

# Givaudan<sup>®</sup>

ENGAGING  
THE  
SENSES



Sustainability Highlights 2013



# Our sustainable business model

Givaudan has many aims, looking to satisfy our customers' needs and be commercially successful. In doing so we seek to develop a business that protects the environment, sources materials in a responsible and sustainable way, uses materials and energy efficiently, creates a safe environment for our employees, and advances the social and economic conditions of the communities in which we operate. Through innovating products that successfully combine performance and sustainability, we aim to enhance our competitiveness while operating a sustainable business model.



## Challenging questions, exciting answers

Creating products that customers use every day doesn't mean that we just think, or operate, from one day to the next. Givaudan has ambitious plans to ensure that we can add value for our customers, suppliers and other key stakeholders well into the future. That value includes a conscientious approach to helping safeguard the planet. And as the world's economies open up, we have ambitions to reach even more consumers – particularly in emerging markets.

## Making more while using less

This ambition raises some interesting questions. We all share a single planet, so how can we make more products using less energy and fewer natural resources? Are natural ingredients always better? And, as supply chains grow ever more complex, how can we help customers and consumers make more sustainable choices?

## Partnering to make a difference

The answers are not always straightforward – far from it. We are tackling these issues head on. We realise that our direct operations represent a small but important part of our total impact. So it's vital that we consider the impacts of activities across our entire supply chain and work together with others across industries. As the largest flavours and fragrances business in the world with more than 6,000 customers and over 2,000 raw material suppliers and a presence in 82 locations, we can make a huge difference.

## We're making good progress

We've started to understand and measure the impacts of our products, from source to consumer. And we're partnering with customers and suppliers to create evermore efficient and healthier products, as well as goods that use natural resources sustainably. Thanks to these collaborations, we determine the most significant impacts, helping to make the entire industry more sustainable.





# Exploring trends. Shaping futures.

In the Givaudan 2013 Sustainability Report we place the focus on two of our most material sustainability issues, namely: Responsible Sourcing and Sustainable Innovation. We explore emerging trends, illustrating our response with case studies and a narrative that explains how we are proactive in both of these areas.



## Responsible Sourcing

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### Acting responsibly from land to brand

**From our biggest customers to our smallest suppliers, we wish to inspire best practices. Creating value for all parties along the supply chain is critical. Environmentally sustainable agriculture, fair wages, creative opportunities and stable communities: our commitments to responsible sourcing enable a more transparent, fairer way of trading globally.**



## Sustainable Innovation

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### Meeting challenges, creating opportunities

**Givaudan's passion for innovation defines us: from the chemistries and processes we apply to the technologies, tools and trends we create, and our ability to shift the debate on sustainable issues. Innovation opens up exciting new horizons, creating opportunities for our business and our customers.**



The following pages provide an overview of how we're tackling industry challenges and creating value, through partnership, for Givaudan and its stakeholders.



# Working with a new cooperative in Haiti

**Haiti is renowned for its vetiver, an iconic essential oil used in perfumery. In 2012, Givaudan launched a new ethical sourcing initiative, whereby producers adhere to strict environmental criteria: the vetiver sourced is certified ESR Standard (Fairness, Solidarity, Responsibility) and the crop is organic.**

Thanks to this cooperative, Givaudan is able to secure vetiver supply and enhance quality as a result of improved farming and refining practices. By operating within a specific area, we are also assured of traceability.

Givaudan, in turn, supports the local community. The Vetiver Cooperative Development Fund has helped with the local transport infrastructure, providing residents with links to local schools, shops and health facilities.





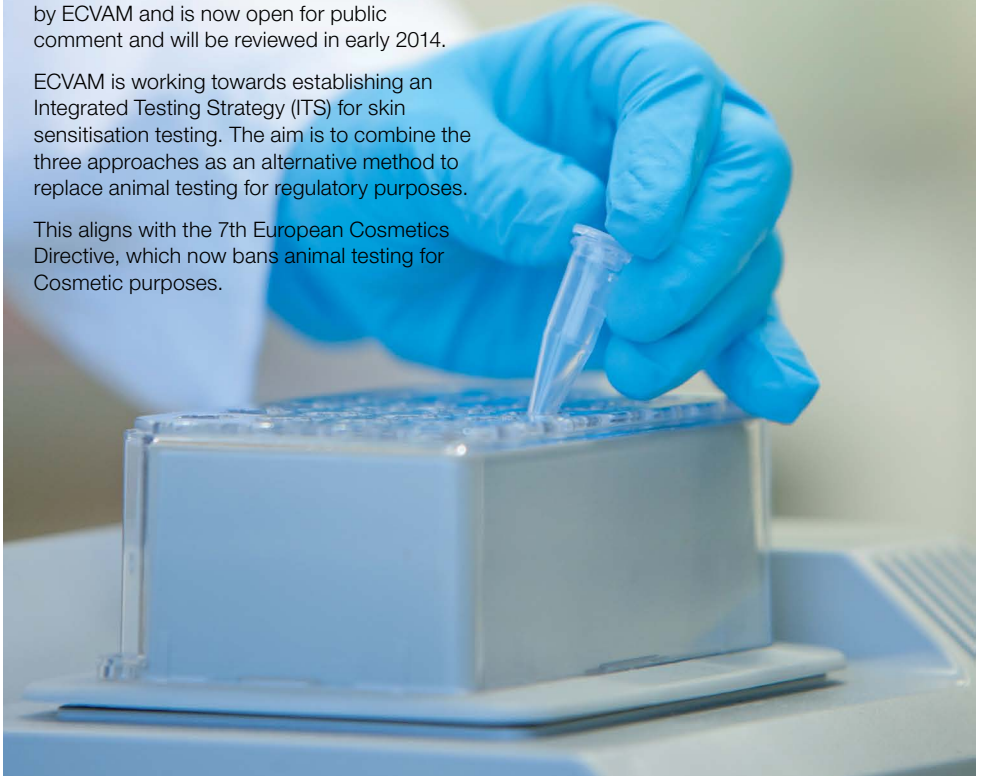
# Making progress on a universal animal-testing alternative

**For the best part of a decade, Givaudan's Fragrance division has explored alternative methods to animal testing. The result is the KeratinoSens™ Assay, which Givaudan has made openly available to the world at large.**

In 2011, Givaudan published its study findings on KeratinoSens™, which were submitted to the European Centre of the Validation of Alternative Methods to animal testing (ECVAM). In 2013, the assay, along with two other methods, was in the final stages of validation by ECVAM and is now open for public comment and will be reviewed in early 2014.

ECVAM is working towards establishing an Integrated Testing Strategy (ITS) for skin sensitisation testing. The aim is to combine the three approaches as an alternative method to replace animal testing for regulatory purposes.

This aligns with the 7th European Cosmetics Directive, which now bans animal testing for Cosmetic purposes.





## Making Ready-To-Drink teas an even healthier option

**In North America, Ready-To-Drink (RTD) teas are gaining popularity, and Givaudan is working to enhance tea's potential as a healthier lifestyle option.**

TasteEssentials™ Tea RTD Tea Review is a programme launched in 2013 that offers customers six areas of development, including TasteSolutions™ for Reduced Calorie Teas. This helps our customers to develop products across the spectrum of consumer demand, with low-calorie, mid-calorie and no-calorie naturally sweetened teas.

TasteSolutions™ tools deliver an increase in sweetness perception and a delicious taste experience without the negatives often associated with artificial high intensity or natural stevia-based sweeteners.



# Our performance

**Our sustainability strategy is grounded in measurable and quantifiable KPIs, which enable us to annually record progress on our performance.**



## 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.

### What we said

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

### What we did

- Vendor Expectation document revised to reflect UNGC commitment and include the mention of high ethical and social standards regarding Human Rights, Labour Standards and Anti-Corruption
- 100 suppliers have been audited, and 248 suppliers are now on Sedex
- Farming partnership with GaiaOne and Kebun Rimau SDN BHD to develop sustainable patchouli plantation in Malaysia
- Continued support to a cooperative of three villages and a local distiller to grow and distill certified ESR vetiver
- 12 schools built in Madagascar since our programme began

#### **Other key achievements:**

- Evolution of partnership with AIM-PROGRESS from member in 2012 to work stream leader in 2013 to Leadership Team member as of January 2014
- Continued to source certified sustainable Palm Kernel Oil and derivatives
- Creation of a dedicated Origination team





# Employees

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

## What we said

- Conduct 'Zero is Possible' behavioural safety programme
- 100% sites with Green Teams
- Lost Time Injury (LTI) rate below 0.1 by 2020
- Increase the representation of females in our senior leadership positions
- Build partnerships with non-profit organisations and work on charitable themes: Blindness, Family Nutrition and supporting Local Communities

## What we did

- SafeStart™, part of 'Zero is Possible' programme rolled out to two additional sites, 37 sites now trained
- Further embedded and supported Green Teams
- Our LTI rate reduced by 57% against our 2009 baseline
- The current percentage of female employees in Givaudan's senior leadership positions has increased to 17.9% in 2013, an improvement on last year's performance
- Continued support for charitable commitments



## Innovation & 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.

### What we said

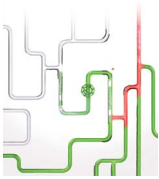
- Fragrance Division compliance with European REACH registration requirements, as they become applicable, in 2010, 2013 and 2018
- Flavours Health and Wellness programme incremental sales target of CHF 100 million; incremental growth from 2009 to 2013

### What we did

- Fragrance Division fully compliant with REACH and successfully completed required registrations
- Surpassed our target to beat our forecast of CHF 100 million of incremental sales growth for health and wellness products

#### Other key achievements:

- KeratinoSens™ Assay (an invitro method of testing skin sensitisation) working towards becoming an industry standard as part of the ITS (Integrated Testing Strategy)



## 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.

### What we said

#### The reduction percentage is against a 2009 baseline

- Energy consumption: 20% reduction, per tonne of product, by 2020
- Water use: 15% reduction, per tonne of product, by 2020 (for municipal and groundwater)
- Direct and indirect CO<sub>2</sub> emissions: 25% reduction, per tonne of product, by 2020 (indirect relates to purchased energy and not energy used by others i.e. our raw materials suppliers)
- Total weight of incinerated and land-filled waste: 15% reduction, per tonne of product, by 2020

### What we did

#### The reduction percentage is against a 2009 baseline

- 13.4% reduction in energy consumption
- 6.4% reduction in municipal and groundwater use
- 19.9% reduction in direct and indirect CO<sub>2</sub> emissions
- Our total weight of incinerated and land-filled waste decreased by 14.4%



## Customers & 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 lifecycle of their products.

### What we said

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

### What we did

- Leading supplier capability building workstream at AIM-PROGRESS and received the invitation to become a Leadership Team member as of 2014
- Partnership with Diptyque on sustainable ylang ylang
- Partnership with AkzoNobel on sodium reduction solution

#### **Other key achievements:**

- All Givaudan sites maintained Sedex Questionnaires and nine SMETA audits have been conducted
- Continued sponsorship of the Cosmetic Executive Women (CEW) Eco Beauty Award in the USA and UK to inspire sustainability action in the beauty industry
- External advocacy efforts, including speaking at British Society of Perfumers
- Gold Standard achieved for EcoVadis assessment
- Partnership with NRSC on the development of a supply chain of palm oil sustainable derivatives

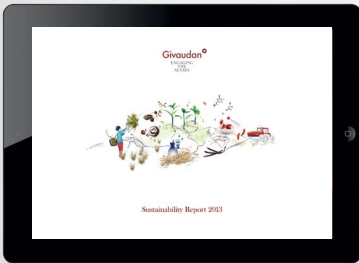


# Find out more

## Givaudan's 2013 sustainability reporting suite.

This year we have broken with previous convention by creating a Sustainability Reporting Suite that includes the Sustainability Report itself, plus a Global Reporting Initiative (GRI) Technical Report.

The latter follows the GRI 3.1 structure, which records detailed information about the Company, its materiality analysis, management approach and performance indicators. Our GRI Report is independently assured by Ernst & Young.



See the [Sustainability Report](#) for more details on our progress in 2013



See the [GRI Report](#) for full disclosure of performance

## Contact us

For more information on Givaudan's Sustainability activities, please contact:

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