IDENTIFY WHAT IS MOST RELEVANT FOR THEM – USING AS A FRAMEWORK THE THEMES WE FORMALISED LAST YEAR AND WHICH REFLECT OUR BRAND ‘ENGAGING THE SENSES’.



For Fragrances, the charitable theme is Blindness. Family Nutrition, is the charitable theme for Flavours.

In 2011 teams from around the globe have been engaged in charitable activities to support our chosen themes in many different ways, from taking part in fundraising tandem cycle rides to delivering nutritional education where it is needed.

This level of commitment demonstrates that local projects supporting local causes and

communities benefit all involved. Our charitable giving goes beyond financial corporate donations – it is also about time and effort from all Givaudan employees who take part.

They are building stronger relationships between Givaudan and the communities in which they live and work, as well as taking the opportunity of working together in a different way. No funds are used to benefit organisations of a political nature.

## Formalising an approach to charitable giving in São Paulo

OUR GREEN TEAM IN SÃO PAULO, BRAZIL FOUNDED THE GIVAUDAN INSTITUTE IN APRIL 2011 AS ITS OFFICIAL CHANNEL FOR SPONSORSHIP AND CHARITABLE SUPPORT FOR THE SÃO PAULO COMMUNITY.

The objectives of the Givaudan Institute are:

- To establish communication between Givaudan and its stakeholders
- To formalise and expand current social actions
- To add value to the business by projecting the company as a socially responsible organisation
- To promote social benefits by transforming society.

We aim to achieve these goals by creating and promoting to children, young people and their families, activities that foster social and economic development and a sustainable environment

Activities focus on three areas: nutrition, social inclusion of the visually impaired and support for low-income families including income generation.



## Partnering with visually impaired people

IN ALIGNMENT WITH THE CHARITABLE THEME FOR OUR FRAGRANCE DIVISION – BLINDNESS – OUR NEW YORK GREEN TEAM FORGED A FUNDRAISING PARTNERSHIP WITH LIGHTHOUSE INTERNATIONAL. THE PARTNERSHIP NOW INCLUDES AN INTERNSHIP PROGRAMME FOR A VISUALLY IMPAIRED STUDENT.

Lighthouse International is a leading non-profit organisation dedicated to fighting vision loss through prevention, treatment and empowerment.

In October 2011 the Givaudan teams from our New York, Ridgedale and Mount Olive sites raised more than \$10,000 USD and joined hundreds of other supporters for the second annual Double Up 4 Vision – 5km Tandem Bike and Walk.

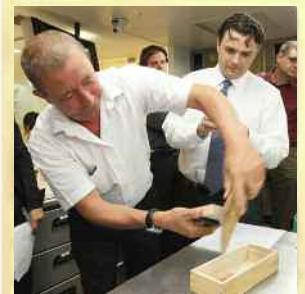
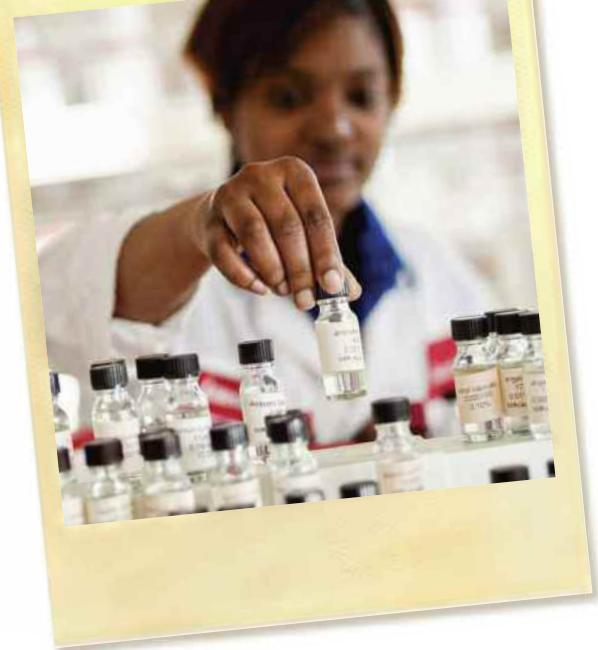
The team is looking forward to developing new education programmes with Lighthouse International and exploring how fragrance can help visually impaired people navigate their world.



# INNOVATION AND DEVELOPMENT

## DELIVERING SUSTAINABLE CREATIONS

With a long-term goal to have 100% of our new products 'sustainable by design', our innovation and development teams conducted many sustainability-related research programmes in 2011 to satisfy current and future requirements.



We remain strategically focused on launching new products and capabilities that enable our customers to reduce levels of sugar, fat and salt in their products while delivering great taste. Our teams have been busy exploring and discovering new ingredients and technologies which they can then translate into original, unique and distinctive flavours to help meet health and wellness challenges.

In 2011 we launched numerous new TasteSolutions™ products and technologies, particularly in the areas of sweetness and mouthfeel. A new sweetness enhancer was introduced that creates an authentic sugar experience for consumers even when artificial, low calorie sweeteners are being used in the end product. The case study opposite outlines the process we followed.

A range of new mouthfeel ingredients was developed and launched, as well as a language and curve that provides visualisation of the mouthfeel experience. The ingredients provide richness, creaminess and butteriness

without the calories from fat, and without the proteins that normally deliver desirable mouthfeel. Sense It™ Mouthfeel, our sensory language, ensures the appropriate description of the flavour, taste and mouthfeel of products helping increase communication across functional groups.

The food industry continues to focus on reducing salt and monosodium glutamate (MSG) in products. These two ingredients have long been the taste foundation of prepared foods, but their excessive use is no longer acceptable. To assist our customers in making food taste delicious without relying on ingredients such as salt and MSG, Givaudan has sought new natural sources to inspire taste technology. Our recent TasteTrek™ Umami, led us on an exploration of the scientific basis of Japanese cuisine, historically recognised for its use of traditional ingredients to provide taste and taste enhancement. Findings from the Trek have allowed us to rapidly expand our taste ingredients tools and to launch research projects that will enrich our taste ingredient palette over the long-term.



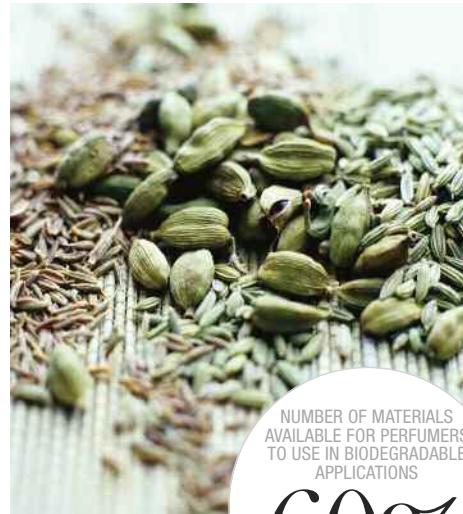
Our Fragrance Division has a Key Performance Indicator to fulfil registration requirements as described by the European REACH legislation. The REACH European regulations came into force in June 2007, requiring companies to (pre)-register chemical substances in scope and ensure their safe use, both for people and the environment. Givaudan is in full compliance with the requirements. For the REACH 2013 deadline Givaudan is fully engaged and leading the registrations of more than 15 substances and actively involved in more than 50 joint registrations. REACH is both a challenge and an opportunity to learn; the process serves Givaudan's interests and those of our industry, now and in the future.

In our 2010 Sustainability Report we discussed our work on the testing of key constituents of essential oils to support our methodology for assessing the biodegradation of natural substances. This work has now been published in the peer-reviewed scientific journal, Environmental Toxicology and Chemistry, and was presented as a poster at the SETAC (Society of Environmental Toxicology and Chemistry) Europe 21st Annual Meeting in May 2011.

During 2011 we added more than 50 ingredients to our expanding biodegradable fragrance palette. This included some important natural perfumery materials, such as cedarwood, lime, and cardamom, as well as two speciality materials, Karmaflor™ and Sylkolide™, which were introduced for the exclusive use of Givaudan's perfumers.

Since our programme to establish a biodegradable palette of fragrance ingredients began in 2007, the number of materials available for our perfumers to use in biodegradable applications has increased by 60%. We have already assessed a large proportion of our materials for biodegradability and we have set a target to assess all ingredients on our creative palette by the end of 2012.

Our Fragrance Division has also instigated a project to understand how Givaudan might learn from the systematic application of Green Chemistry principles to further optimise our use of resources. Whilst the philosophy itself is not new to Givaudan's process chemists, this project will identify whether there are additional areas for improvement. Our ultimate aim is to help our perfumers design formulations with the lowest possible environmental impact.



NUMBER OF MATERIALS  
AVAILABLE FOR PERFUMERS  
TO USE IN BIODEGRADABLE  
APPLICATIONS  
**60%**  
INCREASE SINCE 2007

## Ground-breaking work in sugar reduction

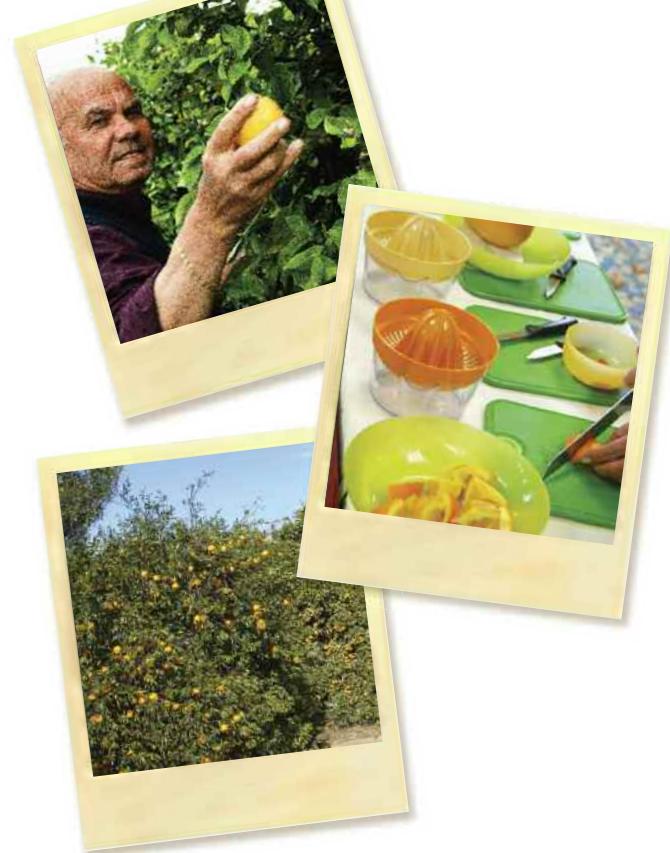
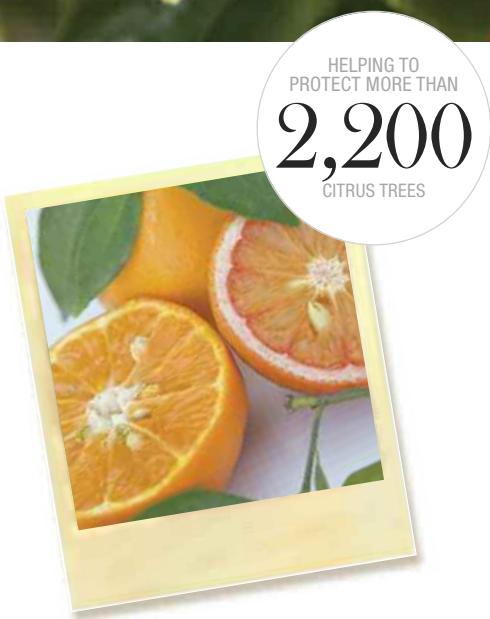
OUR RESEARCHERS CONTINUE TO WORK CLOSELY WITH OUR CONSUMER UNDERSTANDING TEAMS REGARDING THE GROWING GLOBAL DEMAND FOR HEALTHIER PRODUCTS. TO ADDRESS THE SPECIFIC CALL FOR PRODUCTS MADE WITH LESS SUGAR, OUR TASTESOLUTIONS™ SWEETNESS TEAM HAS FOCUSED ON CREATING BEVERAGES WITH REDUCED SUGAR, BUT STILL WITH THE TASTE EXPERIENCE THAT CONSUMERS EXPECT.

Our work in this area is ground-breaking and includes receptor research, sensory understanding, knowledge of how sweeteners perform, and development of flavours that optimise the sweetness profiles of customers' products.

Critical to this work is our in-depth understanding of consumer perceptions of sweeteners. Because people struggle to convey what they taste and smell, we developed a language, called Sense It™, to universally define aroma, taste and mouthfeel.

The Sense It™ Sweet language removes subjectivity and helps guide Givaudan flavourists in the creation of new sweetness solutions that more closely satisfy consumer tastes. Sense It™ Sweet, for example, helps us create consumer-pleasing sweetness solutions for sugar-reduced beverages, milk drinks, yoghurts, ice creams, cereals and baked goods. Additionally, we developed a Sweetness Curve, a visualisation that helps us assess the challenges of reducing sugar levels, describe the dominance over time of the different off-notes from high intensity sweeteners, and test the performance of our TasteSolutions™.





## Sustaining the future of citrus

AS ONE OF THE LARGEST PURCHASERS OF RAW MATERIALS IN THE FLAVOUR AND FRAGRANCE INDUSTRY, GIVAUDAN HAS AN ETHICAL AND COMMERCIAL RESPONSIBILITY TO RESPECT RAW MATERIAL SOURCES AND THEIR SUSTAINABILITY. THIS INCLUDES RESPONDING WHEN WE BELIEVE GLOBAL SOURCES ARE THREATENED.

Such is the case with the Citrus Variety Collection at the University of California, Riverside CA (UCR). One of the world's leading sources of citrus varieties, these groves include 2,200 trees representing more than 1,000 accessions of citrus and citrus relatives.

The Citrus Variety Collection is used to solve disease problems, improve commercial varieties, congregate and preserve valuable citrus genetic resources and extend knowledge on citrus diversity.

Though irreplaceable, the Collection faces critical challenges that could threaten its future – some of the same issues that affect Citrus sustainability at a global level.

Overcoming the challenges will require new and reliable streams of financial support needed for additional staffing, maintenance of the vast varietals, facility improvement and educational and outreach programmes.

Building on our relationship with UCR and to help ensure the future of Citrus, in 2011 we signed a ten-year collaboration agreement with UCR. We have also produced marketing materials to help UCR promote its valuable work and secure fundraising support to maintain and care for both existing and new trees. The funds raised will be used for nitrogen and micronutrient fertiliser, pruning, skirting of trees, fruit removal, frost protection, weed management and pest and disease management.

## Alternatives to animal testing becoming industry standard

IN OUR 2010 SUSTAINABILITY REPORT WE DISCUSSED OUR WORK ON THE DEVELOPMENT OF IN-VITRO METHODS OF TESTING FOR SKIN SENSITISATION, MORE INFORMATION CAN BE FOUND AT [WWW.GIVAUDAN.COM](http://WWW.GIVAUDAN.COM). WE ARE WORKING TOWARDS SETTING A STANDARD FOR THE INDUSTRY AS THE 2013 BAN ON ANIMAL TESTING, UNDER THE 7TH AMENDMENT OF THE EU COSMETICS DIRECTIVE, DRAWS CLOSER.



To replace regulatory approved animal tests, any alternatives need to be transferable from the laboratory in which they were developed. Their reproducibility within and between laboratories must be assured and their predictivity should be high. Finding a universal solution is therefore no easy task. The KeratinoSens assay has now been shared with five other laboratories, including other companies in the cosmetic and chemical industry and an independent testing lab. The different laboratories all reported highly similar test results on a set of 28 blind-coded test substances.

The study findings were published in 2011 by Givaudan, together with the study partners. They also appear on the website of the Institute for In-Vitro Sciences. In addition, they were submitted to the European Centre of the Validation of Alternative Methods to animal testing (ECVAM).

We now await peer review of these data by the ECVAM working group to assess the validity of this assay, and hope it will become one of the first pre-validated assays for skin sensitisation. In the meantime, our in-vitro assays are already used on a routine basis in our discovery programme for new fragrance ingredients.

A recent EU report on the status of alternatives to animal testing<sup>ii</sup> acknowledges the progress made in the skin sensitisation field, and cites six scientific publications authored or co-authored by the Givaudan team. We are confident that, with our continued research in this field, we can further accelerate the replacement of animal tests needed for skin sensitisation.

SUCCESSFUL FINDINGS IN TESTING OF  
**28**  
SUBSTANCES

i Natsch, et al., 2011. The intra- and inter-laboratory reproducibility and predictivity of the KeratinoSens assay to predict skin sensitizers in vitro: results of a ring-study in five laboratories. *Toxicol In Vitro* 25, 733-44.

ii Adler, et al., 2010. Alternative (non-animal) methods for cosmetics testing: current status and future prospects-2010. *Arch Toxicol* 85, 367-485.

## Sustainable alternative to petroleum-sourced products

IN MARCH 2011 WE ANNOUNCED A NEW PARTNERSHIP WITH AMYRIS INC TO EXPLORE THE USE OF ITS SUSTAINABLE SOURCE MATERIAL, BIOFENE™, TO PRODUCE AN IMPORTANT FRAGRANCE MATERIAL.

Biofene™ is a sustainable alternative starting material derived from sugar cane. Sugar cane is abundant, low cost, price-stable and sustainably produced. Biofene™ is produced from sugar juice extracted from the cane and fermented, using specially-designed yeast, in a process similar to that used to brew beer or make wine.

In addition to the environmental benefits the partnership agreement between Givaudan and Amyris ensures that both companies will share in the economic value created from Biofene™.

Working in partnership with organisations like Amyris, an integrated renewable products company that is focused on providing sustainable alternatives to a broad range of petroleum-sourced products, helps us move forward towards making our vision a reality.





# OPERATIONS

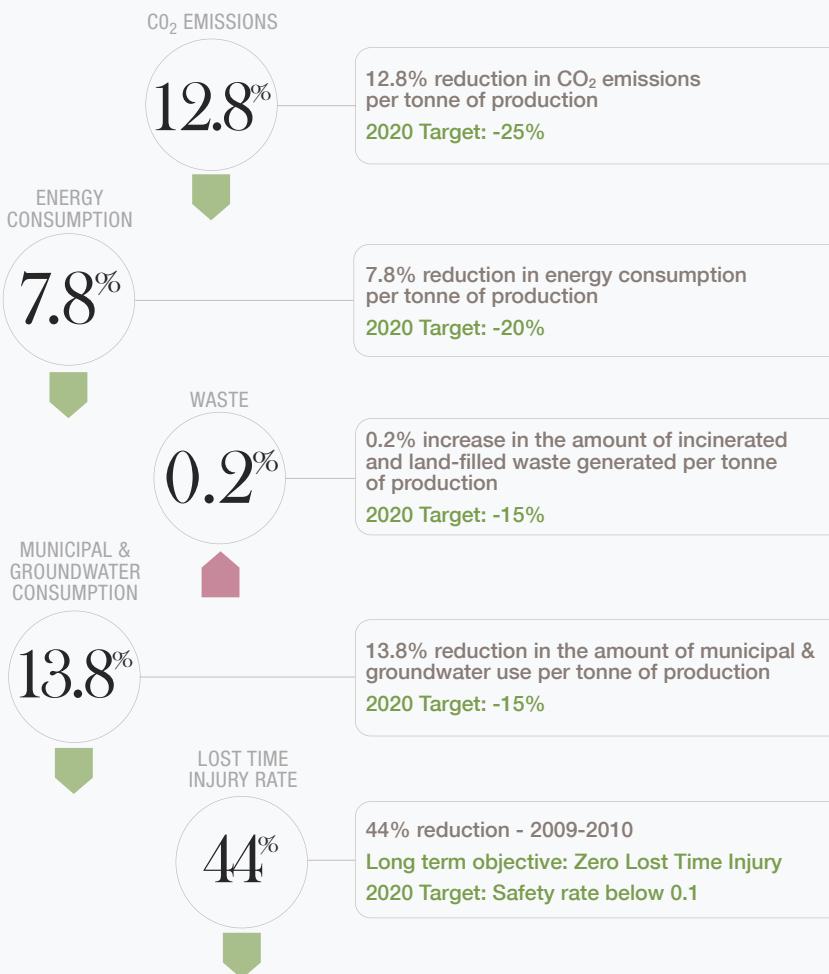
DRIVING OPERATIONAL EXCELLENCE

Driving operational excellence lies at the heart of our business. It is our responsibility to produce the hundreds of thousands of tonnes of flavours and fragrances products we make each year without compromising the environment, health and wellbeing of our employees, or the communities in which we operate.



## Performance data

(against a 2009 baseline)



## A strategic approach to eco-efficiency

Only by regularly measuring and tracking the environmental impacts of our operations can we ensure that negative ones are minimised, which is why we introduced quarterly eco-efficiency reporting for all manufacturing sites in 2010. With this wealth of data available we then set ambitious but realistic targets for 2020. These were included in our 2010 Sustainability Report.

In January 2011 we established an Eco-Efficiency Leadership Team (EELT) which was tasked with developing a plan and identifying priority areas to deliver against our eco-efficiency commitments. The team developed a strategy based on four main drivers:

- Including eco-efficiency information as part of our Capital Expenditure (CAPEX) process
- Reviewing process design by applying green chemistry principles
- Using experts to audit our largest sites to optimise use of utilities
- Implementing an energy procurement strategy.

An audit of our Dübendorf site, undertaken by a third-party expert, identified CAPEX requirements and savings for operational efficiencies. The EELT plans to arrange more third-party audits of our larger sites in 2012.

The EELT has also put in place a strategy to decrease our reliance on energy supplied from fossil fuels. For example, we have calculated that an estimated 1,500 tonnes of CO<sub>2</sub> emissions will be saved by our Dortmund site under the terms of its 2012 Green Energy contract.

# Energy use and CO<sub>2</sub> emissions

A number of factors have resulted in improved energy efficiency per tonne of product produced, these include: active Green Teams at all our sites; greater awareness and ongoing efficiency and behavioural improvements; and capital investments. Despite a 7% increase in absolute energy use, due to increased production volumes compared with 2009, our direct and indirect energy use per tonne of product has reduced by 7.8% against a target of 20% by 2020. The primary energy sources used were 72.7% natural gas and 27.3% fuels distilled from crude oil.

Our more efficient use of energy also contributes to a more favourable carbon footprint of our products. On a per tonne basis it has improved 12.8%; this higher efficiency compared to energy is partly related to the way we are purchasing electricity which is becoming more 'green'. In 2011 almost 40% of the energy sources used was carbon free. On a global basis, it is estimated that the main energy sources used for the production of purchased electricity have been gas (27%), coal (26%), oil (9%), nuclear (18%), hydro (18%) and renewable like wind and solar (2%).



## Taking control to halve energy use

At our Mount Olive West site in the US, Variable Frequency Drives (VFDs) were installed to control the amount of air flow supplied to, and exhausted from, the production & warehouse areas. This has improved ventilation according to demand. All fans now operate at 48HZ instead of 60HZ, resulting in an estimated 50% reduction in power consumption and CO<sub>2</sub> emissions. Since we started using the VFDs, in Q2 2011, the site has reduced its electrical energy consumption and carbon footprint by 11%.

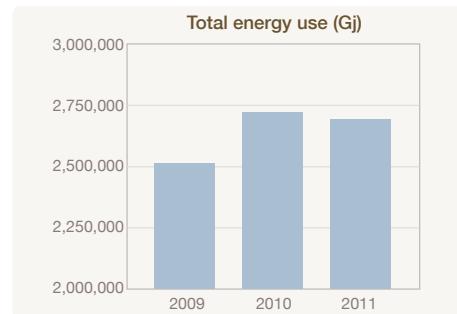
In 2011 we achieved a Carbon Disclosure Project (CDP) score of 72 out of 100, compared with a disclosure score of 55 in 2010. This significant progress was highlighted in the CDP Switzerland 100 Report 2011.



## Harnessing the sun's rays

In July 2011, a 176 m<sup>2</sup> solar thermal collector was installed on the roof of our Zhangjiang factory in China. Using solar power to replace 5% of the steam from the Zhangjiang Heating Power Company (which previously generated all hot water for the site) will also reduce CO<sub>2</sub>, SOx and NOx emissions. It will also generate savings of approximately CHF 11,000 every year.

Since August 2011, 1,428m<sup>2</sup> of solar panels on the roof of our new warehouse at Vernier, Switzerland, have been contributing to its power supply. We expect an annual production of approximately 200,000 kWh which will be sufficient to operate at least one of the two cranes inside the warehouse; which consume the majority of the energy used.



It indicates that we have rigorous internal data management and that we regard climate change as a critical issue affecting our business. For more information regarding CDP see page 11.

# Carbon footprint of related activities

## Product transport

With the help of the transport companies which ship products to our customers, a carbon footprint of all outbound transport has been established. For 2011 this figure is approximately 48,600 metric tonnes of CO<sub>2</sub>, which is about 20% of the footprint related to emissions from our primary energy sources and purchased electricity and steam. These companies operate on a regional basis. Our calculation includes transport by air, ship and road, but excludes road transport in APAC countries for which we have no consolidated data yet, but are developing arrangements with regionally operating carriers and forwarders.

Through our external emergency provider for transport incidents, only one incident was been reported during 2011; this involved a leaking package containing a fruit flavour at an airport. Upon the advice of our service provider, the appropriate cleaning procedure was followed and no material was released into the environment.

## Raw materials

The carbon footprint of finished products should cover the full life-cycle aspect of that product and include the footprint of the ingredients as well as other supply chain related activities. Increasingly, we are requested to conduct full life-cycle analyses. From our test projects so far, it has become clear that often the contribution of the ingredients in the total footprint is quite significant. As a result, we have started to collect raw material data and intend, in line with our strategy, to expand our knowledge-base in this context in partnership with our raw material suppliers.

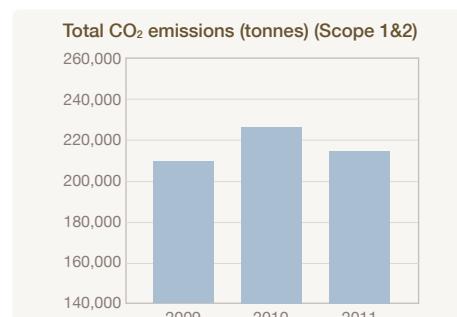
## Travel

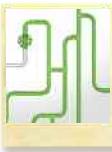
In 2011 Givaudan employees travelling by air for business were responsible for approximately 12,900 tonnes of CO<sub>2</sub> emissions, which was 8% lower than 2010. This data was collected with the help of our global travel agent, and covers business travel in most countries, with the exception of some countries in Asia. For those

countries, we estimated a figure based on tickets purchased.

## Employee commuting

At our US-sites, we conducted a pilot survey to gather information about the way our employees commute to and from the workplace. The results will be evaluated and used to develop a survey, which takes into account regional differences.





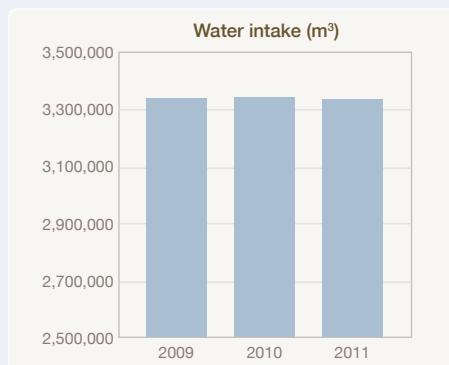
## Other emissions

We monitor emissions of NOx, SOx and Volatile Organic Compounds (VOCs) arising in relation to our use of primary energy sources and the nature of our production activities. Our emissions of NOx and SOx, per tonne of product produced, have decreased by 11% and 8% respectively since 2009. VOC data has been collected and aggregated from sites which have a regulatory reporting requirement using national reporting guidance. The total quantity of VOC emitted for these sites was 431.7 tonnes during 2011.



## Water use

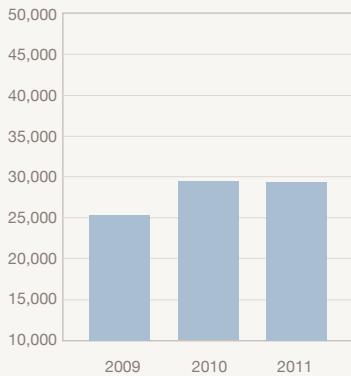
ALTHOUGH OUR OVERALL CONSUMPTION OF MUNICIPAL AND GROUNDWATER REMAINED ALMOST CONSTANT IN 2011 COMPARED WITH 2009 (WITH A SLIGHT REDUCTION COMPARED TO 2010), OUR WATER EFFICIENCY PER TONNE OF PRODUCT IMPROVED BY ALMOST 14%. WE USE SURFACE WATER AND SOME GROUNDWATER FOR COOLING PURPOSES AND THE TOTAL VOLUME OF SURFACE WATER USED, COMPARED TO THE RESTATED 2009 FIGURE, DROPPED BY 2.7% DURING 2011.



### Simple switch saves water

A project to replace 37 inefficient 'spray balls' (tool used to clean equipment) with more efficient models has led to water savings of 2,080m³ a year at our Dortmund site in Germany. This simple change has also resulted in an improvement of cleaning quality and a significant reduction of electricity usage and cleaning times. As a result, the site has reported total savings of approximately €135,000 per year.

Waste (tonnes)



## Waste generation and disposal

ALMOST 48% OF ALL REPORTED WASTE WAS RECYCLED IN 2011. THE QUANTITY OF HAZARDOUS WASTE TO LANDFILL FELL BY 60% AGAINST THE 2009 BASELINE. FURTHER WASTE REDUCTION THROUGH HIGHER EFFICIENCIES, ADJUSTED PROCESS DESIGNS AND/OR SEARCHING FOR MORE RECYCLING OPPORTUNITIES, OFTEN INITIATED BY LOCAL GREEN TEAMS, WILL HELP SUPPORT THE DELIVERY OF THE 2020 TARGET.

During 2011, most of the indicators for waste deteriorated. Against our 2009 baseline, the quantity of landfilled and incinerated waste per tonne of product increased slightly by 0.2%. Our 2020 reduction target for waste is 15%. The main reasons for the 0.2% increase are:

- Changes to our product mix
- Production of several products transferring to different manufacturing facilities, leading to more than average number of test runs
- More complete reporting of all waste streams due to our increased focus on eco-efficiency indicators
- The reclassification of waste streams in some of our facilities from recycled to incineration and vice versa; for example incineration with energy recovery and the formation of biogas from waste.

## Waste transformed to energy

In Spain, process water from our Sant Celoni site is being treated by a local waste water treatment company to create biogas through anaerobic digestion, which can be used for electricity generation or as fuel. The reduction of the internal treatment of process water results in a saving of 150 tonnes of solid waste (sludge) and 160MWh of energy per year. In addition, remaining sludge is used as fertiliser and to produce biogas which generates 493 MWh of electricity – the equivalent power needed to run the factory for 19 days.

Meanwhile, our Naarden site in the Netherlands has found a local waste handling company to transform organic waste into a natural gas, saving significant transport kilometres and CO<sub>2</sub> emissions. Each year 120,000m<sup>3</sup> of natural gas will be produced – enough to supply approximately 80 family homes with gas for heating, warm water production and kitchen use.



# Site remediation

We recognise that our environmental responsibilities extend beyond the operational life of our sites. Our commitment to site remediation encompasses full compliance with applicable regulations and ensures that land, and sometimes property, can be re-used safely and beneficially in the future.

We started a groundwater remediation scheme at our Naarden site in the Netherlands in the last quarter of 2011. Detailed investigations had shown that historical contamination was slowly moving towards the site boundary. Three boreholes were installed and groundwater is now abstracted and treated in our onsite waste water treatment works. By 31 December 2011 a total of 11,559 m<sup>3</sup> of groundwater was remediated in this manner.

At the end of 2009, the Givaudan manufacturing location in Lyon, France, was closed. During 2010 and 2011 the facilities were demolished and, with the support of an external consultant, the underlying soil was decontaminated and remediated. The waste streams

were treated to allow recycling of the cleaned material where possible.

During 2011, work began to remove a lagoon at our manufacturing location in Pedro Escobedo, Mexico. The lagoon, which had previously been used for disposing of cleaning salts, was cleaned and removal work will continue during 2012.

Both of the activities in France and Mexico resulted in a number of waste streams. The quantities of this kind of waste have been excluded from our reported 'operational' waste streams because they are considered as 'one-off' waste.

The actual figures for one-off project waste in 2011 are given in the table (right), with most streams originating from the Lyon project.

Two additional one-off waste streams concern respectively 171 tonnes of finished product, which was rejected following a small fire in a warehouse at a Givaudan location, and 479 tonnes of concrete coming from the demolition of a building. Both waste streams have been disposed of as non-hazardous landfill.

## One-off hazardous waste

| Waste categorisation | Type of material | Quantity in tonnes | Comment                                  |
|----------------------|------------------|--------------------|--|
| Recycled             | Soil             | 25,318             |  |
|                      | Concrete         | 536                |  |
|                      | Bitumen          | 38                 |  |
| Incinerated          | Soil             | 2,337              | Generated heat used in cement production |
| Landfilling          | Asbestos         | 14                 | Dedicated controlled landfill            |
|                      | Cleaning salts   | 8,715              | From Mexico project                      |

## One-off non-hazardous waste

| Waste categorisation | Type of material       | Quantity in tonnes | Comment  |
|----------------------|------------------------|--------------------|--|
| Recycled             | Soil                   | 59,988             |  |
|                      | Concrete               | 28,794             |  |
|                      | Other demolition waste | 6,917              | Includes iron, timber, aluminium, cables, etc. |
| Landfilling          | Industrial waste       | 116                |  |
|                      | Finished product       | 171                | Rejected following a small fire                |
|                      | Concrete               | 479                | Demolition of a building                       |

# Non-production site reporting

## Garden compost saved from incinerator

The Green Team at our non-manufacturing site at Argenteuil, France has created a composter to convert its organic waste into compost for its site garden. Organic waste from our staff restaurant, which serves approximately 320 meals a day, and gardening waste go into the composter, leading to a 15% reduction of incinerated waste. The site expects to be able to start using the compost in 2012.



## Top tips trigger 'green attitudes'

Our Vimodrone Green Team in Italy has been sharing 'Green Tips' with their colleagues to improve sustainability awareness and unlock 'green attitudes'. Regular reminders were sent to the desktops of all employees in order to educate and prompt best practice including: energy saving, recycling, waste minimisation and healthy behaviour. The result was a widespread improvement of sustainable behaviours and related savings.

# Planning for a sustainable future

We are applying sustainability principles when planning for the future. For example, at our Ashford site in the UK, a substantial refurbishment programme has been implemented with input from the Green Team. The Green Team was instrumental in ensuring the most efficient and sustainable choices were made for lighting, water and hand dryers and that locally-sourced recycled plasterboard was used. In addition, a revolving door was fitted to the main entrance, minimising draughts and reducing heating costs. Electricity meters were also installed, allowing accurate measurement of usage.

# Environmental expenditure

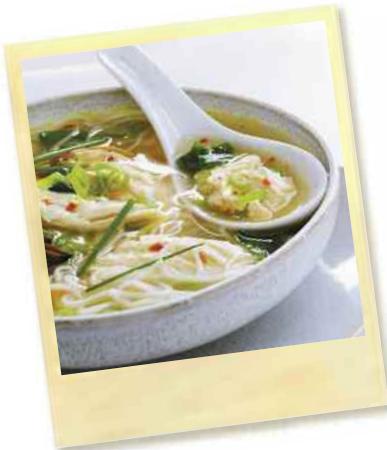
Measuring environmental mitigation and protection expenditure allows us to assess the efficiency of our initiatives. In 2011 we started to systematically record our expenditures. We calculate the total expenditure as approximately CHF 29 million across all manufacturing sites. This can be broken down as follows:

- approximately CHF 6 million for prevention and environmental management
- approximately CHF 23 million, for waste disposal, emission treatment, and remediation costs; two thirds of this relates to the treatment and disposal of waste and emissions.



## CUSTOMERS AND MARKETS PRODUCT IMPACT

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



2011 has seen a significant increase in sustainability-related requests from our customers, for example regarding our ecoefficiency, carbon footprint and certificates of biodegradability assessment. We have developed a new system to manage these requests which ensures that we identify emerging trends as well as responding efficiently to our customers. We maintain a record which enables us to use the data to identify emerging trends.

As consumers become increasingly interested in the provenance of the products they buy, requests are increasingly focused on ensuring the sustainability of raw materials – with issues such as habitat preservation, labour standards and product safety being common themes. Also increasing is the number of our customers that are linked to Sedex (Supplier Ethical Data Exchange), an organisation that enables sharing of information so that queries on ethical issues can be answered directly from the online Sedex system.

As our Sustainability Programme matures, we are evolving from simple collaboration with our customers on specific product-related projects to a much more comprehensive two-way dialogue regarding sustainability topics. In developing our Sustainability Programme materiality matrix on page 10, we asked some of our largest customers for their input – many of which have advanced sustainability programmes in place and with whom we are already working on sustainability issues.

Product safety and regulatory compliance remain top priorities for us and our customers. Givaudan has very stringent methodologies to assure the quality and the safety of its products. We conform to all national and international flavour and fragrance regulations that include longstanding and detailed protocols to ensure the safety of all materials that are used.

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

For flavours these include the US Food and Drug Administration (FDA); the Flavor and Extract Manufacturers Association of the US (FEMA); the European Food Safety Authority (EFSA); The International Organization of the Flavor Industry (IOFI) and the Joint Expert Committee on Food Additives of the World Health Organization (JECFA). Fragrance materials meet mandatory IFRA requirements for safety in addition to specific country or regional regulatory requirements such as those of the European Chemicals Agency and US Environmental Protection Agency.

All our products delivered to customers are subject to product information requirements. Social and environmental information about our products, including safety information, is made available to the users through product labels and Material Safety Data Sheets. In all countries where legislation has implemented the Globally Harmonized Systems (GHS), we follow the requirements of the GHS of Classification and Labelling of Chemicals (based on UN recommendations) when producing the content of labels and data sheets where needed, allowing for regional variations. The required information for new products and their constituent ingredients is collected by following a documented internal





Givaudan procedure, which outlines tasks and responsibilities of functions involved. Relevant information is stored and, if needed, extracted from a global database.

While Givaudan's marketing communication is primarily directed at other businesses, the company views the consistency of messages with the reality of its products and services to be of a crucial importance.

Marketing communications guidelines are in place in the Flavour Division to ensure that all marketing communications adhere to applicable laws and standards and are appropriate and ethical. In particular, these guidelines comply with ethical standards as set by organisations such as the International Association of Business Communicators (IABC), and the American Marketing Association (AMA), as well as all codes of advertising standards which apply to the market where an advertisement appears, including, among others, the guidance of the Federal Trade Commission in the US and the Advertising Standards Authority in the UK.

With consumer demand high and rising, Givaudan continues to be at the forefront of natural ingredients and naturals discovery through extensive research and investment.

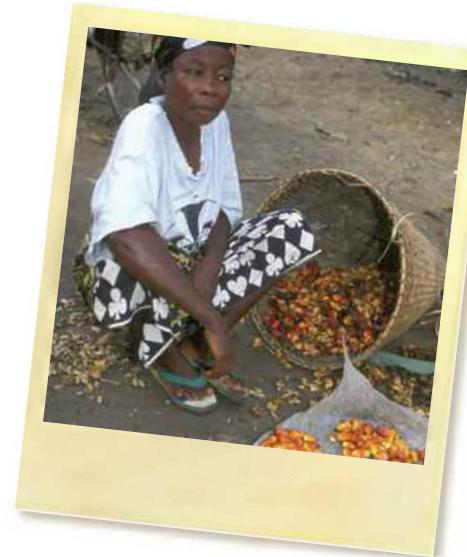
The Givaudan Innovative Naturals programme provides our perfumers and fragrance customers with a consistent and secure supply of exquisite, high quality existing and new raw materials. For an example of this programme in action please see our tonka bean case study on page 15.

Meanwhile, our Flavour Division's ByNature™ programme aims to provide customers with access to new sources of ingredients and pioneering technology. The result of this programme is that our customers can now access a much wider portfolio of high quality and cost-effective natural raw materials and proprietary flavour creation tools. The linked Givaudan ByNature™ advisory service helps to reduce the complexity European manufacturers face when bringing delicious, naturally flavoured, foods and beverages to market. This helps our customers meet all regulatory requirements for natural label claims. More information can be found at [www.givaudan.com](http://www.givaudan.com).

Sustainable sourcing is an important priority for many of our customers and is one of the reasons we have been invited to join the AIM-PROGRESS Task Force. We are now signed up as a member for 2012. For more information on our involvement see page 11.

Helping our customers to understand and navigate the complexities of sustainable sourcing of fragrance and flavours ingredients is a key component of our customers and markets pillar.

In June 2011 Givaudan led an industry debate at a Cosmetic Executive Women (CEW) UK round table discussion in London about the steps that need to be taken to ensure that the marketing appeal of exotic ingredients does not exceed the supply of nature's finite resources. For more information see case study on page 32.



During the same month, our Flavour Division held a webinar for customers interested in sourcing sustainable vanilla extracts and flavours. We also launched a dedicated customer microsite containing images, videos and information about vanilla and our ethical vanilla sourcing programme. More information can be found at [www.givaudan.com/Vanilla+Ethical+Sourcing](http://www.givaudan.com/Vanilla+Ethical+Sourcing)

A number of our customers made announcements regarding palm oil in 2011. Our intention is to source all of our crude palm oil from certified sustainable sources by the end of 2012, and all of our palm oil derivatives from certified sustainable sources by 2015. See page 17 for further details.

We also presented on sustainability-related topics at several events attended by our customers in 2011. Our Flavour Division was represented at: the Sustainable Sourcing Summit in California, where our vanilla programme was presented; Natural Sugar and Salt Replacers in London; and Food Ingredients Europe Conference in Paris. Representatives of our Fragrance Division spoke at the Conférence Société Française de la Parfumerie & Cosmétique in Paris and at the Sustainable Luxury Forum in Lausanne.





**CEW UK**  
BUILDING LEADERS  
cosmetic executive women



## Debating sustainable naturals

WE WERE PROUD TO LEAD A DEBATE ENTITLED 'CAN THE WORLD SUSTAIN OUR DESIRE FOR NATURAL?' AT A COSMETIC EXECUTIVE WOMEN (CEW) UK ROUND TABLE DISCUSSION IN LONDON IN JUNE 2011. THE EVENT WAS CHAIRED BY JOSEPHINE FAIRLEY, A LEADING LONDON JOURNALIST, AND AUTHOR OF THE GREEN BEAUTY BIBLE.

During the course of the discussion the Givaudan team explained to an audience of customers, independent perfumers and journalists, the complexity of ethical sourcing, including the variability of production and the limit of supply as well as the work that is necessary to inspire best practice for the environment in very different cultures. Delegates had the opportunity to smell ylang ylang, benzoin, sandalwood, vanilla and tonka from our Innovative Naturals programme.

It is our ambition to inspire best practice in our industry. In 2011 the inaugural CEW Eco Beauty Award, in the USA, was sponsored by Givaudan. CEW is a leading trade organisation in the beauty industry and this award encourages beauty brands to take steps towards a sustainable philosophy. There were some strong entries; the finalists were evaluated by the not-for-profit environmental organisation, The Natural Step, and the winner selected by a panel of CEW members. The award went to Yves Rocher Culture Bio. In 2012 Givaudan will also be sponsoring the CEW Eco Beauty Award in the UK.

## Two-way health and wellness dialogue

OUR 2010 SUSTAINABILITY REPORT CONFIRMED OUR FLAVOUR DIVISION KPI OF CHF100M INCREMENTAL GROWTH BY 2013 FROM HEALTH AND WELLNESS RELATED PRODUCTS. MORE INFORMATION CAN BE FOUND AT [WWW.GIVAUDAN.COM](http://WWW.GIVAUDAN.COM) INDEED, 2011 HAS SEEN US CONTINUE TO ENGAGE WITH OUR CUSTOMERS TO HELP THEM MEET INCREASING NUTRITIONAL REQUIREMENTS AND GOVERNMENT REGULATIONS REGARDING SODIUM, FAT AND SUGAR CONTENT, WITHOUT COMPROMISING THE TASTE CONSUMERS LOVE.

Health and wellness has quickly become the most important topic for Food and Beverage companies. To keep our customers abreast of our advancements in this area and to create a forum for open dialogue on the subject, we began a series of webinars to help inform customers about our health and wellness

programme and to enable them to ask questions about our products and the health and wellness segment.

In April 2011, further investment in TasteSolutions™ Sweetness was announced, including our proprietary approach to helping customers understand sweetness – see page 23 for more details. At the end of June we delivered a customer webinar discussing the way our TasteSolutions™ portfolio can help customers reduce levels of salt, sugar and fat in their products.

The results of our TasteTrek™ Umami were also shared with over 300 people via a webinar in



October 2011. During the Trek, flavourists, chefs and analytical scientists from Europe and Japan worked to discover new umami-inspired taste molecules from the Japanese kitchen – enabling our customers to build great-tasting products without the labelling associated with MSG and other additives.

In November 2011, we held a TasteSolutions™ webinar entitled 'Building back mouthfeel in low calorie products'. More than 50 customers logged on to learn about how we combine technology, knowledge and flavours to help create desserts, yoghurts and ice creams, which give consumers the same indulgence perception as full-fat products.



# Collaborative approaches in sustainable vegetable farming



MANY OF OUR CUSTOMERS HAVE AMBITIOUS PLANS TO GROW THEIR BUSINESSES WHILE REDUCING OVERALL ENVIRONMENTAL IMPACT, INCLUDING SUSTAINABLE AGRICULTURE. OUR APPROACH HAS BEEN TO COLLABORATE WITH CUSTOMERS TO IDENTIFY AND LEARN ABOUT THE AREAS WHERE IT IS MOST BENEFICIAL FOR US TO FOCUS OUR EFFORTS, AND DELIVER AGAINST THEIR NEEDS.



To uphold commitments to source agricultural products in a sustainable way, and to then track their progress appropriately, food and beverage companies usually employ one of two methods: the establishment of their own methodologies and standards of measurement; or through third-party certification. Both of these methods help farmers and suppliers adopt sustainable practices; promote traceability through the entire supply chain; and provide mechanisms to report and share the progress being made. Givaudan collaborates closely with customers using both of these approaches.

In collaboration with one of our major customers, we have been able to estimate farm-level generated greenhouse gas emissions in the growing and harvesting of sweet corn. Continuous measurement revealed that the most CO<sub>2</sub> intensive part of sweet corn production is the application of fertiliser. Working in partnership with the customer, we jointly funded a university research project to understand how the application of fertiliser could be optimised for the particular variety of sweet corn we supply. The funds provided for the project were used to establish trial growing plots and to gather baseline data. The work is still in progress but early results indicate that soil

testing prior to nitrogen application can deliver both cost and environmental savings by reducing the amount of fertiliser which needs to be applied.

Third-party product certification also demands rigorous assessment and metrics to demonstrate agricultural sustainability. In 2011 we collaborated with a key customer on vegetables and leguminous seeds, in regards to sustainable sourcing and traceability. Although still in the early stages of the programme, this customer commented that active participation at this step was crucial to both their success and to their supplier relationships.

## Bulk delivery brings benefits

TRANSPORT OF OUR PRODUCTS TO CUSTOMERS IS ONE AREA THAT GIVAUDAN'S PRODUCTION TEAMS HAVE BEEN INVESTIGATING TO REDUCE ENVIRONMENTAL IMPACT

A new delivery scheme launched in May 2011 has enabled single bulk consignments of 20 tonnes of perfume compound to be delivered by tanker to replace deliveries of individual 1,000-litre containers. This apparently simple transition to bulk delivery is the end-result of lengthy collaboration between our own sales force, logistics department, customer care and production teams, as well as the customer's purchasing and planning teams.

The project has reduced the amount of packaging material associated with

delivering this particular fragrance by an estimated two tonnes annually – by avoiding the use of at least 10 containers and reducing carbon emissions by at least five tonnes during 2011.

The project was not without its challenges: engineering solutions had to be found to enable tanker loading directly from mixing tanks at the Givaudan production site in Vernier, Switzerland. An external cistern provided the answer and also reduced the time previously taken to 'condition' the perfume (a maturation process).

The new single bulk batch needs just one hour to stabilise (individual drums needed to be left for three hours).

In addition, complexity and wastage have also been removed from the production process through the handling of a single large batch rather than multiple smaller containers – a benefit that has been felt by both Givaudan and its customer, who reported that they gained production and materials storage capacity as a result. Both the customer and Givaudan are delighted with the new way of working.



# Operating in a sound and ethical manner

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

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

## Governance of our codes

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

For more information visit:  
[www.givaudan.com/Our+Company/Corporate+Governance/Rules+and+Policies](http://www.givaudan.com/Our+Company/Corporate+Governance/Rules+and+Policies).

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

Givaudan complies with California Senate Bill 657, the California Transparency in Supply Chains Act, which requires retail and manufacturing companies to disclose the precautions they have taken or will take to eliminate slavery and human trafficking from their supply chains. For more information: [http://www.givaudan.com/staticweb/StaticFiles/GivaudanCom/Sustainability/Documents/Giv\\_childLabourHumanTraffickingSlavery.pdf](http://www.givaudan.com/staticweb/StaticFiles/GivaudanCom/Sustainability/Documents/Giv_childLabourHumanTraffickingSlavery.pdf)

## Sustainability management

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

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

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

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

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

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



Details of Givaudan's broader corporate governance system are published on [www.givaudan.com](http://www.givaudan.com)

# Performance data

## Social indicators

### Worldwide Employees<sup>\*</sup>

By employment type

| Count of HC Female          | Full-time    | Part-time  | Total        |
|-----------------------------|--------------|------------|--------------|
| Asia Pacific                | 839          | 18         | 857          |
| Europe, Middle East, Africa | 1,309        | 227        | 1,536        |
| Latin America               | 364          | 3          | 367          |
| North America               | 698          | 9          | 707          |
| <b>Total</b>                | <b>3,210</b> | <b>257</b> | <b>3,467</b> |

| Count of HC Male            | Full-time    | Part-time | Total        |
|-----------------------------|--------------|-----------|--------------|
| Asia Pacific                | 1,082        | 6         | 1,088        |
| Europe, Middle East, Africa | 2,791        | 75        | 2,866        |
| Latin America               | 676          | 1         | 677          |
| North America               | 1,137        | 2         | 1,139        |
| <b>Total</b>                | <b>5,686</b> | <b>84</b> | <b>5,770</b> |

### Turnover<sup>\*\*</sup>

Employment contracts initiated

| Region                      | Age range <30 | Age range 30 - 50 | Age range >50 | Total        |
|-----------------------------|---------------|-------------------|---------------|--------------|
| Asia Pacific                | 148           | 138               | 5             | 291          |
| Europe, Middle East, Africa | 220           | 308               | 22            | 550          |
| Latin America               | 86            | 95                | -             | 181          |
| North America               | 65            | 91                | 16            | 172          |
| <b>Total</b>                | <b>519</b>    | <b>632</b>        | <b>43</b>     | <b>1,194</b> |

Employment contracts terminated

| Region                      | Age range <30 | Age range 30 - 50 | Age range >50 | Total      |
|-----------------------------|---------------|-------------------|---------------|------------|
| Asia Pacific                | 64            | 112               | 20            | 196        |
| Europe, Middle East, Africa | 55            | 235               | 133           | 423        |
| Latin America               | 30            | 82                | 13            | 125        |
| North America               | 35            | 98                | 51            | 184        |
| <b>Total</b>                | <b>184</b>    | <b>527</b>        | <b>217</b>    | <b>928</b> |

Contracts initiated/ended same period

| Region                      | Age range <30 | Age range 30 - 50 | Age range >50 | Total      |
|-----------------------------|---------------|-------------------|---------------|------------|
| Asia Pacific                | 13            | 12                | -             | 25         |
| Europe, Middle East, Africa | 15            | 29                | 2             | 46         |
| Latin America               | 6             | 10                | -             | 16         |
| North America               | 8             | 7                 | -             | 14         |
| <b>Total</b>                | <b>42</b>     | <b>57</b>         | <b>2</b>      | <b>101</b> |

### Turnover<sup>\*\*\*</sup>

Turnover rate (Company leavers/Total HC)

| Region                      | Age range <30 | Age range 30 - 50 | Age range >50 | Total        |
|-----------------------------|---------------|-------------------|---------------|--------------|
| Asia Pacific                | 16.6%         | 8.1%              | 11.6%         | 10.1%        |
| Europe, Middle East, Africa | 10.4%         | 8.1%              | 13.7%         | 9.6%         |
| Latin America               | 13.1%         | 11.3%             | 14.8%         | 12.0%        |
| North America               | 18.6%         | 9.2%              | 8.6%          | 10.0%        |
| <b>Total</b>                | <b>13.8%</b>  | <b>8.7%</b>       | <b>11.9%</b>  | <b>10.0%</b> |

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

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

By employment contract

| Count of HC Female          | Permanent    | Temporary | Total        |
|-----------------------------|--------------|-----------|--------------|
| Asia Pacific                | 827          | 30        | 857          |
| Europe, Middle East, Africa | 1,477        | 59        | 1,536        |
| Latin America               | 367          | -         | 367          |
| North America               | 707          | -         | 707          |
| <b>Total</b>                | <b>3,378</b> | <b>89</b> | <b>3,467</b> |

| Count of HC Male            | Permanent    | Temporary  | Total        |
|-----------------------------|--------------|------------|--------------|
| Asia Pacific                | 1,054        | 34         | 1,088        |
| Europe, Middle East, Africa | 2,761        | 105        | 2,866        |
| Latin America               | 671          | 6          | 677          |
| North America               | 1,139        | -          | 1,139        |
| <b>Total</b>                | <b>5,625</b> | <b>145</b> | <b>5,770</b> |

|              | Hires        |
|--------------|--------------|
| Female       | 516          |
| Male         | 678          |
| <b>Total</b> | <b>1,194</b> |

|              | CL         |
|--------------|------------|
| Female       | 374        |
| Male         | 554        |
| <b>Total</b> | <b>928</b> |

|              | H&CL       |
|--------------|------------|
| Female       | 43         |
| Male         | 58         |
| <b>Total</b> | <b>101</b> |

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

## People covered by collective agreements

| HC  | Collective Agreement in % |
|-----|---------------------------|
| Yes | 31.8%                     |
| No  | 68.2%                     |

## People receiving performance and career development reviews

| HC           | % of total HC |
|--------------|---------------|
| Female       | 31.5%         |
| Male         | 26.2%         |
| <b>Total</b> | <b>28.2%</b>  |

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

## Employees categories and composition of governance bodies

| Job level         | Male       |              |              | Female     |              |            | Total        |
|-------------------|------------|--------------|--------------|------------|--------------|------------|--------------|
|                   | <30        | 30 - 50      | >50          | <30        | 30 - 50      | >50        |              |
| Senior Management | -          | 59           | 64           | -          | 13           | 12         | 148          |
| Middle Management | 37         | 956          | 325          | 38         | 881          | 126        | 2,363        |
| Associates        | 686        | 2,706        | 937          | 572        | 1,463        | 362        | 6,726        |
| <b>Total</b>      | <b>723</b> | <b>3,721</b> | <b>1,326</b> | <b>610</b> | <b>2,357</b> | <b>500</b> | <b>9,237</b> |

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

|        | LB/Board | in %  | <30  | 30 - 50 | >50   |
|--------|----------|-------|------|---------|-------|
| Female | 2        | 14.3% | 0.0% | 7.1%    | 7.1%  |
| Male   | 12       | 85.7% | 0.0% | 7.0%    | 79.0% |

## Injury data

|  | 2009       | 2010*      | 2011           | Change 2009 - 2011 |
|--|------------|------------|----------------|--------------------|
| Fatalities                             | 0          | 0          | 0              | -                  |
| Number of LTIs                         | 79         | 71         | 48             | -                  |
| LTI rate                               | 1.03       | 0.90       | 0.57           | -44%               |
| Lost day rate**                        | N/A        | 8.94       | 7.73           | -                  |
| Number of Restricted Work Cases (RWC)  | 28         | 21         | 37             | -                  |
| Number of Medical Treatment (MT)       | 28         | 32         | 34             | -                  |
| Number of Total Recordable Cases (TRC) | 135        | 124        | 119            | -                  |
| Total Recordable Case Rate***          | 1.76       | 1.56       | 1.41           | -20%               |
| Number of lost days                    | N/A        | 709        | 650            | -                  |
| Number of hours worked                 | 15,341,093 | 15,864,211 | 16,822,092**** | -                  |
| Absenteeism                            | N/A        | N/A        | 2.84%          | -                  |

## Total Recordable Cases

(by region and gender)

| Region                      | Number of TRCs - Male | Number of TRCs - Female |
|-----------------------------|-----------------------|-------------------------|
| Asia Pacific                | 10                    | 2                       |
| Europe, Middle East, Africa | 41                    | 4                       |
| Latin America               | 8                     | 0                       |
| North America               | 48                    | 6                       |
| <b>Total</b>                | <b>107</b>            | <b>12</b>               |

## Absenteeism

(by region)

| Region                      | Absenteeism - Days lost | Absenteeism % ***** |
|-----------------------------|-------------------------|---------------------|
| Asia Pacific                | 6,006                   | 1.75                |
| Europe, Middle East, Africa | 33,023                  | 3.40                |
| Latin America               | 2,673                   | 1.14                |
| North America               | 12,793                  | 3.48                |
| <b>Total</b>                | <b>54,495</b>           | <b>2.84</b>         |

\* Compared with 2010 Sustainability Report, the number of LTIs has been corrected from 68 to 71, RWCs from 19 to 21 and MTs from 30 to 32

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

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

\*\*\*\* 9.9% of these represent external contractors for whom the company is liable

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

# Performance data

## Environmental indicators

|  | Key Performance Indicators                           | 2009       | 2011       | Absolute change<br>2009 corrected - 2011 |
|--|--|------------|------------|--|
| <b>Energy (GJ)</b>   | Direct energy (from primary sources*)                | 1,613,584  | 1,731,525  | 7.31%                                    |
|  | Indirect energy: purchased electricity & steam       | 900,028    | 961,381    | 6.82%                                    |
|  | Total energy   | 2,513,612  | 2,692,906  | 7.13%                                    |
| <b>Energy efficiency (GJ/tonne production)</b>   |  |            |            |  |
|  | Direct energy efficiency                             | 5.212      | 4.815      | -7.80%                                   |
|  | Indirect energy efficiency                           | 2.907      | 2.673      | -8.20%                                   |
|  | Total energy   | 8.119      | 7.488      | -7.80%                                   |
| <b>CO<sub>2</sub> emissions (tonnes) ♦</b>   | From direct energy sources                           | 101,052    | 104,482    | 3.39%                                    |
|  | From indirect energy sources                         | 113,484    | 112,929    | -0.49%                                   |
|  | Total CO <sub>2</sub> emissions                      | 214,536    | 217,411    | 1.34%                                    |
| <b>CO<sub>2</sub> emissions efficiency (tonnes CO<sub>2</sub>/tonne of production)</b> |  |            |            |  |
|  | From direct energy sources                           | 0.326      | 0.291      | -10.70%                                  |
|  | From indirect energy sources                         | 0.367      | 0.314      | -14.40%                                  |
|  | Total CO <sub>2</sub> emissions                      | 0.693      | 0.605      | -12.80%                                  |
| <b>Waste (tonnes) ●</b>  |  |            |            |  |
| Hazardous waste  | Incinerated  | 14,734     | 17,312     | 17.50%                                   |
|  | Landfilled   | 706        | 284        | -59.77%                                  |
|  | Recycled   | 3,001      | 5,296      | 76.47%                                   |
|  | Total hazardous waste                                | 18,441     | 22,892     | 24.14%                                   |
| Non-hazardous waste  | Incinerated  | 3,298      | 3,866      | 17.22%                                   |
|  | Landfilled   | 6,631      | 8,058      | 21.52%                                   |
|  | Recycled   | 15,870     | 21,738     | 36.98%                                   |
|  | Total non-hazardous waste                            | 25,799     | 33,662     | 30.48%                                   |
| Total incinerated & landfilled waste (HZ & NHZ)  |  | 25,369     | 29,520     | 16.36%                                   |
| <b>Waste efficiency† (tonnes of waste/tonne of production)</b>                         |  | 0.0819     | 0.0821     | 0.20%                                    |
| <b>Water intake (m<sup>3</sup>)</b>  | Municipal water                                      | 2,262,714  | 2,311,156  | 2.14%                                    |
|  | Groundwater  | 1,070,613  | 1,027,918  | -3.99%                                   |
|  | Municipal & groundwater                              | 3,333,327  | 3,339,074  | 0.17%                                    |
|  | Surface water  | 7,432,649  | 7,230,901  | -2.71%                                   |
|  | Total water ♦  | 10,765,976 | 10,569,975 | -1.82%                                   |
| <b>Water efficiency★ (m<sup>3</sup>/tonne of production)</b>                           |  | 10.767     | 9.284      | -13.80%                                  |
| <b>Water discharge (m<sup>3</sup>)</b>   | To the environment without biological treatment      | 7,505,202  | 6,862,135  | -8.57%                                   |
|  | To the environment after biological treatment        | 1,846,091  | 1,816,677  | -1.59%                                   |
|  | To external treatment facility without pre-treatment | 216,104    | 203,918    | -5.64%                                   |
|  | To external treatment facility after pre-treatment   | 1,346,246  | 1,466,438  | 8.93%                                    |
| <b>Other data</b>  | Nitrogen oxides – NOx (Tonnes) *                     | 99         | 102        | 3.03%                                    |
|  | Sulphur dioxide – SO <sub>2</sub> (Tonnes)           | 364        | 390        | 7.14%                                    |
|  | VOC (Tonnes)   |            | 431.7      |  |
|  | CFC inventory (kg)                                   | 15,371     | 16,681     | 8.52%                                    |
|  | CFC 11 equivalent inventory (kg)                     |            | 1,704      |  |
|  | CFC loss-replacement (kg)                            | 1,418      | 4,054      | 185.90%                                  |
|  | CFC 11 equivalent loss/replacement (kg)              |            | 173.6      |  |
| <b>Production (tonnes)</b>   | Production Quantities                                | 309,590    | 359,642    | 16.17%                                   |

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

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

● Differentiation between Hazardous and Non-Hazardous Waste: Givaudan follows local regulatory definitions for hazardous waste in every country in which we operate manufacturing sites.

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

◆ Includes sanitary, cooling and process water

★ Includes municipal and groundwater

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

### Data measurement techniques and the basis of calculations

Our data collection system, ENABLON, has been in place for four years. It allows reported data to be collected globally using local employees who are trained in how to report and document the data. Each location is responsible for its own accuracy and consistency.

To ensure standardised data collection, key indicators are clearly defined each with a detailed definition and scope; measurement process, calculation methodology and measurement record keeper.

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

Following checking and validation of quarterly reported figures, and site audits conducted against reporting definition sheets, a number of corrections had to be made on our baseline 2009 data reported in the 2010 Sustainability Report. Some corrections are significant for the key indicators for which 2020 targets have been set.

The energy correction concerned small quantities of LPG and oil used for fork-lift trucks and cars for commuting employees, but the main effect came from a site which mistakenly reported its gas volume as LPG instead of town gas. All the energy-related adjustments, in combination with an adjusted (higher) CO<sub>2</sub>-conversion factor for purchased electricity at our sites in China, resulted, on balance, in a -2.6% correction of CO<sub>2</sub> emissions.

The waste corrections concerned a reclassification of a waste stream to 'incinerated', which was mistakenly reported as 'recycled'. However, at the same time, at a site in Europe, waste which was reported as 'incinerated' has now been reclassified as 'recycled' following the production of biogas. Another significant effect has been the need to report some waste streams on full weight basis instead of dry-weight only.

The groundwater correction relates to a location in the US, which uses groundwater for cooling purposes. A misunderstanding about the need to report this water stream, which was discharged without any pollution, was the cause of this oversight. The significant corrections for surface water concerned a site in the Netherlands, which only reported the difference between cooling water in and out as surface water use.

All the other small corrections are the result of validation in combination with more complete reporting standards; the worked hours correction was due to a typing mistake.

### Significant changes from previous period

In December 2011 the manufacturing activities of a fragrance ingredients production plant in the Netherlands ceased production. In the course of the year, products were transferred to other Givaudan locations and the output in the Netherlands gradually reduced.

| Parameter                                | 2009 reported figure | Corrected figure | % change |
|--|----------------------|------------------|----------|
| Direct energy (GJoules)                  | 1,733,689            | 1,613,584        | -6.9%    |
| Total CO <sub>2</sub> (tonnes)           | 220,266              | 214,536          | -2.6%    |
| Municipal water (m <sup>3</sup> )        | 2,265,814            | 2,262,714        | -0.1%    |
| Groundwater (m <sup>3</sup> )            | 964,224              | 1,070,613        | +11.0%   |
| Surface water (m <sup>3</sup> )          | 3,919,352            | 7,432,649        | + 89.6%  |
| Hazardous waste incinerated (tonnes)     | 11,296               | 14,734           | + 30.4%  |
| Hazardous waste recycled (tonnes)        | 4,182                | 3,001            | -28.2%   |
| Non-hazardous waste incinerated (tonnes) | 3,897                | 3,298            | -15.4 %  |
| Non-hazardous waste recycled (tonnes)    | 9,940                | 15,870           | +59.7%   |
| Nitrogen oxides (NOx) (tonnes)           | 93                   | 99               | +6.5%    |
| CFC inventory (tonnes)                   | 14.82                | 15.37            | +3.7%    |
| Worked hours                             | 15,314,093           | 15,341,093       | +0.2%    |

# GRI standard disclosures index

Including references to United Nations Global Compact Ten Principles

## Part I: Profile Disclosures

| Description                      |  | Status | Page/<br>reference | UN Global<br>Compact |
|----------------------------------|--|--------|--------------------|----------------------|
| <b>1 Strategy and Analysis</b>   |  |        |                    |                      |
| 1.1                              | Statement from the CEO   | ●      | □ 4                | 7, 8, 9              |
| 1.2                              | Key impacts, risks, and opportunities                                  | ●      | □ 10               |                      |
| <b>2. Organisational Profile</b> |  |        |                    |                      |
| 2.1                              | Name of the organisation   | ●      | □ 6                |                      |
| 2.2                              | Primary brands, products, and services                                 | ●      | □ 6 ■ 6            |                      |
| 2.3                              | Operational structure  | ●      | □ 6 ■ 60           |                      |
| 2.4                              | Location of headquarters   | ●      | □ 6                |                      |
| 2.5                              | Number of countries where the organisation operates                    | ●      | □ 6                |                      |
| 2.6                              | Nature of ownership and legal form                                     | ●      | □ 7                |                      |
| 2.7                              | Markets served   | ●      | □ 6                |                      |
| 2.8                              | Scale of the reporting organisation                                    | ●      | □ 6, 7             |                      |
| 2.9                              | Significant changes during the reporting period                        | ●      | □ 38               |                      |
| 2.10                             | Awards received in the reporting period                                | ●      | □ 7                | 8                    |
| <b>3. Report Parameters</b>      |  |        |                    |                      |
| 3.1                              | Reporting period   | ●      | □ 3                |                      |
| 3.2                              | Date of most recent previous report                                    | ●      | □ 3                |                      |
| 3.3                              | Reporting cycle  | ●      | □ 3                |                      |
| 3.4                              | Contact point  | ●      | □ 3                |                      |
| 3.5                              | Process for defining report content                                    | ●      | □ 3, 10,<br>12, 13 |                      |
| 3.6                              | Report scope and boundary  | ●      | □ 3                |                      |
| 3.7                              | Specific limitations on the scope or boundary of the report            | ●      | □ 3                |                      |
| 3.8                              | Joint ventures, subsidiaries, leased facilities, outsourced operations | ●      | □ 3                |                      |
| 3.9                              | Data measurement techniques and the bases of calculations              | ●      | □ 38               |                      |
| 3.10                             | Changes to the company compared to previous report                     | ●      | □ 38               |                      |
| 3.11                             | Changes to the information provided in earlier reports                 | ●      | □ 38               |                      |
| 3.12                             | Standard Disclosures Table   | ●      | □ 39, 40,<br>41    |                      |
| 3.13                             | External assurance for the report                                      | ●      | □ 3, 44, 46        |                      |

## Part I: Profile Disclosures

| Description                   |   | Status | Page/<br>reference               | UN Global<br>Compact          |
|-------------------------------|---|--------|----------------------------------|-------------------------------|
| <b>4 Corporate Governance</b> |   |        |                                  |                               |
| 4.1                           | Governance structure of the organisation  | ●      | □ 34                             |                               |
| 4.2                           | Independence of the Chairman of the Board   | ●      | ■ 63 ↗                           | 10                            |
| 4.3                           | Members of the Board  | ●      | ■ 63, 66 ↗                       | 10                            |
| 4.4                           | Shareholders and employees recommendations  | ●      | ■ 70, 71,<br>75, 76 ↗            | 3                             |
| 4.5                           | Compensation Policy   | ●      | ■ 78, 79,<br>80 ↗                | 10                            |
| 4.6                           | Avoidance of conflicts of interest  | ●      | ■ 67 ↗                           | 10                            |
| 4.7                           | Expertise of the members of the Board and its committees  | ●      | ■ 63, 66,<br>69 ↗                |                               |
| 4.8                           | Mission statements and Corporate codes  | ●      | □ 34 ■ 46,<br>47 ↗               | 1, 2, 4, 5, 6,<br>7, 8, 9, 10 |
| 4.9                           | Identification and management of performance, risks and opportunities, and compliance with agreed standards, codes of conduct, and principles | ●      | □ 8, 10<br>■ 46, 47,<br>55, 56 ↗ | 1, 2                          |
| 4.10                          | Assessment of the Executive Committee   | ●      | ■ 69 ↗                           |                               |
| 4.11                          | Implementation of the precautionary principle   | ●      | □ 30<br>■ 55-57 ↗                | 7                             |
| 4.12                          | Support to external initiatives   | ●      | □ 11, 30<br>■ ↗                  | 9                             |
| 4.13                          | Memberships in associations/interest group  | ●      | □ 11, 24,<br>30 ↗                | 9                             |
| 4.14                          | Engagement of stakeholder groups  | ●      | □ 9, 11                          | 1, 2                          |
| 4.15                          | Selection of stakeholders   | ●      | □ 9                              | 1, 2                          |
| 4.16                          | Approaches to stakeholder dialogue  | ●      | □ 9                              | 1, 2                          |
| 4.17                          | Position on stakeholder concerns.   | ●      | □ 10                             |                               |

## Part II: Disclosures on Management Approach

| Description |                                  | Status | Page/<br>reference   | UN Global<br>Compact |
|-------------|----------------------------------|--------|--|----------------------|
| EC          | Economic                         | ●      | ■ 15-31 ↗  |                      |
| EN          | Environmental                    | ●      | □ 5, 11,<br>14, 15, 22,<br>23, 26, 27,<br>28, 29, 30<br>■ 55 ↗ | 7, 8, 9              |
| LA          | Labour practices and decent work | ●      | □ 18, 19,<br>20, 21 ■<br>49, 50, 51 ↗                          | 3, 6                 |
| HR          | Human Rights                     | ●      | □ 11, 14, 18<br>■ 46, 47 ↗                                     | 1, 2, 4, 5, 6        |
| SO          | Society                          | ●      | □ 9, 34<br>■ 46, 47 ↗  | 1, 2, 10             |
| PR          | Product responsibility           | ●      | □ 30, 31<br>■ 57 ↗   |                      |

## Part III: Performance indicators

| Description                                 |   | Status | Page/<br>reference      | UN Global<br>Compact |
|---|---|--------|-------------------------|----------------------|
| <b>Economic Performance indicators</b>      |   |        |                         |                      |
| EC1   | Direct economic value generated and distributed       | ●      | □ 7                     |                      |
| EC3   | Coverage of the organisation's defined benefit plan   | ●      | □ 7<br>■ 118, 122       |                      |
| EC6   | Locally-based suppliers                               | ●      | □ 14                    | 1, 2                 |
| EC9   | Indirect economic impacts                             | ●      | □ 15, 16,<br>21, 25, 32 |                      |
| <b>Environmental Performance indicators</b> |   |        |                         |                      |
| EN3   | Direct energy consumption                             | ●      | □ 27, 37                | 7, 8, 9              |
| EN4   | Indirect energy consumption                           | ●      | □ 27, 37                | 7, 8, 9              |
| EN5   | Energy saved  | ●      | □ 27                    | 7, 8, 9              |
| EN6   | Initiatives to provide energy-efficient products      | ○      | □ 27, 33                | 7, 8, 9              |
| EN7   | Initiatives to reduce indirect energy consumption     | ○      | □ 19, 33                | 7, 8, 9              |
| EN8   | Total water withdrawal                                | ●      | □ 28, 37                | 7, 8, 9              |
| EN16  | Greenhouse gas emissions                              | ●      | □ 27, 37                | 7, 8, 9              |
| EN17  | Other indirect greenhouse gas emissions               | ●      | □ 27                    | 7, 8, 9              |
| EN18  | Initiatives to reduce greenhouse gas emissions        | ●      | □ 27, 33                | 7, 8, 9              |
| EN19  | Emissions of ozone-depleting substances               | ●      | □ 37                    | 7, 8, 9              |
| EN20  | NOx, SOx, and other significant air emissions         | ●      | □ 28, 37                | 7, 8, 9              |
| EN21  | Total water discharge                                 | ○      | □ 37                    | 7, 8, 9              |
| EN22  | Total weight of waste by type and disposal method     | ●      | □ 28, 37                | 7, 8, 9              |
| EN29  | Environmental impacts of transporting products        | ○      | □ 27                    | 7, 8, 9              |
| EN30  | Environmental protection expenditures and investments | ●      | □ 29                    | 7, 8, 9              |

## Part III: Performance indicators (continued)

| Description                             |  | Status | Page         | UN Global Compact |
|---|--|--------|--------------|-------------------|
| <b>Labour Practices and Decent Work</b> |  |        |              |                   |
| LA1                                     | Total workforce  | ●      | □ 6, 35      | 6                 |
| LA2                                     | New employee hires and employee turnover   | ●      | □ 35         | 6                 |
| LA4                                     | Employees covered by collective bargaining agreements                            | ●      | □ 36         | 3                 |
| LA7                                     | Rates of injury, occupational diseases, lost days, and absenteeism               | ●      | □ 20, 36     |                   |
| LA12                                    | Employees receiving regular performance and career development reviews           | ●      | □ 36         | 6                 |
| LA13                                    | Composition of governance bodies and breakdown of employees                      | ●      | □ 36         | 6                 |
| <b>Human Rights</b>                     |  |        |              |                   |
| HR2                                     | Screening of suppliers, on human rights  | ●      | □ 12, 14     | 1, 2, 4, 5, 10    |
| HR6                                     | Measures taken to contribute to the abolition of child labour                    | ●      | □ 14, 34     | 1, 2, 4, 5        |
| <b>Society</b>                          |  |        |              |                   |
| SO1                                     | Programmes on local community engagement   | ●      | □ 9          |                   |
| SO5                                     | Public policy positions and participation in public policy development           | ●      | □ 11, 30     |                   |
| SO6                                     | Total value contributions to political parties and related institutions          | ●      | □ 21         |                   |
| <b>Product Responsibility</b>           |  |        |              |                   |
| PR1                                     | Health and safety impacts of products  | ○      | □ 22, 23, 32 |                   |
| PR3                                     | Information on products and services   | ●      | □ 30         |                   |
| PR6                                     | Programmes for adherence to laws, standards, related to marketing communications | ●      | □ 31         |                   |

# The principles of the UN Global Compact

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

## Human rights

Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2 Make sure that they are not complicit in human rights abuses

## Labour

Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4 The elimination of all forms of forced and compulsory labour

Principle 5 The effective abolition of child labour

Principle 6 The elimination of discrimination in respect of employment and occupation

## Environment

Principle 7 Businesses are asked to support a precautionary approach to environmental challenges

Principle 8 Undertake initiatives to promote greater environmental responsibility

Principle 9 Encourage the development and diffusion of environmentally friendly technologies

## Anti-corruption

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

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

Ernst & Young Pvt. Ltd. (EY) has been engaged by Givaudan S. A. (the 'Company') to provide independent assurance to its Sustainability Report 2011 (the 'Report') covering the Company's sustainability performance during the period 1<sup>st</sup> January 2011 to 31<sup>st</sup> December 2011.

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

**Reporting criteria and assurance standard**

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

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

**Scope of assurance and methodology**

The scope of our work for this assurance statement was limited to review of information pertaining to environmental and social performance for the period 1<sup>st</sup> January 2011 to 31<sup>st</sup> December 2011. We conducted review and verification of data collection/ measurement methodology and general review of the logic of inclusion/ omission of necessary relevant information / data and this was limited to:

- Review of major anomaly within the report as well as between the report and source data/information;
- Verification of the sample data and information reported at the manufacturing units and corporate headquarter (HQ) in the following locations:

|                         |  |
|-------------------------|--|
| 1. Carthage, USA        | 4. Mt. Olive, USA  |
| 2. Jaguare, Brazil      | 5. Vernier, Switzerland (manufacturing unit +corporate HQ) |
| 3. Naarden, Netherlands | 6. Singapore   |
- Review and execution of audit trail of selected claims and data streams to determine the level of accuracy in collection, transcription and aggregation processes followed;
- Review of Company's plans, policies and practices, so as to be able to make comments on the completeness of the reporting and degree to which EY believes the report provides a fair and honest representation of the Company's activities.

The assurance was performed by our multidisciplinary team of professionals in the field of environment, health, safety and social matters, who visited the above-mentioned units and corporate office in Vernier.

**Limitations of our engagement**

The assurance scope excludes:

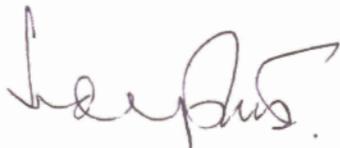
- Data and information outside the defined reporting period (1<sup>st</sup> January 2011 to 31<sup>st</sup> December 2011);
- The 'economic performance indicators' included in the Report;
- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim or future intention.

**Conclusion**

On the basis of our procedures for this limited assurance, nothing has come to our attention that causes us not to believe that the Company has made a significant attempt to cover environmental and social issues pertaining to its domain of business, with regard to the Company's sustainability performance.

**Observations and opportunities for improvement**

- The Company has demonstrated significant efforts to conduct an analysis for identification of issues material to its sustainability performance; the company may further widen the coverage of stakeholder engagement;
- the Company may take up initiatives to improve the accuracy and completeness of reporting on certain indicators (viz. waste, wastewater, ODS and GHG).



Ernst & Young Private Limited  
Sudipta Das  
Partner

Dated: 10th March, 2012

Place: Kolkata, India



## Statement

# GRI Application Level Check

GRI hereby states that **Givaudan SA** has presented its report "Sustainability Making Progress Together(2011)" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

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

Amsterdam, March 15th 2012

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because Givaudan SA has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

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

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on March 6th 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*



# Sustainability

MAKING PROGRESS TOGETHER

Givaudan®

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Images courtesy of internal photography

Published March 2012



Cert no. SGS-COC-2531  
[www.fsc.org](http://www.fsc.org)  
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