

# Sustainable business model

Our business model aims to create value for our shareholders, customers, employees and partners. At the same time, it calls for the sourcing of materials in a responsible way, the creation of a safe environment for our employees, innovating for tomorrow's business and adapting to the fast-moving digital world.

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# Our value creation through a sustainable business model

We generate solid business performance and growth without depleting resources and taking into account the needs of present and future generations. An integrated approach to sustainability needs to inspire our people, adjust to new customer expectations and make a positive impact in our global and local communities. In this way we can ensure Givaudan's short- and long-term success.

## CHF 400 million invested in R&D in 2016

Our Science and Technology teams in the two business divisions drive value in innovation so we can engage and delight the senses of consumers around the world.

## Our diverse workforce

Our talent pool is made up of creative and innovative professionals with diverse backgrounds and cultures. Our more than 10,000 employees work in over 90 sites spread across 47 countries.



# Striving for a better tomorrow

## Long-term stakeholder benefit

“Operating sustainably at all levels of the organisation is an integral part of who we are.”

Joe Fabbri, Head of Sustainability

### Sustainability mission

At Givaudan, we approach sustainability by generating solid business performance and growth without depleting resources and taking into account the needs of present and future generations. An integrated approach to sustainability, unifying economic success, environmental and social stewardship, needs to inspire our people, adjust to new customer expectations and make a positive impact in our global and local communities. In this way we can ensure Givaudan's short-, medium- and long-term success.

As a business driver, sustainability contributes to value creation and is an integral part of our business model. When producing flavours and fragrances we collaborate with our suppliers to ensure they reach best practice in responsible sourcing standards. We constantly look at reducing water use and energy use, waste and carbon emissions at our operations. And our leading scientific research means that customers are benefiting from products that use fewer resources and have a lower environmental impact.

The future still holds new challenges for us, which we are keen to address. We're working hard to meet the needs of a growing population, discover innovative ways to keep providing a rich variety of flavours and fragrances, and significantly reduce the environmental impact of the materials we manufacture.

Complex challenges require holistic thinking. So we're working with employees, customers, suppliers, local people in the communities in which we are present, and many other stakeholders all over the world, because only together can we make a positive difference. Visit our website for stories on our local initiatives: [www.givaudan.com - sustainability](http://www.givaudan.com - sustainability).

Our Sustainability Report, written according to the GRI G4 reporting guidelines with 'Core' option, will be published in March 2017. In this report we disclose our management and performance information about our environmental, social and economic impacts in 2016.

### Sustainability governance

Our Sustainability programme is headed by our Head of Global Environment, Health and Safety and Sustainability, who is a member of the Executive Committee. He is supported by our corporate sustainability steering team (SST) whose members are drawn from all areas of the Company. The implementation of the strategy is coordinated by our Sustainability programme management organisation (PMO) made up of internal specialists in corporate responsibility and sustainability.

To ensure alignment between the SST and PMO, both groups are sponsored by a member of the Executive Committee. The Head of Global Environment, Health and Safety and Sustainability, reports annually to the Board of Directors.

### Value added statement

The value added is defined as the value created by the activities of our business and its employees. Givaudan's economic value retained of CHF 232 is the sum of the elements disclosed in the table below:

#### Direct economic value generated and distributed

in millions of Swiss francs	2016	2015	2014
Revenue	<b>4,738</b>	4,439	4,459
Operating costs	<b>(2,830)</b>	(2,653)	(2,684)
Payments to governments	<b>(106)</b>	(109)	(111)
Payments to providers of capital	<b>(546)</b>	(522)	(496)
Employee wages and benefits	<b>(1,024)</b>	(981)	(1,003)
<b>Economic value retained</b>	<b>232</b>	174	165



G4 – DMA Economic performance  
G4 – EC1



# Innovation for tomorrow's business

## Improving our offer to our customers

### Innovation is central to our success in driving current and future growth and enhancing our competitive advantage.

It is central to what we commit to our customers, and is more than simply creating something new – for Givaudan, innovation is about doing things differently as well as doing it better and before the competition. It is this culture of innovation that drives us in creating new horizons for our business and offering leading-edge and sustainable solutions to our customers.

As the industry leader, we are expected to be an innovator and our customers look to us to be an innovation partner able to successfully anticipate the future market and customer needs. Our Science and Technology teams help meet these expectations by creating value through innovation that supports and grows the business today and looks as well for opportunities for business growth tomorrow.

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**“We are committed to be the partner of choice by expanding our presence in relevant innovation ecosystems and strengthening our network with strategic partnerships.”**

**Chris Thoen,  
Head of Global Science and Technology**

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In the following sections we outline the approaches we are taking to ensure our long-term innovation success and highlight examples of our innovative technologies and products that underpin our current leadership.

### Givaudan Science and Technology

Our innovation is guided centrally by Givaudan Science and Technology (GST), which has among its responsibilities to prioritise innovation opportunities, leverage internal and external capabilities across our two business divisions, and identify together with the divisions strategic opportunities for competitiveness. Led by Chris Thoen, a member of the Executive Committee, GST also aims to strengthen Givaudan's network of strategic partnerships to become the undisputed partner of choice.

GST's mission is to drive the long-term development of cost-effective and memorable innovations that surprise and captivate the senses and create new business value. Its strategy is aligned with the 2020 business ambition and has four pillars to guide Givaudan's innovation.

We seek to ensure a transparent fragrance and flavours portfolio that will drive our mid- to long-term choices in innovation. We want seamless connections between the Science and Technology organisations and our business divisions so we can have a clear view on the choices to make and where we are heading. But how do we know if we are making the right choices? Ways of measuring the success of our innovation decisions will be developed, and this is the second pillar of the GST strategy.

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### CHF 400 million invested in R&D in 2016.

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The third pillar is taking the longer term view in shaping the future of our innovation and going beyond our current core activities. We want to prioritise the long-term success of our innovation portfolio and build the required technological capabilities to achieve this vision.

Finally, by connecting and collaborating, we want to strengthen internal collaboration so that we have united and holistic approaches to potential external partners, customers and suppliers. We also want to be more active in the innovation landscape outside Givaudan. More details on our approach to collaborative innovation can be found on page 20.

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## We filed 29 new patent applications in 2016.

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The scientists, technologists, flavourists and perfumers in our Science and Technology community are central to the success of our innovation strategy, and we will continue to promote an environment where their learning, creativity and interactions can flourish so they can respond with agility to the ever faster changing needs of the business.

Some of the platforms and products that further establish our innovation leadership position and deepen our capabilities to be the innovative partner of choice are detailed below.

### Technologies and products

Using world-class technology platforms, our Science and Technology teams in the two business divisions drive value in innovation so we can engage and delight the senses of consumers around the world. Achievements by these teams during 2016 helped to further establish our leadership position and deepen our capability to be the innovation partner of choice. The following section covers some of these successes.

#### Flavour Division Sustainable citrus

Citrus is arguably the most versatile and culturally diverse flavour in the world and is embedded in so many foods and beverages. Givaudan has formidable strengths in citrus, some that have been built in partnership with the University of California, Riverside (UCR) and feature a combination of adventure, inspiration and technical solutions. The 10th anniversary of this collaboration and TasteTrek® Citrus was marked in 2016, along with the launch of our Global Citrus Flavour Collection, which brings together for the first time remarkable citrus flavours developed around the globe.

However, citrus raw materials are vulnerable to the effects of natural events such as storms or drought and diseases such as greening, leading to volatile market conditions. Through our collaboration with UCR and our TasteEssentials® Citrus programme, we launched a new ingredient in 2016 that enhances juiciness and offers cost advantages for our customers as well as an improved flavour profile. This and other developments during the year provide sustainable enablers for our customers that mitigate the scarcity of citrus raw materials.

#### Beyond sweetness

As with citrus, we have a decade of experience in taste research and front-line experience when it comes to sugar and sweetness. Attitudes among consumers have evolved over recent years and today they are looking for something in sweetness that is more than simply reducing sugar. We are responding to these needs with innovation that aims to build on sweetness quality and develop flavours that go beyond sweetness intensity and capture the essence of enjoyment.

We continuously expand our sweet taste offering to address intensity and quality, ultimately leading to complete consumer satisfaction. In 2016, we launched a new ingredient that helps to enhance the sugar impact, achieving sweetness enhancement while reducing calories. We are also developing a new approach to flavour design in this area that we will launch in 2017. These new concepts will be aimed at driving preference in low sugar products by using a holistic approach to flavour creation that balances taste, aroma and application requirements.

#### Cleaner labels

Growing consumer trends in health and well-being and concerns about what we eat have led to higher expectations around transparency and information on ingredients used in foods. The resulting move to cleaner and clearer labelling and the use of recognisable ingredients on pack declarations can be an opportunity for Givaudan.

In savoury, we have many well-established solutions for customers in their search for growth opportunities. These solutions are developed in response to their needs but are innovations that also anticipate tomorrow's requirements. Our continuous research into taste enhancement alternatives has led us to develop a new range of TasteSolutions® Umami flavours based on yeast-free capabilities. The range combines scientific understanding with culinary expertise and knowledge of taste enhancement in food, and offers our customers advantages in clean label performance and cost. This offering of delicious taste profiles was inspired from our CulinaryTrek® and TasteTrek® journeys of discovery that captured long-established cooking traditions using umami.

Givaudan continues to lead the industry in naturals and natural solutions. Again in 2016 we closely focused all areas of our research on natural solutions and dedicated the vast majority of our resources to naturals. Additionally, we expanded our naturals and integrated solutions offering with the acquisition of Spicetec (see page 28).

#### Dairy-free solutions

'Non-dairy dairy' may seem a contradiction, but it is a flavour innovation that offers new opportunities for customers seeking rich, creamy or authentic dairy flavours for their products with no dairy content. This 2016 addition to our TasteEssentials® Dairy programme helps to address needs concerning allergens

and vegan products, as well as around shipping, because dairy is a challenge in countries that may restrict dairy imports. This new dairy-free solution also offers unique mouthfeel qualities which help our customers formulate nutritional products with lower fat and sugar content. It is a starting point for further innovations in this area from our Flavours teams.

### **Fragrance Division** **Captives**

Three new captive molecules reinforce Givaudan's success in the muguet family and provide perfumers with answers to existing and future restrictions on certain white floral molecules. The captives, which were designed, developed and made available to perfumers in record time are:

- Mahonial™, which has replaced Lyril/Cyclohexal, is a linear green muguet note that brings a white floral density to creations with magnolia facets. The success of Mahonial™ has resulted in numerous fine fragrance wins across the world by using this novel material at high dosage – to the delight of customers and consumers.
- Nympheal™ brings a floral creaminess to the composition and high diffusivity. Developed in two years, it is 'safe by design' and a possible replacement to Lilial with the potential of becoming a 'blockbuster'. Nympheal™ is more natural, more linden blossom and more floral aldehydic green, and will allow perfumers to create floral green backbones in their scents'.

Nympheal™, with its clear, high-performing and well-accepted character, allows us to create fantastic florals in all domains, pushing back on the dominance of fruity notes and even revisiting the green florals.

- Rosyfolia® is the bloomiest of the three in the muguet area. With a fresh, diffusive rosy, muguet top note, it has a strong natural/rosy character and a performance in application that brings new perspectives in rosy notes to our perfumers. This was discovered by our team in Shanghai while searching for one of the most important attributes of a natural muguet odour: its floral, rosy, citrus character. Rosyfolia® is a good alternative to geraniol and citronellol and has no regulatory limitation.

### **Laminaria**

Laminaria Seaweed Absolute MD Orpur® is our first marine origin ingredient for the perfumers' Cardex. Until recently there was no natural ingredient from the sea for perfumers to use. Sourced on the Brittany coast of France, Laminaria enriches the olfactory repertoire by bringing an iodine note with leathery inflections, and Laminaria Seaweed Absolute – part of the Orpur® range – is an exclusive natural ingredient for our perfumers. Our new Laminaria Seaweed Absolute has a vibrational force and mossy undertones that take part in the substitution of oak moss and bring a natural marine freshness

at low dosage. Both feminine and masculine, this ingredient releases an incredible energy.

### **Perfume benefits**

We continue our efforts to understand the connections between fragrances and consumer behaviours. This includes the human perception of odours and their influence on well-being, consumer behaviours and other important category attributes. We are doing this by using a range of implicit and explicit techniques. In well-being, our focus is in the area of helping sleep, reducing stress and improving cognition. We have also been active in partnering with an academic institution on developing ways of measuring well-being. In driving consumer behaviours, we are looking at the influence of fragrance in helping consumers to follow desired usage instructions such as dosage and time in contact for optimal product performance, as well as positive habits and rituals. And in driving important category attributes, we are examining a range of objective techniques on the connection between fragrance and multidimensional and emotional descriptors.

### **Encapsulates**

A recent innovation with encapsulated fragrances is in the fabric care category, which has given rise to best-in-class performing capsules for all segments – fabric softeners, powder and liquid detergents including unit doses. Our delivery systems team has developed a new generation of Mechacaps® that enhances olfactive impact and improves performance of capsules on dry clothes before rubbing and upon gentle friction when handling or wearing.

### **Active Beauty**

Our leadership in marketing and innovation in cosmetic active ingredients was highlighted in 2016 when Givaudan Active Beauty won gold for Neurophroline™ in the active ingredients category of the in-cosmetics® Innovation Zone awards. Neurophroline™ is an active that can combat the signs of environmental aggressors such as pollution and climate.

# From sourcing to supply

## Ensuring excellence and agility

### Our supply chain is under increasing pressure, compelling us towards excellence and agility.

Changes in the external environment and global trends are creating challenges for companies such as ours. The following sections on procurement and supply chain outline how we are meeting these challenges and turning them into opportunities.

#### Procurement

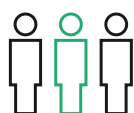
We source more than 10,000 different synthetic and natural ingredients from over 100 countries. Our network includes more than 3,000 raw material suppliers and more than 12,000 indirect material and services suppliers. These procurement activities are influenced by a changing external environment: the fast-growing global population is increasing demand; consumers are more connected and better informed, driving us to higher standards of compliance with sustainability specifications; and digitalisation is enhancing business intelligence and support to meet consumers' need for transparency.

#### Procurement by numbers



Spend Analysis

We manage  
CHF **2.5bn**  
spend per year



People

**>195**  
procurement employees in  
**34 sites**



Raw Materials

We source  
**>10,000**  
different raw materials in  
**>100**  
countries



Supplier Management

**3,000**  
raw material suppliers  
**~12,000**  
Indirect Materials and Services



Contract Management

We manage  
**>25,000**  
contracts

To prepare for the future, we are going beyond the traditional approach to procurement by creating closer partnerships with suppliers, based on solid governance and innovative business models.

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**“Our mission is to maximise value with suppliers to create profitable business and deliver the best ingredients, enabling us to differentiate our products.”**

**Willem Mutsaerts,  
Head of Global Procurement**

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This new approach ensures that our activities create shared value with our customers, our business and our suppliers. It is the underlying theme of our new procurement strategy developed in 2016.

Guided by this strategy, our team will focus on four key areas: cost and cash, risk, innovation and responsible sourcing. In all four areas we will ensure excellence and differentiation through talent development, state-of-the-art systems and business intelligence.

Through cost and cash leadership we aim to secure meaningful financial results for the business divisions. An increased focus on collaborative value creation on top of traditional supplier relationship management will make Givaudan and its suppliers connect as their mutual partner of choice.

Supply or price volatility will be mitigated through a robust cross-functional risk management process, differentiating business models such as long-term partnerships, and direct presence and collaboration in countries of origin with producers and suppliers.

In 2016, we held the inauguration ceremony for our NATEMA joint venture with Henri Fraise Fils (HFF). It is one of the largest clove leaf oil processing plants in the world. NATEMA (Natural Extracts Madagascar) is part of our commitment to establish direct sourcing models in countries of origin that offer the best ingredients to our customers and create value in our partner communities. This plant will enable Givaudan to establish and grow its capacity to develop and process natural ingredients sourced in Madagascar.

To better address vanilla crises like the one we are currently facing and to meet ever growing customer expectations on iconic vanilla, we further expanded our footprint in Madagascar. We concluded another strategic agreement to leverage the local expertise and infrastructure of our partner

HFF and secure 100% vanilla bean supply directly from Malagasy smallholder producers.

We are also experiencing headwinds with increasing scarcity of citrus materials due to crop volatility and plant diseases and with limitations on availability of natural specialties. Our teams are therefore developing robust and long-term partnerships in markets such as citrus, florals and spices.

Our indirect materials and services team manage risk as well. Last year our logistics procurement experts successfully improved cost transparency and reduced logistics risks through a pan-European road transport tender. This moved us from a single-sourced situation to multiple engaged partners.

By unlocking capabilities through supplier-enabled innovation, we maximise the contribution of suppliers to Givaudan's innovation ambitions. We know that solid and open partnerships within our supplier base have significant potential to boost our mutual innovation power.

During the year we expanded our existing collaboration with the US industrial bioscience company Amyris in the research, development and production of active cosmetic ingredients. The partnership anticipates the launch of target products that promise significant performance, cost and sustainability advantages over existing ingredients. Amyris will use its strain engineering platform to design cosmetic active targets and scale them up at its manufacturing facility in Brotas, Brazil for exclusive commercialisation by Givaudan.

Through our Responsible Sourcing programme, we engage with our suppliers to create traceability and adherence to social, health and safety, environment and business integrity standards. In 2016, we published our Responsible Sourcing Policy, the first of its kind in the flavour and fragrance industry. Our goal is to make sure that all our suppliers of goods and services work towards compliance with this policy. It informs and asks our material and service providers to adhere to our responsible sourcing principles and requirements in four core areas of responsible sourcing: social, health and safety, environment and business integrity.

In addition, we support local communities where we have direct presence in our supply chains by jointly developing projects around local education, health and nutrition and environmental protection. Since 2011, Givaudan has collaborated with a local NGO in Madagascar on a natural resources preservation programme, with the objective of contributing to reducing the environmental impact from clove leaf oil distillation, and supporting local producers. The programme involves 22 village associations, and for every kilogram of clove leaf oil produced, producers taking part in the programme plant one tree and are paid a premium. In 2016, 86,000 trees were planted.



We will continue to build on our four strategy pillars, creating value for our customers, business and suppliers. We seek to collaborate with suppliers and key stakeholders in ways that enable us to contribute to a profitable business for Givaudan and best palette of ingredients, enabling us to differentiate our products.

### Supply chain

In 2016, building on the solid foundations of the global supply chain excellence programme of 2011-2015, we defined our internal 2020 strategy for the supply chain function, to aim at improving customer service levels and satisfaction while optimising inventory and supply chain costs.

Both business divisions improved their service levels during the year and continued work on further reducing supply chain cost ratios. This was done through a combined effort of the Flavour Division and Fragrance Division and supported by the fully deployed SAP platform and leveraging on the tools and processes developed by the supply chain excellence programme.

The strong collaboration between the divisional supply chain organisations and procurement is resulting in valuable synergies on risk management, supplier inbound optimisation and transport costs transparency.

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## Our supply chain teams are determined to continually adapt their models to meet changing customers' and market needs.

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Collaboration with sales teams and customers is vital in our strategy to collect reliable forecast information as part of the sales and operations process.

Agility and a customer-centric mindset will be central themes to our supply chain journey in 2017-2020. Our shared mission is to deliver superior value to our customers through agile, reliable service and continuity of supply at optimised cost and with minimal environmental impact.



G4 – 12 Supply chain; pages 66 – 68

# Creating a great place to work

## Development, empowerment, safety

It is our mission to foster a great place to work where our people impact their world and contribute to making a positive difference.

We value our employees around the world, which is why it is our mission to foster an environment where our people can grow and shape their world and feel empowered to contribute to the Company's success. This environment must also be safe and healthy and we encourage responsible practices at the workplace and beyond. Safety behaviour and awareness are embedded in Givaudan's culture.

Fundamental to our success is our more than 10,000 employees working in our 98 sites in 49 countries.

Our employees are creative and innovative professionals who are passionate and proud of the work they do in our Company. We embrace diversity throughout our organisation and focus on creating an engaged and inclusive workforce.

Critical to this strategy are our leaders. We are therefore committed to developing visionary, inspiring and challenging leaders who will achieve our ambitious targets and ensure our future success.

The following sub-chapters on our people and on environment, health and safety provide further information and examples on our 2016 progress on key commitments.

### Our people

At Givaudan we understand that fostering a great place to work where our people impact their world and contribute to our success is an important driver for growth. We build upon the successful foundations of our existing approaches to ensure that we improve how we manage and motivate our people. In 2016, we revised our Human Resources strategy in line with our 2020 business ambitions, to capitalise on internal opportunities and embrace external trends.

Our 2020 people strategy is developed around three themes which support our business, our people and our culture to adapt to future demands. These themes, with examples and highlights of some initiatives, are outlined below.

### Talent

We believe in unlocking the potential that lies within all our employees, helping them achieve professional and personal growth to give them the foundation to impact and shape their world. To do this we focus on both attraction and development of talent. We ensure that we have the right methods to attract the right people to work for Givaudan, while at the same time nurturing our internal pipeline by increasing skills and capabilities. This way we secure our long-term success.

### Employees receiving regular performance and career development reviews

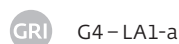
in %	2016	2015
Female	92	86
Male	63	52

GRI G4-LA11

## New employee hires by age group, gender and region in 2016

	Age range <30	Age range 30-50	Age range >50	Female	Male	Total
Asia Pacific	193	202	6	164	237	401
Europe, Africa and Middle East	216	253	19	230	258	488
Latin America	127	111	2	82	158	240
North America	117	245	118	159	321	480
<b>Total 2016<sup>1</sup></b>	<b>653</b>	<b>811</b>	<b>145</b>	<b>635</b>	<b>974</b>	<b>1,609</b>
Total 2015	471	567	36	411	663	1,074

1. Large increase in 2016 is primarily due to the acquisition of Spicetec.



We want to find the best possible people to apply for jobs at Givaudan. We recognise the increasing importance of online platforms as job seekers use social media to find out more about a company, and to influence their decision on whether they are a good cultural fit for an organisation. The official launch of several social media channels last year offered us a new opportunity to build Givaudan as an employer of choice and attract talent to apply for roles. We have chosen an active presence on these sites, seeing it as a way to start a dialogue with potential employees and as an opportunity to promote our Company as an attractive place to work.

**“In addition to bringing in great talent from outside, we’re seeking to nurture internal talent, developing our pipeline in order to be able to equip our leaders for the future.”**

**Jane Djate,**  
Head of Learning and Development

When it comes to leadership talent, the flavour and fragrance industry has unique needs and there are challenges in recruiting the right people and knowledge. To help meet this challenge, we are continuing to develop our global Leadership Senses programmes to foster essential management and leadership skills, from self-awareness to the strategic competencies needed to lead a global organisation. In cycles of Begin, Grow, Evolve and Enhance, these four programmes nurture strong, cross-functional relationships within our Company and provide our managers with the tools and guidance to become inspirational and challenging leaders. In 2016, we piloted Leadership Senses Grow, aimed at supporting managers with continued self-reflection and refined leadership skills as they grow into their roles.

**“Evolve is a terrific programme. It was an honour to be part of it. Seeing the commitment of the Executive Committee and others in this programme and in my development is inspiring and so motivating.”**

**Leadership Senses Evolve participant**

In addition to leadership development, we invest in targeted technical and functional skills. For example, our global Flavourist training programme is a comprehensive and modular three-year curriculum that focuses on technical capabilities as well as interpersonal skills and business acumen. The programme, part of the Global Flavourist School, was extended into Latin America during the year to support our strategy for continued growth in this market. Seven trainees from across the region, who are specialists in areas such as chemistry, food engineering and food technology, are taking part in the programme which involves intensive hands-on experiences and classroom courses.

In addition to formal learning programmes, we also invest in individualised development activities. For example, following the successful pilot of a mentoring programme in Fragrances North America, the division introduced a global mentoring programme in 2016. Employees have been matched with mentors who have the expertise relevant to their individual development areas. The aim of the mentoring programme is to help employees develop their leadership or technical skills, support them to navigate across the organisation and improve their understanding of our Company culture, while promoting knowledge sharing.

### Staff turnover by age group, gender and region in 2016

	Age range <30	Age range 30-50	Age range >50	Female	Male	Total
Asia Pacific	11%	9%	8%	8%	10%	9%
Europe, Africa and Middle East	17%	8%	8%	7%	10%	9%
Latin America	14%	10%	13%	11%	12%	11%
North America	15%	9%	8%	10%	9%	9%
<b>Total 2016</b>	<b>15%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>10%</b>	<b>9%</b>
Total 2015	17%	8%	8%	9%	10%	9%

GRI G4 – LA1-b

### Performance

We aim to create an environment where people are motivated to perform at their best. This motivation is achieved in part through continuous feedback and coaching, and by ensuring strong links between performance and recognition. We continue to focus on individual performance and career discussions, ensuring that regular individual feedback leads to the best possible outcomes and customer experience.

We are committed to ensuring employees have a good understanding of our pay and compensation principles and how they affect individuals. Increasing knowledge of our compensation practices will improve the links between performance and recognition. In particular, in 2016 our HR teams equipped our managers with the knowledge and tools to have targeted conversations on compensation, helping people to understand how their performance impacts their pay.

“Our business success depends every day on our employees and I’m proud to have colleagues who help bring Givaudan to greater heights.”

**Fabrizio Raho,**  
Commercial Head and Company Manager, Japan

In addition to financial recognition, we are also encouraging managers to reward employees for their contribution to Givaudan in other ways. For example, our Asia Pacific ‘Mindset of Best’ employee recognition programme aims to express appreciation for people or teams who demonstrate the Company DNA in day-to-day work and go above and beyond to make a real difference to our business. In Japan in 2016, for example, five awards were made to commend exemplary employees for a range of initiatives.

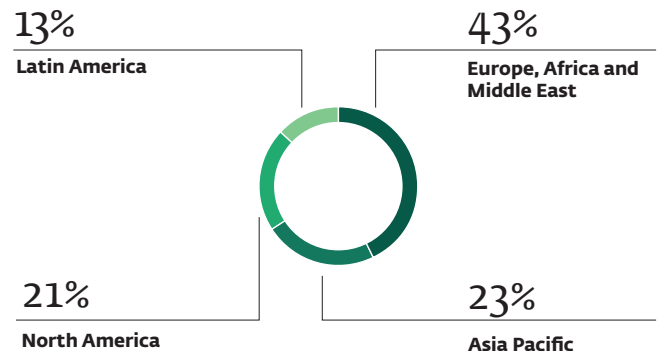
### Culture

We promote a diverse workforce which operates in an agile and collaborative way. We do this by ensuring that employees have the right opportunities to learn about Givaudan, have access to the information they need to do their job, and experience open and honest leadership communication.

In 2016, our Learning and Development organisation designed a global onboarding event with the aim of ensuring that new employees have an engaging start at Givaudan by learning about our business and the way we work. We believe that we can decrease the time it takes for a new hire to perform well at Givaudan by creating a programme which helps an individual to quickly learn about our business, build a network in Givaudan and build excitement for the challenges ahead. This programme will be piloted in Latin America and will be rolled out in all regions during 2017.

We are also working on other measures to boost engagement across our locations and sites. In North America, our HR teams have introduced a range of engagement activities aimed at fostering a great place to work. In Flavours, an internal online platform has been introduced to help employees stay informed

### Employee by region





about organisation changes including new employees and promotions; find opportunities to get involved; connect with other areas of the business; stay up-to-date on the division and its industry; and access important documents. In Fragrances, for example, a new internal Culture Committee has been established in the Ridgedale site 'to value you, the core of Givaudan's DNA, through active listening and dedication'. This informal committee, comprised of people from different functions, organises on-site events and activities.



G4 – DMA Employment; pages 69 to 72  
G4 – DMA Training and education; pages 69 to 72

## Environment, health and safety (EHS)

The EHS function creates value for the Company by safeguarding the health and safety of its people, assets and the environment.

Our mission goes beyond rules and processes, aiming at empowering all employees to take responsibility in safeguarding the environment and protecting people's health and safety. EHS is an integral part of our Company culture.

**“Environment, Health and Safety are key values for us and they are evolving as a permanent focus and mindset for all employees.”**

**Hallvard Bremnes,  
Head of Global EHS Centre of Expertise**

We are well on our way to achieving excellence in safety, an example being the reduction of 65% in lost-time injuries at the global level. Another example is in Brazil, where in 2016, Givaudan was awarded first place in the category of Safety Management and Occupational Health in the DuPont annual safety and health awards for 2015. The award acknowledged work over the previous five years for developing an EHS strategy, reducing accidents and promoting a better safety culture.

**“The focus on safety has delivered results across the business. In addition, our campaigns in 2016 included more emphasis on employee health and well-being, and investments in air quality and ergonomics in our factories contributed to continuous improvement in the working environment.”**

**John Pares,  
Head of EHS Field Organisation**

After the successful conclusion of our 2011-2015 strategy, EHS launched a revised 2020 strategy in 2016 which goes beyond the traditional focus on manufacturing. This strategy is based on the three pillars of safeguarding our ability to deliver to customers, implementing a risk management system, and embedding EHS in our business culture.

### **Safeguarding our ability to deliver to customers**

We continue to build trust with all our stakeholders to safeguard our Company's ability to deliver to customers. This includes the complete implementation of our EHS management system covering elements like EHS Directives, Standards and regulatory requirements. Compliance is a key driver of this pillar, and our EHS internal audits are now standard practice throughout our organisation and help to confirm the successful implementation of these requirements. The communities and neighbourhoods where we operate are critical to our long-term success. We take every precaution to operate safely in these communities while providing social and economic value.

In 2015, Givaudan announced strengthened eco-efficiency targets for the five-year period to 2020, including a target of stabilising its carbon footprint, a commitment to reduce waste generation and energy consumption per tonne of product, and a renewed commitment to reduce water usage per tonne of product. In 2016, all our production sites developed eco-efficiency plans, and improvements included more energy-efficient equipment and control systems.

Givaudan is also working towards 100% renewable electricity at all its sites. Over the last few years, we have consistently made progress by increasing the percentage of our renewable portfolio in purchased electricity. By the end of 2016, almost half of our electricity purchased was from renewable sources<sup>1</sup>. Our contribution to mitigating the negative effects of climate

change is our effort to stabilise CO<sub>2</sub> emissions while increasing production volumes. To compensate for this growth, we improve our processes to save energy, increase use of renewable energy sources and invest in efficient technologies.

Since the start of our climate change mitigation programme in 2009, our absolute CO<sub>2</sub> emissions have reduced by approximately 15% even with a significant volume growth<sup>2</sup>.

### Implementing a risk management system

Givaudan's growth path of organic expansion and acquisitions inevitably involves some essential large-scale projects. EHS, as a full team member, is involved from the beginning of each project to assess and minimise risks. Our EHS teams support the design of all new building activities so that, in EHS terms, the plants we build today use learnings from the past and are fit for the future. In India, for example, a new EHS programme designed specifically for contractors was a significant success in a large-scale construction site project.

Another example was in North America, where an assessment of workplace back injuries was undertaken and resulted in an ergonomic education and training programme for all sites. We expect this intervention will have a material impact on the long-term health of our employees.

### Embedding EHS every day in our culture

We have a fundamentally strong EHS culture. Survey feedback from employees consistently reinforces this and the importance they put on having a safe place to work. Our goal is to enhance this EHS mindset in the daily activities of all employees so it becomes habit, second nature and the right thing to do every day at work. This approach places an emphasis on the positive aspects of safety through engagement activities, well beyond highlighting accident rates.

EHS engagement activities, including EHS Weeks organised on our sites, are instrumental in demonstrating employees' renewed commitment and action in EHS.

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## We are passionate about ensuring Everyone gets Home Safe every day.

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### EHS Organisational Continuous Improvement

We are a signatory to the Responsible Care® Global Charter and are committed to driving continuous improvement in EHS performance. We value and invest in our EHS talent through training and our EHS Academy.

We continuously look to strengthen the efficiency of our systems and processes through which we operate with the goal to maximise the 'hands-on time' of all our EHS field professionals. A range of internal checks and audits help measure the effectiveness and robustness of our EHS

management systems. Listening to our stakeholders keeps us grounded in providing services and solutions that meet expectations.

Our Global EHS Centre of Expertise oversees areas such as environmental protection, material stewardship, industrial hygiene, process safety management and odour emissions control, and manages our Global Safety Laboratory. To cast a wider net of expertise across the organisation in 2016 we made use of internal volunteer specialists who were keen to offer their knowledge and experience as a contribution to EHS performance. These regional champions work in process safety, occupational health and hazardous materials compliance, and are an additional source of enthusiastic expertise.

Despite all these great processes, systems and metrics, we still believe 'getting everyone home safe every day' comes down to what each and every one of us believes in and focuses on: We believe safety is everyone's responsibility.

### Looking ahead

Our EHS teams and business leadership will continue to embed a culture that empowers everybody to safeguard the environment and protect people's health and safety. A safe place to work is also a great place to work. Our site EHS Weeks in 2016 energised the entire organisation and had a multiplying effect on the number of people engaged in watching out for themselves and their colleagues.

1. For final figures, please refer to the Sustainability Report published on 23 March 2017.

2. For more information and final figures on our GHG performance during 2016, please refer to the Sustainability Report published on 23 March 2017.

# Adapting with agility to the digital world

## Embracing digitalisation to create opportunities

### Innovative technologies, big data and predictive analytics will change the way companies do business.

In 2016, in pursuing our goal to better leverage innovative technology and offer superior business services, the Global IT organisation adopted its strategy accordingly and amended its name to Global Information Management & Technology (IM&T). It is also the first function to join Givaudan Business Solutions, the new global business organisation announced in 2016 to respond to the fast-evolving trends that will shape our industry and our business.

Read more on GBS in our strategy section on page 19.

#### Global Information Management & Technology

Information Management and Technology (IM&T) better reflects the solutions and services offered that go beyond pure technical services. Fabien Jaunault, Head of IM&T, is responsible for driving the strategy and day-to-day business operations in IM&T, bringing the right vision to lead the Company successfully through the rapid digital revolution we are witnessing today.

In 2016, we continued to support our business in developing differentiating services and new ways of working with our customers, partners and employees by optimally leveraging digital trends and technology. For example, during the year, we launched mobile versions of our brief management tools (iBee for Fragrances and iAtlas for Flavours) to help commercial and development teams collaborate on customer briefs in real time, on the bench, or on the move. In supporting the business to provide the best customer experience, our lavender and citrus 360° videos were introduced to take customers on a journey discovering our naturals in the field through virtual reality.

To better engage with our customers in key markets, we launched the Japanese version of our Corporate website specifically tailored to the needs of our customers, partners and key stakeholders in the Japanese market.

IM&T continued strengthening our big data capabilities. We have identified a number of opportunities and executed several projects as predictive analysis touching different domains of the value chain such as procurement, sales or creation. The IM&T team has also been working to support Givaudan's growth with the integration of Spicetec into our systems platform; this integration will continue in 2017. Similarly, our Active Beauty business is benefiting from its integration into our global systems, as are our Soliance and Induchem North America activities; the integration of Induchem in Europe will continue in 2017.

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“As we design more agile and less complex business processes, services and solutions across the Company, IM&T will ensure that we leverage business opportunities stemming from the rapid digital evolution and enable us to quickly deploy innovative digital technologies across all areas.”

**Fabien Jaunault,**  
Head of IM&T

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IM&T aims to continue delivering competitive advantage through innovative IT solutions, accompanying Givaudan in its growth and adapting quickly to the digital world.

