

# Sustainability Report 2015



Givaudan

engage your senses

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## Profile disclosures

This section provides a high-level view of Givaudan's strategy and governance related to sustainability. It also provides context for other sections of this report.

### In this section:

- 02** Strategy and analysis
- 10** Organisational profile
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# Strategy and analysis

## G4-1: Statement from the most senior decision-maker of the organisation

In a world that no longer views financial measures as the main metric of success, Givaudan continues to define itself beyond the numbers. The Company's strategy for 2020 is to ensure responsible growth and shared success for its shareholders, customers and other key stakeholders. Givaudan CEO Gilles Andrier and Joe Fabbri, Head of Global EHS and Sustainability, discuss how anchoring sustainability into the strategy at the highest level of the organisation is providing a clear roadmap for the next five years.

### 2015 saw the conclusion of a five-year strategy cycle for Givaudan. What do you see as your key achievements during this period?

**Gilles Andrier:** Let me begin with sustainable innovation.

As early as 2009, Givaudan reported on how we were working to create consumer preferred flavours and fragrances in line with sustainability principles. Our innovative TasteSolutions® programme was developed from 2011 to address obesity and other health issues by finding ways to reduce salt, sugar and fat content in consumer products without compromise to taste. Another market-leading innovation has been our development of in-vitro methods of skin sensitisation testing. In 2015, Givaudan began making our proprietary KeratinoSens® assay openly available to external partners, working with the OECD to adopt and promote the solution globally. This methodology, a cost-effective alternative to animal testing, is being used by some 30 outside laboratories around the world.

Responsible sourcing is another key area for us. Givaudan began pioneering an ethical sourcing approach in the flavour and fragrance industry a decade ago. Starting out with partnerships with local producers, we now use different sourcing models including our own collection networks. Givaudan's Origination team creates a human chain from growers to consumers by deploying dedicated employees in the countries of origin, fostering best practices in sourcing and ensuring that producers and local communities benefit in the long-term from supplying the industry.

Finally, I would emphasise the progress we have made in our commitment to mitigate climate change. Givaudan has already met most of its original 2020 eco-efficiency targets, set back in 2010, leading us to introduce strengthened targets in 2015.

### What specific progress did Givaudan make in 2015 against its sustainability priorities?

**Joe Fabbri:** I would highlight our progress in two areas: eco-efficiency and employee engagement. I was especially proud when Givaudan was recognised in November as a global leader for its strategies and actions in response to climate change and awarded a top score of 100A on The Climate A List by CDP, the international not-for-profit organisation that drives sustainable economies.

Eco-efficiency is nothing new for Givaudan; as Gilles mentioned, we have already achieved significant reductions in CO<sub>2</sub> emissions, energy consumption and waste production. In 2015, we announced strengthened targets: to stabilise our carbon footprint by reducing absolute CO<sub>2</sub> emissions by at least 4% year on year in order to compensate for our growing production volumes. At the same time we will work to reduce waste production and energy consumption per tonne of product by 4%, also on a year-on-year basis.

We believe that inspiring our 9,907 employees to take action is the most effective way to reach our sustainability goals. Engaging people in sustainability is a mindset that runs through everything we do: participating in Green Teams, inspiring our perfumers and flavourists to create greater sensory impact with fewer resources, developing new ingredients based on sustainable sources.

As an employer, Givaudan aims to offer people a chance to grow through rewarding, enriching careers while providing them with opportunities to impact their world. This is encapsulated in our new Leadership Senses initiative, launched in 2014 by our Global Learning & Development team. Its four programmes – Begin, Grow, Evolve and Enhance – include specific modules created by 50 members of top management, inputs from top-ranking business schools, feedback from our 2013 employee engagement

survey, as well as the guidance from professional management coaches. In 2015, we had the first graduation of the 'Evolve' class on a global level, and the graduations of the 'Begin' classes in each region.

**Gilles Andrier:** One of our strategic ambitions is to leverage Givaudan's expertise in natural bioscience to become a significant player in active cosmetics ingredients (ACI), part of the growing health and wellness space. Following the acquisition of Soliance in 2014, we took further steps towards this goal in 2015 by acquiring Induchem, a Swiss company with an innovative portfolio and deep research expertise. We further consolidated our future in this field with the inauguration of an expanded ACI production line in Pomacle, France.

We continued to progress on our certification for palm oil. As a responsible manufacturer of products for the food industry, Givaudan supports the production of sustainable palm oil and derivatives, as defined by the Round Table on Sustainable Palm Oil (RSPO). In 2015, Givaudan certified its European flavour production sites with the RSPO supply chain certification. The Company further commits to source our palm oil, palm kernel oil and their derivatives in a way that is traceable to known certified sources by 2020.

Givaudan continues to work towards achieving our European REACH registration goals and in 2015 met and surpassed all of our objectives. Work is on-going on over 100 key chemical substances and we anticipate fulfilling our registration requirements ahead of the 2018 deadline.

### What key challenges have you faced over the past year?

**Joe Fabbri:** Givaudan places a high priority on workplace safety. This means both striving to eliminate accidents and injuries in the workplace and providing the training and systems needed to ensure the health and safety of our employees.

As Givaudan expands into new markets and businesses through acquisitions and joint ventures, we face periods of adaptation in terms of institutionalising the Givaudan safety culture. Our mandate is to swiftly support and onboard our new colleagues to the integrated safety platform of

# Strategy and analysis

## Continued

Givaudan. We help them build internal networks, complete risk assessments, and support them with any behavioural changes necessary to successfully comply with our Global EHS policy.

Our commitment to Environment, Health and Safety (EHS) is formalised in our EHS policy, a set of principles embraced by the highest level of our leadership. As a signatory to the Responsible Care® Global Charter, Givaudan voluntarily commits to drive continuous improvement and deliver excellence in our environment, health and safety performance.

### **Where do you see sustainability risk and how do you transform this into long-term opportunity for Givaudan and its partners?**

**Gilles Andrier:** In an increasingly complex and challenging macro-economic climate, Givaudan will only be able to realise its ambitions through long-term value creation. This requires close collaboration with partners and key stakeholders to understand changing consumer expectations and leverage opportunities for growth.

Consumers want more sustainable products and it is our mission to help our customers adequately respond to this demand. One of the ways we achieve this is through our industry-leading investment in research and development. Our science and technology teams are working on new ways to create low-carbon products, for example through innovative uses of Green Chemistry, biodegradability, biofermentation and waste reduction.

With traceability and transparency becoming increasingly important to consumers, we will continue to strengthen our relationships with suppliers through trust and transparency. While working on our own social compliance, we must also ensure the same standards are upheld across the entire supply chain. Our newly created Responsible Sourcing Leader position will enable Givaudan to optimally manage supply chain risks and deliver the best palette of ingredients for our creations while meeting our customers' expectations on sustainability.

**Joe Fabbri:** As a Company inspired by nature for almost 250 years, climate change represents both a tremendous risk and an

opportunity to take action. Our signing of four commitments on the 'Road to Paris' initiative in June 2015, ahead of the UN-organised COP21 conference on climate change, is one way we're working to ensure the long-term availability of the natural resources we rely upon for our creations. These commitments include 100% renewable electricity, reporting climate change information in mainstream reports, adopting science-based emissions reduction targets, and removing commodity-driven deforestation from supply chains.

Climate change and habitat loss are leading to a reduction in biodiversity, which is not only a key issue for our Company but a threat to humanity itself. Givaudan actively supports the Nagoya Protocol and has developed comprehensive policies to support the conservation of the environment and protect biological diversity, from our Principles of Business Conduct to our renewed EHS Policy to specific position papers.

To fully reflect these challenges and integrate emerging issues such as biodiversity protection into our sustainability priorities, we are currently working on an update to our materiality matrix in 2016. This analysis of both Company and stakeholder priorities will ensure that Givaudan continues to focus on the most pertinent risks and opportunities.

### **Can you explain what is meant by anchoring sustainability into the 2020 strategy? What will be the key areas of focus for Givaudan over the next five years?**

**Gilles Andrier:** Givaudan's strategy for 2020 is 'Responsible growth, Shared success'. Sustainability is embedded into all three pillars of this roadmap: growing with our customers, delivering with excellence, and partnering for shared success.

'Growing with our customers' means leveraging our consumer insights and creative capabilities to best meet tomorrow's demand for sustainable products and support growth opportunities.

'Delivering with excellence' is about demonstrating excellence all across the value chain, specifically in terms of the operational performance needed to deliver on our strengthened eco-efficiency targets.

'Partnering for shared success' is the key pillar for achieving Givaudan's sustainability goals in the next five years. It supports our strategy in four different ways. Partnerships enable us to leverage external innovation and further our research into flavour and fragrance ingredients based on bioscience techniques, for example. By closely collaborating with our suppliers, we are able to innovate breakthrough sourcing models for a sustainable, transparent and secure supply chain. We partner to strengthen the social and economic fabric of the communities in which we operate and, most importantly, with our employees to encourage responsible practices in the workplace and beyond.

We have further anchored sustainability into Givaudan's expanded Executive Committee. Our top management team now includes dedicated roles for Human Resources, Procurement, and Science and Technology. Joe Fabbri is now able to focus exclusively on leading global Environment, Health and Safety (EHS) and Sustainability, reflecting our enhanced focus on these priorities.

# Strategy and analysis

## Continued

### Our commitment to UNGC principles

This Sustainability Report serves to reaffirm Givaudan's strong commitment to UNGC principles. Givaudan aligns with the ten principles of the UNGC on human rights, labour, the environment and anti-corruption and commits to integrate these ten principles into our culture and day-to-day operations, and to ensure the same level of respect for these values within our sphere of influence.

This Sustainability Report acts also as our UNGC annual Communication On Progress (COP) and is an expression of our commitment to public accountability and transparency. This sixth annual report has been prepared 'in accordance' option 'Core' with the Global Reporting Initiative's G4 Sustainability Reporting Guidelines and has been independently assured by Ernst & Young LLP.

### G4-2: Description of key impacts, risks and opportunities

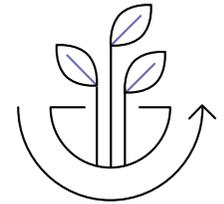
As a global Company, we face many evolving sustainability challenges as well as numerous opportunities that may affect our business. These challenges and opportunities are formally captured in our materiality matrix (see page 18). Consequently, our Sustainability programme is based on a five-pillar approach, which extends across the full life cycle of our business, including:

- Procurement
- Employees
- Innovation and Development
- Operations
- Customers and Markets.

These pillars provide us with an overarching framework to drive sustainability principles right across, and beyond, our organisation in five crucial areas. For each area, our teams have developed a challenging set of aspirations, which clearly show our desired end goal. The journey to get there will take a considerable amount of time but our commitment is a long-term one.

# Strategy and analysis

## Procurement



### Our vision

We source materials in ways that preserve our environment, stimulate the development and well-being of communities and safeguard the efficient use of precious resources.

### Our commitments

Expanding our responsible sourcing initiatives ensures security of supply

Working with our suppliers on sustainability throughout our value chains contributes to our customers' increasing supply chain requirements

Conducting regular reviews of our portfolio and implementing improvements through our ethical sourcing initiatives

Gather information on the origin of our ingredients to contribute to regulatory requirements, food safety and issue management

### Our impact

**CHF 2,400 million**

Annual procurement spend

**>10,000**

Raw materials purchased annually

**>2,000**

Raw material suppliers

**>14,000**

Indirect materials and service suppliers

#### Our KPIs and progress in 2015

##### Communicate with all suppliers about procurement requirements relating to social responsibility

–The Vendor Expectation document was revised to reflect supply chain risks such as anti-corruption, money laundering and human trafficking. A link to the revised document is sent to all existing and new suppliers as part of our procurement process, which has been in place since 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

–192 suppliers have been audited, and 322 suppliers are now on Sedex (including indirect material and services suppliers).

##### Identify and develop additional ethical sourcing initiatives

–Our dedicated Origination teams, based in our countries of origin, continued working to establish collection networks to source natural ingredients directly from producers.

–Our project pipeline has continuously evolved and expanded since 2008 (see pages 34 to 36).

##### Develop third-party certification projects for raw materials

–We provided continued support to a cooperative of three villages and a local distiller to grow and distil certified ESR vetiver (according to Ecocert standards).

–In 2015, we continued evaluating additional supply chains to be certified.

##### Continue to build, repair and maintain schools in our vanilla sourcing areas in Madagascar

–To date, we have been involved in the construction or repair and maintenance of 18 schools in Madagascar.

##### Other key achievements

–We have created the new position of Responsible Sourcing Lead, in order to further enhance our commitment to responsible sourcing.

–Continued to source certified sustainable palm (kernel) oil and derivatives.

### Trends, risks and opportunities

–The world population is projected to increase by more than one billion people within the next 15 years, reaching 8.5 billion in 2030. Beyond this it is expected to increase to 9.7 billion in 2050.<sup>1</sup> This growth will place intense pressures on ecosystems and the supply of natural resources.

–As developing countries industrialise rapidly, global demand for material resources is increasing. This brings about global competition for resources, increased trade restrictions and price volatility.

–Globally, more people live in urban areas than in rural areas. 54% of the world's population resided in urban areas in 2014; an increase from 30% in 1950. By 2050, 66% of the world's population is projected to be urban.<sup>2</sup> This accelerated rural exodus brings an additional challenge to the growing and sourcing of natural feedstock.

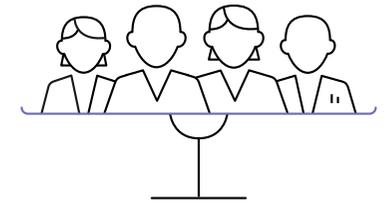
–Building trust with customers and consumers.

<sup>1</sup> UN – Department of Economic and Social Affairs – World Population Prospects: The 2015 Revision: [http://esa.un.org/unpd/wpp/Publications/Files/Key\\_Findings\\_WPP\\_2015.pdf](http://esa.un.org/unpd/wpp/Publications/Files/Key_Findings_WPP_2015.pdf)

<sup>2</sup> WWF Living planet Report 2014: [http://www.panda.org/about\\_our\\_earth/all\\_publications/living\\_planet\\_report/](http://www.panda.org/about_our_earth/all_publications/living_planet_report/)

# Strategy and analysis

## Employees



### Our vision

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

### Our commitments

Work together with our local communities on projects and causes that benefit the communities where we work

Engage employees in making a positive difference

Embrace diversity throughout our organisation and create an engaged and inclusive workforce

Reduce incidents by strengthening workplace environment, safety behaviour and awareness

Extend the reach of annual performance and development discussions, enabling our people to get feedback and discuss their career goals

Develop visionary, inspiring and challenging leaders who will achieve our ambitious targets, and ensure our future success

### Our impact

# 9,907

Full-time employees

# 94

Local communities

#### Our KPIs and progress in 2015 Launch of the Givaudan leadership framework with the roll out of the first two programmes in 2015

– Approximately 150 employees attended the first two courses of our Leadership Senses programme in 2015.

#### Investing in Green Team network and collaboration

– The 2015 Executive Committee Green Team Awards were distributed in each of the three award categories:

- manufacturing site;
- commercial site;
- eco-efficiency project.

### Trends, risks and opportunities

– Across the world, every 15 seconds, a worker dies from a work-related accident or disease. Every 15 seconds, 153 workers have a work-related accident.<sup>1</sup>

– Women account for half of the global labour supply and about 70% of the world's consumption demand. Yet women occupy only about 13% of top management positions.<sup>2</sup>

– At Givaudan, we have clear strategies on safety and security at work and on how to develop, attract and retain the best talents, both male and female.

<sup>1</sup> ILO: Safety and health at work: <http://www.ilo.org/global/topics/safety-and-health-at-work/lang--en/index.htm>

<sup>2</sup> World Economic Forum's Global Gender Gap Report 2014 – Credit Suisse study: The CS Gender 3000: Women in Senior Management <https://publications.credit-suisse.com/tasks/render/file/index.cfm?fileid=8128F3C0-99BC-22E6-838E2A5B1E4366DF>

#### Senior leadership positions will represent the wider Givaudan workforce

– The current percentage of female employees in Givaudan's senior leadership positions has increased to 20.7% in 2015, an improvement on last year's performance.

#### Lost time injury (LTI) rate below 0.1 by 2020

– Our LTI rate reduced by 59% against our 2009 baseline. However it increased by 17% since 2014 (see page 54).

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

– At end of 2015 6,579 of the employees used our 'Engage' platform for their annual performance and development plans.

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

– We provided continued support for charitable commitments (see pages 65 and 66).

#### Other key achievements

– We published our new Employer Value Proposition (EVP) in 2015, which includes our promise to current and future employees that they will be able to impact their world.

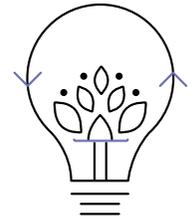
For more information  
[www.givaudan.com/careers](http://www.givaudan.com/careers)

– We launched several initiatives in 2015 to increase collaboration and inclusiveness throughout the Company. These included:

- rolling out recognition programmes in Asia Pacific and Latin America that reward employees who demonstrate best practice in applying what we call the Givaudan DNA;
- running coffee networking events, 'lunch & learns' and open door mentoring in North America;
- running Mindset of Best meetings between the management and employees.

# Strategy and analysis

## Innovation and development



### Our vision

Givaudan leads in creating consumer preferred flavours and fragrances that are designed and developed in line with sustainability principles, in order to satisfy current and future needs.

### Our commitments

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

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

Full regulatory compliance of all products

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

Reduce animal testing and develop alternative test methods

Create superior products in a sustainable way

Promote health and wellness through our products

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

Apply Green Chemistry principles

### Our impact

**CHF 366 million**

Invested in R&D in 2015, 8.3% of revenue

#### Our KPIs and progress in 2015

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

– We continue to work towards achieving our REACH compliance goals. From the inception of REACH, through pre-registration and two phase-in registration deadlines we have met our objectives. We are now working towards fulfilling our registration requirements ahead of the 2018 deadline.

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

– The OECD validated and adopted our KeratinoSens® test method in February 2015. During the remainder of 2015 we rolled-out our methodology to about 30 laboratories worldwide. It is now used globally.

### Trends, risks and opportunities

- The market for health and wellness products is increasing due to growing consumer and government awareness of the obesity epidemic and other nutrition-related diseases such as diabetes.
- Climate change and resource depletion demand a proactive business response.
- Introduction of bans for the use of animal testing (e.g. EU Cosmetics Directives).
- Development of products which are more efficient to make, have fewer negative by-products, and minimise impact on the environment.
- Increasing regulations for the flavour and fragrance industry, e.g.: laws deriving from Nagoya Protocol.

– Our in-vitro skin sensitisation work won the Lush Black Box prize, aimed at stimulating worldwide research on human toxicity pathways, with a view to replacing animal tests in toxicology. Givaudan is one of four organisations sharing this prize.

#### **Enable our customers to develop healthier, great tasting products**

– In 2015, we expanded our business around TasteSolutions® Richness, our flavour solution that captures the authentic flavours of home-made cooking for use in prepared foods. TasteSolutions® Richness also allows our customers to reduce their reliance on salt and other traditional taste ingredients in their products and meet consumers' demands for healthier products.

#### **Other key achievements**

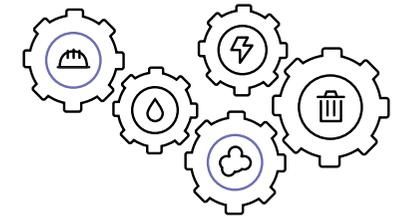
- Using our biotechnology expertise, we launched our new active cosmetic ingredient, Mariliance™.
- Using Green Chemistry principles, we demonstrated continued progress with Process Mass Intensity (E-factor reduction) across process development.
- All of our in-vitro methods have been implemented into a workflow for early assessment of new fragrance ingredients.

This supports our design-to-safety approach for delivering novel ingredients with a particularly good profile of environmental and human safety.

- We completed our acquisition of Induchem. In combination with Soliance, acquired last year, this forms the new Active Cosmetic Ingredient business within the Fragrance Division.
- We successfully launched the Compliance Engine, our state-of-the-art, automated platform for regulatory compliance management in flavour ingredients and formulas.
- Our collaboration with the University of California, Riverside (UCR) demonstrates commitment to UCR's citrus research and sustainability efforts.
- Representatives of the Flavour Division were invited to present Givaudan's salt reduction capabilities at a conference organised by Università Cattolica S.Cuore, in Cremona. At this conference, salt reduction experts showcased Givaudan's TasteSolutions® capabilities to more than 70 senior representatives from the Italian processed meat industry.

# Strategy and analysis

## Operations



### Our vision

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

### Our commitments

Improve eco-efficiency of factory manufacturing sites with a focus on greenhouse gas emissions, waste and water, and reduce our overall footprint against a 2009 baseline, focusing on eco-efficiency for energy, carbon emissions, incinerated and land-filled waste and municipal and groundwater

Sustainable logistics offers opportunities to improve the efficiency through reduced fuel usage and therefore lower transport costs

### Our impact

## 36

Manufacturing sites\*, \*\*,\*\*\*

## 383,353 tonnes

Manufacturing sites\*, \*\*,\*\*\*

## 59,922

Inbound shipments in 2015\*\*\*\*

## 146,317

Outbound shipments in 2015\*\*\*\*

#### Our KPIs and progress in 2015

##### Per tonne of product against 2009 baseline

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

–15.4% reduction in energy consumption

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

–10.4% reduction in municipal and groundwater use

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

–30.9% reduction in direct and indirect CO<sub>2</sub> emissions

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

–Our total weight of incinerated and land-filled waste decreased by 42.8%

\* Givaudan completed the Induchem acquisition in August 2015

\*\* Induchem manufacturing data are not included in this report. This data will be included for the full year in our 2016 report

\*\*\* The new fragrance site in Singapore and the new flavour site in Nantong, China will be both fully operational in 2016 and are not included in the reported manufacturing data

\*\*\*\* A shipment is defined as the transport of raw materials or products between our suppliers and Givaudan sites, between Givaudan sites, and from Givaudan sites to our customers.

### Trends, risks and opportunities

–Climate change remains a global megaforce that directly impacts others. Released in March 2015, conclusions of the IPCC Climate Change 2014 Synthesis Report confirmed that impacts from recent climate-related extremes, such as heat waves, droughts, floods, cyclones and wildfires, reveal significant vulnerability and exposure of some ecosystems and many human systems to current climate variability. Impacts of such climate-related extremes include alteration of ecosystems and disruption of food production and water supply.<sup>1</sup>

–Fossil fuel markets are likely to become more volatile and unpredictable because of higher global energy demand as well as changes in consumption patterns.

–It is predicted that by 2030, global demand on water will exceed supply by 40%. Business will be subjected to water shortage, water quality decline and water price volatility.<sup>2</sup>

<sup>1</sup> IPCC Climate Change 2014 Synthesis Report: [http://www.ipcc.ch/pdf/assessment-report/ar5/syr/AR5\\_SYR\\_FINAL\\_All\\_Topics.pdf](http://www.ipcc.ch/pdf/assessment-report/ar5/syr/AR5_SYR_FINAL_All_Topics.pdf)

<sup>2</sup> World Economic Forum water initiative: <http://www.weforum.org/global-challenges/projects/global-water-initiative/>

# Strategy and analysis

## Customers and markets



### Our vision

We actively engage with our customers to ensure that all of our products promote the health and well-being of people and preserve our planet. We do this by encouraging our business partners to support our goals throughout the complete life cycle of their products.

### Our commitments

Foster stakeholder partnerships to make progress together

Collaborate to create responsible supply chains

Drive value for customers through superior products and services

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

Dialogue with stakeholders on priorities

### Our impact

More than  
**6,000 customers**

Received in excess of  
**35,000 briefs**  
each year from customers

#### Our KPIs and progress in 2015 Establish joint initiatives to further progress towards Givaudan sustainability targets and those of our partners

- As an active member of AIM-PROGRESS, Givaudan hosted a Responsible Sourcing event in Seville. During the event, we demonstrated the improvements made in the harvesting process of Cistus Labdanum.
- We were awarded the RAPS excellence award by Reckitt Benckiser.
- Givaudan was recognised as a member of the American Cleaning Institute's sustainability programme in North America.
- Our partnership with the Natural Resource Stewardship Circle (NRSC) focused on initiatives around vetiver, ylang ylang, palm oil and styrax.

#### All Givaudan manufacturing sites to be SMETA compliant

- At the end of 2015, 19 of our 20 Flavour Division sites were compliant with SMETA.
  - We initiated our SMETA audit schedule in our Fragrance Division, with 9 sites of 13 audited in 2015. To date, 8 of these sites are compliant with SMETA.
- #### Other key achievements
- The Givaudan Flavour Division has brought the industry together to debate new health and wellness trends.
  - We extended CSPO Mass Balance certification and segregated ingredients certification for palm derived ingredients in European Flavour sites.
  - Our European Flavour manufacturing sites are all RSPO Mass Balance supply chain certified.

- We participated in a panel about multi-stakeholder partnerships at COP21 in Paris.
- During a successful workshop with representatives from the German food and beverage industry, we discussed topics including health and wellness trends, such as regulations and sustainability.
- The implementation of the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) in the US has standardised the way Givaudan communicates about hazards to employees and customers around the world.
- Our Naarden manufacturing site received the UTZ coffee certification.

### Trends, risks and opportunities

- Many organisations are working together in groups and forums to make a positive impact on sustainability aspects like AIM-PROGRESS, NRSC and The Sustainability Consortium. For example, AIM-PROGRESS is a forum of consumer goods manufacturers and suppliers assembled to enable and promote responsible sourcing practices and sustainable production systems.
- Organisations are increasingly seeking to understand their full supply chains and are requesting suppliers to provide data on environmental and social aspects.

# Organisational profile

## **G4-3: Report the name of the organisation**

Givaudan SA

## **G4-4: Report the primary brands, products and services**

We create fragrances for personal and home care brands that range from prestige perfumes to laundry care. Our expertise in flavours spans beverages, savoury, snacks, sweet goods and dairy products.

For more information on our brands and products please see:

[www.givaudan.com/flavours](http://www.givaudan.com/flavours)

[www.givaudan.com/fragrances](http://www.givaudan.com/fragrances)

## **G4-5: Report the location of the organisation's headquarters**

Vernier, Switzerland.

## **G4-6: Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report**

We have principal companies of the Group that are fully owned unless otherwise indicated (percentage of voting rights). A list of these principal Group companies can be found in the Annual Report 2015, on page 167 of the Financial Report.

We have 36 manufacturing sites in 19 countries. Details about our sustainability activities in Argentina, Brazil, China, France, Haiti, India, Indonesia, Madagascar, Mexico, Singapore, Spain, Switzerland, Thailand, the Netherlands and the United Kingdom are included in this report.

## **G4-7: Report the nature of ownership and legal form**

Givaudan SA, the parent company of the Givaudan Group, with its registered corporate headquarters at 5 Chemin de la Parfumerie, 1214 Vernier, Switzerland, is a 'société anonyme', pursuant to art. 620 et seq. of the Swiss code of obligations. It is listed on the SIX Swiss Exchange under security number 1064593. The Group has subsidiaries, none of which is publicly listed. Information on Givaudan SA's significant shareholders as per art. 20 Swiss Stock Exchange Act can be found at: [www.six-swiss-exchange.com](http://www.six-swiss-exchange.com)

The Swiss Stock Exchange Act can be found at: [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 2015 Annual Report.

For more information  
[www.givaudan.com/media/corporate-publications](http://www.givaudan.com/media/corporate-publications)

# Organisational profile

## Continued

### **G4-8: Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)**

Mature markets represent 54% of the annual sales and include North America, Western Europe and Japan. Developing markets account for 46% of our annual sales in Asia Pacific, Latin America, Eastern Europe and the Middle East. We are active in over 100 countries and have sites and branches in more than 40 countries.

Our Fragrance Division specialises in Fine Fragrances, Consumer Products, Fragrance Ingredients and Active Cosmetic Ingredients – through which we create scents for leading brands worldwide. The Soliance and Induchem acquisitions strengthened our process development and research capabilities in active cosmetic ingredients. In-depth consumer understanding, a high-performing research and development organisation and an efficient global operations network support our business. Our perfumery team is the largest in the industry.

Our Flavour Division works with food and beverage manufacturers to develop flavours and tastes for market-leading products around the world. We are a trusted partner to the world's leading food and beverage companies, combining our global expertise in sensory understanding, analysis and consumer-led innovation in support of unique product applications and new market opportunities.

### **G4-9: Report the scale of the organisation**

As of 31 December 2015 we had:

- 94 locations worldwide
- 25% global industry market share (approximately)
- 36 manufacturing sites
- 9,907 full-time equivalent staff
- CHF 4,439 million revenue
- over 6,000 customers

# Organisational profile

## Continued

### G4-10 Employees

#### By employment type

Region	Full-time – female	Full-time – male	Part-time – female	Part-time – male	Total – female	Total – male
Asia Pacific	1,021	1,319	5	0	1,026	1,319
Europe, Middle East, Africa	1,497	2,954	125	37	1,622	2,991
Latin America	431	826	3	0	434	826
North America	719	1,197	2	0	721	1,197
<b>Total</b>	<b>3,668</b>	<b>6,296</b>	<b>135</b>	<b>37</b>	<b>3,803</b>	<b>6,333</b>

#### By employment contract

Region	Permanent – female	Permanent – male	Temporary – female	Temporary – male	Total – female	Total – male
Asia Pacific	1,011	1,305	15	14	1,026	1,319
Europe, Middle East, Africa	1,577	2,918	45	73	1,622	2,991
Latin America	434	822	0	4	434	826
North America	721	1,197	0	0	721	1,197
<b>Total</b>	<b>3,743</b>	<b>6,242</b>	<b>60</b>	<b>91</b>	<b>3,803</b>	<b>6,333</b>

### G4-11: Report the percentage of total employees covered by collective bargaining agreements

	Collective agreement in %
Yes	29%
No	71%

# Organisational profile

## Continued

### G4-12: Describe the organisation's supply chain

Givaudan is the largest player in the flavour and fragrance industry. This translates into an annual procurement spend of CHF 2,400 million with more than 10,000 different synthetic and natural ingredients sourced from over 100 countries, more than 2,000 raw material suppliers, and more than 14,000 indirect materials and service suppliers.

Our procurement position varies from being small in large markets to being large in small markets, yet the goal of the global Procurement team is consistent. It is to ensure continuous supply at competitive and predictable cost, optimal quality, and taking into account sustainability standards.

As Head of Global Procurement, Willem Mutsaerts will be responsible for developing differentiating sourcing strategies, leveraging novel sources such as biotransformation and further enhancing the Company's responsible sourcing programme. With the support of his team he will drive our continuing efforts to secure the long-term supply of raw materials and foster close collaboration with suppliers.

We continuously seek to create a more agile supply chain and to place the customer at the centre of what we do. With that in mind, in 2011 we embarked on a Supply Chain Excellence programme aimed at improving customer service levels while optimising inventory and other supply chain costs. This programme is now fully embedded in the organisation and has been successfully implemented.

### G4-13: Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain

Givaudan acquired the Swiss company Induchem Holding AG in 2015. Induchem's portfolio of products is based on a wide range of innovative and highly functional active ingredients with proven efficacy results, as well as research expertise in fields such as biocatalysis, metagenomics, and biochemical synthesis. Induchem primarily operates from Volketswil, Switzerland, Toulouse, France and New York, USA.

### G4-14: Report whether and how the precautionary approach or principle is addressed by the organisation

#### Our approach

Givaudan, as the industry leader, is committed to adhere to high ethical standards in business conduct and comply with laws and regulations, as well as with Company policies, practices and procedures.

Givaudan recognises its obligation to carry out all of its activities in a manner that preserves and promotes a safe and healthy environment. While conducting its activities, Givaudan takes into consideration the efficient use of energy and materials; the minimisation of adverse environmental impact and waste generation; and the safe and responsible disposal of residual wastes. Givaudan's Directive on Environmental Protection underlines the Company's commitment in this area.

Environment, Health and Safety (EHS) regularly carries out comprehensive risk assessments for all of Givaudan's production sites. Any actions identified through such assessments are managed internally using a proprietary EHS Management System with formally documented solutions and closure records. Additionally, Givaudan Operations carries out continuous risk assessments and management of all chemical processes in accordance with leading industry standards.

Ensuring the safety and regulatory compliance of our products is a priority which at Givaudan relies on a team of in-house scientific experts and an external network of international experts. Our product regulatory compliance teams work at local and global levels to meet the increasing demands of customers and consumers alike. We pride ourselves in leading efforts to help shape the industry through the commitment of our resources and sharing of our expertise, and we are advocates for our industry through the support of regulatory developments which are science-based and in the best interests of consumers of fragranced and flavoured products.

#### Fragrances

We strive to strictly comply with local, regional and international regulations, and in many cases we go beyond these requirements. We also seek to be ready for future regulatory challenges so we can be well-positioned to serve our customers and their consumers.

We are proud to support the critical work of the International Fragrance Association (IFRA) in representing the industry. IFRA needs the full support of all fragrance companies to continue its work effectively, and we are actively engaged in helping IFRA move forward, and encourage other companies to increase their resource contributions to the association. It is important that participation and commitment from all members in the global fragrance industry increase to enable IFRA to better anticipate and strongly manage issues that affect the industry globally and regionally.

Givaudan continues to be on track to meet the registration obligations of Europe's REACH regulations governing chemical control by 2018. We would like to see more suppliers committing to registrations, and we are working through our Procurement organisation and our suppliers to ensure that these companies meet their commitments well ahead of the deadline.

# Organisational profile

## Continued

From a regulatory point of view, the integration of Soliance was successfully completed in 2015 and work is well under way for the integration of Induchem, our second active cosmetic ingredients (ACI) company acquisition. We have also completed the development of the Regulatory and Product Safety organisation for the active cosmetic ingredients business unit in 2015. The ACI business has some different regulatory and safety requirements to that of fragrance materials and so we have developed a structure for appropriate support for the newly acquired companies. We intend to enhance the capabilities of these companies through the strengths of our Regulatory and Product Safety organisation.

There have been continuing pressures around toxicology issues with raw materials, and so the effective management of these issues through strategies to find replacements has been a focus for our technology development teams. A recent example is the successful launch of the fragrance ingredient Mahonial™ to replace a product that is being withdrawn from the market because of changes in regulation. We are also looking at the introduction of captive technologies to replace other key materials to ensure that our customers' products are minimally affected by the ever-increasing impact of regulatory decisions, mainly from Europe through REACH and the European Commission Scientific Committee on Consumer Safety. With continued investment in the work of our Product Safety and Science and Technology teams in this area, we are seeing significant benefits in proactively managing the impacts of these decisions.

### Flavours

Consumer perception and expectations influence our business, and in 2015 we continued to see the increased development of new food and flavour regulations in high growth markets in response to consumer demands. In addition, there was a significant increase in the activities of non-governmental organisations (NGOs) in the areas of organic food certification and genetically modified organism (GMO) labelling in the US market, Latin America and parts of Asia.

Complementing the increased regulatory push on GMO labelling, there was an increase in activity around independent third-party certifiers for organic and natural labelling. The impetus behind these activities stems from a heightened consumer desire to know more about the contents and safety of the foods they eat. We have been active in supporting trade association activities to educate and inform government authorities, NGO representatives and the general public about the safety and quality of flavours sold today.

In Europe, 2015 saw successful approvals for over 100 flavourings that were provisionally accepted by the European Commission in 2012. These substances have been permanently added to the European positive lists of flavourings. Through our active support of the industry trade associations, we are working to gain approval of the remaining 250 substances that are under evaluation by the European Food Safety Authority. It is expected that the review and approval of the remaining substances will continue through 2018. In all regions, our science and advocacy efforts are focused on supporting a global, harmonised list of approved ingredients.

In addition to potential changes in food labelling regulations, Givaudan maintains leadership positions within national, regional and international trade associations that have been effective in working with government authorities to ensure that new regulations and flavour requirements are harmonised around the world. This ensures a consistent approach to the commercialisation of new flavour technology and the free flow of flavours on a global basis. This has been especially important in the USA, where efforts to undermine the Food and Drug Administration's (FDA) GRAS (generally recognised as safe) process have intensified. Through the efforts of the Flavor and Extract Manufacturers Association (FEMA), Givaudan continues to support the FEMA GRAS™ programme which has been identified by the FDA and NGOs as the 'gold standard' for GRAS determinations.

Another important aspect of our advocacy activities is the sharing of knowledge and expertise about the use of flavourings in foods with members of the broader food industry and regulatory authorities. Givaudan has supported several associations including the International Organization of the Flavor Industry (IOFI), the China Association of Fragrance Flavor and Cosmetic Industries (CAFFCI) and the European Flavour Association (EFFA) in meetings with regulatory authorities and international scientific organisations. The result of our advocacy programme has significantly improved the understanding of the use and safety of flavourings and has led to the adoption of more harmonised regulations around the world. Continuing advocacy activities focus on allowing the use of new technologies in the development and production of new flavouring ingredients.

In 2015, we launched a state-of-the-art SAP-based Flavours Compliance Engine that enables us to rapidly evaluate the regulatory status of our flavour products created, produced and used anywhere in the world. Once we have fully integrated our Compliance Engine with other commercial systems – expected to be completed in early 2017 – it will allow consistent and seamless utilisation of regulatory knowledge, from the initial stages of flavour development to product certification at the operations level. This improved capability will significantly increase the reliability of our customer support. It will also reduce our response time to customer requests for critical data that support demands by consumers for regulatory and safety information.

# Organisational profile

## Continued

### **G4-15: List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses**

We participate in and endorse a number of external, global commitments and initiatives that promote sustainable business practices:

#### **The United Nations Global Compact**

The United Nations Global Compact (UNGC) is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. Givaudan committed to the principles of the UNGC in February 2010.

We measure our progress towards sustainability against the principles of the UNGC. As a signatory to the UNGC we use this Sustainability Report as our annual Communication on Progress (COP).

For more information  
[www.unglobalcompact.org](http://www.unglobalcompact.org)

#### **The Carbon Disclosure Project**

The Carbon Disclosure Project (CDP) is an international, not-for-profit organisation providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information.

Through the CDP, we demonstrate Givaudan's commitment to action relating to carbon emissions reduction, both in theory and in practice.

We aim to communicate our strategic direction, motivation, goals, development and progress relating to sustainability with our stakeholders in a transparent way. As part of our CDP submission, we report annually on greenhouse gas emissions, energy use and the risks and opportunities associated with climate change.

Since we began participating in the CDP in 2007, we have disclosed our greenhouse gas emissions every year, in addition to our reduction strategy and performance for both the investor and supply chain surveys. These surveys assess company transparency via a disclosure score, for which Givaudan received 100/100 in 2015 versus 89 in 2014. Our performance score was A in 2015, versus B in 2014.

For more information  
[www.cdp.net/CDPResults/CDP-global-climate-change-report-2015.pdf](http://www.cdp.net/CDPResults/CDP-global-climate-change-report-2015.pdf)

#### **The Global Reporting Initiative**

The Global Reporting Initiative (GRI) is the leading global standard, and the standard most widely adopted, for sustainability reporting. The GRI guidelines have been designed to align with other prominent standards, including: the OECD guidelines for multinational organisations; ISO 26000; the United Nations 'Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework'; and the UNGC's 'Ten Principles'. We started using the GRI guidelines in our 2010 Sustainability Report.

We disclose our sustainability achievements in a Sustainability Report which follows the GRI's G4 reporting framework. Our report is independently assured.

In 2015, Givaudan continued to participate in the Organizational Stakeholder Program, a network of more than 600 organisations from over 60 countries committed to advancing sustainability reporting.

Givaudan's current report adheres to GRI G4 'in accordance' option 'Core'.

For more information  
[www.globalreporting.org/Pages/default.aspx](http://www.globalreporting.org/Pages/default.aspx)

### **G4-16: List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation views membership as strategic**

We engage in a series of strategic collaborations with relevant organisations and partners to support and inform our work on the most material sustainability issues. Collaboration across our supply chain, as well as other businesses and non-profit organisations is key: the more we do, the quicker we drive sustainable solutions. Particular organisations that we have engaged with over the past year include:

#### **AIM-PROGRESS**

AIM-PROGRESS is an association of consumer goods companies seeking to enable and promote responsible sourcing practices and sustainable production systems.

Relevance to material issues:

- responsible sourcing
- workplace safety
- transparency
- diversity
- stakeholder dialogue.

We have been an active member of AIM-PROGRESS since 2012. Through this membership we are enhancing our supplier and customer partnerships to help create a more responsible supply chain. In 2015, Givaudan hosted a Responsible Sourcing event in Seville. During the event, we demonstrated the improvements made in the harvesting process of Cistus Labdanum.

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

# Organisational profile

## Continued

### Supplier Ethical Data Exchange

The Supplier Ethical Data Exchange (Sedex) is a not-for-profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains.

Relevance to material issues:

- responsible sourcing
- traceability
- transparency
- workplace safety.

Givaudan has been an active user of the Sedex platform since 2008. To date all Givaudan manufacturing sites are registered on Sedex and have completed the Sedex Self-Assessment Questionnaire (SAQ) to share information with customers. Givaudan annually reviews and updates the SAQ.

At the end of 2015, 19 of our 20 Flavour Division sites were compliant with the Sedex Members Ethical Trade Audit (SMETA). During 2015 the SMETA audit schedule was also initiated in our Fragrance Division, with 9 of our 13 sites audited. To date, 8 of these sites are compliant with SMETA.

We fully support our suppliers' engagement with Sedex; today, 322 suppliers are on Sedex, with 289 SAQs completed.

We also participate in the Sedex working group responsible for reviewing the SAQ to ensure it reflects current legislation, codes and standards.

In 2015, Givaudan attended the Sedex conference and joined the AAG (Associate Auditor Group) to contribute to an enhanced audit protocol for 2016.

For more information on our approach to supplier engagement and capacity building, see pages 49, 60 and 63.

For more information  
[www.sedexglobal.com](http://www.sedexglobal.com)

### Natural Resources Stewardship Circle

The Natural Resources Stewardship Circle (NRSC) is a group of industry leaders in beauty, flavours and fragrances taking collective action to reduce their impact on biodiversity, taking into account the social and economic development of local communities.

Relevance to material issues:

- community support
- transparency
- responsible sourcing.

In 2015, Givaudan engaged in several working groups about supply chain actions, international activities and workshops.

We continued our participation in a working group to develop the NRSC Dashboard, which monitors progress on all the NRSC activities. Additionally, we are part of the NRSC-TFT partnership, working towards palm oil traceability.

For more information  
[www.nrsc.fr](http://www.nrsc.fr)

### Roundtable on Sustainable Palm Oil

The Roundtable on Sustainable Palm Oil (RSPO) is an international multi-stakeholder organisation and certification model to advance the production, procurement, finance and use of sustainable palm oil products.

Relevance to material issues:

- responsible sourcing
- transparency
- traceability.

Givaudan joined RSPO in 2011 to promote the production and use of sustainable palm oil. As members, we continue to support the aim of sustainable production of palm oil and palm oil derivatives. Our ultimate objective is to obtain all of our palm oil derived ingredients from certified traceable sources once they become technically and commercially available.

We recognise our responsibility to ensure that the palm oil and palm oil derivatives we source do not contribute to deforestation. We also reiterate our ambition to source our palm oil derived ingredients from certified sources, and to address key issues such as traceability and deforestation-free principles.

Givaudan aims to eliminate deforestation from our supply chain and create a positive difference for workers, farmers and local communities. As a result, we are committed to sourcing our palm oil, palm kernel oil and their derivatives in a way that is traceable to known certified sources.

Givaudan Annual Communication on Progress (ACOP) is available on the RSPO website.

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

# Organisational profile

## Continued

### GreenPalm

GreenPalm is a certificate trading programme which is designed to tackle the environmental and social problems created by the production of palm oil. GreenPalm is an efficient solution for supporting RSPO-certified palm because it bypasses the supply chain. In this way, GreenPalm opens up the opportunity to support sustainability to a much wider audience.

Relevance to material issues:

- responsible sourcing
- transparency.

We see GreenPalm as part of the mix of options that support the supply of sustainable palm oil and palm oil derivatives. Givaudan adopted GreenPalm certificates in 2011.

In 2015, we sourced palm derived ingredients with Mass Balance and Segregated certifications. We also used GreenPalm certificates to 'book and claim' 100% of our palm usage and we undertook a GreenPalm audit.

GreenPalm is helping to drive up the scale of physical sustainable palm. Until global volumes of segregated sustainable palm oil increase significantly, and until entire supply chains from refiners through to end users can switch to only using segregated sustainable palm oil, there will remain a need to offer 'book and claim', especially for products that use complex derivatives of palm oil.

Givaudan GreenPalm, 'Book and Claim' certificates are available on the GreenPalm website.

For more information  
[www.greenpalm.org/the-market/redeemed-certificate-owners](http://www.greenpalm.org/the-market/redeemed-certificate-owners)  
[www.greenpalm.org](http://www.greenpalm.org)

### American Cleaning Institute

The American Cleaning Institute (ACI) is an association which aims to support the sustainability of the cleaning product and oleo chemical industries.

Relevance to material issues:

- eco-efficiency.

Givaudan has been an ACI member since 2012 and was recognised in 2015 as a member of the ACI sustainability programme in North America.

For more information  
[www.cleaninginstitute.org](http://www.cleaninginstitute.org)

### EcoVadis

EcoVadis aims at improving environmental and social practices of companies by leveraging the influence of global supply chains. EcoVadis' reliable ratings and easy to use monitoring tools allow companies to manage risks and drive eco-innovations in their global supply chains.

Relevance to material issues:

- responsible sourcing
- sustainable innovation
- eco-efficiency
- corporate governance.

Givaudan filled out the EcoVadis CSR assessment for the first time in 2008 and received the silver recognition level. In 2013, we received the gold recognition level, which was reconfirmed in 2015. In 2016, we will review and update our EcoVadis CSR assessment.

For more information  
[www.ecovadis.com](http://www.ecovadis.com)

### Alliance Française for Sustainable Palm Oil

The Alliance Française for Sustainable Palm Oil is an association of French companies with the objective of developing the use of sustainable palm oil, which prevents deforestation and respects the needs of local populations.

Relevance to material issues:

- responsible sourcing
- transparency
- traceability.

In 2015, Givaudan participated at the Convergences World Forum held in Paris on the fight against deforestation and climate change. Givaudan was also represented on a TV panel about multi-actor partnerships for the climate at COP 21.

For more information  
[www.stop-deforestation.org/](http://www.stop-deforestation.org/)  
[www.youtube.com/watch?v=KtWXBC0qcFI](https://www.youtube.com/watch?v=KtWXBC0qcFI)  
[www.huiledelapalmedurable.org](http://www.huiledelapalmedurable.org)

# Identified material aspects and boundaries

## G4-17: Entities in financial statement covered by the report

Our Company comprises two divisions, Flavours and Fragrances.

Our Flavour Division has four business units: Beverages, Dairy, Savoury and Confectionery.

Our Fragrance Division has four business units: Fine Fragrances, Consumer Products, Fragrance Ingredients and Active Cosmetic Ingredients (ACI).

## G4-18: Process to define boundaries and report content

The prioritisation of the issues of highest material importance to Givaudan and our stakeholders is a critical component of our Sustainability programme strategy.

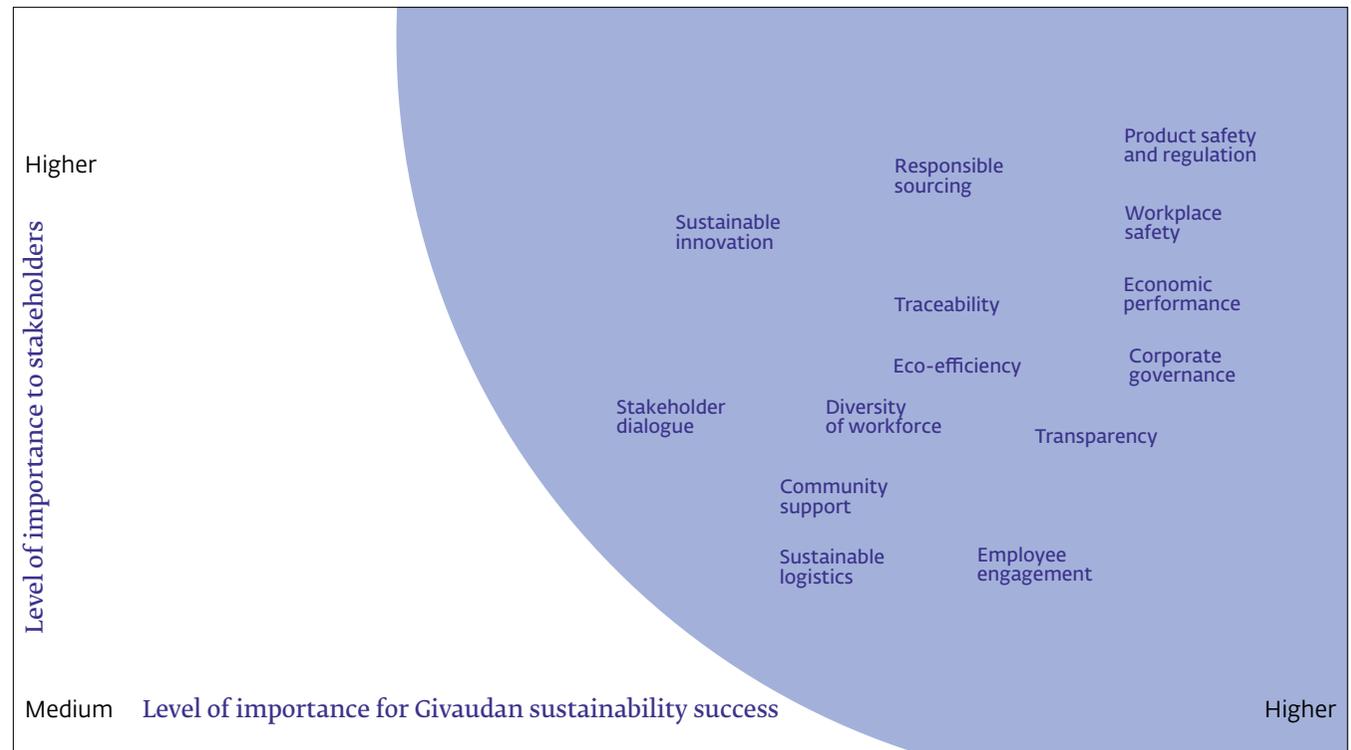
For several years, we have monitored and evaluated emerging sustainability themes on an on-going basis. We describe challenges faced in the five different pillars of our Sustainability programme. (see G4-2, pages 4 to 9)

We use the Givaudan materiality matrix to map out the key aspects we understand our customers and other key stakeholders to be most concerned about, and to help prioritise our Sustainability programme initiatives.

The Givaudan materiality matrix is revisited on a regular basis and key stakeholders are asked to discuss the Company's critical issues and strategic priorities, identify opportunities for improving management and relationships and co-create projects with Givaudan.

We are currently working on an update to our materiality matrix in 2016 to fully reflect these challenges and integrate biological diversity, among other emerging business and societal issues, into our sustainability priorities.

Our last review in 2013 led to the identification and prioritisation of 14 material aspects as follows:



# Identified material aspects and boundaries

## Continued

### G4-19: List of material aspects identified in the process for defining report content

### G4-20: Aspect boundary in the organisation for each material aspect

### G4-21: Aspect boundary outside the organisation for each material aspect

The content of this report is defined considering the GRI aspects list and identifying equivalents within Givaudan's materiality matrix. The list of all material aspects identified in this process is as follows:

Material aspects 2015	Equivalent G4 material aspects	What makes this aspect material to Givaudan or our stakeholders	Boundaries
<p><b>Product safety and regulation</b></p> <p>The safety of our products and the processes that are used to comply with local laws and regulations.</p>	<p>The safety of our products and the processes that are used to comply with local laws and regulations.</p>	<p>Product responsibility relates to the social and environmental impacts of Givaudan's products that directly affect customers. This includes health and safety, information and labelling, marketing, and privacy. This is of primary importance to the Company for the following reasons:</p> <ul style="list-style-type: none"> <li>– Ensuring our consumers' safety when using Givaudan products is vital for ethical and legal reasons.</li> <li>– Health and safety is key for all of our stakeholders. Through product labels and Material Safety Data Sheets we maintain trusted relationships with our customers.</li> <li>– We are a business-to-business organisation, so our marketing communications are not aimed at consumers. It is crucial that our marketing communications accurately reflect the reality of our products and services.</li> <li>– Information is one of our most valuable assets and we are committed to maintaining strict confidentiality on proprietary customer information.</li> <li>– As a minimum requirement, we ensure compliance with local laws and regulations.</li> </ul>	<p><b>Within and outside Givaudan</b></p> <p>Gather information on the origin of our ingredients to contribute to regulatory requirements, food safety and issue management. Ensure Givaudan products are safe for people and the environment when used as intended. Promote health and wellness through our products. Engage with customers to develop new technologies for healthier and more sustainable products.</p>
<p><b>Workplace safety</b></p> <p>Minimising accidents and injuries in the workplace, including the training and systems to ensure the health and safety of our employees.</p>	<p>Labour practices and decent work: occupational health and safety</p>	<p>The health and safety of our employees, and the protection of the environment we operate in, are key to being a responsible company.</p>	<p><b>Within Givaudan</b></p> <p>Reduce incidents by strengthening the workplace environment, safety behaviour and awareness.</p>
<p><b>Economic performance</b></p> <p>Operating a Sustainable Business Model. This means respecting the planet, including the people living on it, while running a viable, profitable business.</p>	<p>Economic: economic performance</p>	<p>Our 2020 strategy - 'Responsible growth, Shared success', speaks about the focus on economic performance as a long-term measure of Givaudan's success. Economic success cannot be separated from environmental and social stewardship.</p>	<p><b>Within and outside Givaudan</b></p> <p>Provide suppliers with the ability to secure continuity of supply. Ensure that Givaudan's business is financially sustainable in the short-, medium- and long-term. Support our customers' own market expansion plans providing growth opportunities by using our products.</p>

# Identified material aspects and boundaries

## Continued

Material aspects 2015	Equivalent G4 material aspects	What makes this aspect material to Givaudan or our stakeholders	Boundaries
<p><b>Responsible sourcing</b></p> <p>The process of purchasing goods and services without causing harm to, or exploiting, humans or the natural environment.</p>	<p>Economic: procurement practices</p> <p>Environmental: supplier environmental assessment</p> <p>Labour practices and decent work: supplier assessment for labour practices</p> <p>Human rights: supplier human rights assessments</p> <p>Human rights: child labour</p>	<p>Expanding our responsible sourcing initiatives ensures security of supply, while reducing our environmental and social impacts. It also helps to mitigate the risks inherent to our complex supply chains.</p>	<p><b>Outside Givaudan</b></p> <p>Ensure that standards related to health and safety, environment, social responsibility, including labour and human rights, and business integrity – ethics and anti-corruption – are consistently applied by our vendors.</p>
<p><b>Sustainable innovation</b></p> <p>Development of products which are more efficient to make, have fewer negative by-products, or have a positive impact when used by the consumer (health and wellness/environmentally-friendly innovation).</p>	<p>Environmental: products and services</p>	<p>Innovation is critical for Givaudan's on-going growth and success. The optimal way to support the business with innovation is to make it part of the Sustainability programme. At the heart of our approach is the belief that innovation must not only respond to global trends, such as resource scarcity, climate change and biodiversity loss, but also anticipate and influence change. Givaudan has the ambition and ability to shape the future within the fragrances and flavours industry.</p>	<p><b>Within Givaudan</b></p> <p>Develop new technologies for healthier and sustainable products.</p> <p>Do more with less, promoting innovative design such as concentrated quality and compacted fragrances, based on applying the 12 principles of Green Chemistry.</p> <p>Ensure our products are not persistent in the environment after their use.</p>
<p><b>Traceability</b></p> <p>The ability to track, trace and predict the location of a batch, its sub-components and raw materials throughout the supply chain.</p>	<p>Product responsibility: product and service labelling</p>	<p>Our customers increasingly seek assurances of responsible supply chain practices, traceability and provenance.</p>	<p><b>Within and outside Givaudan</b></p> <p>Be able to trace the vendor provenance of a batch, its sub-components and raw materials, and to identify the destination of deliveries.</p>
<p><b>Eco-efficiency</b></p> <p>Improving the efficiency of operational activities with regard to harmful emissions, water efficiency and waste disposal.</p>	<p>Environmental: energy, water, effluents and waste, emissions</p>	<p>Climate change is a global megatrend that directly impacts and influences other key sustainability and business issues. Released in November 2014, conclusions of the fifth IPCC assessment report confirmed the increased likelihood of severe, pervasive and irreversible impacts for people and ecosystems. As a global company, we face many evolving sustainability challenges and opportunities; they are formally captured in our materiality matrix.</p> <p>Our commitment is long-term: improve eco-efficiency of manufacturing sites with a focus on reducing our overall footprint for energy, GHG emissions, incinerated and land-filled waste, and municipal and groundwater.</p>	<p><b>Within Givaudan</b></p> <p>Improve the eco-efficiency of manufacturing sites with a focus on greenhouse gas emissions, waste and water.</p>
<p><b>Corporate governance</b></p> <p>Ensuring our practices are in alignment with international standards and safeguard the effective functioning of the governing bodies of the Company.</p>	<p>Society: anti-corruption, public policy</p>	<p>Corporate governance systems ensure that our Company is managed in the interests of shareholders (including minority shareholders). Our management systems include checks and balances in order to control risk and to oversee accountability of management.</p>	<p><b>Within Givaudan</b></p> <p>Ensure our practices are in alignment with international standards and safeguard the effective functioning of the governing bodies of the Company.</p>

# Identified material aspects and boundaries

## Continued

Material aspects 2015	Equivalent G4 material aspects	What makes this aspect material to Givaudan or our stakeholders	Boundaries
<p><b>Diversity of workforce</b></p> <p>Having a diverse workforce which reflects the societies in which we operate.</p>	Labour practices and decent work: diversity and equal opportunity, employment, equal remuneration for women and men	Diversity is a key driver in helping manage our complex operating environment.	<p><b>Within Givaudan</b></p> <p>Embrace diversity throughout our organisation and create a diverse and inclusive workforce.</p>
<p><b>Stakeholder dialogue</b></p> <p>Engaging with stakeholders to build understanding of their priorities and to find opportunities for collaboration on sustainability initiatives.</p>		Stakeholder engagement is key to the on-going management and evolution of our Sustainability programme. The quality of our interactions with stakeholders strongly influences our material issues and strategic priorities.	<p><b>Within and outside Givaudan</b></p> <p>Engage with stakeholders to build understanding of their priorities and to find opportunities for collaboration on sustainability initiatives. We have identified six stakeholder groups that are of primary importance to our Sustainability programme (Customers, Suppliers, Employees, Owners and Investors, Local communities, Public and Regulatory agencies).</p>
<p><b>Community support</b></p> <p>Building relationships for the benefit of the communities in which we operate.</p>	Society: local communities	<p>Sourcing is one of the most significant areas of interest for our stakeholders, especially our customers.</p> <p>It is vital that we ensure a secure supply of raw materials so that our business, employees and customers can thrive over the long-term. In turn, we are helping to protect ecosystems, support livelihoods and contribute to local communities.</p>	<p><b>Outside Givaudan</b></p> <p>Work together with our local communities on projects and causes that benefit the communities within which we work.</p>
<p><b>Transparency</b></p> <p>Being open to sharing data and information; disclosure of data.</p>		Transparency is becoming increasingly expected in all areas of our business, from supply chain data to R&D information and formulas. The level of disclosure of such sensitive information can have a positive or negative impact on our ability to protect our knowledge.	<p><b>Within and outside Givaudan</b></p> <p>Being open to sharing data and information; disclosure of data both internally and externally.</p>
<p><b>Sustainable logistics</b></p> <p>Eco-efficient management of product flow including: packaging, warehousing and transportation.</p>	Environmental: transport	Sustainable logistics has an impact on our customers and suppliers. The way that our logistics partners manage sustainability can have an impact on our business. Therefore, we need to develop strong partnerships in order to manage logistics elements proactively and efficiently.	<p><b>Within and outside Givaudan</b></p> <p>Improve logistics efficiency through reduced materials and energy usage including: packaging, warehousing and transportation.</p>
<p><b>Employee engagement</b></p> <p>Engaging and inspiring employees to be a motivated workforce.</p>	Labour practices and decent work: training and education, employment, labour/management relations	We focus on employee development to improve employee skills and productivity, which helps reduce costs and increase our revenue.	<p><b>Within Givaudan</b></p> <p>Provide an engaging and inspiring environment for employees to realise their career aspirations.</p>

For each material aspect we determined the following boundaries and the impact and/or relevance for us:

- ‘Within Givaudan’: Aspects relevant inside Givaudan’s organisational boundary defined as the entities reported in G4-17 (environmental workplace safety data are limited to manufacturing locations only)
- ‘Outside Givaudan’: Aspects relevant outside Givaudan’s organisational boundary, either upstream (supply chain) or downstream (customers)
- ‘Within and outside Givaudan’: Aspects relevant both inside Givaudan’s organisational boundary and outside Givaudan’s organisational boundary.

# Identified material aspects and boundaries

## Continued

### **G4-22: Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements**

Following the validation of quarterly reported figures, and site audits, independently conducted, against reporting definition sheets by Ernst & Young LLP, we have made a number of corrections to the 2009 baseline data and 2014 data reported in this report. With one exception, the corrections are minor and less than 1% of the target parameter.

For more information, see the restatement tables on pages 76 and 77.

Corrections for 2009 baseline:

The 2009 correction is a 0.135% decrease in production volumes. This volume adjustment is the result of a detailed screening of historic production logbooks at one of our manufacturing sites. This volume adjustment slightly modifies the 2009 efficiency indicator value for total energy and for water.

2014 data corrections are as follows:

- The energy and the CO<sub>2</sub> load corrections are less than 0.02%. They are caused by a calculation error and the additional reporting of a small volume of oil that was not reported in 2014.
- The one-off waste figure increased by 12.25% because of a typing error in the 2014 report.
- The municipal and groundwater figures have undergone minor changes due to a faulty volume meter at one of our manufacturing sites and a validation issue at another site.
- Emitted SO<sub>2</sub> load was corrected by 100 kg (+0.9%) due to a calculation correction.
- Due to the development and implementation of a new calculation model for the carbon footprint related to transport, the figure for outbound product transport to customer is about 6% higher.
- The figure for the carbon footprint of used packaging decreased by about 1% due to the introduction of an enhanced extrapolation calculation methodology.

### **G4-23: Report significant changes from previous reporting periods in the Scope and Aspect Boundaries**

The acquisition of Soliance was completed during 2014. Therefore, our eco-efficiency and social KPIs reported in this report include manufacturing data for Soliance for the full year 2015.

The acquisition of Induchem was completed in August 2015. As the company was not part of the Givaudan Group during the entire financial year, no Induchem manufacturing data are included in this report. This data will be integrated in our 2016 report.

Similarly, eco-efficiency and social KPIs for our new fragrance site in Singapore and the new flavour site in Nantong, China, both of which will become fully operational in 2016, are not included in this report.

# Stakeholder engagement

## G4-24: Stakeholder groups engaged by Givaudan

Givaudan's key principles of sustainability outline our aspiration to establish open dialogue and to take a collaborative approach with stakeholders in order to ensure the best understanding of mutual expectations and interests. Our key stakeholders are the people who impact our business or who are affected by it. Listening and responding to them is a core element 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 both to our overall sustainability strategy and to helping deliver against our sustainability goals.

For several years, Givaudan has been developing specific stakeholder groups to: discuss the Company's critical issues and strategic priorities; identify opportunities for improving management and relationships; and co-create projects with Givaudan. Out of the list of our many stakeholder groups we have selected six which, at the moment, are of primary importance to our Sustainability programme:

### Customers

Including global key accounts for Flavours and Fragrances and industry associations (NRSC, ACI, AIM-PROGRESS). (see G4-15 and G4-16, pages 15-17)

### Suppliers

Including Tier 1 Naturals and Synthetics suppliers, partnerships at origin with growers and farmers, and supplier events at AIM-PROGRESS.

### Employees

Including European Works Council consultations, Givaudan's Green Teams, Internal Employee Engagement Survey and annual performance dialogues.

### Owners and investors

Including engagement with the Board of Directors, SRIs, institutional investors and pension funds.

## Local communities

Including local site community engagement programmes. (see G4-SO1, page 66)

## Public and regulatory agencies

Including engagement with IFRA, IOFI, EFFA and other not-for-profit international organisations such as GRI, UNGC, CDP. (see G4-15 and G4-16, pages 15 to 17)

There are other stakeholder groups, but they have less capacity to directly impact our business, or Givaudan has less capacity to directly impact them. That is why we are limiting our focus to the above six stakeholder groups. These are the ones we can develop a close relationship with.

## G4-25: Basis for identification and selection of stakeholders with whom to engage

Givaudan has been developing specific tools for several years to support stakeholder dialogue and interaction with the various stakeholder panels at both global and local level. In 2010, we began a process of reviewing and evaluating the diverse stakeholder engagement initiatives that exist across our Company. The starting point was the identification of all of our stakeholder groups. Following an internal survey and subsequent analysis, our primary sustainability stakeholders are listed in section G4-24.

We split our external engagement in two categories:

- engagements with reporting or certification organisations
- engagement with multi-stakeholder organisations.

We continuously monitor the relevance of our stakeholder engagement through a two-stage assessment: firstly, through stakeholder mapping and secondly through an in-depth analysis.

## Stakeholder mapping

For each direct engagement with an external organisation we check alignment according to several dimensions:

- relevance with our stakeholder groups
- relevance with key issues in our materiality matrix
- relevance with the five pillars of our Sustainability programme.

## Engagement in-depth analysis

We then look at every current or potential external engagement along several criteria and we make several decisions about our engagement.

Our criteria are:

- local or global engagement
- membership criteria and membership fees
- participating customers and suppliers
- participating competitors
- participant profiles
- type of sessions
- size of groups
- impact on our Sustainability programme pillars
- risks and benefits.

Based on the above we decide whether or not to pursue a current engagement, or to engage with new organisations; and we then suggest actions to be taken within the engagement for the next three years.



# Stakeholder engagement

## Continued

### **G4-26: Givaudan's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process**

Givaudan has many channels for stakeholder dialogue, spread across different departments and teams. Often, we already have information and feedback from stakeholders as a consequence of interactions during the ordinary course of business. In such cases, information from previous interactions can be used to identify interests and priorities. The following list formalises dialogue channels:

#### **Customers**

- On-going dialogue
- Customer sustainability request
- SMETA audits
- Customer innovation days
- Conferences and events
- At associations and advocacy organisations. (see G4-15 and G4-16, pages 15 to 17)

#### **Suppliers**

- Assessments via Sedex registration
- Issues raised at supplier audits
- Collaborations to improve performance
- Multi-stakeholder groups
- Supplier events – capacity building, discussing issues.

#### **Employees**

- European Works Council consultation
- Employee engagement initiatives
- Annual performance dialogue
- Talent management processes
- Learning and development opportunities
- Green Teams, engagements and on-going dialogue.

#### **Owners and investors**

- AGM/half-year meeting
- Annual investor road show
- Briefings with analysts
- Local communities
- Community development programme survey
- Local site community engagement programme
- Givaudan Foundation
- Local partners (NGOs or cooperatives) acting as Givaudan agents.

#### **Public and regulatory agencies**

- Commenting on emerging legislation/regulation
- Membership of working groups/forums
- IFRA/IOFI consultation
- UNGC consultation
- CDP project workshop
- Media.

#### **Dialogue groups**

We regularly ask our stakeholders to discuss the Company's critical issues and strategic priorities, identifying opportunities for improving management and relationships and co-creating projects with Givaudan. Targeted categories, such as local communities, suppliers and specialists in annual reports, are asked to co-create an annual plan for the evolution of relationships with Givaudan.

Our main objective is to understand how our business affects our stakeholders and to determine what the most material impacts to be managed are. Sustainability aspects listed in the Givaudan materiality matrix are presented to stakeholders during engagement to let them confirm the topics they would rank as the most important for them, the ones they would like to discuss or would like to know more about. Co-creation of projects and collaboration with mutual benefits are the ultimate goals of stakeholder dialogue – thereby allowing us to focus our sustainability efforts in those areas that are most important to our key stakeholders.

#### **How dialogue groups support our materiality process**

The dialogue groups give stakeholders a genuine and explicit role in setting the direction of our Sustainability programme – and contribute on a regular basis to prioritising Givaudan's material issues. Outcomes from dialogue panel sessions are also fed back to the Sustainability Steering Team (our main governance body for sustainability) and management committees to shape strategy and improve decision-making.

# Stakeholder engagement

## Continued

### **G4-27: Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns**

We regularly identify sustainability topics based on their importance for Givaudan and our stakeholders and we prioritise them on the principle of materiality. In our materiality matrix we highlight key sustainability issues and their significance for stakeholders. (see materiality matrix in G4-18, page 18)

We analyse stakeholder feedback and identify changes that have the greatest effects. The result is a set of environmental and social trends that we believe influence our business over the mid-term:

#### **Product safety and regulation**

Product safety and regulation remains a key topic for our stakeholders. There are more regulations and more public pressure for greater transparency. Our primary focus is to continue to develop and produce safe and compliant products.

#### **Responsible sourcing**

Responsible sourcing is a growing concern as developing countries industrialise and global demand for material resources increases. Responsible sourcing is about knowing under which social and environmental conditions Givaudan raw materials and products are made. It is now becoming one of the most material aspects for key stakeholders who are demanding more accountability from brands on supplier ethics regarding workers and the environment. Givaudan's supply chain is complex and the Company plays a pivotal role with more than 2,000 raw material suppliers and more than 6,000 customers. This is where Sedex provides value with common requirements. We made a commitment to conduct audits with 200 of our top 400 suppliers by 2015. (see progress under G4-16, page 16)

#### **Sustainable innovation**

Sustainable innovation is of growing importance as issues such as health and wellness, climate change and resource depletion become more pressing for our customers and consumers. Transforming these issues into opportunities and researching new technologies are key for Givaudan. As the industry leader we invest heavily in research and development. Givaudan is well-placed to respond to these opportunities given our wide spectrum of products, processes and services.

#### **Traceability**

Traceability is increasingly a business requirement connected with regulatory requirements, food safety and issue management. It reflects the growing need for more information on the origin of our ingredients. Traceability is about where and how the product is produced.

#### **Community support**

Community support from companies like Givaudan is a requirement. As part of our responsible sourcing approach Givaudan engages with suppliers, including producers at source in remote rural communities, to meet environmental and social standards and support community needs. Moreover, at Givaudan, we act responsibly and constructively in relation to the communities in which we operate. We support activities and projects which improve the quality of life of our local and global communities and that support our divisional focus areas: Flavour Division: family nutrition; Fragrance Division: blindness.

The Company's long-term commitment to sustainable sourcing of natural ingredients and community support is further reinforced by the actions of the Givaudan Foundation. Launched in 2014, the non-profit organisation is dedicated to improving the social conditions of local communities through programmes for education, health and protection of the environment. Since 2014, some of our Origination initiatives are supported by the Foundation.

For more information  
[www.givaudan-foundation.org](http://www.givaudan-foundation.org)

# Report profile

**G4-28: Reporting period for information provided**

All data are for wholly-owned Givaudan companies, and are for the full financial year ending December 2015.

**G4-29: Date of most recent previous report**

Our previous report was published in March 2015.

**G4-30: Reporting cycle**

We have an annual sustainability reporting cycle.

**G4-31: Provide the contact point for questions regarding the report content**

We welcome your comments and questions, which can be sent to: [global.sustainability@givaudan.com](mailto:global.sustainability@givaudan.com)

**G4-32: GRI content index**

Please refer to pages 77 to 79.

**G4-33: Assurance**

This report has been prepared 'in accordance' option 'Core' with the Global Reporting Initiative's G4 Sustainability Reporting Guidelines. The GRI materiality disclosure service verified that the General Standard Disclosures G4-17 to G4-27 were correctly located both in the GRI Content Index and in the text of the final report.

The data and commentary in this report are assured by Ernst & Young LLP in accordance with the principles of the International Standards on Assurance Engagements (ISAE) 3000. For more information please see the Assurance statement on page 81 of this document and a United Nations Global Compact principles reference table on page 80.

# Governance

## **G4-34: Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts**

The Board of Directors is the highest governance body of Givaudan SA. In accordance with Swiss law, the Articles of Incorporation and the Board Regulations of Givaudan SA, the duties of the Board of Directors include the following matters:

- the ultimate management of the Company and, in particular, the establishment of medium- and long-term strategies and of directives defining Company policies and the giving of the necessary instructions
- the establishment of the organisation
- the approval of the annual Group budget
- the structuring of the accounting system and of the financial controlling as well as the financial planning
- the assessment of the Company's risk management as reported by the Audit Committee
- the decision on investments in, or divestments of, fixed and tangible assets of a global amount exceeding the limit set by the corporate investment guidelines established by the Board of Directors
- the appointment and removal of the persons entrusted with the management and representation of the Company, in particular the Chief Executive Officer (CEO) and the other members of the Executive Committee
- the ultimate supervision of the persons entrusted with the management, in particular with respect to compliance with the law, the articles of incorporation, regulations and instructions given in any areas relevant to the Company, such as working conditions, environmental protection, trade practices, competition rules, insider dealing, and ad hoc publicity
- the preparation of the business and compensation reports
- the preparation of the General Meeting of shareholders and the implementation of its resolutions

- the notification of the court in case of insolvency
- the decisions regarding the subsequent performance of contributions on shares not fully paid in
- the ascertainment of share capital increases and resulting modifications of the articles of incorporation
- the verification of the special professional qualifications of the auditors.

Except as otherwise provided by Swiss law, the Articles of Incorporation and the Board Regulations, all other areas of management are fully delegated by the Board of Directors to the CEO, the Executive Committee and its members in accordance with art. 716b of the Swiss Code of Obligations.

According to the Articles of Incorporation of Givaudan, the Board of Directors may consist of between seven and nine members who are elected annually by the Annual General Meeting of shareholders. Re-election of Directors is possible. As of the AGM in March 2015 Givaudan's Board of Directors included two women.

The Board of Directors has established three Committees: an Audit Committee, a Compensation Committee and a Nomination and Governance Committee.

### **The Audit Committee**

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information, the systems of internal controls and the audit process. It carries out certain preparatory work for the Board of Directors as a whole. The Audit Committee currently consists of three members of the Board. The Audit Committee ensures that the Company's risk management systems are efficient and effective. It promotes effective communication among the Board, management, the internal audit function and external audit. It reviews and approves the compensation of the external auditors for the annual audit. The Chief Financial Officer attends the meetings of the Audit Committee on the invitation of its Chairman.

### **The Compensation Committee**

The primary function of the Compensation Committee is to review and recommend the compensation policies to the Board of Directors. Within the boundaries of the maximum aggregate compensation amount defined by the Annual General Meeting of shareholders annually, the Compensation Committee approves the remuneration of the CEO and the other members of the Executive Committee as well as all performance-related remuneration instruments and pension fund policies. The Committee prepares the Compensation Report to be established by the Board. The Compensation Committee consists of three members of the Board who are elected directly by the Annual General Meeting of shareholders. The Committee takes advice from external independent compensation specialists and consults with the Chairman and the CEO on specific matters where appropriate.

### **The Nomination and Governance Committee**

The primary function of the Nomination and Governance Committee is to assist the Board in applying the principles of good corporate governance. It prepares appointments to the Board of Directors and the Executive Committee and advises on the succession planning process of the Company. It consists of three members of the Board.

### **Executive Committee**

The Executive Committee, under the leadership of the CEO, is responsible for areas of management of the Company that are not specifically reserved for the Board of Directors.

The CEO, subject to the powers attributed to him, has the task of achieving the strategic objectives of the Group and determining the operational priorities. In addition, he leads, supervises and coordinates the other members of the Executive Committee, including convening, preparing and chairing the meetings of the Executive Committee.

# Governance Continued

The members of the Executive Committee are appointed by the Board of Directors on recommendation of the CEO after evaluation by the Nomination Committee. The Executive Committee is responsible for developing the Company's strategic as well as long-term business and financial plans. Key areas of responsibility also include the management and supervision of all areas of business development on an operational basis, and approving investment decisions.

The tasks and powers of the Executive Committee include the approval of investments, leasing agreements and divestments within the corporate investment guidelines. The Executive Committee approves important business projects and prepares the business plan of the Group and the budgets of the individual divisions and functions. In addition, it plays a key role – together with the Human Resources organisation – in the periodic review of the talent management programme, including succession planning for key positions. Alliances and partnerships with outside institutions, such as universities, think tanks and other business partners, are also monitored by the Executive Committee.

The members of the Executive Committee are individually responsible for the business areas assigned to them.

## **Governance of sustainability**

The framework and governance of our Sustainability programme was strengthened in 2011 by the approval by our Executive Committee of our Key Principles of Sustainability.

Our Sustainability programme is headed by our Executive Committee, supported by our corporate Sustainability Steering Team (SST), whose members are drawn from all areas of the Company.

The implementation of our sustainability strategy is coordinated by our Sustainability Programme Management Organisation (PMO) – internal specialists in corporate responsibility and sustainability.

To ensure alignment between these groups, both our SST team and the PMO are sponsored by a member of the Executive Committee.

The Head of Global Environment, Health and Safety and Sustainability reports once annually to the Board.

# Ethics and integrity

## **G4-56: Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics**

Givaudan's 'Principles of Business Conduct' is our code of conduct for the entire Givaudan Group. The principles include:

- Compliance with the Law
- Conflicts of Interest
- Bribes, Gifts and Entertainment (including corruption and bribery)
- Fair Treatment of Employees (including discrimination)
- Working Environment and Child Labour Environmental Compliance
- Competition Law (including anti-trust and anti-competitive practices)
- Insider Dealing
- Protection of Confidential Information and Trade Secrets
- Conduct in Research and Development
- Application and Creation
- Implementation (including whistleblowing).

The Principles of Business Conduct have been translated into all major Company languages and compliance training on the Principles has been provided in all Company languages too.

The Principles can be downloaded here:

[www.givaudan.com/our-company/corporate-governance/compliance](http://www.givaudan.com/our-company/corporate-governance/compliance)



## Economic

This section concerns the economic dimension of sustainability and Givaudan's impacts on the economic conditions of its stakeholders and on economic systems at local, national and global levels.

### In this section:

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**32** Economic performance

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**34** Procurement practices

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# Economic performance

It is our fiduciary duty to shareholders to ensure that Givaudan's business is financially sustainable in the short, medium and long-term.

## Our commitments

In 2010, Givaudan announced its five-year strategy up to the year 2015. This came to a close at the end of 2015 and it articulated the following ambitions:

- Mid-term, the overall objective is to grow organically between 4.5% and 5.5% per annum
- Givaudan expects to outgrow the underlying market and to continue to achieve its industry-leading EBITDA margin while achieving an annual free cash flow of 14% to 16% of sales by 2015
- Givaudan confirms its intention to continue to return above 60% of the Company's free cash flow to shareholders, while maintaining a medium-term leverage ratio target of below 25%.

In 2015, Givaudan announced new ambitions for the five-year period to 2020. They contain financial and eco-efficiency targets for the first time:

- Average organic sales growth of 4 - 5%<sup>1</sup>, in close partnership with our customers
- Average free cash flow of 12 - 17% of sales<sup>1</sup>, with an increased focus on operational excellence
- Responsible growth, by decoupling growth and environmental impact through ambitious new eco-efficiency targets
  - Stabilise our carbon footprint by reducing our absolute CO<sub>2</sub> emissions by at least 4% year on year in order to compensate for our growing production volumes

<sup>1</sup> over a five-year period by 2020

- Reduction of waste production and energy consumption per tonne of product by 4% year on year
- Reiterated commitment to reducing water usage by 15% per tonne of product between 2010 and 2020

## Progress in 2015

### Sales

Givaudan Group full year sales were CHF 4,396 million, an increase of 2.7% on a like-for-like basis and a decline of 0.2% in Swiss francs when compared to 2014. Fragrance Division sales were CHF 2,096 million, an increase of 1.9% on a like-for-like basis and a decline of 0.6% in Swiss francs. Flavour Division sales were CHF 2,300 million, an increase of 3.5% on a like-for-like basis and 0.2% in Swiss francs.

### Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

The EBITDA increased to CHF 1,070 million in 2015 from CHF 1,053 million in 2014, an increase of 1.6% in Swiss francs and 8.0% in local currency. A continued focus on internal costs was the main enabler of the improvement. The EBITDA margin increased to 24.3% in 2015 from 23.9% in 2014. In 2015, the Group recognised a net one-off non-cash gain of CHF 20 million, mainly following a change in pension plans. As a reminder, in 2014 the Group recognised a one-off gain of CHF 42 million on the disposal of land at its Dübendorf location in Switzerland.

### Cash flow

Givaudan delivered an operating cash flow of CHF 915 million in 2015, compared to CHF 806 million in 2014, driven by a slightly higher EBITDA and an improvement in working capital. As a percentage of sales, working capital decreased as a result of lower inventories at the end of the year.

### Dividend proposal

At the Annual General Meeting on 17 March 2016, Givaudan's Board of Directors will propose a cash dividend of CHF 54.00 per share for the financial year 2015, an increase of 8.0% versus 2014. This is the fifteenth consecutive dividend increase following Givaudan's listing at the Swiss stock exchange in 2000. This distribution will be primarily made out of reserves

for additional paid-in capital which Givaudan shows in equity as at the end of 2015, with the remainder being paid out of available earnings.

## How we manage this issue

Our five-pillar growth strategy (2011-2015) helped guide our focus and decisions in a very consistent way to 2015. It permitted us to increase our footprint in high growth markets, expand beyond fragrances and flavours, deliver innovation to customers and develop innovative sourcing strategies. Highlights of our achievements in each pillar are outlined below.

### Developing markets

Consumer demand continued to grow in the developing markets of the world, and through targeted investments we focused our efforts on best serving our customers and maximising our growth opportunities. Investments in these markets included a fragrance hub in Singapore, a technical flavour centre in Dubai and offices in Pakistan, Nigeria and Myanmar.

### Research and Development

We made industry-leading financial investments in innovative ingredients, technologies, platforms and partnerships to create tastes and scents that delighted our customers and consumers. We introduced the Mahonial™ fragrance ingredient, Mechacaps™ microcapsule technology and our TasteSolutions® Richness as well as a range of new enzyme and fermentation technologies.

### Health and Wellness

As consumers around the world took more care in their choice of foods and snacks, our flavour innovations focused on reducing fat, sugar and salt in food and drinks, while our fragrances enhanced everyday tasks by communicating freshness, cleanliness and calmness. We made acquisitions in active cosmetic ingredients that will increase our capabilities in the health and wellness arena.

# Economic performance

## Continued

### Responsible sourcing of raw materials

Our materials continued to be sourced in ways that preserve the environment, stimulate the development and well-being of communities, and safeguard the efficient use of resources for the long-term. In seeking security of supply, we entered into a fragrance ingredients joint venture in China and formed innovative sourcing partnerships in Indonesia, Haiti and Madagascar.

### Targeted customers and segments

We built on strategic partnerships with our main customers and developed our presence with accounts and product categories where we were under-represented and had the opportunity to expand. Through our acquisition of Soliance and Induchem we extended our capabilities in active cosmetic ingredients. In Flavours, we expanded our TasteTrek® programmes and launched TasteSolutions® Richness.

Our financial ambitions and roadmap for the next five years seek to ensure responsible growth and shared success for shareholders, customers and all key stakeholders.

Building on the success of our 2011 - 2015 strategy, we want to create further shareholder value through profitable, responsible growth and acquisitions. To create long-term value, we will capitalise on our market leadership and, most importantly, continue to build close partnerships with our customers.

Continued ambitious financial targets are part of our roadmap to 2020, and we aim to outpace the market and deliver a continued strong free cash flow. These targets are an average organic sales growth of 4-5% and an average free cash flow of 12 - 17% of sales<sup>1</sup>.

Our 2020 strategy is built on three strategic pillars: growing with our customers; delivering with excellence; and partnering for shared success.

For more details on our new 2020 strategy, visit

[www.givaudan.com/media/media-releases/2015/responsible-growth-shared-success](http://www.givaudan.com/media/media-releases/2015/responsible-growth-shared-success)

<sup>1</sup> over a five-year period by 2020

### Performance indicators

#### EC1: Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments

	2009	2014	2015
<b>Revenue</b>	3,973	4,459	4,439
	million	million	million
<b>Operating costs</b>	2,536	2,684	2,653
	million	million	million
<b>Payments to governments</b>	55	111	109
	million	million	million
<b>Payments to providers of capital</b>	213	496	522
	million	million	million
<b>Employee wages and benefits</b>	964	1,003	981
	million	million	million
<b>Economic value retained</b>	205	165	174
	million	million	million

All figures in CHF

#### EC3: Coverage of the organisation's defined benefit plan obligations

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 defined benefit plans are held in Switzerland, the United States of America and the United Kingdom.

For full details of our defined benefit and defined contribution plans, in line with the requirements on EC3, please see our 2015 Financial Report, note 7 (page 141).

# Procurement practices

As a global business with operations in over 40 countries, it is imperative that we develop a strong network of suppliers to meet customer and consumer demand and to expand our market footprint.

Our vision is to source materials in ways that preserve the environment, stimulate the development and well-being of communities from which we source, and safeguard the efficient use of resources for the long-term.

The responsible sourcing of raw materials is an integral part of our operations and one of the five pillars of our 2011 - 2015 strategy, as well as being part of our Sustainability programme. It is a key issue for many of our customers who increasingly want assurances of responsible supply chain practices, traceability and provenance.

## Our commitments

- Expanding our responsible sourcing initiatives ensures security of supply
- Working with our suppliers on sustainability throughout our value chains contributes to our customers' increasing supply chain requirements
- Conducting regular reviews of our portfolio and implementing improvements through our ethical sourcing initiatives
- Gather information on origin of our ingredients to contribute to regulatory requirements, food safety and issue management.

## Progress in 2015

### Communicate with all suppliers about procurement requirements relating to social responsibility

All suppliers are informed of our requirements through a Global Vendor Expectations document. We have been continuously revising this document to reflect supply chain risks such as anti-corruption, money laundering and human trafficking. The latest revision was done 2014. Since then a link to the revised document is sent to all existing and new suppliers as part of the procurement process.

In 2015, Givaudan hosted an AIM-PROGRESS meeting in Seville on responsible sourcing. Givaudan's Procurement employees gave a presentation about their experience on implementing supplier audits as well as suppliers' challenges and achievements in their journey to responsible sourcing. These meetings also facilitate deeper relationships with key customers and bring support to the supplier community.

In addition, a plantation visit at our supplier Biolandes facility was organised to demonstrate improvements made in the transformation process of Cistus Labdanum. This was the first time an AIM-PROGRESS conference had included a plantation visit, and the trip was highly appreciated by attendees; it is likely that this format will be used at future meetings.

### 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

In 2015, we surpassed our 2015 objective to have 200 top suppliers register with Sedex. In total, 297 key raw material suppliers are now registered with Sedex. These suppliers represent over 70% of our raw materials spend.

In 2014, we started to include our Indirect Material & Services (IM&S) suppliers in the Sedex initiative. To date, 25 IM&S suppliers have joined Sedex.

We have also made good progress towards our supplier audits target. The total number of our suppliers audited was 192 at the end of 2015.

## Identify and develop additional sustainable sourcing initiatives

Our Origination team, which is part of our Procurement function, reinforces a direct presence in the countries where we source our key natural ingredients. Most members of the Origination team are based in countries of origin, where we are setting up collection networks to source natural ingredients directly from producers.

We continuously follow up and monitor the implementation of these initiatives and we are convinced that they each provide value to our business in terms of risk alleviation and by increasing the quality of our products and services.

### Cistus Labdanum

In Andalusia, Spain, traditional methods of processing the fragrant Cistus Labdanum gum were outdated and not optimised for local workers or the environment. It had been challenging to industrialise these artisan operations and in 2013, recognising the crude nature of this process and the potential to make positive changes, Givaudan collaborated with local producer Biolandes to set up a new labdanum gum extraction unit and bring operations up to date. The aim was to support Biolandes' industrial investment to modernise this traditional supply chain, knowing that the additional cost of the investment would be absorbed by the higher new price of the labdanum extract.

Encouraged by Givaudan's support, Biolandes decided to construct a new building in which to process the gum. To ensure the longevity of the project, Givaudan committed to continue purchasing from Biolandes and to pay a premium for the gum over the subsequent five years. The project has enabled Biolandes to anticipate sustainability needs for the future.

### Clove leaf oil

The Givaudan Origination team has set up a collection network in Madagascar for the sourcing of clove leaf oil, a key ingredient for many of our fragrance and flavour products. Similar to our collection network in Indonesia, we have developed a strong presence in Madagascar where locally based Givaudan field

# Procurement practices Continued

buyers travel the country to buy directly from distillers, village associations and collectors, guaranteeing a regular purchase of their product as well as technical advice.

From the end of 2016, we will also be able to process clove leaf oil into clove derivatives at NATEMA, a new factory on the island. The NATEMA transformation facility is a joint venture announced in late 2014. The project was established with Givaudan's long-term partner, Henri Fraise Fils, a well-established company in Madagascar which shares the same ambition as Givaudan. Together we aim to support local value creation.

In developing our strong ties and deepening the trust with local producers and their communities, we also recognise the role that we play in supporting the preservation of the local environment. We are therefore supporting a natural resources preservation programme in Madagascar, working with a local NGO and village associations to plant fast-growing trees for firewood in clove leaf distillation areas; in 2015, 40,000 trees were planted.

## Patchouli

In December 2015, we signed a contract with a local agency to work with farmers in our collection network in Indonesia. The agency will support us in conducting investigations on current farming conditions and provide training to the farmers to improve their agricultural practice and yield.

## Vanilla

In 2010, we initiated a rural development programme for vanilla beans together with Henri Fraise Fils in Madagascar. Vanilla supply from Madagascar is complex, due to a rural structure made up of thousands of small-holder farmers. This raises traceability questions in the supply chain as well as social and sustainability issues.

Our Ecocert certified organic vanilla and rural development programme aims at improving supply chain transparency and producers' living conditions. When the programme began in 2010 we initially worked with 14 villages that rely on vanilla production for their livelihood. This figure has since increased to 27 villages, representing some 2,200 organic vanilla farmers in total. Support is in the areas of food security and education.

To date, we have been involved in the construction or repair and maintenance of 18 schools as well as the building of two health centres, one of which was constructed in 2015.

In 2013, our rural development programme for vanilla beans in Madagascar won a Creating Shared Value award from Nestlé in the Responsible Sourcing Vanilla category. We are continuing our collaboration with Nestlé.

## Other sourcing initiatives

Givaudan began pioneering an ethical sourcing approach in the flavour and fragrance industry a decade ago. Starting out with partnerships with local producers, the Company today uses different sourcing models including its own collection networks. Givaudan's Origination team creates a human chain from growers to consumers by deploying dedicated employees in the countries of origin, fostering best practices in sourcing and ensuring that producers and local communities benefit in the long-term from supplying the industry.

Projects in pipeline since 2008 that are continuously evolving and expanding:

2008 – Project on biodiversity for tonka beans with Conservation International in Venezuela

2009 – Support to benzoin harvesting communities through secondary education in Laos

2010 – Rural development programme for vanilla farmers in Madagascar

2010 – Project on ylang ylang quality and environmental conservation in Mohéli, Comoros

2012 – Cooperative and research partnership to preserve lavender and lavandin in France

2013 – Partnership with farmer cooperative and distiller for organic and fair-trade vetiver oil in Haiti

2014 – Patchouli collection network in Sulawesi, Indonesia and farming partnership in Borneo, Malaysia

2015 – Clove leaf oil collection network and partnership in Madagascar

The Company's long-term commitment to sustainable sourcing of natural ingredients is further reinforced by the actions of the Givaudan Foundation. Launched in 2014, the non-profit organisation is dedicated to improving the social conditions of local communities through programmes for education, health and protection of the environment. Since 2014, some of our Origination initiatives are supported by the Foundation.

For more information

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

## Develop third-party certification projects for raw materials

In Haiti, Givaudan has been working since 2012 with a local vetiver essential oil producer and a cooperative of vetiver growers spanning three local villages. Growers are supported in improving their environmental and harvesting practices, and consequently the quality of the roots. The vetiver sourced is certified ESR (Fairness, Solidarity, Responsibility) according to Ecocert standards, with the added benefit that the crop is organic and fair-trade.

During 2015, work has gone into evaluating additional supply chains to be certified.

# Procurement practices Continued

## How we manage this issue

Each raw material we purchase has a potential supply risk. Givaudan's Procurement function monitors and manages supply chain risks arising from raw material purchases.

We have successfully implemented a risk management system that allows us to identify the materials at high risk in terms of sourcing and to correlate these risks with the potential business impact. Almost all the materials in our portfolio have been screened through this sophisticated SAP-based system that combines quantitative and qualitative input to provide information that helps us reduce the supply risk to our portfolio. This risk management process, integrated with global supply chain management, enables us to identify and mitigate raw materials sourcing risks.

Beyond this, there are three main ways we raise standards in our supply chain.

### Global Vendor Expectations

As a signatory to the United Nations Global Compact (UNGC), we use our Global Vendor Expectations document to notify raw material suppliers that they need to comply with its principles. All suppliers are informed of our sustainability requirements through this document.

### Sedex and SMETA

We encourage selected suppliers to improve performance. One way we do this is by inviting suppliers to register with Sedex, a data-sharing platform to improve supply chain practices. Some then voluntarily go on to complete the Sedex Members Ethical Trade Audit (SMETA) which requires compliance in four key responsible sourcing pillars including Labour Standards, Business Ethics, Environment, Health and Safety. Non-compliance with these standards is not an option for Givaudan. One of the benefits of SMETA is that 'an audit for one is an audit for all'. Across AIM-PROGRESS this process is known as Mutual Recognition (MR), and it helps reduce supplier 'audit fatigue'. Internally, these processes are managed by Procurement. Our category managers, located around the world, play a vital role in helping to ensure compliance.

## Ethical sourcing initiatives

Our pioneering ethical sourcing initiatives aim to achieve a medium- and long-term supply of unique raw materials in Australia, Laos, Venezuela, the Comoros Islands, Haiti, France and Madagascar. Givaudan's Ethical Sourcing programme addresses both social compliance and supply risk, and covers materials with a strategic role in our supply chain. Supply chain solutions for these materials are tailored by region but also encompass the four key pillars of Labour Standards, Business Integrity, Environment, and Health and Safety. Givaudan's Origination team, set up in 2013, takes this commitment to new levels and is focused particularly on alleviating supply risk.

## Preserving biodiversity

Climate change and habitat loss are leading to a reduction in biodiversity, which is not only a key issue for our Company but a threat to humanity itself. Givaudan actively supports the Nagoya Protocol and has developed comprehensive policies to support the conservation of the environment and protect biological diversity, from our Principles of Business Conduct to our renewed EHS Policy to specific position papers.

## Performance indicators

### EC9: Proportion of spending on local suppliers at significant locations of operation

It is the Company's common practice to prefer sourcing from locally based suppliers (defined as suppliers who are based in the same country as the Givaudan 'facility'). This is reflected in the 83% by value of non-raw material purchased locally in 2015. For raw materials, 27% by value were sourced locally in 2015. Several of the raw materials we buy cannot be sourced in countries other than the ones where it naturally grows.



## Environment

This section concerns the environmental dimension of sustainability and Givaudan's impacts on living and non-living natural systems, including ecosystems, land, air and water.

### In this section:

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- **40** Water
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- **44** Effluents and waste
- **46** Products and services
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- **49** Supplier environmental assessment

# Energy

Givaudan's stated vision is to continuously drive operational excellence without compromising the environment. This is good for the environment and good for business.

## Our commitments

Improve eco-efficiency of manufacturing sites with a focus on greenhouse gas emissions, waste and water, and reduce our overall footprint against a 2009 baseline focusing on eco-efficiency for energy, carbon emissions, incinerated and land-filled waste, and municipal and groundwater.

In 2010, Givaudan set itself challenging eco-efficiency targets for 2020 which will be achieved ahead of schedule for energy, waste and CO<sub>2</sub>. Therefore, Givaudan announced in 2015 a strengthening of its 2020 eco-efficiency targets to reflect the Company's ambition to decouple growth and environmental impact. Givaudan aims to stabilise environmental impact while increasing production volumes.

Our strengthened target for energy as of 2016 is the following:

–reduce the energy consumption by 4% per tonne year on year

## Progress in 2015

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

-15.4% (against restated 2009 baseline)

During 2015, the energy per tonne figure slightly deteriorated from -17.4% (restated 2014 figure) to the stated -15.4%.

The increase in energy consumption is a result of severe winter conditions, the investment in additional production capacity, and acquisitions. However, the increase has been partially offset through efficiency projects rolled-out by local Green Teams and

local engineering teams. Some of these projects are described later in this section.

The absolute total energy figure in 2015 has increased against the 2009 baseline by about 5% while the production volume over the same period has increased by almost 25%.

## How we manage this issue

The Environment Centre of Expertise, as part of the corporate EHS function, strongly encourages and supports our manufacturing sites to deliver against our global eco-efficiency targets.

Four drivers support our local Eco-efficiency Management Teams and local Green Teams in their on-going success in delivery against these targets:

- Most of our manufacturing sites have developed their site eco-efficiency plan (SEEP) setting individual eco-efficiency targets to be achieved over a period of two to three years. Motivated to achieve these targets, site teams identify additional saving projects or improve existing ones on an ongoing basis.
- Most successful Green Team eco-efficiency projects are rewarded with a dedicated eco-efficiency Green Team award that the Company introduced in 2014.
- The introduction of regular eco-efficiency performance reporting on site, regional, divisional and global level.
- The implementation of the 'Green Chapter' to capital expenditure project proposals as decided by the Executive Committee in 2014. The chapter has to outline eco-efficiency aspects, a cost/benefit analysis and a 'price on carbon' of the proposed investment.

The target setting, documentation of improvement initiatives and regular performance reporting by individual sites are aligned with the requirements and principles of the ISO 14001 Environmental Management System. To date, five Givaudan manufacturing locations have been certified against the ISO 14001 standard.

## Performance indicators

### EN3: Energy consumption within the organisation

	2009	2014 (restated)	2015
<b>Direct energy: from primary sources (GJ)</b>	1,632,589	1,678,084	1,712,690
<b>Indirect energy: purchased electricity and steam (GJ)</b>	897,286	922,754	950,117

### EN5: Energy intensity

	2014 (restated)	2015
<b>Energy saved (per tonne of product) against 2009 baseline</b>	17.4%	15.4%

# Energy

## Continued

### EN6: Reduction of energy consumption

**Switching off the summer heating in Vernier, Switzerland**  
In summer 2015, the gas heating at our administrative buildings in Vernier was switched off, from the first week of June to the second week of September. This saved on both the natural gas used to heat the building overnight and the electricity used to cool it during the day.

As a result, gas consumption was reduced by 115MWh, which represents 23 tonnes of CO<sub>2</sub>. The results were positive and encouraging, and this will now be standard procedure in future.

**A bigger, more efficient nitrogen plant in Vernier, Switzerland**  
The improved nitrogen production plant at Vernier has created an 'eco-virtuous cycle' providing several benefits. The plant's higher efficiency now saves 238MWh of electricity per year. These savings secured Givaudan a grant from a local partnership, 'Ambition Negawatt'. With the approval of Vernier's Management Committee the grant was used to invest in a more efficient lighting system that is better for employees and for the environment – saving an extra 2.5MWh per year.

The new plant's efficiency means fewer deliveries of nitrogen are needed. It also means 30 trucks fewer per year, which would have emitted 12 tonnes of CO<sub>2</sub> annually.

**Planting a second photovoltaic tree in Argenteuil, France**  
A second photovoltaic tree was installed to produce extra electricity, through solar cells, for the Argenteuil site and its vehicles. It produces approximately 5,350KWh of electricity per year, whereas the first tree produced 4,300KWh per year.

The seven vehicles, in Givaudan's all-electric fleet, travel 8,000km per year on average, using a total of about 8,400KWh of electricity. As a result, the two trees together are enough to power the entire fleet with 100% renewable energy, also supporting our commitment to 100% renewable electricity – and cutting CO<sub>2</sub> emissions by 7.65 tonnes per year. The Argenteuil site itself uses the remaining electricity.

### EN7: Reductions in energy of products and service

**Buying in green energy to reduce emissions**  
To further reduce our carbon footprint, Givaudan's Indirect Material & Services (IM&S) department started the transition to green energy in 2011 by buying electricity produced from renewable sources.

Electricity accounts for almost one-third of the total energy consumption of our manufacturing sites, but contributes around half of our total scope 1 and scope 2 CO<sub>2</sub> emissions.

Highlights in 2015 of the transition were:

- Givaudan, ahead of the United Nations Conference on Climate Change (COP21), signed the commitment '100% renewable electricity' put forward by the CDP's 'Road to Paris' initiative.
- Eight manufacturing sites moved to greener electricity.
- Three additional sites moved to full 100% green electricity, which makes a total of 10 sites out of our 34 manufacturing sites.
- The CO<sub>2</sub> emission load per purchased KWh of electricity was further reduced by 20.6% compared to 2014; against the 2009 baseline this figure is 31.7%. Of all electricity purchased, about 40% (33% in 2014) is produced from renewable sources, while 55.8% is carbon free (52% in 2014).

# Water

Givaudan's stated vision is to continuously drive operational excellence without compromising the environment. This is good for the environment and good for business.

## Our commitments

Improve eco-efficiency of manufacturing sites with a focus on greenhouse gas emissions, waste and water, and reduce our overall footprint against a 2009 baseline focusing on eco-efficiency for energy, carbon emissions, incinerated and land-filled waste, and municipal and groundwater.

In 2010, Givaudan set itself challenging eco-efficiency targets for 2020 which will be achieved ahead of schedule for energy, waste and CO<sub>2</sub>. Therefore, Givaudan announced in 2015 a strengthening of its 2020 eco-efficiency targets to reflect the Company's ambition to decouple growth and environmental impact. Givaudan aims to stabilise environmental impact while increasing production volumes.

Our water target was reconfirmed as 15% reduction per tonne by 2020 against the baseline 2009.

## Progress in 2015

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

-10.4% (against 2009 baseline)

During 2015, the water consumption per tonne figure slightly deteriorated from -11.7% (restated 2014 figure) to the stated -10.4%.

The increase in water consumption is a result of the investment in additional production capacity and acquisitions.

## How we manage this issue

The Environment Centre of Expertise, as part of the corporate EHS function, strongly encourages and supports our manufacturing sites to deliver against our global eco-efficiency targets.

Four drivers support our local Eco-efficiency Management Teams and local Green Teams in their on-going success in delivery against these targets:

- Most of our manufacturing sites have developed their site eco-efficiency plan (SEEP) setting individual eco-efficiency targets to be achieved over a period of two to three years. Motivated to achieve these targets, site teams identify additional saving projects or improve existing ones on an ongoing basis.
- Most successful Green Team eco-efficiency projects are rewarded with a dedicated eco-efficiency Green Team award that the Company introduced in 2014.
- The introduction of regular eco-efficiency performance reporting on site, regional, divisional and global level.
- The implementation of the 'Green Chapter' to capital expenditure project proposals as decided by the Executive Committee in 2014. The chapter has to outline eco-efficiency aspects, a cost/benefit analysis and a 'price on carbon' of the proposed investment.

The target setting, documentation of improvement initiatives and regular performance reporting by individual sites are aligned with the requirements and principles of the ISO 14001 Environmental Management System. To date, five Givaudan manufacturing locations have been certified against the ISO 14001 standard.

## Performance indicators

### EN8: Total water withdrawal by source

Water intake (m <sup>3</sup> )	2009	2014 (restated)	2015
Municipal water	2,286,999	2,370,368	2,340,554
Groundwater	1,074,035	1,307,663	1,405,028
Municipal and groundwater	3,361,034	3,678,031	3,745,582
Surface water	7,432,649	5,007,034	5,006,361
<b>Total water*</b>	<b>10,793,683</b>	<b>8,685,065</b>	<b>8,751,943</b>

\*Includes sanitary, cooling and process water

# Water

## Continued

### EN8: continued

#### Saving municipal water in Naarden, the Netherlands

The powder scrubbers at the Naarden site no longer run on municipal (drinking standard) water. Instead, Givaudan is now treating and reusing effluent water from its existing waste water treatment plant.

This saves 10,512m<sup>3</sup> per year in municipal water. It not only reduces financial costs, but also has a very high environmental benefit – municipal water is energy-intensive to produce, and water suitable for the process is increasingly scarce. Reusing treated effluent water lessens the impact on these natural resources, and in addition reduces the volume of discharged waste water into the local environment.

#### Reducing water use in Daman, India

After collecting and analysing water usage data, the Daman team set about reducing water needed for production through a training and awareness programme, together with engineering solutions to stop leakages and improve flow control.

After the training campaign, staff worked together to further decrease water requirements. This resulted in a 28.46% reduction in water consumption per tonne of production, despite the very limited scope for technology improvements. The team also achieved a 17.4% reduction in absolute water consumption compared to 2014.

#### More improvements in rainwater harvesting in Jigani, India

In 2012, Givaudan's Jigani site in India began using dry boreholes to harvest rainwater instead of purchasing water. This made water supplies completely self-sufficient, removing the costs and CO<sub>2</sub> emissions of having water delivered by trucks. This new H<sub>2</sub>O harvesting system captured water that drained from the surrounding higher grounds.

Data for 2015 show that the site now collects 11,000m<sup>3</sup> of water per annum. In 2015, the site consumed 7,000m<sup>3</sup> and returned the remaining 4,000m<sup>3</sup> to the local community. In 2015, the total groundwater consumption was 10% lower compared to 2014 – meaning even more water was returned to the local community.

# Emissions

**Givaudan's stated vision is to continuously drive operational excellence without compromising the environment. This is good for the environment and good for business.**

## Our commitments

Improve eco-efficiency of manufacturing sites with a focus on greenhouse gas emissions, waste and water and reduce our overall footprint against a 2009 baseline focusing on eco-efficiency for energy, carbon emissions, incinerated and land-filled waste and municipal and groundwater.

In 2010, Givaudan set itself challenging eco-efficiency targets for 2020 which will be achieved ahead of schedule for energy, waste and CO<sub>2</sub>. Therefore, Givaudan announced in 2015 a strengthening of its 2020 eco-efficiency targets to reflect the Company's ambition to decouple growth and environmental impact. Givaudan aims to stabilise environmental impact while increasing production volumes.

Our strengthened target for CO<sub>2</sub> emissions as of 2016 is the following:

- stabilise our carbon footprint by reducing our absolute CO<sub>2</sub> emissions by at least 4% year on year in order to compensate for our growing production volumes

## Progress in 2015

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

-30.9% (against 2009 baseline)

During 2015, the CO<sub>2</sub> per tonne figure improved from -24.6% to the stated -30.9% as a result of further energy efficiency

improvements and investments implemented by local Green Teams and local engineering teams.

The decrease of direct and indirect CO<sub>2</sub> emissions is further supported by the fact that several sites purchased greener electricity. In addition, seven of our manufacturing sites use electricity produced from 100% renewable sources. This electricity is partially covered with the purchase of renewable energy certificates. Some examples of efficiency projects are described later in this section.

The absolute total direct and indirect CO<sub>2</sub> emission has decreased against the 2009 baseline by 30,380 tonnes (i.e. 14%), while the production volume over the same period has increased by almost 25%.

## How we manage this issue

The Environment Centre of Expertise, as part of the corporate EHS function, strongly encourages and supports our manufacturing sites to deliver against our global eco-efficiency targets.

Four drivers support our local Eco-efficiency Management Teams and local Green Teams in their on-going success in delivery against these targets:

- Most of our manufacturing sites have developed their site eco-efficiency plan (SEEP) setting individual eco-efficiency targets to be achieved over a period of two to three years. Motivated to achieve these targets, site teams identify additional saving projects or improve existing ones on an ongoing basis.
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- The implementation of the 'Green Chapter' to capital expenditure project proposals as decided by the Executive Committee in 2014. The chapter has to outline eco-efficiency

aspects, a cost/benefit analysis and a 'price on carbon' of the proposed investment.

The target setting, documentation of improvement initiatives and regular performance reporting by individual sites are aligned with the requirements and principles of the ISO 14001 Environmental Management System. To date, five Givaudan manufacturing locations have been certified against the ISO 14001 standard.

## Monitoring carbon emissions

We participated in the annual CDP survey for investors as well as in the supply chain survey at the request of a number of customers. This year's performance score was A (on a scale of A-E with A being the highest) and the disclosure score was 100 (against a CDP-average of 80). The scores demonstrate that we regard the mitigation of climate change as a critical issue for our business and that we manage our carbon emissions through rigorous internal data management and the implementation of improvement initiatives.

## Performance indicators

### EN15: Direct greenhouse gas (GHG) emissions (Scope 1)

GHG emissions (tonnes) <sup>1</sup>	2014		2015
	2009	(restated)	
<b>Scope 1: from direct energy sources</b>	102,453	98,016	99,740

<sup>1</sup> Greenhouse gas data are limited to CO<sub>2</sub> emissions

### EN16: Energy indirect greenhouse gas (GHG) emissions (Scope 2)

GHG emissions (tonnes) <sup>1</sup>	2014		2015
	2009	(restated)	
<b>Scope 2: from indirect energy sources</b>	113,687	104,470	86,019

<sup>1</sup> Greenhouse gas data are limited to CO<sub>2</sub> emissions

# Emissions

## Continued

### EN17: Other indirect greenhouse gas (GHG) emissions (Scope 3)

GHG emissions (approximate tonnes)	2013	2014	2015
<b>Scope 3: Business travel</b>	14,950	14,020	9,790
	14,700	not available	14,900
<b>Scope 3: Commuting</b>	(as 2012)	available	
<b>Scope 3: Packaging</b>	50,385	51,812 (restated)	50,586
<b>Transport of goods<sup>1</sup></b>			
<b>Scope 3: Inbound raw material</b>	not available	27,902	31,322
<b>Scope 3: Outbound products to customers</b>	37,000	36,638 (restated)	32,370
<b>Scope 3: Outbound intercompany deliveries</b>	not available	12,894	12,416
<b>Total transport scope 3 emissions</b>		77,524	76,108
<b>Scope 3: Waste disposal</b>	not available	not available	14,842
<b>Scope 3: Fuel and energy related activities<sup>2</sup></b>	not available	not available	78,136

The majority of this data was collected through our global travel agent and we added an estimate, based on purchased tickets, to cover the few countries which book business travel locally.

<sup>1</sup> The figures include outbound transport by air, ship and road

<sup>2</sup> The figures cover CO<sub>2</sub> emissions related to the exploitation, production and transport of primary energy carriers and electricity, which are not included in scope 1 or 2 emissions; data are extracted from Ecoinvent database 2.2 (method: IPCC 2007)

### EN19: Reduction of greenhouse gas (GHG) emissions

In 2015, a significant intensity based and absolute reduction of CO<sub>2</sub> emissions has been realised.

This is the result of the many initiatives at our manufacturing sites to reduce energy consumption (see examples under EN6) as well as an increased use of electricity produced from renewable sources (EN7). For further initiatives on greenhouse gas emissions and reductions achieved, please refer to EN6 and EN7.

Aiming for Gold LEED certification

One example of the 'Green Chapter' being implemented in our CAPEX projects can be seen in Zurich, Switzerland, where a new administration/laboratory building under construction has been designed to LEED standards, with the goal of achieving Gold LEED certificate requirements.

The Zurich Innovation Centre (ZIC) features an innovative approach for a minimal resources consumption, covering the entire life cycle of the building, including planning, construction, operation and possible termination.

Eco-efficiencies at the ZIC are expected to result in 15% less energy use, 20% less water use, and a reduction of up to 75% in CO<sub>2</sub> emissions compared to a non-certified equivalent building. Photovoltaic panels will be used at the ZIC.

### EN20: Emissions of ozone-depleting substances (ODS)

Ozone-depleting substances	2009	2014	2015
<b>CFC inventory (kg)</b>	15,714	11,253	10,018
<b>CFC 11 equivalent inventory (kg)</b>	not available	654	624.96
<b>CFC loss-replacement (kg)</b>	1,393	854	1,701
<b>CFC 11 equivalent loss/replacement (kg)</b>	not available	52	99

### EN21: NOx, SOx, and other significant air emissions

Other significant air emissions	2009	2014 (restated)	2015
<b>Nitrogen oxides – NOx tonnes<sup>1</sup></b>	104.5	79	80
<b>Sulphur dioxide – SO<sub>2</sub> tonnes</b>	359	1.21	1.12
<b>Volatile organic compounds (tonnes)</b>	not available	438	476

<sup>1</sup> Quantity is calculated by multiplying the annual fuel consumption by the corresponding emission factor for fuel type

The strong drop in SO<sub>2</sub> emissions against the 2009 baseline is related to the fact that the use of heavy fuel oil ceased at one of our sites in 2014.

# Effluents and waste

Givaudan's stated vision is to continuously drive operational excellence without compromising the environment. This is good for the environment and good for business.

## Our commitments

Improve eco-efficiency of manufacturing sites with a focus on greenhouse gas emissions, waste and water, and reduce our overall footprint against a 2009 baseline focusing on eco-efficiency for energy, carbon emissions, incinerated and land-filled waste and municipal and groundwater.

In 2010, Givaudan set itself challenging eco-efficiency targets for 2020 which will be achieved ahead of schedule for energy, waste and CO<sub>2</sub>. Therefore, Givaudan announced in 2015 a strengthening of its 2020 eco-efficiency targets to reflect the Company's ambition to decouple growth and environmental impact. Givaudan aims to stabilise environmental impact while increasing production volumes.

Our strengthened target for waste production as of 2016 is the following:

- reduce our waste production per tonne of product by 4% year on year

To reduce our waste production we particularly focus on:

- encouraging the redesign of resource life cycles so that waste generation is minimised, with any unavoidable waste products being reused or recycled. Our ultimate aspiration is to achieve zero waste
- reducing the volume of effluents by reducing the intake of water from municipal and/or groundwater sources.

## Progress in 2015

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

-42.8% (against 2009 baseline)

During 2015, the waste reduction per tonne figure improved from -36.7% (restated 2014 figure) to -42.8%. This is the result of further efficiency projects and investments implemented by local Green Teams and local engineering teams. These projects focused on reducing waste and/or moving waste from incineration or land filling to recycling. As a result 71% of all waste generated in 2015 was recycled.

In addition to the stated local activities, this significant improvement against the 2009 baseline is a result of Givaudan applying the Dow Jones Sustainability Index (DJSI) programme's waste classification definitions since 2014. According to these definitions, waste material that can be used as fuel in boiler houses or sold to waste handling companies has a positive value for the Company and is therefore classified as 'recycled waste'. Over the past years of reporting we have seen that parts of our waste materials have a positive value and meet the DJSI's classification criteria.

Some of our waste reducing initiatives are described further in this section.

Reducing land filling of waste is a key priority and in 2015 about 9% less waste, compared to 2014, was sent to land filling.

## How we manage this issue

The Environment Centre of Expertise, as part of the corporate EHS function, strongly encourages and supports our manufacturing sites to deliver against our global eco-efficiency targets.

Four drivers support our local Eco-efficiency Management Teams and local Green Teams in their ongoing success in delivery against these targets:

- Most of our manufacturing sites have developed their site eco-efficiency plan (SEEP) setting individual eco-efficiency

targets to be achieved over a period of two to three years. Motivated to achieve these targets, site teams identify additional saving projects or improve existing ones on an ongoing basis.

- Most successful Green Team eco-efficiency projects are rewarded with a dedicated eco-efficiency Green Team award that the Company introduced in 2014.
- The introduction of regular eco-efficiency performance reporting on site, regional, divisional and global level.
- The implementation of the 'Green Chapter' to capital expenditure project proposals as decided by the Executive Committee in 2014. The chapter has to outline eco-efficiency aspects, a cost/benefit analysis and a 'price on carbon' of the proposed investment.

The target setting, documentation of improvement initiatives and regular performance reporting by individual sites are aligned with the requirements and principles of the ISO 14001 Environmental Management System. To date, five Givaudan manufacturing locations have been certified against the ISO 14001 standard.

## Biodegradability

Givaudan's biodegradability programme has been built on the expertise of our internationally recognised scientists who have developed novel methods to understand the fate of fragrance raw materials in the environment. This has resulted in the development and use of biodegradable fragrance materials that today represent over 50% of the total number of materials used for creation. This commitment to environmentally responsible materials has enabled Givaudan to meet ever-increasing requirements of regulators such as REACH in Europe or the EPA in the US who are encouraging industry to incorporate safety into designs. As an example, the US EPA has recognised Givaudan through its Sustainable Futures Program to be consistently delivering new fragrance materials to the market with high environmentally responsible designs.

# Effluents and waste

## Continued

### Performance indicators

#### EN22: Total water discharge by quality and destination

Water discharge (m <sup>3</sup> )	2009	2014	2015
<b>To the environment without biological treatment</b>	7,509,123	4,607,643	4,584,657
<b>To the environment after biological treatment</b>	1,928,725	1,952,078	1,883,521
<b>To external treatment facility without pre-treatment</b>	355,458	424,394	429,375
<b>To external treatment facility after pre-treatment</b>	1,311,436	1,754,174	1,725,231
<b>Total discharged water</b>	11,104,742	8,738,289	8,622,783.3

#### Quality monitoring of waste water

During 2014, as part of our Sustainability programme, we started to monitor the quality of waste water which is discharged into the environment after or without biological treatment. The water quality is monitored through Chemical Oxygen Demand (COD) analysis. The resulting 2015 total quantity of COD discharged has been measured and calculated at 466.7 tonnes.

#### Reusing waste water in Naarden, the Netherlands

The powder scrubbers at the Naarden site no longer run on municipal (drinking standard) water. Instead, Givaudan is now treating and reusing effluent water from its existing waste water treatment plant.

This saves 10,512m<sup>3</sup> per year in municipal water.

It not only reduces financial costs, but also has a very high environmental benefit – municipal water is energy-intensive to produce and water suitable for the process is increasingly scarce. Reusing treated effluent water lessens the impact on these natural resources, and in addition reduces the volume of discharged waste water into the local environment.

#### EN23: Total weight of waste by type and disposal method

Hazardous waste (tonnes)	2009	2014	2015
<b>Incinerated</b>	14,050	9,536	8,521
<b>Incinerated with energy recovery<sup>1</sup></b>	not available	4,673	4,129
<b>Land-filled</b>	728	533	396
<b>Recycled</b>	3,313	14,197	14,997
<b>Total hazardous waste</b>	18,091	24,266	23,914
<hr/>			
Non-hazardous waste	2009	2014	2015
<b>Incinerated</b>	3,058	2,245	2,145
<b>Incinerated with energy recovery<sup>2</sup></b>	not available	843	949
<b>Land-filled</b>	6,695	6,973	6,412
<b>Recycled</b>	16,350	29,866	27,911
<b>Total hazardous waste</b>	26,103	39,084	36,468

<sup>1</sup> Quantity of total incinerated waste which is incinerated with an energy recovery of at least 75%

<sup>2</sup> The percentage of the total recycled waste grew from 45% in baseline year 2009 to 71% in 2015. This figure increased to almost 80% when incineration with 75% energy recovery is also classified as 'recycled'.

#### Three ways to reduce waste in Cuernavaca, Mexico

The Cuernavaca Green Team achieved a significant reduction in waste through taking a focused and methodical, threefold approach. This included reducing waste by using up more raw materials before they expire and recovering materials from rejected batches.

Comparing 2015 to 2014, the 'kg incineration and landfill per production tonne' indicator improved by 66%. The amount of incinerated waste fell from 17 kg per tonne to 5.7 kg per tonne; 85 tonnes (70%) of rejected products no longer needed to be destroyed. All of this reduced CO<sub>2</sub> emissions.

#### Driving waste improvements in Cuernavaca, Mexico

The old waste disposal system involved sending waste cocoa and tamarind by tank truck to a single waste-handling site 25 km away. After some useful testing in 2014, adjustments made it possible to send waste by pipeline to the CIVAC Industrial Park Waste Water Treatment Plant (ECCACIV).

This new waste disposal system resulted in a 'Scope 3' CO<sub>2</sub> emission reduction. By using 75% fewer tank trucks for waste transportation – 25 as opposed to 103 – CO<sub>2</sub> emissions from tank trucks fell from 1,878 kg annually to just 456 kg per year.

# Products and services

Most of the products we manufacture and sell are used as an ingredient in consumer products.

## Our commitments

- Engage with customers to develop new technologies for healthier and sustainable products
- Do more with less, promoting innovative design based on concentrated quality and compacted fragrances
- Ensure our products are not persistent in the environment after their use.

## How we manage this issue

Our innovation and development teams regularly conduct research programmes to design more sustainable products using Green Chemistry principles and through sustainability profiling studies.

Givaudan has completed the biodegradability screening of all our perfumery ingredients, including natural materials. Rich with more than 20 years' experience in the biodegradability testing of fragrance ingredients, Givaudan has an extensive database of this information.

Disposal is not an issue for our flavour products, which are consumed at the end of their life cycle.

## Performance indicators

### EN27: Mitigation of environmental impacts of products and service

#### Eco-efficiency progress

For many years we have been working to reduce our water and energy use, and the amount of waste going to landfill or incineration. The table below indicates our progress in 2014-2015.

Average indicator value per tonne of product produced by Givaudan

Indicator	% reduction improvement 2013-2014	% reduction improvement 2014-2015
Used energy (Gjoules/tonne)	4.6%	-2.4%
Emitted CO <sub>2</sub> (kg/tonne)	6.3%	8.3%
Water usage (m <sup>3</sup> /tonne)	5.2%	-1.8%
Waste* generated (kg/tonne)	6.4%	9.4%

\*Waste going to land-filling or incineration

The slight increases for indicator value on a per tonne basis for water and energy is related to newly installed and acquired production capacity.

# Transport

Delivery of finished or intermediate products to our customers or other Givaudan manufacturing sites as well as inbound transport of raw materials are an important step in our value chain.

The carbon footprint related to our transport is significant compared to the footprint of our manufacturing activities. It is about 40% of our manufacturing footprint.

## Our commitments

– Sustainable logistics offers opportunities to improve the efficiency through reduced fuel usage and therefore lower transport costs.

## How we manage this issue

We monitor the environmental impact related to different transport modes by calculating CO<sub>2</sub> emissions. In 2015, cooperation with the Global Transport Governance team was established with the goal of improving the quality and reliability of reported data regarding inbound transport.

For that purpose a calculation model was developed by our logistics team by tracking through our SAP system all transport movements (by mode of transport) from delivery to receipt locations of raw materials, intercompany deliveries and deliveries to customers. Subsequently, to calculate the carbon footprint, CO<sub>2</sub> emissions factors per mode of transport were used as per the Cefic guideline of 2011. In 2015, we continued our programme of reducing reliance on air cargo to transport products.

## Supply chain project to reduce our carbon footprint

In 2012, we set up a Global Transportation Project to reduce freight spend and share best practices across the Company. The initiative also focused on identifying carbon savings through transport and distribution efficiency – in particular through shipment consolidation and by changing the mode of transport to less carbon intensive forms. Through close cooperation with supply chain managers in each of the regions, customer care managers and local site transportation managers, we have consolidated our approach to transportation across air, sea and road freight modes of transport. The project has also improved consolidation of products distributed between production sites and warehouses and production sites and customers.

## Performance indicators

### EN30: Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce

#### Product transportation

Using the newly developed calculation model and applying these to both 2014 and 2015, shipment data confirmed an almost 2% lower footprint in 2015 compared to 2014 at an almost constant annual production volume output (see EN 17 table in Emissions section).

Regarding the air cargo reduction project as starting in the Flavour Division in 2014, another 5% lower footprint was realised in 2015. Due to some temporary supply chain issues the total Givaudan air cargo footprint increased by 3%.

# Transport Continued

## EN30: Continued

### Transport-related incidents

Eight small transport/packaging related incidents were reported via our external emergency response provider. With the help of this provider all incidents were controlled. Most of the incidents were without any exposure to people or contamination of the environment and often were reported for notification only (i.e. not requiring any further assistance). One incident, a leaking drum, resulted in a small spillage into a drain; advice was given on how to avoid more material ending up in the drains and the need for a local specialist for clean-up. In another incident the local fire brigade was involved in the successful clean-up because of a potential risk of environmental contamination.

### Employee air travel

In 2015, employee travel – in terms of distance flown – was significantly reduced (by 23% compared to 2014). In addition, a significant shift from business to economy class, using DEFRA 2013 CO<sub>2</sub> conversion factors, has resulted in a 30% lower total footprint of 9,790 tonnes of CO<sub>2</sub> (see EN 17 table in Emissions section).

### Employee commuting

During 2015, a new employee survey about commuting practices was organised through our Green Teams. Based on collected responses, the footprint was estimated at 14,020 tonnes of CO<sub>2</sub>. Compared to the 2012 survey estimate the 2015 figure is 1.4% higher, but at a 5% higher number of employees.

### Packaging of finished product

Our SAP systems allow us to retrieve global data for the different types of packaging used. Combining these data with standard carbon footprint information from our suppliers enabled us to estimate the 2015 footprint for packaging at 50,860 tonnes, which is about 2.5% lower compared to the (restated) the 2014 footprint of 51,812 tonnes; at a constant production output (see EN 17 table in Emissions section).

# Supplier environmental assessment

Responsible sourcing of raw materials is an important element of Givaudan's Sustainability programme, and a key issue for many of our customers who increasingly want assurances of responsible supply chain practices, traceability and provenance.

As a signatory of the ten principles of the United Nations Global Compact, Givaudan holds itself to a high ethical and social standard of human rights, labour standards, and anti-corruption. Givaudan's Principles of Business Conduct require, among others, compliance with all applicable laws and regulations.

Givaudan has similar expectations of its vendors.

As per the United Nations Global Compact principles 7 - 9, Givaudan expects its suppliers to support a precautionary approach to environmental challenges, to take initiatives that promote greater environmental responsibility, and to encourage the development and implementation of environmentally friendly technologies.

## How we manage this issue

Givaudan initiates the vendor management programme as early as possible when developing new relationship with suppliers. This is communicated using the vendor expectation document.

Givaudan's suppliers are categorised by assessing their potential risk on health and safety, labour standards, the environment and business integrity. We then look to what extent our suppliers have the possibility of introducing positive changes in their system to mitigate these assessed risks.

One way of encouraging our suppliers to improve performance is to invite them to register with Sedex, a data-sharing platform to improve supply chain practices. Some then voluntarily go on to complete the Sedex Members Ethical Trade Audit (SMETA), which requires compliance in four key responsible sourcing pillars including Labour Standards, Business Ethics, Environment, Health and Safety. Non-compliance with these standards is not an option for Givaudan. One of the benefits of SMETA is that 'an audit for one is an audit for all'. Across AIM-PROGRESS this process is known as Mutual Recognition (MR), and it helps reduce supplier 'audit fatigue'. Internally, these processes are managed by our Procurement function. Our category managers, located around the world, play a vital role in helping to ensure compliance.

## Performance indicators

### EN32: Percentage of new suppliers that were screened using environmental criteria

All new relationships between Givaudan and vendors are developed under vendor requirement guidelines as reference material.

One way of encouraging our suppliers to improve performance is to invite them to register with Sedex, a data-sharing platform to improve supply chain practices.

- Total number of significant suppliers identified: 400
- Total number of suppliers assessed to date: 289
- Total number of suppliers assessed in 2015: 33
- Percentage of suppliers assessed to date: 72%
- Percentage of suppliers assessed in 2015: 8%



## Labour practices

This section concerns the social dimension of sustainability and Givaudan's impacts on, and responsibilities to, employees of the Company, including how people issues are managed.

### In this section:

- **51** Employment
- **53** Labour/management relations
- **54** Occupational health and safety
- **56** Training and education
- **58** Diversity and equal opportunities
- **59** Equal remuneration for women and men
- **60** Supplier assessment on labour practices and decent work

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# Employment

Rather than viewing organisational processes as ways of extracting more economic value, the best companies have a purpose beyond this. For Givaudan, this includes providing meaningful and rewarding jobs, and enhancing employees' quality of life.

## Our commitments

– Engage employees in making a positive difference.

We are committed to offering a workplace where people are able to achieve their career aspirations, be rewarded for their performance, and be given the best development opportunities.

## How we manage this issue

As long-term success is built with the strength of our people, Givaudan aims to equip our business leaders with the skills they need to excel while developing and challenging them, and rewarding talents in a performance-driven culture which promotes respect, openness and diversity.

## Recruitment and development

During 2015 we developed our new Employer Value Proposition (EVP) with our promise to current and future employees that they will be able to impact their world. More information, including a variety of employee testimonials that showcase our culture and attractiveness as an employer, can be found at: [www.givaudan.com/careers](http://www.givaudan.com/careers).

Recognising that we need to be where the people are, we have developed and implemented a digital branding and recruiting strategy. People can follow and engage with us on LinkedIn and Twitter.

[www.linkedin.com/company/givaudan](http://www.linkedin.com/company/givaudan)

<https://twitter.com/Givaudan>

We also launched an enhanced employer profile on Glassdoor, an online platform that allows users to rate their experience as a candidate, employee or ex-employee.

[https://de.glassdoor.ch/%C3%9Cberblick/Arbeit-bei-Givaudan-EI\\_IE10735.11,19.htm](https://de.glassdoor.ch/%C3%9Cberblick/Arbeit-bei-Givaudan-EI_IE10735.11,19.htm)

Once candidates are attracted to Givaudan, we need to assess their suitability in the best possible way. To this end we have designed and rolled-out the 'Selecting the Best' training for our managers to equip them with the right tools and skills to perform competency-based interviews and deliver a great candidate experience.

We are committed to helping our employees develop their full potential through attractive opportunities. We also actively manage our talent pipeline to ensure the sustainability and leadership positions of Givaudan. We give our people the time to learn and the right exposure to ensure their career growth, adopting a flexible approach to each person's skills and personal situation, wherever we can. We continued to enhance 'Engage', our integrated and comprehensive online platform for people processes. For example, this year we equipped managers and employees with a toolkit to conduct effective mid-year reviews.

In 2015, we reviewed our leadership programmes to build on the launch in 2014 of our culture and values. These aim to develop our employees, whether first-time managers or members of our executive community, and to build the awareness of our leaders around how best to foster and develop our culture, which we call our DNA. All our programmes, conducted throughout all regions, now prepare our leaders to be role models and custodians of our DNA.

We also introduced a development tool to enable our leaders to gather 360° feedback in relation to our DNA. Finally, the end of year evaluation of our employees' performance in 2015 in 'Engage' will take into account how they live our values and sustain our culture.

## Compensation and benefits

Compensation is a key component of Givaudan's people management strategy. Our philosophy is to provide market-competitive and fair compensation, while rewarding employees for individual and business achievements. Givaudan's wide-ranging benefits package is constantly assessed to make sure it is competitive and thorough. It includes comprehensive benefits to help employees meet their retirement, healthcare, income-protection and time-off needs. Our rewards strategy is currently being updated to meet management and employee expectations, especially in terms of providing more benchmarking transparency and filling in the gaps in the areas of rewards, education and communication.

## Work-life balance

Givaudan published a work-life balance position statement in March 2012.

## Calculation basis

All labour-related indicators in this report are related to headcounts, except on pages 6 and 12 where numbers of employees are full-time equivalent.

# Employment Continued

## Other examples of engagement initiatives from around the Givaudan world

To strengthen our performance and career discussions, Givaudan launched a mid-year review toolkit to help both employees and managers have effective discussions.

Among other initiatives:

- Asia Pacific initiated a 'Mindset of Best' Recognition programme in each country in the region. This programme is designed to facilitate a company culture of appreciation and recognition for outstanding performance.
- North America launched Flavour Forums – coffee networking, 'lunch and learns' for all employees. These sessions include internal and external speakers giving presentations on different topics to employees during lunch periods; cross-functional moves between Fine Fragrances and Consumer Products business units to work on short projects and share and learn from each other; open door mentoring; and career management sessions.
- France has a 'vis ma vie' ('live my life') programme for people who want to find out about activities in other departments. This is a way for employees to discover other jobs and decide whether a new job is relevant for them. Quarterly Mindset of best meetings have been established where the management committee gathers all employees to share the business vision and highlight personal initiatives and innovations. All employees must attend at least two mandatory trainings centred on developing creativity through new ways of working and change management.
- Latin America launched a pilot Recognition Plan in Mexico reflecting the Givaudan DNA; sessions on branding at universities with the participation of Commercial and FC&A teams; breakfast with directors with a number of selected employees; business results Town Halls; and a Pink October initiative aimed at raising breast cancer awareness.

## Performance indicators

### LA1: Total number and rates of new employee hires and employee turnover by age group, gender and region

#### Employment contracts initiated

Region	Age range			Female	Male
	<30	30-50	>50		
<b>Asia Pacific</b>	144	149	6	118	181
<b>Europe, Middle East, Africa</b>	157	201	13	157	214
<b>Latin America</b>	99	98	2	65	134
<b>North America</b>	71	119	15	71	134
<b>Total</b>	471	567	36	411	663

#### Employment contracts terminated

Region	Age range			Female	Male
	<30	30-50	>50		
<b>Asia Pacific</b>	60	150	27	102	135
<b>Europe, Middle East, Africa</b>	105	205	87	140	257
<b>Latin America</b>	40	86	12	46	92
<b>North America</b>	38	93	56	64	123
<b>Total</b>	243	534	182	352	607

#### Turnover rate (%)<sup>1</sup>

Region	Age range			Total	Female	Male
	<30	30-50	>50			
<b>Asia Pacific</b>	15%	9%	11%	10%	10%	10%
<b>Europe, Middle East, Africa</b>	19%	7%	8%	9%	9%	9%
<b>Latin America</b>	16%	10%	9%	11%	11%	11%
<b>North America</b>	19%	9%	8%	10%	9%	10%
<b>Total</b>	17%	8%	8%	9%	9%	10%

<sup>1</sup> Turnover calculation is based on number of terminations divided by total headcount during the reporting period

# Labour/management relations

Businesses face many uncertainties in the rapidly changing global market. Establishing genuine dialogue with freely chosen workers' representatives enables both workers and employers to better understand each other's challenges and find ways to resolve them.

## Our commitments

– Embrace diversity throughout our organisation and create an engaged and inclusive workforce.

## How we manage this issue

Givaudan supports the freedom of employees to join trade unions or other employee representative bodies, provided these bodies are properly constituted and in line with local laws and practices. Givaudan does not discriminate based on employee membership of, or association with, these bodies and seeks to enter into constructive discussions when issues arise. One example is the recent amendment of the European Works Council Agreement to take into account the most recent EU directives.

We continue to hold regular European Works Council consultations with a group of employees, which represents works council members from all EU member states where we have operations. The purpose is to keep employees informed about significant structural changes in the organisation, and to report any feedback to the Executive Committee. Updates on sustainability within Givaudan are regularly discussed with the European Works Council.

The last European Works Council was held on 25 September 2015.

## Performance indicators

### LA4: Minimum notice periods regarding operational change

Legal local notice period prior to the implementation of significant operational changes that could substantially affect our employees is respected either through direct communication to our employees or through their elected representatives.

Works councils or other employee representatives are present in most of our locations.

# Occupational health and safety

An essential part of being a responsible company and employer is the health and safety of our employees, and the protection of the environment in which we operate.

## Our commitments

– Reduce incidents by strengthening workplace environment, safety behaviour and awareness.

Our ultimate health and safety aspiration is to eliminate accidents. Our primary means of achieving this aspiration is through a 'Zero is possible' behavioural-based safety awareness programme designed to develop a strong culture in which every employee takes responsibility for their own safety, the safety of the people around them and the safety of the environments in which we operate.

## Progress in 2015

### Conduct 'Zero is possible' behavioural safety programme

We continued to build on our SafeStart™ safety awareness training, which is part of our global behavioural safety programme 'Zero is possible'. This included further roll-out of Our Safety Ground Rules (introduced in 2014). These rules, designed by employees, are a catalyst to take our safety performance to the next level by addressing common situations that may be encountered every day. The ground rules leverage the benefits of SafeStart™ training and key learnings from all accidents, near-misses and unsafe situations reported throughout Givaudan since 2009.

### LTI rate below 0.1 by 2020

The 2015 LTI rate increased by 17% compared to 2014 and at 0.42 (against our 2015 target of 0.27).

As Givaudan expands into new markets and businesses through acquisitions and joint ventures, we face periods of

adaptation in terms of institutionalising the Givaudan safety culture. The increase in LTI rate in 2015 is mostly related to this challenge, thus boosting our mandate to swiftly support and onboard our new colleagues to the integrated safety platform of Givaudan. We help them build internal networks, complete risk assessments, and support them with any behavioural changes necessary to successfully comply with our Global EHS policy.

## How we manage this issue

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

## Our dedicated global EHS Training Directive

Our EHS Training Directive describes the requirements to implement specific training in occupational safety and health to ensure that all employees have the knowledge and skills to protect themselves and others from occupational incidents and exposures leading to occupational illness.

The scope of this directive includes the target audience, principal and specific responsibilities of the global environment, health and safety (EHS) manager, the company manager, the local EHS manager, and the line manager (supervisor) as well as discipline for violation for training-related aspects.

The directive covers all sites, activities, processes and products of Givaudan and its affiliates and addresses all managers, employees, visitors and contractors. The training includes: induction training and initial briefing at the work station, emergency training, line manager training, office safety, and selection and training of trainers, EHS management system training, continuing education for EHS manager and EHS staff, supplemental and refresher training, and additional training to allow them to work independently.

## Execution of 'Zero is possible', an instrumental programme of our Global EHS Strategy

The execution of our Global EHS Strategy is facilitated by our network of local, regional and global EHS professionals, recognised as valued partners for our operations and business teams. Guidance, project management support and governance advice is provided by our corporate EHS Centres of Expertise in the fields of:

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

With actions visible on a daily basis, the 'Zero is possible' programme started in 2009 with the ultimate goal of zero occupational incidents. This programme consists of safety leadership training for line managers, a set of Safety Ground Rules and globally rolled out employee awareness training covering the behavioural aspects of occupational health and safety. As part of this programme, we are rolling out SafeStart™ training in all our manufacturing locations and progressively expanding it to commercial sites. These activities facilitate the implementation of safety contacts as well as periodic workplace inspections. Last but not least, every location receives a yearly pre-defined local safety target aligned with and contributing to the global objective in accident reductions.

# Occupational health and safety

## Continued

### Performance indicators

#### LA6: Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

Health and safety data

	2009	2014 (restated)	2015
<b>Fatalities</b>	0	0	0
<b>Number of LTIs</b>	79	31	37
<b>LTI rate</b>	1.03	0.36	0.42
<b>Lost day<sup>1</sup> rate</b>	N/A	9.38	8.43
<b>Number of Restricted Work Cases (RWC)</b>	28	32	25
<b>Number of Medical Treatment Cases (MTC)</b>	28	40	40
<b>Number of Total Recordable Cases (TRC)</b>	135	103	102
<b>Total Recordable Case Rate<sup>2</sup></b>	1.76	1.21	1.17
<b>Number of lost days</b>	N/A	801 (including 238 days carried over from previous years)	734 (including 184 days carried over from previous years)
<b>Number of hours worked</b>	15,341,093	17,080,935	17,417,988 <sup>3</sup>
<b>Absenteeism</b>	N/A	2.84%	2.41% <sup>4</sup>

<sup>1</sup> Number of lost work days resulting from work-related accidents per 200,000 working hours. Calculation based on scheduled work days lost from the day after the accident

<sup>2</sup> LTI and TRC are both according to the official OSHA definitions

<sup>3</sup> 9.5% of these represent external contractors for whom the Company is liable (Temps)

<sup>4</sup> Compared to the number of normal available working days, includes correction for employees working on a part-time basis

#### Total recordable cases by region and gender

Region	Number of total recordable cases – female	Number of total recordable cases – male
<b>Asia Pacific</b>	3	10
<b>Europe, Middle East, Africa</b>	6	47
<b>Latin America</b>	1	5
<b>North America</b>	4	26
<b>Total</b>	14	88

#### LTI rate – Lost day rate by region – Absenteeism

Region	LTI rate	Lost day rate	Absenteeism
<b>Asia Pacific</b>	0.15	2.17	0.87%
<b>Europe, Middle East, Africa</b>	0.76	11.69	3.40%
<b>Latin America</b>	0.22	0.73	1.37%
<b>North America</b>	0.07	12.43	2.39%

# Training and education

**An employee who receives the necessary training is better able to perform his or her job. Continuous training also keeps employees informed of cutting-edge industry developments.**

Employees who are competent and on top of changing industry standards help companies hold a position as a leader and a strong competitor within the industry.

## Our commitments

– Develop visionary, inspiring and challenging leaders who will achieve our ambitious targets, and ensure our future success.

## How we manage this issue

We foster a learning culture where more employees can take stock of their own progress on their skills and education needs. Employees may deal with challenging and stretching assignments, and constructive team feedback is becoming more widespread.

We are keen that our line managers regard themselves as 'talent champions': they should be committed to offering people flexible and wide-ranging development opportunities so they can maintain and increase their employability and boost their job satisfaction.

Givaudan has developed a Learning & Development strategy to strengthen capabilities and develop a high-performance culture. This strategy is articulated around four priorities:

1. Culture and onboarding
2. People management and leadership
3. Core business skills
4. Functional excellence

Our learning strategy encourages the 70/20/10 concept:

- learning by doing (70%)
- learning from others (20%)
- structured learning (10%).

## Leadership Senses

We have introduced a number of different management training programmes.

Employees selected to participate in our Leadership Senses programmes can register and start the mandatory online courses through our Learning Management System (LMS) available in 'Engage', our integrated people processes online platform launched in 2013.

Approximately 150 employees attended the courses in 2015.

## Leadership Senses 'Begin'

Designed for new managers, our Leadership Senses 'Begin' programme recognises that managing people for the first time can be challenging, especially when moving from doing the work oneself to working through others. The programme equips our new managers with the insights and tools they need to lead themselves and others more effectively. They learn to communicate more effectively, influence across the organisation, and lead others to achieve their goal, as well as to coach them and develop them. Participants have a leadership challenge after the course, which is evaluated three months after the end of the training. They then go through a 360° assessment.

## Leadership Senses 'Evolve'

At the next stage, our 'Evolve' programme focuses on future senior leaders. Supported by the Executive Committee, the course is designed to:

- Inspire – provide personalised development which starts with a self-assessment and deep dive into leadership preferences. Participants work on their own self-awareness throughout the programme, supported by personal coaches and their managers.

– Challenge – encourage individuals to be the best they can, while they learn from both internal and external experts about key global trends and economic forecasts likely to impact Givaudan, the financial drivers underpinning our business, and how to inspire as a leader.

– Be delivered with heart and soul – use the best education providers at all levels so we have the right insight, support and guidance on the leadership journey.

– Have a 'Mindset of best' – participants apply their learning to a strategic business project to cement the learning and enable them to lead and role model these behaviours and practices for others.

Participants in the 'Evolve' programme must develop and lead a strategic project, which should have a direct financial impact. Evaluation of this project takes place six months after the training, and participants go through a 360° assessment.

Both the Fragrance and Flavour divisions are now conducting Business Master Classes to train, educate and develop their global sales force. The Fragrance Division has extended the Business Master Class concept to its Fragrance Development teams. In 2016, we will be redesigning the Master Classes in line with our 2020 strategy.

## Academia

Other functions also conduct their Academies, such as Procurement, IT and EHS.

– More than 60 EHS experts – 40 men and 24 women – representing over 20 nationalities and many different teams came together for the inaugural EHS Academy in early June 2015. This diversity was a strength of the event, enabling sharing, listening and understanding. Stakeholders were at the heart of the programme, and several Givaudan contributors from outside of EHS took part in the Academy.

– Givaudan is using several assessment tools to build self-awareness, and to date over 50 internal coaches have been trained to use them.

# Training and education Continued

–In September 2015, a Perfumery School opened in Singapore, becoming the second Givaudan campus for the art of perfumery. The school will train future perfumers in partnership with the Givaudan Perfumery School in France and continue the development of existing perfumers aligned with Perfumery Learning Path.

## Performance indicators

### **LA11: Percentage of employees receiving regular performance and career development reviews, by gender**

<b>Female</b>	86%
<b>Male</b>	52%

# Diversity and equal opportunities

## Equal opportunity is necessary in order to cultivate a set of leaders with legitimacy in the eyes of employees.

It is therefore necessary that the path to leadership is visibly open to talented and qualified individuals of every race, gender and ethnicity. Respecting and celebrating diversity also adds value to the experience of working for and with Givaudan.

### Our commitments

– Embrace diversity throughout our organisation and create a diverse and inclusive workforce.

### Progress in 2015

A wider Givaudan workforce is represented in senior leadership positions.

The current percentage of female employees in Givaudan's senior leadership positions has increased to 20.7% in 2015, an improvement on last year's performance.

### How we manage this issue

It is Givaudan's policy to recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed, without regard to race, age, sex, national origin or any other non-relevant category. We embrace diversity throughout our organisation and are fully committed to creating a diverse and inclusive workforce.

In particular, we try to promote women as much as we can into managerial positions, and we produce analytics to track progress in this regard (including percentage of women in leadership positions).

Our Diversity Position Statement outlines our commitment to ensuring a representative workforce that reflects the diverse communities in which we operate.

For more information

[www.givaudan.com/sustainability/expert-corner/governance](http://www.givaudan.com/sustainability/expert-corner/governance)

The Executive Committee has approved the appointment in 2016 of a dedicated Talent & Diversity Programme Manager who will be responsible for developing processes and driving different global, regional and functional initiatives around talent management and diversity.

### Performance indicators

#### LA12: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

##### Composition governance (Executive Committee and Board of Directors)

	Executive Committee/ Board	%	<30	30–50	>50
Female	2	11	0	0	2
Male	16	89	0	2	14

##### Employees' categories and composition of governance bodies

	Male			Female			Total
	<30	30–50	>50	<30	30–50	>50	
Senior management*	0	65	69	0	17	18	169
Middle management	27	1,077	407	42	1,058	208	2,819
Associates	804	2,810	1,074	542	1,502	416	7,148
<b>Total</b>	<b>831</b>	<b>3,952</b>	<b>1,550</b>	<b>584</b>	<b>2,577</b>	<b>642</b>	<b>10,136</b>

Including the Executive Committee

# Equal remuneration for women and men

## Companies with a reputation for compensating men and women equally may have access to a larger talent pool when recruiting and hiring.

Highly qualified candidates may be more likely to consider working for a company if they believe opportunities for economic growth will be available to them as they demonstrate their value, regardless of their gender. Once hired, productive workers may be more likely to remain with the organisation if they believe they are being compensated fairly.

### Our commitments

–Embrace diversity throughout our organisation and create a diverse and inclusive workforce.

### How we manage this issue

A robust process and a continuously updated rewards strategy for Givaudan employees are in place to ensure our compensation offering is competitive and enables us to attract, retain and motivate qualified employees. This process includes all markets where we operate, all job functions and all levels. We achieve this by conducting annual (and in some cases bi-annual) benchmarking studies. Salaries are reviewed by taking into account various macroeconomic data (including cost of living) and market evolution. In developing markets and high-inflation environments, we may review compensation more frequently. We also have a profit sharing scheme which allows our non-management employees globally to share in Company profits. These elements are also reviewed at the senior management level each year.

Our Principles of Business Conduct state: "It is Givaudan's policy to recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed without regard to race, age, sex, national origin or any other non-relevant category."

Our Diversity Position Statement reinforces our commitment to equal pay.

For more information  
[www.givaudan.com/sustainability/expert-corner/governance](http://www.givaudan.com/sustainability/expert-corner/governance)

### Performance indicators

#### LA13: Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation

We do not report average salary by gender because we consider this information as confidential.

We are committed to promoting diversity.

In 2011, we launched our Diversity Position Statement, defining what diversity means to Givaudan and explaining where we are successful in managing diversity. We defined our main areas of focus on diversity as continuing our current successful practices and increasing the representation of females in senior leadership positions.

Since the publication of our position on diversity, a number of activities have been taking place across the organisation in active support of Givaudan's commitment. Of particular significance, we interviewed more than 50 female employees and senior leaders globally for their insights and perspectives. We needed to listen and learn from Givaudan's community in relation to diversity, career progression and leadership. Their input gave us a better understanding of what we do well and also highlighted our areas of development.

As a next step, the Executive Committee has approved the appointment in 2016 of a dedicated Talent & Diversity Programme Manager who will be responsible for developing processes and driving different global, regional and functional initiatives around talent management and diversity.

# Supplier assessment on labour practices and decent work

Responsible sourcing is an important element of Givaudan's Sustainability programme, and a key issue for many of our customers who increasingly want assurances of responsible supply chain practices, traceability and provenance.

As a signatory of the ten principles of the United Nations Global Compact, Givaudan holds itself to a high ethical and social standard of human rights, labour standards, and anti-corruption. Givaudan's Principles of Business Conduct require, among others, compliance with all applicable laws and regulations.

Givaudan has similar expectations of its vendors.

As per the United Nations Global Compact principles 1-6, Givaudan expects its suppliers to respect human rights standards. In particular, we ask our vendors to abide by all laws regarding the abolition of child labour and human trafficking.

See Givaudan's communication on progress: [www.unglobalcompact.org/COPs/active/137921](http://www.unglobalcompact.org/COPs/active/137921).

We also participated in the UNGC Switzerland chapter hosted by the Richemont company in Geneva.

## How we manage this issue

Responsible sourcing is concerned with the origins of raw materials and how they are produced. Our raw materials have a long journey from local producers around the world to Givaudan warehouses. These journeys involve thousands of people and their wider communities.

Ensuring that social and environmental practices are upheld across the entire supply chain is a particular challenge relating to responsible sourcing. Our approach is to work with our direct suppliers.

Our Givaudan vendor management programme is available to our direct suppliers, and the wider public, on our website. We review the current practices of our direct suppliers and identify issues, before working together to put them right. Our goal is to increase the scope of suppliers assessed and the number that become fully compliant.

Givaudan's suppliers are categorised by assessing their potential risk on health and safety, labour standards, the environment and business integrity. We then look to what extent our suppliers have the possibility of introducing positive changes in their system to mitigate these assessed risks.

One way of encouraging our suppliers to improve performance is to invite them to register with Sedex, a data-sharing platform to improve supply chain practices. Some then voluntarily go on to complete the Sedex Members Ethical Trade Audit (SMETA), which requires compliance in four key responsible sourcing pillars including Labour Standards, Business Ethics, Environment, and Health and Safety. Non-compliance with these standards is not an option for Givaudan. One of the benefits of SMETA is that 'an audit for one is an audit for all'. Across AIM-PROGRESS this process is known as Mutual Recognition (MR), and it helps reduce supplier 'audit fatigue'. Internally, these processes are managed by our Procurement function. Our category managers, located around the world, play a vital role in helping to ensure compliance.

As a member of AIM-PROGRESS organisation, we are following the recommendations on how to address human rights issues:

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

Additionally, Givaudan is a member of the Natural Resources Stewardship Circle, which is also strongly involved in defending human rights and labour standards, particularly in remote local communities:

[nrsc.fr/Performance%20indicators](http://nrsc.fr/Performance%20indicators)

## Performance indicators

### LA14: Percentage of new suppliers that were screened using labour practices criteria

All new relationships between Givaudan and vendors are developed using vendor requirement guidelines as reference material.

We encourage selected suppliers to improve their performance. One way we do this is by inviting suppliers to register with Sedex, a data-sharing platform to improve supply chain practices.

- Total number of significant suppliers identified: 400
- Total number of suppliers assessed to date: 289
- Total number of suppliers assessed in 2015: 33
- Percentage of suppliers assessed to date: 72%
- Percentage of suppliers assessed in 2015: 8%



## Human rights

This section concerns the social dimension of sustainability and the extent to which processes have been implemented by Givaudan to mitigate incidents of human rights violations, including how incidents are managed and remediated.

### In this section:

- 
- 62 Child labour
  - 63 Supplier human rights assessment
-

# Child labour

**All forms of child labour are against our Company principles and values and therefore we have a corporate principle, risk assessment processes and prevention measures in place to help prevent child labour at Givaudan and in our supply chain.**

Eliminating the risk of child labour in our supply chain is of paramount importance to Givaudan. We deeply value the transparent and trusting relationships we have with all our stakeholders, including our suppliers, our customers and ultimately our employees, who expect us to operate at the highest level of corporate social responsibility.

As a signatory of the ten principles of the United Nations Global Compact since February 2010, Givaudan holds itself to a high ethical and social standard of human rights, labour standards, and anti-corruption. Givaudan has its Principles of Business Conduct, which require it, among others, to comply with all applicable laws and regulations.

Givaudan has similar expectations of its vendors. As per the United Nations Global Compact principles 1-6, Givaudan expects its suppliers to respect Human Rights Standards. In particular, we ask our vendors to abide by all laws regarding the abolition of child labour and human trafficking.

See Givaudan's communication on progress in UN Global compact website: [www.unglobalcompact.org/COPs/active/137921](http://www.unglobalcompact.org/COPs/active/137921)

## How we manage this issue

Givaudan is a signatory to the United Nations Global Compact, which is a strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. Principle 4 seeks the

“elimination of all forms of forced and compulsory labour”. Principle 5 seeks the “effective abolition of child labour”.

Givaudan's Principles of Business Conduct represent a governing charter for ethical behaviour including, amongst others, the fair treatment of employees with mutual respect and without any form of discrimination. These Principles also outlaw all forms of exploitation of children, including by suppliers, and stipulate that Givaudan will not provide employment to children before they have completed their compulsory education. We will also not knowingly do business with suppliers that use child labour.

Givaudan's suppliers are categorised by assessing their potential risk on health and safety, labour standards, the environment and business integrity. We then look to what extent our suppliers have the possibility of introducing positive changes in their system to mitigate these assessed risks.

We select and audit strategic suppliers based on risks to ensure they are in compliance with the Givaudan vendor management programme, available publicly in our website. They should also be in compliance with their own local laws, and that they are not using child labour, slaves or those subjected to human trafficking. One way we do this is by participating in the Supplier Ethical Data Exchange (Sedex). A core principle of the Sedex model is the avoidance of unfair or unsafe labour practices, which includes slavery and human trafficking.

We respect the Ethical Trade Initiative base code and audit supplier practices regarding child labour using the same code that states “Child labour shall not be used”:

- there shall be no new recruitment of child labour
- companies shall develop or participate in and contribute to policies and programmes that provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child
- children and young persons under 18 shall not be employed at night or in hazardous conditions

–these policies and procedures shall conform to the provisions of the relevant International Labour Organization (ILO) standards.

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.

## Performance indicators

### **HR5: Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour**

Child labour or young workers exposed to hazardous work can be an issue across the entire supply chain covering our own operations and our suppliers.

100% of operations assessed for risk

Since 2008, Givaudan has been an active user of the Sedex platform which incorporates human rights risks in its assessments. Since 2010, all Givaudan manufacturing sites have been registered on Sedex and completed Sedex self-assessment questionnaires (SAQ) to share information with customers. Givaudan annually reviews and updates the SAQ. To date, 28 Givaudan sites have been audited according to SMETA standards.

Significant suppliers assessed for risk

In 2015, we surpassed our 2015 objective to have 200 priority suppliers registered with Sedex. In total, 297 key raw material suppliers are now registered with Sedex. These suppliers represent over 70% of our spend.

# Supplier human rights assessment

Responsible sourcing of raw materials is an important element of Givaudan's Sustainability programme, and a key issue for many of our customers who increasingly want assurances of responsible supply chain practices, traceability and provenance.

As a signatory of the ten principles of the United Nations Global Compact, Givaudan holds itself to a high ethical and social standard of human rights, labour standards, and anti-corruption. Givaudan's Principles of Business Conduct require, among others, compliance with all applicable laws and regulations.

Givaudan has similar expectations of its vendors. As per the United Nations Global Compact principles 1-6, Givaudan expects its suppliers to respect Human Rights Standards. In particular, we ask our vendors to abide by all laws regarding the abolition of child labour and human trafficking.

## How we manage this issue

Responsible sourcing is concerned with the origins of raw materials and how they are produced. Our raw materials have a long journey from local producers around the world to Givaudan warehouses. These journeys involve thousands of people and their wider communities.

Ensuring that social and environmental practices are upheld across the entire supply chain is a particular challenge relating to responsible sourcing. Our approach is to work with our direct suppliers.

Our Givaudan vendor management programme is available to our direct suppliers, and the wider public, on our website. We review the current practices of our direct suppliers and identify any issues, before working together to put them right. Our goal is to increase the scope of suppliers assessed and the number that become fully compliant.

Givaudan's suppliers are categorised by assessing their potential risk on health and safety, labour standards, the environment and business integrity. We then look to what extent our suppliers have the possibility of introducing positive changes in their system to mitigate these assessed risks.

One way of encouraging our suppliers to improve performance is to invite them to register with Sedex, a data-sharing platform to improve supply chain practices. Some then voluntarily go on to complete the Sedex Members Ethical Trade Audit (SMETA), which requires compliance in four key responsible sourcing pillars including Labour Standards, Business Ethics, Environment, and Health and Safety. Non-compliance with these standards is not an option for Givaudan. One of the benefits of SMETA is that 'an audit for one is an audit for all'. Across AIM-PROGRESS this process is known as Mutual Recognition (MR), and it helps reduce supplier 'audit fatigue'. Internally, these processes are managed by our Procurement function. Our category managers, located around the world, play a vital role in helping to ensure compliance.

## Performance indicators

### HR10: Percentage of new suppliers that were screened using human rights criteria

All new relationships between Givaudan and vendors are developed under vendor requirement guidelines as reference material.

We encourage selected suppliers to improve their performance. One way we do this is by inviting suppliers to register with Sedex, which is a data-sharing platform to improve supply chain practices.

- Total number of significant suppliers identified: 400
- Total number of suppliers assessed to date: 289
- Total number of suppliers assessed in 2015: 33
- Percentage of suppliers assessed to date: 72%
- Percentage of suppliers assessed in 2015: 8%



## Society

This section concerns the social dimension of sustainability and the extent to which processes have been implemented by Givaudan to mitigate incidents of human rights violations, including how incidents are managed and remediated.

### In this section:

- 65 Local communities
- 67 Anti-corruption
- 68 Public policy

# Local communities

Local communities where we operate have the ability to impact our business – and they in turn can be impacted by our activities. They have therefore been designated as one of the six key stakeholders with whom we conduct on-going stakeholder dialogue.

## Our commitments

- Work together with our local communities on projects and causes that benefit the communities where we work
- Build partnerships with non-profit organisations and work on charitable themes: blindness, family nutrition and supporting local communities.

## Progress in 2015

Givaudan developed a number of partnerships in 2015 around its three charitable themes: blindness, nutrition and other charitable initiatives. Projects on our charitable themes are carried out by our local Green Teams – cross-functional teams of volunteer employees.

### Blindness

#### Looking to long-term eye care, India

A three-year eye care programme to help a large Indian community of more than 100,000 people is being sponsored by Givaudan India at Jigani in Bangalore in partnership with two other organisations – Operation Eyesight Universal of Canada (our technical partner) and the Vittala Eye Hospital in Bangalore, a charitable eye hospital. In 2015, the programme focused on training community health workers and screening the residents of what is an economically challenged community to classify eye conditions, ahead of treatment and rehabilitation. Through the

training of community health workers, the programme is expected to be self-sustaining after the three-year period.

### Nutrition

#### Tackling schoolchildren obesity, Brazil

Overweight and obesity is an increasing problem in Brazil, and our team at Jaguaré site has been addressing this through a project called My Healthy Dish, aimed at educating schoolchildren about healthier nutrition choices throughout the day. The project was introduced in 2013 at a school near the site for children aged 10-13, in partnership with the health institute of the University of São Paulo. The programme, which has reached a total of 340 pupils since it started, focuses on encouraging better eating habits and adding more nutrients to their diet, helping reduce the number of overweight and obese children. In 2015, there was seen to be an overall increase in better eating habits through higher fruit and vegetable consumption, as well as more physical activity and a decrease in the intake of sweets and soda.

#### Supporting malnourished orphans, India

Nutritional support over three years for a total of 600 children in orphanages is being organised by our Green Team at Mumbai in India in a two-phase programme that started in July 2015. Following a survey by a partner NGO showing a high level of malnutrition (50%) in 20 orphanages, children aged 6-18 are receiving support with the aim of increasing their BMI (body mass index) to satisfactory levels. In consultation with health experts, our team launched the first phase by supplementing the diet given by the orphanages, providing food of improved quality and quantity as well as appropriate kitchen equipment. This first phase, over 18 months, impacts 300 children; the second phase will involve 300 more.

### Other outreach such as health education and culture

#### Using recycled materials for gift creations, Argentina

Givaudan Argentina's Social Committee, with the participation of the Green Teams from two sites, has developed a sustainable programme for the rehabilitation of drug addicts. For six years, patients at a rehabilitation farm for drug addicts near Buenos Aires in Argentina have been using industrial wooden pallets and other recycled materials from Givaudan to design and create gifts for our customers. Having gained experience and confidence in these skills over the years, patients taking part in the therapy programme were encouraged in 2015 to complete their woodwork design and gifts for Givaudan within set timelines. Twenty-five patients successfully took part in this challenge, making 200 gifts using 30 pallets within two weeks.

#### Toy safety day for migrant children, China

Our Green Team and employees from our logistics department partnered with local authorities and an NGO to organise a toy safety day for pupils at a migrant school at Junde in the Pudong New Area of Shanghai. As well as strengthening links with other organisations, the day brought practical benefits on safety to children. The event used a specially designed classroom programme and was followed by the donation of books and toys to the children and school. The toy safety day was an extension of our sponsorship of eye care programmes for migrant children in China.

#### Making the most of waste, France

Our social contribution is made in many different ways, for example through the collection of waste items such as spectacles/glasses, bottle caps and corks to help children in Africa and people with disabilities. These items were collected at our Argenteuil and Kléber sites in France in special recycling containers that were funded through the prize money from a previous Green Team award. Under the programme, the collected waste is redistributed to three different organisations: two of these make money from the waste and were able to fund wheelchairs and training of guide dogs for the blind; the third organisation sends spectacles to Africa where, after being tested, they are redistributed to children and disabled people.

# Local communities

## Continued

### Enhancing the sensory experience of museum visitors, Singapore

The smell of special new fragrances from Givaudan accompanied the reopening of the permanent galleries of the National Museum of Singapore in September 2015. From the smell of rain to that of a previously polluted local river, our fragrances enhance the sensory experience of gallery visitors via seven scent stations. These scents help to accentuate the significant historic artefacts as well as create greater emotional connection between visitors and the compelling historical stories and background. This project and collaboration with the museum, which is expected to continue for 10 years, is relevant to our sustainability aspirations of engaging the community and nation.

### Hands-on lessons for healthy behaviour, Thailand

Our Green Team in Bangkok visited Baan Dek Raeron, a local foundation for homeless children, to help them teach healthy behaviour through sessions on hygiene and nutrition. Using hand wash and toothpaste products, our team worked with 20 children aged 3-12 to demonstrate how washing their hands and brushing their teeth can keep them healthy. The children particularly liked using a model mouth showing how to properly use a toothbrush and the importance of preventing dental problems. We also provided healthy food for the children and donated money, clothes and toys.

### Keeping a traditional country skill alive, UK

Hedge-laying, in which natural vegetation is partially cut and positioned to grow and create a natural hedge, is a traditional skill being lost to mechanisation. The Great Stour Meadow at Givaudan's Ashford site is a long-term biodiversity project with the Kentish Stour Countryside Partnership. Through this partnership Givaudan engaged one of the small number of local people able to carry out hedge-laying to lay about 180 metres of hedge in the meadow, adjacent to a main road. This work, carried out over about eight weeks, resulted in improvements in security and natural habit to increase meadow biodiversity.

### Bringing the environment to life, UK

About 120 children from a local primary school spent two days at the Great Stour Meadow at Ashford to pond dip, hunt for insects and learn about camouflage and wildlife habitats in general. This education project brought nature and the environment to life for the enthusiastic children and enhanced their learning, building on class-based lessons. From the Givaudan perspective it enhanced our links with the local community. The visit, which may become an annual event, was part of a partnership operating since 2000 between Givaudan and the Kentish Stour Countryside Partnership.

### How we manage this issue

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 particular, we listen to community representatives to make sure we take their point of view into account, and integrate this feedback into our sustainability activities.

On most sites, formal relationships have been established both with local authorities and with significant organisations representing neighbours, or working on specific environmental and social issues.

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. Every year we monitor this programme, and in 2015 the results established:

–all our sites have ongoing interactions with local authorities regarding regulatory affairs

–35 of our 36 manufacturing sites (97%) have implemented effective local community development programmes.

The Company's commitment to local communities is further reinforced by the actions of the Givaudan Foundation. Launched in 2014, the non-profit organisation is dedicated to improving the social conditions of local communities through programmes for education, health and protection of the environment. Some of our Origination initiatives have been supported by the Foundation since 2014.

### Charitable giving

We also monitor charitable spend on every site. Since 2012, we have implemented an annual budget allocation process for charitable giving for all our sites. Spend is controlled and consolidated by a sustainability controller. Every site manager is responsible for the way the site budget is spent. He or she has some freedom to allocate funding to local organisations providing they comply with Givaudan guidelines and local laws on non-profit organisations. In 2015, the total spend on charitable giving for local communities was CHF 810,334.

### Performance indicators

#### SO1: Percentage of operations with implemented local community engagement, impact assessments, and development programmes

35 of our 36 manufacturing sites (97%) have implemented effective local community development programmes.<sup>1</sup>

<sup>1</sup> For the site that does not have a formal local communities development programme, employees participate in social activities with the other sites in the same country.

# Anti-corruption

**Ethical behaviour by Givaudan's employees, agents and business partners is of utmost priority to Givaudan. We can be held responsible not just for our own actions, but also for the actions of our agents, consultants and certain other business partners.**

Penalties for violating bribery and corruption laws are severe, including prison sentences and significant fines. In addition, mere allegations of bribery or corruption violations can damage Givaudan's reputation.

## How we manage this issue

Most countries where we operate have anti-bribery laws, including the UK Bribery Act, the US Foreign Corrupt Practices Act and anti-bribery laws and regulations of other countries where Givaudan either already does business or intends to do so. Our actions will be particularly scrutinised whenever public officials are involved.

Corruption is managed as part of the Givaudan compliance management system through the following instruments:

- corruption is one of the risk areas regularly reviewed by the Corporate Compliance Officer as part of a compliance risk assessment
- corruption and inappropriate gifts and entertainments are prohibited in Givaudan's Principles of Business Conduct. In addition, in 2011 Givaudan introduced a Global Anti-Bribery, Gifts, Entertainment and Hospitality policy addressing the issue in more detail, including reporting of gifts and entertainment. Both documents are available to employees in all major Company languages. The policy was reconfirmed in 2013

- Givaudan has included corruption and gifts/entertainment in its basic compliance training for all permanent Givaudan employees. Moreover, Givaudan has introduced specific anti-bribery training for employees with material outside stakeholder relations. Both trainings are available in all major Company languages
- Givaudan discloses charitable contributions and sponsorship
- as part of the monitoring activities, Givaudan has introduced a compliance helpline to allow employees to report compliance issues in confidence. The compliance helpline has been opened in all sites worldwide. It is also available in all major Company languages
- Givaudan has enacted a procedure for the selection and engagement of agents and distributors, which includes a formal due diligence review and minimum requirements for agent contracts and payments

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

## Performance indicators

### SO4: Communication and training on anti-corruption policies and procedures

Basic anti-bribery training, as part of our general code of conduct training, has been completed by 92% of all eligible employees outside the US (active and those who have left the Company), including all members of our Executive Committee.

Additionally, 5,044 employees whose work involves regular and direct contact with external stakeholders, including the entire Executive Committee and all employees in the US, have so far been invited to complete a specific anti-bribery training and 4,968 employees (98%) including all members of the Executive Committee have completed it.

# Public policy

As the largest fragrance and flavour company, Givaudan takes responsibility to support, and in many cases lead, the development of public policy that impacts the fragrance and flavour industry.

## How we manage this issue

Givaudan supports, and in many cases leads, industry-wide programmes with international industry associations – the International Fragrance Association (IFRA) and the International Organization of the Flavor Industry (IOFI) – and many national associations for assuring the safe use of flavours and fragrances in consumer products. No funds are used to benefit organisations of a political nature.

Givaudan continues to drive the regulatory advocacy activities within the IOFI. For example, this committee, chaired by Givaudan, works closely with the European Union (EU) Food Safety Authority, the EU Commission and the European Flavour Association (EFA) to ensure smooth implementation of the most important reforms to flavour regulations in the EU over the past 30 years. Givaudan also actively participates in national trade associations in the United States (Flavor and Extract Manufacturers Association – FEMA), Japan (Japanese Facility Management Association – JEFMA) and Europe to respond to questions and issues raised by local and regional health authorities. In each case, Givaudan educates regulators in the development of sound regulations promoting the safe use of flavourings.

The Fragrance Division provides leadership to the global industry in regulatory advocacy activities within the IFRA, both at global and regional level.

Givaudan is leading industry efforts to enhance the regulation of allergens in Europe, as well as to protect the intellectual property of fragrances in both Europe and the US.

## Performance indicators

### SO6: Total value of political contributions by country and recipient/beneficiary

No funds are used to benefit organisations of a political nature.



## Product responsibility

This section concerns the social dimension of sustainability and the extent to which processes have been implemented by Givaudan to mitigate incidents of human rights violations, including how incidents are managed and remediated.

### In this section:

- 
- 70 Customer health and safety
  - 72 Product and service labelling
-

# Customer health and safety

Ensuring consumer safety for use of Givaudan's fragrance and flavour products is a core responsibility of the business, both for ethical and legal reasons.

## Our commitments

- Gather information on the origin of our ingredients to contribute to regulatory requirements, safety and issue management
- Ensure Givaudan products are safe for people and the environment when used as intended
- Promote health and wellness through our products
- Engage with customers to develop new technologies for healthier and more sustainable products.

## Progress in 2015

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

We continue to work towards achieving our REACH compliance goals. From the inception of REACH, through pre-registration and two in-registration deadlines, we have met our objectives. We are now working towards fulfilling our registration requirements ahead of the 2018 deadline.

### Flavour Division with new flavour regulations around the world

As the regulatory requirements around the globe are enhanced to ensure a safe food supply for the world's growing population, Givaudan continues to improve the quality of its flavours.

## How we manage this issue

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

## Regulatory assessments

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

We maintain stringent methodologies to assure the safety and quality of our products. To enhance these, and to ensure we meet ever-changing regulatory requirements, we have developed a SAP-based global Regulatory Compliance Engine (RCE).

## REACH regulation update

We continue to work towards achieving our REACH compliance goals. From the inception of REACH, and throughout the pre-registration and two in-registration deadlines, we met our objectives. We are now working towards fulfilling our registration requirements ahead of the 2018 deadline.

The challenge for the 2018 deadline is twofold. Firstly, we must complete more than double the number of registrations that were required in the first two phases of REACH. Secondly, we are working with our suppliers to ensure they fulfil their REACH obligations, and cover our downstream user needs as a pre-requisite for doing business with Givaudan. It is a challenge we intend to meet to ensure REACH compliance, not only for Givaudan but also for our customers in the EU, as well as our downstream users.

See also our Principles of Business Conduct – sections 1, 5 and 9: [www.givaudan.com/our-company/corporate-governance/rules-and-policies](http://www.givaudan.com/our-company/corporate-governance/rules-and-policies)

# Customer health and safety

## Continued

### Performance indicators

#### **PR1: Percentage of significant product and service categories for which health and safety impacts are assessed for improvement**

Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and a percentage of significant products and services categories are subject to such procedures.

##### Product registration/certification

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

##### Manufacturing and production

Our product safety assessment programme is designed to ensure that 100% of our products are safe for consumer use. At the core of the programme is a systematic safety evaluation of the ingredients used in our fragrance and flavour products, and control of their use. All new ingredients are evaluated for human and environmental safety, as required, prior to their use.

We maintain stringent methodologies to assure the safety and quality of our products. To enhance these and to ensure we meet ever-changing regulatory requirements, we have developed a SAP-based global Regulatory Compliance Engine (RCE). The compliance calculation is performed by the Compliance Engine (proprietary technology exclusive to Givaudan), using calculation technology from SAP across all sites and regions. The Compliance Engine is connected with all commercial systems used for fragrance creation, development and sales.

##### Marketing and promotion

Health and safety is not applicable at this stage of the product life cycle.

##### Use and service

All products sold to customers are subject to product information requirements. Environment and health and safety information about our products is made available to the users through product labels and safety data sheets. In the Flavour Division, additional information is also provided in the format of an ingredient declaration and instructions for application.

##### Disposal, reuse or recycling

Finished products are created to comply with all appropriate end consumer product safety and regulations in the markets where they will be sold.

Our programme to establish a biodegradable palette of fragrance ingredients began in 2007. We have completed the biodegradability screening of all perfumery ingredients of our creation palette, including natural materials. Givaudan has more than 20 years' experience in the biodegradability testing of fragrance ingredients, and a database of the results. All our flavour products are consumed at the end of their life cycle, so should not cause disposal issues.

# Product and service labelling

Givaudan recognises that health and safety is key for all of our stakeholders. Through product labels and safety data sheets we can support relationships of trust with our customers.

## How we manage this issue

The ingredients used in our formulas are evaluated for safety, health and environmental impact. This information is disclosed and filed with the relevant regulatory bodies. 100% of our sold products delivered to customers are subject to product information requirements and regulations. Quality and environmental data about our products, including safety information, are made available to the users through product labels and safety data sheets (SDS). The SDS are available in more than 45 different languages.

For flavour products, information related to allergen, GMO, organic, nutritional and religious criteria can be provided.

Givaudan operates regional hazardous materials competence centres and in 2012 appointed a global packaging engineer to globally coordinate and reinforce expertise on packaging and labelling activities.

## Performance indicators

**PR3: Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant products and service categories subject to such information requirements**

**Report whether the following product and service information is required by the organisation's procedures for product and service information and labelling**

	Yes	No
<b>Sourcing</b>	X	
<b>Content</b>	X	
<b>Safe use</b>	X	
<b>Disposal</b>	X	
<b>Other</b>		

**Report the percentage of significant product or service categories covered by and assessed for compliance with such procedures**

100% of our sold products delivered to our customers are subject to product information requirements and regulations. Quality and environmental data about our products, including safety information, are made available to the users through product labels and safety data sheets (SDS). The SDS are available in more than 45 different languages.



## Appendix

**In this section:**

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| 74 | Performance indicators – environmental     |
| 75 | Performance indicators – restatement table |

# Performance indicators – environmental

Key performance Indicators		2009	2014	2015
<b>Energy</b>				
Energy (Gj)	Direct energy (from primary sources <sup>a</sup> )	1,632,589.20	1,678,083.81	1,712,689.51
	Indirect energy: purchased electricity & steam	897,286.10	922,754.39	950,117.36
	Total energy	2,529,875.30	2,600,838.20	2,662,806.87
Energy efficiency (Gj/tonne production)	Direct energy efficiency	5.30	4.38	4.47
	Indirect energy efficiency	2.91	2.41	2.48
	Total energy	8.21	6.79	6.95
<b>CO<sub>2</sub> emissions</b>				
CO <sub>2</sub> emissions (tonnes) <sup>e</sup>	Scope 1: from direct energy sources	102,452.60	98,016.12	99,739.80
	Scope 2: from indirect energy sources	113,687.00	104,470.34	86,019.35
	Total CO <sub>2</sub> emissions	216,139.60	202,486.46	185,759.71
CO <sub>2</sub> emissions efficiency (tonnes CO <sub>2</sub> /tonne of production)	Scope 1: from direct energy sources	0.33	0.26	0.26
	Scope 2: from indirect energy sources	0.37	0.27	0.22
	Total CO <sub>2</sub> emissions	0.70	0.53	0.48
<b>Waste</b>				
Hazardous waste (tonnes)	Incinerated	14,050.30	9,536.02	8,520.91
	Incinerated with energy recovery <sup>h</sup>	–	4,673.28	4,128.74
	Land-filled	728.40	533.06	396.27
	Recycled	3,312.90	14,197.34	14,996.65
	Total hazardous waste	18,091.60	24,266.42	23,913.82
Non-hazardous waste (tonnes)	Incinerated	3,058.00	2,244.95	2,145.47
	Incinerated with energy recovery <sup>h</sup>	–	843.38	949.01
	Land-filled	6,695.30	6,973.27	6,411.99
	Recycled	16,349.60	29,865.64	27,910.63
	Total non-hazardous waste	26,102.90	39,083.86	36,468.09
Total incinerated and land-filled waste (HZ and NHZ)	24,532.00	19,287.30	17,474.64	
One-off waste (tonnes)	–	27,487.49	2,177.76	
Waste efficiency <sup>e</sup> (tonnes of waste/tonne of production)		0.0796	0.0503	0.0456

<sup>a</sup> Includes natural gas (0.0345 GJ/m<sup>3</sup>), light fuel (36.12 GJ/m<sup>3</sup>), heavy fuel (39.77 GJ/m<sup>3</sup>), liquid petroleum gas (22.65 GJ/m<sup>3</sup>), town gas (0.0186 GJ/m<sup>3</sup>)

<sup>b</sup> Includes sanitary, cooling and process water

Key performance Indicators		2009	2014	2015
<b>Water intake</b>				
Water intake (m <sup>3</sup> )	Municipal water	2,286,998.90	2,370,367.79	2,340,554.35
	Ground water	1,074,034.90	1,307,622.73	1,405,027.62
	Total municipal and groundwater	3,361,033.80	3,678,030.51	3,745,581.97
	Surface water	7,432,649.00	5,007,034.40	5,006,361.00
	Total water <sup>b</sup>	10,793,682.80	8,685,064.91	8,751,942.97
Water efficiency <sup>e</sup> (m <sup>3</sup> /tonne of production)		10.91	9.60	9.77
<b>Water discharge</b>				
Water discharge (m <sup>3</sup> )	To the environment w/o biological treatment	7,509,122.80	4,607,642.77	4,584,656.65
	To the environment after biological treatment	1,928,725.00	1,952,077.78	1,883,520.51
	To external treatment facility w/o pre-treatment	355,458.40	424,394.41	429,375.40
	To external treatment facility with pre-treatment	1,311,436.40	1,754,173.90	1,725,230.78
	Total discharged water	11,104,742.60	8,738,288.84	8,622,783.34
	COD (tonnes) of waste water discharged to the environment		255.5 <sup>f</sup>	466.74
<b>Other data</b>				
	Nitrogen oxides – NOx tonnes <sup>d</sup>	104.50	78.94	79.76
	Sulphur dioxide – SO <sub>2</sub> tonnes	359.30	1.21	1.12
	VOC (tonnes)	–	437.81	475.48
	CFC inventory (kg)	15,714.05	11,252.77	10,018
	CFC 11 equivalent inventory (kg)	–	654.34	624.96
	CFC loss-replacement (kg)	1,393.14	853.68	1,700.67
	CFC 11 equivalent loss/replacement (kg)	–	51.76	99.01
<b>Production</b>				
	Production quantities (tonnes)	308,050.10	383,217.24	383,353.00

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

<sup>d</sup> Quantity is calculated by multiplying the annual fuel consumption by the corresponding emission factor for fuel type

<sup>e</sup> Includes incinerated and land-filled waste (HZ and NHZ)

<sup>f</sup> Covers the period from April to December 2014

<sup>g</sup> Includes municipal and groundwater

<sup>h</sup> Among the quantity of HW and non-HW incinerated, this is the quantity incinerated with an energy recovery of at least 75% per tonne

# Performance indicators – restatement table

Key performance indicators	2009 (as published in 2014 SR)	2009 (corrected in 2015)	% change 2009	2014 (as published in 2014 SR)	2014 (corrected in 2015)	% change 2014
<b>Energy (GJ)</b>						
Direct energy				1,678,076.00	1,678,083.81	0.0005%
Total energy				2,600,830.40	2,600,838.20	0.0003%
<b>Energy efficiency (GJ/tonne production)</b>						
Total energy	8.20	8.21*	0.12%			
<b>CO<sub>2</sub> emissions (T)</b>						
Scope 1				98,001.20	98,016.12	0.015%
Scope 2				104,455.30	104,470.34	0.014%
Total CO <sub>2</sub> emissions				202,456.50	202,486.46	0.015%
<b>Waste (T)</b>						
One-off waste				24,487.50	27,487.49	12.251%
<b>Water intake (m<sup>3</sup>)</b>						
Municipal water				2,379,183.10	2,370,367.79	-0.370%
Ground water				1,309,788.90	1,307,622.73	-0.162%
Total municipal and groundwater				3,688,972.00	3,678,030.51	-0.300%
Total water				8,696,006.40	8,685,064.91	-0.126%
<b>Water efficiency (m<sup>3</sup>/tonne of production)</b>						
Total water	10.90	10.91*	0.092%	9.63	9.6	-0.312%
<b>Other data</b>						
Sulphur oxide – SO <sub>2</sub> tonnes				1.20	1.21	0.885%
<b>Production (T)</b>						
Production quantities	308,466.70	308,050.10	-0.135%			

\* The 2009 production volume correction slightly affects this baseline indicator value



# Assurance

**In this section:**

<b>77</b>	G4 content index
<b>80</b>	The principles of the UN Global Compact
<b>81</b>	Assurance statement

# G4 content index

## General standard disclosures

General standard disclosures	Page	External assurance	UNGC Principles
<b>Strategy and analysis</b>			
G4-1	2	yes, page 81	
G4-2	4	yes, page 81	
<b>Organisational profile</b>			
G4-3	10	yes, page 81	
G4-4	10	yes, page 81	
G4-5	10	yes, page 81	
G4-6	10	yes, page 81	
G4-7	10	yes, page 81	
G4-8	11	yes, page 81	
G4-9	11	yes, page 81	
G4-10	12	yes, page 81	Principle 6
G4-11	12	yes, page 81	Principle 3
G4-12	13	yes, page 81	
G4-13	13	yes, page 81	
G4-14	13	yes, page 81	
G4-15	15	yes, page 81	Principle 1
G4-16	15	yes, page 81	
<b>Identified material aspects and boundaries</b>			
G4-17	18	yes, page 81	
G4-18	18	yes, page 81	
G4-19	19	yes, page 81	
G4-20	19	yes, page 81	
G4-21	19	yes, page 81	
G4-22	22	yes, page 81	
G4-23	22	yes, page 81	

General standard disclosures	Page	External assurance	UNGC Principles
<b>Stakeholder engagement</b>			
G4-24	23	yes, page 81	
G4-25	23	yes, page 81	
G4-26	25	yes, page 81	
G4-27	26	yes, page 81	
<b>Report profile</b>			
G4-28	27	yes, page 81	
G4-29	27	yes, page 81	
G4-30	27	yes, page 81	
G4-31	27	yes, page 81	
G4-32	27	yes, page 81	
G4-33	27	yes, page 81	
<b>Governance</b>			
G4-34	28	yes, page 81	
<b>Ethics and integrity</b>			
G4-56	30	yes, page 81	Principle 10

# G4 content index

## Specific standard disclosures

Specific standard disclosures	Page	Identified omissions and reasons	External assurance	UNGC Principles
<b>Economic</b>				
<b>Economic performance</b>				
G4-DMA	32		yes, assured as part of audit of Financial report 2015, page 109	
G4-EC1	33		yes, assured as part of audit of Financial report 2015	
G4-EC3	33		yes, assured as part of audit of Financial report 2015, page 141	
<b>Procurement practices</b>				
G4-DMA	34		yes, page 81	
G4-EC9	36		yes, page 81	
<b>Environmental</b>				
<b>Energy</b>				
G4-DMA	38		yes, page 81	
G4-EN3	38		yes, page 81	Principles 7,8
G4-EN5	38		yes, page 81	Principle 8
G4-EN6	39		yes, page 81	Principles 8,9
G4-EN7	39		yes, page 81	Principles 8,9
<b>Water</b>				
G4-DMA	40		yes, page 81	
G4-EN8	40		yes, page 81	Principles 7,8

Specific standard disclosures	Page	Identified omissions and reasons	External assurance	UNGC Principles
<b>Emissions</b>				
G4-DMA	42		yes, page 81	
G4-EN15	42		yes, page 81	Principles 7,8
G4-EN16	42		yes, page 81	Principles 7,8
G4-EN17	43		yes, page 81	Principles 7,8
G4-EN19	43		yes, page 81	Principles 7,8
G4-EN20	43		yes, page 81	Principles 7,8
G4-EN21	43			Principles 7,8
<b>Effluents and waste</b>				
G4-DMA	44		yes, page 81	
G4-EN22	45		yes, page 81	Principle 8
G4-EN23	45		yes, page 81	Principle 8
<b>Products and services</b>				
G4-DMA	46		yes, page 81	
G4-EN27	46		yes, page 81	Principles 8,9
<b>Transport</b>				
G4-DMA	47		yes, page 81	
G4-EN30	47		yes, page 81	Principle 8
<b>Supplier environmental assessment</b>				
G4-DMA	49		yes, page 81	
G4-EN32	49		yes, page 81	Principle 8
<b>Social: Labour practices and decent work</b>				
<b>Employment</b>				
G4-DMA	51		yes, page 81	
G4-LA1	52		yes, page 81	Principle 6

# G4 content index

## Specific standard disclosures

Specific standard disclosures	Page	Identified omissions and reasons	External assurance	UNGC Principles
<b>Labour/management relations</b>				
G4-DMA	53		yes, page 81	
G4-LA4	53		yes, page 81	Principle 3
<b>Occupational health and safety</b>				
G4-DMA	54		yes, page 81	
G4-LA6	55		yes, page 81	
<b>Training and education</b>				
G4-DMA	56		yes, page 81	
G4-LA11	57		yes, page 81	Principle 6
<b>Diversity and equal opportunity</b>				
G4-DMA	58		yes, page 81	
G4-LA12	58		yes, page 81	Principle 6
<b>Equal remuneration for women and men</b>				
G4-DMA	59		yes, page 81	
G4-LA13	59		yes, page 81	Principle 6
<b>Supplier assessment for labour practices</b>				
G4-DMA	60		yes, page 81	
G4-LA14	60		yes, page 81	Principle 4
<b>Human rights</b>				
<b>Child labour</b>				
G4-DMA	62		yes, page 81	
G4-HR5	62		yes, page 81	Principle 5

Specific standard disclosures	Page	Identified omissions and reasons	External assurance	UNGC Principles
<b>Supplier human rights assessment</b>				
G4-DMA	63		yes, page 81	
G4-HR10	63		yes, page 81	Principles 1,2
<b>Society</b>				
<b>Local communities</b>				
G4-DMA	65		yes, page 81	
G4-SO1	65		yes, page 81	Principle 1
<b>Anti-corruption</b>				
G4-DMA	67		yes, page 81	
G4-SO4	67		yes, page 81	Principle 10
<b>Public policy</b>				
G4-DMA	68		yes, page 81	
G4-SO6	68		yes, page 81	Principle 10
<b>Product responsibility</b>				
<b>Customer health and safety</b>				
G4-DMA	70		yes, page 81	
G4-PR1	71		yes, page 81	
<b>Product and service labelling</b>				
G4-DMA	72		yes, page 81	
G4-PR3	72		yes, page 81	

# 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



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#### Independent Assurance Statement

Ernst & Young LLP (EY) has been engaged by Givaudan S. A. (the 'Company') to provide independent assurance to its GRI Report 2015 (the 'Report') covering the Company's sustainability performance during the period 1<sup>st</sup> January 2015 to 31<sup>st</sup> December 2015.

The development of the Report, based on G4 Sustainability Reporting Guidelines (GRI-G4) of the Global Reporting Initiative, its content and presentation is 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.

#### Assurance standard

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 engagement was limited to review of information pertaining to environmental and social performance for the period 1st January 2015 to 31st December 2015. 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 the standard disclosures regarding the company's material sustainability aspects contained in the report;
- Review of consistency of data / information within the report as well as between the report and source;
- Verification of the sample data and information reported at the following manufacturing units and corporate headquarter at Vernier, Switzerland:

- |                         |                                   |
|-------------------------|-----------------------------------|
| 1. Mount Olive, USA     | 2. Devon - Cincinnati, USA        |
| 3. Mako, Hungary        | 4. Jaguaré - Sao Paulo, Brazil    |
| 5. Cuernavaca, Mexico   | 6. Pedro Escobedo, Mexico         |
| 7. Cimanggis, Indonesia | 8. Smithfield - Sydney, Australia |
| 9. Sant Celoni, Spain   | 10. Dortmund, Germany             |

- 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 sustainability related activities.



#### Limitations of our engagement

The assurance scope excludes:

- Data and information outside the defined reporting period (1<sup>st</sup> January 2015 to 31<sup>st</sup> December 2015);
- The 'economic performance indicators' included in the Report;
- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim or future intention.

#### Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our Climate Change and Sustainability network, and undertakes similar engagements with various companies. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

#### Conclusion

On the basis of our procedures for this limited assurance, nothing has come to our attention that causes us not to believe that the Company has reported on sustainability issues materially significant to its business and its stakeholders.

#### Observations and opportunities for improvement

- The company has developed the report as per the 'in accordance' core criteria of GRI G4 Guidelines. The Report presents a fair description of the Company's materiality assessment and includes performance disclosures under all the aspects identified as material. The Report provides Company's progress update on its sustainability roadmap targets and communicates details of future targets and commitments;
- Company has demonstrated a structured approach towards data management for sustainability performance reporting in line with GRI G4 Guidelines. At the sites visited, improvement has been observed regarding monitoring and compilation of environmental performance data. However, some indicators were identified where the Company can further improve on accuracy of data compilation, such as EN23 (waste) and LA1 (new employee hire and turnover).

Ernst & Young LLP

**Sudipta Das**  
Partner

**Dated: March 11, 2016**

**Place: Kolkata, India**