

Stakeholder engagement

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 levels. 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 against several criteria and we then take 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 to pursue a current engagement or engage with new organisations; we then suggest actions to be taken within the engagement for the next three years.

For example, we joined the WBCSD in 2016 after following the process outlined above.

G4 – 24 and G4 – 26: Stakeholder groups engaged by Givaudan and approach to stakeholder engagement

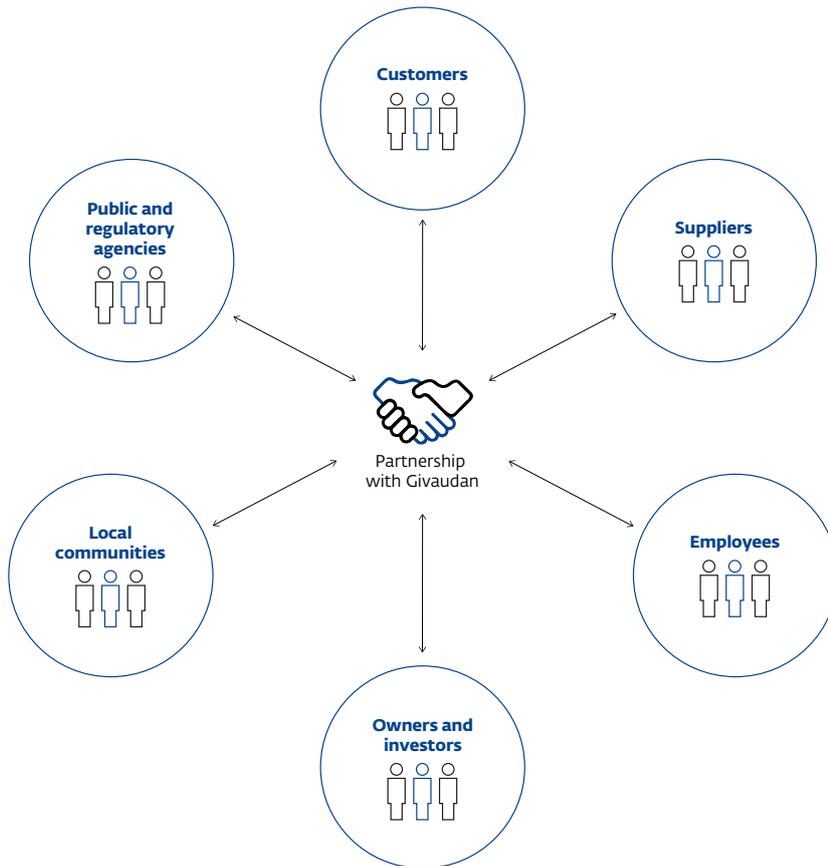
Givaudan's key principles of sustainability outline our aspiration to establish open dialogue and to take a collaborative approach with stakeholders in order to ensure the best understanding of mutual expectations and interests. Our key stakeholders are the people who impact our business or who are affected 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. From the list of our many stakeholder groups we have selected six which are, at the moment, of primary importance to our Sustainability programme.

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 six stakeholder groups listed above, ones with which we can develop close relationships.

Givaudan has many channels for stakeholder dialogue, spread across different departments and teams. We often obtain information and feedback from stakeholders through 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:

Stakeholder groups and 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, pp. 17 – 19.

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 consultations
- 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
- Ongoing dialogue with local authorities and community organisations
- Green Teams engaged on social activities within the community we operate in
- 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 us. 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 the most material impacts to be managed. Sustainability aspects listed in the Givaudan materiality matrix are presented to stakeholders to allow them to confirm their most important topics, the ones they would like to discuss, or those they would like to know more about. Co-creation of projects and collaboration with mutual benefits are the ultimate goals of stakeholder dialogue and allow 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.

G4 – 27: Key topics and concerns raised through stakeholder engagement

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 (p. 26).

We analyse stakeholder feedback and identify changes that have the greatest effect. The quality of our interactions with our stakeholders reflect a set of environmental and social trends that strongly influence our material issues and strategic priorities 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. Key stakeholders are also demanding more supply chain transparency in the four core areas of responsible sourcing: health&safety, social, environment and business integrity.

Through our Responsible Sourcing programme we are committed to ensuring high ethical dealings throughout our supply chain. In 2016, we launched our Responsible Sourcing Policy, the first of its type in the industry, which informs and asks our suppliers and service providers to adhere to our principles and requirements in the four core areas of responsible sourcing. The implementation of this policy includes direct supplier audits and full supply chain assessment for key raw material families.

🔍 For more information see page 45.

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 important for Givaudan. As the industry leader we invest heavily in research and development, and we are well-placed to respond to these opportunities through our wide range of products, processes and services.

Traceability

Traceability is increasingly a business requirement connected with regulatory requirements, food safety and issue management. It also reflects the growing need for more information on the origin of our ingredients, which is addressed by our Responsible Sourcing programme.

🔍 For more information see page 45.

Community support

Community support from companies such as Givaudan is a requirement. As part of our sustainable sourcing practices, we engage with suppliers, including producers at source in remote rural communities, to meet environmental and social standards and support community needs. Moreover, 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 support the focus areas of our business divisions: family nutrition for Flavour Division and blindness for Fragrance Division.

The Company's long-term commitment to sustainable sourcing practices of natural ingredients and community support is further reinforced by the actions of the Givaudan Foundation. The Givaudan Foundation is a non-profit organisation created in 2013 as a result of Givaudan's desire to reinforce its commitment towards the communities in which it operates. The foundation's purpose is to initiate and support projects as well as to grant donations in the areas defined by its vision and mission. One of the causes supported by the foundation is to safeguard the future of communities and their fragile environment.

🔍 For more information: www.givaudan-foundation.org