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Introduction – Sourcing Responsibly at Givaudan

Givaudan is committed to sourcing all materials and services in a way that protects people and the environment by 2030. As an industry leader with 250 years of heritage, we work in partnership with producers and suppliers to transform the way we source and create new value to be shared by all. Our approach is driven by our purpose: **Creating for happier, healthier lives with love for nature. Let’s imagine together;** in particular ensuring all stakeholders benefit from working with us, and showing our love for nature in everything we do.

Today, Givaudan sources more than 10,000 natural raw materials from all over the world for the creation of ingredients through our business activities in Fragrance & Beauty and Taste & Wellbeing. We also source synthetics, packaging and services from thousands of local, regional and global suppliers. Responsibly managing supply chains at this scale is complex, but we are committed to working with our suppliers for greater transparency and to improve practices in the areas of health and safety, environmental, social and business integrity.

We are committed to respecting human rights wherever we do business. We strive to make a positive impact on the communities in which we are present and we recognise that we have an important obligation to contribute to preserving the environment and the planet’s biodiversity for future generations. Our Responsible Sourcing programme supports the United Nations Sustainable Development Goals (see appendix).
This Responsible Sourcing Policy outlines the principles and standards that we require all of our suppliers to meet. We only want to do business with suppliers that adhere to these standards and we expect all to work towards that goal.

This Policy applies to all our suppliers. A “supplier” is anyone, individual or company, who supplies us with any goods or services. It includes any primary producers of raw materials, suppliers of raw materials, intermediate materials, intermediary suppliers and service providers. This Policy is applicable to all sites and workers and employees of any supplier (including permanent, temporary, contract agency and migrant workers), as well as sub-contractors, agents and subsidiaries.

This Policy contains general requirements that apply to all areas of the supply chain, as well as some specific requirements pertaining to Naturals, Synthetics and Indirect Materials & Services (IM&S) Suppliers, which provide more depth and clarity on certain topics.

Givaudan expects its suppliers to use this Policy as a guidance tool to help them demonstrate compliance to it through their continuous improvement activity. We know that some challenges can take time to overcome and this will be taken into account where applicable. We will monitor and measure progress of this through our regular supplier review process and through specific assessment and audit activity. However, where Givaudan sees that a supplier cannot, or will not, take the necessary actions to demonstrate compliance, over an agreed time-line, then Givaudan may take the necessary steps to seek alternative supply of a particular material or service.
1. Human rights

Health & Safety

Givaudan requires all suppliers to comply with all applicable health & safety regulations and standards including providing safe and healthy workplace for workers, to implement Water Access, Sanitation and Hygiene (WASH) principles in their operations, workplaces with appropriate emergency exits, safety equipment and training appropriate to the task, as well as access to emergency medical care.

Regular health & safety training and procedures are in place to ensure that applicable requirements with regard to occupational health & safety are identified, kept up-to-date and communicated.

Working conditions

Suppliers shall comply with all applicable laws relating to wages, deductions, working hours, overtime and benefits. They shall pay fair wages which meet, at a minimum, legal standards or applicable national norms, limit deductions to those permitted by applicable law and provide workers with written and understandable information about their wages and employment conditions.

Suppliers provide workers with reasonable breaks, sufficient rest between shifts, and at least one day off in each seven day period. Workers should not be required to work in excess of 48 hours per week. Additional overtime must be voluntary, should not regularly exceed 12 hours per week, and must be compensated at an appropriate rate.

Suppliers must provide employee benefits as provided by applicable laws, including sick leave, public holidays, vacation time and parental leave. Employment of temporary workers or using temporary contracts must comply with relevant national employment laws.

Suppliers must respect the right of employees to form and join trade unions, to carry out their representative functions in the workplace, and to negotiate collectively, in accordance with applicable laws.
Child labour, forced labour and human trafficking

Suppliers must not provide employment to children before they have completed their compulsory education and in any event not before they reach the age of 15. Suppliers must ensure young workers do not do work that deprives them of attending schooling or that is harmful or dangerous. Suppliers are also expected to comply with all reporting obligations regarding the abolition of child labour.

Suppliers must not use any bonded or forced labour, slavery, involuntary prison labour or human trafficking. It means no coercion in employment; no withholding or non-payment of wages; no retention of passports or identity papers; no debt bondage or excessive recruitment fees. Suppliers may not use or tolerate any form of corporal punishment, physical or mental abuse, threat of violence, monetary fees or fines, or any other form of abuse, coercion or intimidation.

Suppliers may not engage in or benefit from the use of child labour or forced labour as described above outside their own organisations.

Diversity, respect in the workplace, equal treatment

Givaudan expects its suppliers to treat all their employees with respect and dignity. Diversity in the workplace is respected. Harassment and abuse are not tolerated. Suppliers are also expected 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, gender, national origin, religion, sexual orientation or any other category not relevant to performance.

In particular, we focus on equal treatment of women and men, and believe that women’s empowerment is essential to expand economic growth and promote social development in society. We strive to have equal pay for work of equal value. We fully expect our suppliers to understand and follow these standards.

Free, Prior and Informed Consent (FPIC) and Land Rights

The land rights of local and indigenous communities must be upheld and the process of Free Prior and Informed Consent must be respected at all raw materials production sites and communities must be provided fair and transparent benefit sharing.

We believe that land represents a very valuable economic asset, and source of identity and culture. We respect the rights and title to property and land of any individual, indigenous people or local community, along with cultural rights, the right to self-determination and the right to non-discrimination in this context.

We therefore expect our suppliers not to practice any form of land grabbing, water, forest and mineral grabbing. In any negotiation with regard to property or land of such individuals, indigenous people or local community, including the use of and transfers of it, we adhere to the principles of FPIC, contract transparency and disclosure.

Rights of communities

We respect the human rights of people in communities impacted by our activities and recognise that vulnerable and marginalised groups deserve particular attention. We expect our suppliers to regularly and systematically engage with their communities in stakeholder dialogue including to better understand their needs.

Click on this link to access the Givaudan Human Rights Policy:
2. Environment

Environmental management principles

Suppliers shall comply with all applicable environmental regulations and always aim to reduce their impacts on the nature and landscapes. Suppliers must implement environmental management principles which avoid any pollution of air, soils and water and, in parallel, conserve biodiversity and nature.

Givaudan has set ambitious targets to reduce its carbon footprint and water use as well as to rethink use of plastics. We expect all of our suppliers of Naturals, Synthetics and IM&S to support these efforts by working collaboratively to provide data and information about their carbon footprint, water use, environmental impact when required, and to work to reduce their overall impact, over time.

As part of this, we request that:

- Suppliers use management plans to meet environmental compliance obligations and mitigate impacts on the environment.

- Suppliers prevent waste production and apply the 5Rs of waste management: Reduce, Reuse, Repair, Recycle, Recover and/or dispose of in an environmentally friendly way. The supplier shall identify all waste streams and ensure all are handled in compliance with local laws and regulations.

- Suppliers comply with local wastewater treatment regulations and make sure they reduce their impact on the watershed where they operate. This includes aspects of water scarcity, quality and stress.

- Suppliers monitor protected areas and areas of high conservation value to manage impacts on biodiversity.

- Suppliers assess potential carbon emissions reduction as part of their climate crises mitigation measures.

- Suppliers who use plastics in their products and packaging reflect on options to reduce its use and/or changing to renewable solutions in their manufacturing processes.
3. Business Integrity

Compliance with the law, international standards and conventions

Givaudan requires that each supplier complies with all applicable laws in the countries in which it operates, and we expect all suppliers to have adequate systems in place to manage business integrity.

Bribery

We demand that our suppliers never offer, either directly or indirectly through a third party, any illegal payments, kickbacks or any other advantages to any official of any government, political party or government-controlled entity, nor to any person working for a private sector entity for the purpose of improperly obtaining, retaining or directing business or other services. This includes any “facilitation payments”.

Should a supplier have to act in the name of or on behalf of Givaudan in any transaction, the supplier will also have to comply with Givaudan’s internal policies and procedures as if it were a Givaudan entity. In this case, Givaudan will make a copy of all applicable policies and procedures available to the supplier.
Gifts, entertainment and hospitality

Suppliers may not give any gift, entertaining or hospitality to Givaudan or any Givaudan employee to influence any decisions by Givaudan or that employee.

Money laundering

Givaudan expects all suppliers to strictly abide by all applicable anti-money laundering laws and have any required processes and controls in place.

Financial fraud

Givaudan expects all suppliers to be committed to preventing, detecting and reporting fraud, including fraudulent financial reporting, and to maintaining a control environment that mitigates any risk of fraud.

Fair competition

Givaudan expects all suppliers to be committed to a fair and competitive free market system and act in accordance with the letter and in the spirit of all applicable antitrust, competition and trade practice laws.

Confidential information

Givaudan demands that its suppliers never disclose any confidential information or trade secrets they acquire during transactions with Givaudan to any third party without Givaudan’s prior consent, unless applicable laws or court orders require such disclosure. Suppliers shall use any confidential information or trade secret information only as part of meeting their agreements with Givaudan. Suppliers shall not try to infringe Givaudan’s intellectual property in any way.

Reporting issues

Suppliers are expected to have grievance mechanisms and processes in place to address business integrity issues, including potential issues related to bribery and corruption. Such systems shall include the means for employees to raise compliance concerns in a confidential way and without fear of retaliation.
1. Naturals

Being aware of increasing environmental challenges we face, we expect our suppliers to implement Good Agricultural and Collection Practices1 to contribute to efforts to mitigate climate change, build climate resilience, protect and promote biodiversity and ecosystem services, especially by addressing these issues:

Smallholders

Smallholders can be a central part of our raw materials sourcing network and we recognise that we will need to work with our suppliers to find feasible ways for the appropriate application of our Policy. In this way we encourage our suppliers to ensure Givaudan has visibility of where smallholders are working in our key raw materials supply chains and are contributing to mitigate climate change, protecting biodiversity and the ecosystem.

Biodiversity, ecosystem and soil degradation

Givaudan supports the terms of the Convention of Biological Diversity*, being the conservation of biological diversity, the sustainable use of the components of biological diversity and the fair and equitable sharing of the benefits arising out of the utilisation of genetic resources.

- Fair and equitable sharing of the benefits derived from the use of biodiversity

Suppliers are expected to comply with local legislations and regulations implementing the Nagoya Protocol.

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Note: The GACP Guidelines by WHO covers herbs, herbs materials and other plant derivatives. Herbs include crude plant material such as leaves, flowers, fruit, seed, stems, wood, bark, roots, rhizomes or other plant parts, which may be entire, fragmented or powdered. Herbal materials include, in addition to herbs, fresh juices, gums, fixed oils, essential oils, resins and dry powders of herbs. In some countries, these materials may be processed by various local procedures, such as steaming, roasting, or stir-baking with honey, alcoholic beverages or other materials.

* Convention on Biological Diversity and the Nagoya Protocol (http://www.cbd.int/).
- **Conservation and Sustainable use of Biodiversity**

  Ecosystems containing significant species diversity, including endemic, rare, threatened or endangered species, as well as the most efficient in storing carbon such as forests, wetlands and grasslands, should be conserved or restored.

  Suppliers are expected to cultivate or collect in a way that promotes biodiversity by:
  - Applying regenerative agriculture practices.
  - Managing wild harvest to ensure sustainable regrowth of wild species.

- **Deforestation**

  The products we buy must be deforestation and conversion free. We expect our suppliers to avoid deforestation and land conversion for agriculture.

  We expect our suppliers to commit to the "No Deforestation, No Peat, No Exploitation (NDPE)" principles:
  - This should also include no development of High Conservation Value (HCV) and High Carbon Stock (HCS) areas;
  - No development on peatlands or other wetlands.

  We also encourage compensation actions in forest cultivation areas to ensure proper regeneration of the area impacted by the activities.

- **Pesticides and hazardous substances**

  In particular, we expect our suppliers never to use banned pesticides or substances that are prohibited in countries where cultivation of wild collection takes place. We also expect our suppliers to implement Integrated Pest Management allowing reduction of use of synthetics agrochemicals.

- **Animal welfare**

  All animals should be treated responsibly and with dignity. We expect our suppliers of animal products and ingredients to meet high standards of animal welfare, including around areas such as: housing density; feed and feeding practices; hygiene; responsible usage of antibiotics; avoiding painful procedures; respectable transport practices; and no involvement in the illegal wildlife trade.

- **Traceability back to source for raw materials**

  Givaudan is committed to creating transparent sourcing networks with traceability to the raw materials source, as supply chain transparency serves as the foundation for assessing and monitoring risks, as well as enabling engagement with our suppliers to support improvements towards meeting our Policy.

  We expect our direct suppliers to support our commitment to traceability by providing information of the steps and actors within their own supply chains to the primary production level. In this respect we require our direct suppliers to deploy the standards outlined in this Policy to their own supply chain partners up until the source of the raw material.

  \(^2\) as described by the Farm Animal Welfare Council and supported by the World Organization for Animal Health (OIE)
2. Synthetics

As a minimum standard every Synthetics supplier will be expected to work in compliance with the law and applicable regulation, and this will extend to the social and environmental challenges that face a number of sub-categories.

Each supplier of synthetic materials will be expected to work towards the adherence of this Policy, and will be expected to collaborate with Givaudan in the different and applicable verification practices that may be used depending on the type of material provided.

Due to the nature of the materials sourced in this category, special focus will be expected from our suppliers in the areas of biodiversity, health & safety, chemicals handling and waste management, and so work towards compliance to applicable laws and regulations (e.g. REACH) will be required.
3. Indirect Materials & Services

The indirect materials and services (IM&S) supply chain contains a diverse array of suppliers, materials and services, from packaging, to logistics, to professional services, waste management, building and facilities management and recruitment. Each has its methodology and process of providing its material or service, and each one is in the scope of this policy.

As a minimum standard every IM&S supplier will be expected to work in compliance with the law and applicable regulation, and this will extend to the social and environmental challenges that face a number of sub-categories.

Givaudan uses plastics in its supply chains within the IM&S category. We expect suppliers who use plastics in their products and packaging to reduce its harmful effects by reducing its use or using recycled or renewable materials in its manufacture.
We expect our suppliers to support our commitment to work towards compliance to this Responsible Sourcing Policy by ensuring they and their employees have full knowledge of its contents and abide by it. We also expect our suppliers to communicate the requirements of this Policy through their supply chains back to the primary production level to ensure they also comply with the principles set out in the Policy.

Supplier management systems

Givaudan expects all suppliers to implement management systems that allow the compliance with this Responsible Sourcing Policy. This includes the following at a minimum:

- **Risk management**
  Givaudan expects all suppliers to implement mechanisms to identify, assess and manage risks in all areas addressed by this Policy.

- **Documentation**
  Givaudan expects its suppliers to be able to demonstrate their compliance with this Policy by retaining adequate documentation, which may be reviewed by Givaudan upon reasonable notice.

- **Communication of this Responsible Sourcing Policy**
  Givaudan expects its suppliers to communicate this Policy to all relevant employees (including permanent, temporary, contract agency and migrant workers) as well as sub-contractors, agents and subsidiaries.

- **Deployment**
  Givaudan expects its suppliers to deploy the principles outlined in this Policy in their facilities and throughout their supply chains, working with their suppliers to the source of the material or service.
Continuous improvement and reporting

We expect all our suppliers to engage with us in a journey of continuous improvement and to verify their responsible sourcing processes and practices in line with this Policy. Where possible, Givaudan will aim to provide support to suppliers in this journey with a view to achieving positive outcomes in all interventions.

Due diligence and verification of the adherence to this policy

The principles of this Policy are based on supplier engagement, through dialogue and mutual trust, and we promote as much as possible transparency and working in collaboration with our suppliers.

Givaudan will use a range of due diligence and verification tools to ensure that suppliers in the different levels of the supply chain are meeting our expectations, and the principles laid out in this Policy. These include sending our Due Diligence Questionnaire (DDQ) to selected suppliers requesting it to be completed, or requesting a supplier third party audit at factory and/or farm level.

Givaudan also retains the right to recognise certain supply chain certification standards which will be taken in lieu of a third party audit.
Third Party audits – at factory and farm level

Givaudan reserves the right to request and undertake social and environmental audits at any supplier’s facilities, in any part of their extended supply chain, including at farm level, periodically. This may be through the use of an internal protocol or a third party ethical audit. Where third party audits are requested the supplier will be expected to pay for the audit. This is so that the supplier can own the data and share reports with other customers without having to undergo further similar audits within the same or similar timeframe. Givaudan will expect to discuss the results of such audits with the supplier, with areas for improvement clearly identified, and a corrective action plan agreed.

Givaudan expects any supplier who has been audited to resolve any major or critical non-conformities within an agreed timescale and to provide supporting documentation as requested.

Any audits conducted, whether through internal or third party means, will normally need to be repeated within a three year timeline. Givaudan will work with their suppliers to ensure this process is maintained.

Non-adherence

Givaudan expects its suppliers to use this Policy to help them demonstrate compliance to it through their continuous improvement activity. We know that some challenges can take a long time to overcome and this will be taken into account where applicable. However, where Givaudan sees that a supplier cannot, or will not, take the necessary actions to demonstrate compliance, over an agreed timeline, then Givaudan may take the necessary steps to seek alternative supply of a particular material or service.

Givaudan expects any supplier who has been audited to resolve any major or critical non-conformities within an agreed timescale and to provide supporting documentation as requested.

Any audits conducted, whether through internal or third party means, will normally need to be repeated within a three year timeline. Givaudan will work with their suppliers to ensure this process is maintained.

Grievances

We encourage suppliers to raise concerns about ethical compliance or behaviour of a Givaudan employee or representative, and to report such concern to us. This can be done by contacting the usual business contact person at Givaudan.

In addition, ethical compliance concerns can be raised in confidence to the Corporate Compliance Officer by email to: global.compliance@givaudan.com

For questions relating to products or services that do not involve an ethical compliance concern, suppliers are asked to contact their usual business contact person.
Applicability

This Responsible Sourcing Policy will enter into force on 22 April 2021.

Givaudan, April 2021
Appendix

United Nations Sustainable Development Goals

UN Global Compact
www.unglobalcompact.org/what-is-gc/mission/principles

Givaudan’s membership of UNGC
www.unglobalcompact.org/what-is-gc/participants/search?utf8=%E2%9C%93&search%5Bkeywords%5D=givaudan&button=&search%5Bper_page%5D=10&search%5Bsort_field%5D=&search%5Bsort_direction%5D=asc

Givaudan’s Human Rights Policy

Givaudan’s Ethics and Compliance code

Givaudan’s Principles of Conduct

The GACP Guidelines by World Health Organisation

Convention on Biological Diversity and the Nagoya Protocol
www.cbd.int/

Farm Animal Welfare Council and supported by the World Organization for Animal Health (OIE)
www.oie.int/fr/bien-etre-animal/le-bien-etre-animal-dun-coup-doeil/

EU REACH Regulations
https://echa.europa.eu/regulations/reach/understanding-reach

Voluntary Guidelines for Sustainable Soil Management
www.fao.org/3/a-bl813e.pdf

High Conservation Value (HCV) and High Carbon Stock (HCS) areas
www.hcvnetwork.org/about-hcvf
http://highcarbonstock.org/the-hcsapproach-toolkit/

IUCN Red List
www.iucnredlist.org

Sustainable Agriculture Initiative (SAI) Platform – Farm Sustainability Assessment (FSA)
https://saiplatform.org/fsa/

Sedex
www.sedex.com/

EcoVadis
https://ecovadis.com/