





# OUR FUNDAMENTALS

# FIRMENICH

“Our Fundamentals guide our every action, enabling us to remain true to ourselves and make a difference in an ever-changing world.”



Patrick Firmenich  
CEO

## MUTUAL SUCCESS

### CLIENTS

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We fragrance and flavor our clients' products for our **mutual success**.

- We listen to our clients and transform their ambitions into reality.
- We anticipate consumer desires, continually reinventing the world of smell and taste.
- We deliver the winning combination of products, service and value for money, placing authority and accountability close to our clients.

## PASSION, TALENT AND INTEGRITY

### PEOPLE

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People are the heart of our Company. They are recognized for their **passion, talent and integrity**.

- We create an environment in which each employee is valued, empowered and encouraged to grow.
- We value the diversity and commitment of our people, enabling us to shape our future with confidence and imagination.
- We unite the finest talents and encourage an entrepreneurial team spirit to attain our strategic goals.

## CREATIVITY

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Creativity is our **essence**.

- We create fragrances and flavors that inspire our clients and consumers worldwide.
- We lead our industry in research & innovation, capturing breakthrough ideas around the world.
- We constantly strive to discover new ways to improve all that we do.

ESSENCE

## SUSTAINABILITY

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Our sense of individual and collective responsibility ensures our **long-term success**.

- We strictly maintain the highest level of personal integrity and ethical values.
- We practice a sustainable business model for the well-being of present and future generations.
- We adopt the strictest international standards on quality, safety and the environment.

LONG-TERM  
SUCCESS

## INDEPENDENCE

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Our independence gives us the freedom to control our **destiny**.

- We are a family-owned company, committed to our independence.
- We take a long-term view of our business.
- We pursue a policy of financial strength, profitable growth and return on assets.

DESTINY





Vernon Sankey  
*Chairman*

Patrick Firmenich  
*CEO*

## Message from our Chairman and CEO

Welcome to the fifth edition of our annual Sustainability Report.

As the largest privately owned company in the flavor and fragrance industry, our products create moments of happiness in the daily lives of billions of people around the world.

We define what we value most in the Firmenich Fundamentals. Our Fundamentals guide our every action, enabling us to remain true to ourselves and make a difference in an ever-changing world.

In 2005, we set seven ambitious safety and environmental goals as part of our strategy for 2010. We are pleased to report that we have met and exceeded all seven of these, the details of which you will find in this report.

Looking towards the next five years, we are challenging ourselves with even more ambitious sustainability goals in all aspects of our business. There are three pillars upon which our 2015 strategy is built: Think Client, Be Different, and Remain True. We have structured this report to reflect the sustainability dimension in each of these pillars.

Today, sustainability is broader than a “green strategy”. It is a game changer. With this in mind, we are inventing the fragrance and flavor business of the future. We did not develop a separate sustainability strategy for 2015 - but a 2015 strategy that fully integrates sustainability.

We warmly thank our employees who understand that sustainability is the responsibility of everyone, everywhere, everyday. They make sustainability a reality as we continue our journey and prepare for generations to come.



## Our Collaboration with Yann Arthus-Bertrand and the GoodPlanet Foundation

In May 2010, Firmenich forged a partnership with the photographer Yann Arthus-Bertrand. We approached his foundation GoodPlanet because of its remarkable action-oriented sustainability programs. We immediately felt aligned with its vision of celebrating creativity and art, while seeking innovative solutions to protect our environment.

Yann Arthus-Bertrand is perhaps the best known aerial photographer on the planet. He has sold more than 3 million copies worldwide of his seminal photo essay "Earth From Above", a decade-spanning attempt to photograph all the vistas of the planet from the sky. Arthus-Bertrand subjects are not always photographic. His prints show poverty and strife as well as green tranquility.

The photos in this report were selected to illustrate our key achievements and objectives around renewable energy and water protection. They should also help us think about new consumers in emerging markets. Like Yann Arthus-Bertrand, Firmenich has a bird's-eye view of sustainability - embracing it throughout our business, within all our business divisions, and across our affiliates around the world.



© Erwan Sourget

## Statement from the artist

### Inspiring action

"Twenty years ago, when I launched the "Earth from Above" project, I wanted to focus on what is beautiful on this planet, whether it be nature itself or human achievements. Landscapes are just like the faces of people - they are an expression of life.

Seen from the air, things appear differently. Humankind and nature are not set apart. This is what I have learned from looking at the world with this perspective. My photo of the Cœur de Voh nestled in the mangroves of New Caledonia, symbolizes the relation that we should have with a planet we share with 7 billion people. This relation should be long-lasting and loving, not short-sighted and predatory. Photographs have a universal message. I like the idea that pictures are not just to be admired, but can serve as the messenger of simple ideas to people of all cultures. It is my hope that my photography and the work of the GoodPlanet Foundation, which I created 5 years ago, will inspire people to take action on environmental challenges, as we are all personally responsible for the future of the Earth and its inhabitants. Each of us can take small actions every day to make our human societies sustainable."

Yann Arthus-Bertrand

GoodPlanet.org



[Cover] **Pink ebony on the Kaw mountain, French Guiana (4°30' N, 52°00' W).**

Before flowering in a spectacular manner, this tree in the Guyanese forest loses all its leaves. Brazilians call it pau d'arco [arc wood] or ipe roxo. It is very hard and its wood does not float. It is also known across South America for its medicinal uses. In this ocean of greenery, the Tabebuia's isolated flowering shows this species' weak density.



[Page 2] **Heart in Voh in 1990, New Caledonia (French Overseas Territory) (20°56'S, 164°39'E).**

Mangrove swamps which are aquatic and terrestrial forests develop on tropical silt soil exposed to alternating tides. This fragile environment is continually regressing because of the overexploitation of resources, agricultural and urban expansion, the development of shrimp farms and pollution. Mangroves are still indispensable to marine life and to the balance of the coast as well as to the local economy.



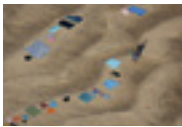
[Page 6] **Well at Fatehpur Sikri, Uttar Pradesh, India (27°06' N, 77°40' E).**

Water consumption in India is greater than the natural replenishment of ground water; consequently, the water table has fallen by between 3.25 and 9.83 feet (1 and 3 m) over 75 percent of the country. This deficit is endangering Indians' food supplies, and is a threat to lakes, rivers, and other wetland ecosystems.



[Page 7] **Pedestrians in the streets of Tokyo, Honshu, Japan (35°40' N, 139°42' E).**

In this constant transition from anonymous megalopolis to convivial neighborhood living, Tokyo continues to surprise, with its houses lacking an address, its safety [the crime rate is among the world's lowest], and the civic sense of its inhabitants, who will restore to its owner property lost in a shop, train, or metro carriage.



[Page 12] **Laundry in the Senegal river near Matam, Senegal (15°38' N, 13°14' W).**

In the past 20 years Senegalese women have benefited from improved girls' education programs and improved life expectancy. While some of them are traditionally drying their laundry, they are now also enjoying responsibilities in business and in the government.



[Page 13] **Solar thermal power plants in Sanlúcar la Mayor, near Seville, Andalusia, Spain (N 37°26' W 6°15').**

The large plains around Seville are sunny for 320 days a year and are therefore ideal for solar thermoelectric power stations. This complex (with 11 MW power) is made up of eight power stations and has been working since 2006. The site consists of 6,718,202 sq feet (624,121 m<sup>2</sup>) of swiveling mirrors that cover an area of over 70 hectares. This source of energy has considerable potential as in one hour, the Earth receives as much energy from the sun as humanity consumes in a year.



[Page 18] **A shantytown in Port-au-Prince, Haiti (18°32' N - 72°22' W).**

Port-au-Prince, the capital of Latin America's poorest country, has always known destitution and violence. It is a densely populated small territory in which 70 percent of the population lives below the poverty line, that is to say on less than 2 dollars a day.



[Page 19] **Mangrove swamps in the Everglades National Park, Florida, United States (25°17' N, 81°04' W).**

The biological richness of these environments has everyone in agreement : it has been listed as a UNESCO World Heritage site since 1976, and since 1987, the Everglades Park has been declared an Internationally Important Wetland. This did not stop it from joining the sad list of World Heritage Sites in danger in 1993.

© Yann Arthus-Bertrand / Altitude



# HIGHLIGHTS

## 5<sup>th</sup>

Recorded our 5<sup>th</sup> consecutive year of Safety Improvement

Since our 2005 baseline, we achieved all 5 of our ambitious environmental goals:

# -24.0%

in our CO<sub>2</sub> rate;

# -29.0%

in our VOC rate; and

# -23.0%

in our process water usage rate

- Completed a major solar installation at our North American Headquarters in Princeton, N.J., U.S.A.

Achieved a further six third-party management system certifications in:

OHSAS 18001

ISO 14001

ISO 22000

- Created the Firmenich Charitable Foundation
- Renewed our commitment to the UN Global Compact
- Launched four new Sustainability Partnerships:
  - Naandi Foundation
  - The BioTrade Initiative
  - Clinton Global Initiative
  - GoodPlanet Foundation
- Published the Firmenich Sustainability Report in Chinese

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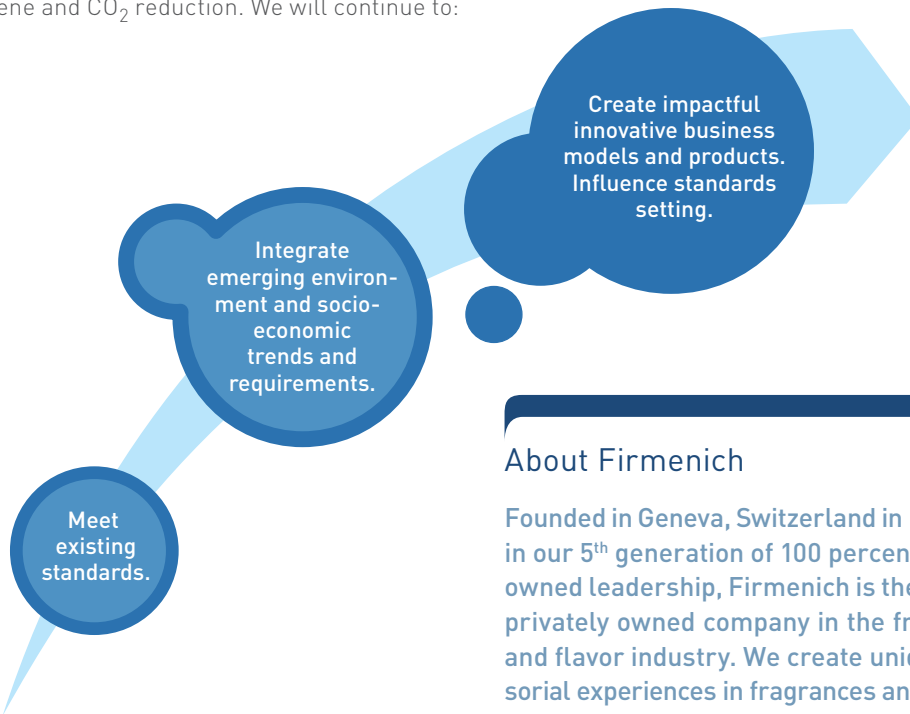




# EMBRACING SUSTAINABILITY

Our vision is to remain an industry leader in sustainability, creating and capturing value with our clients and their consumers worldwide. We consider sustainability both a moral and a strategic business obligation. We want to make sure that our company will not harm the environment or our communities. We are committed to remaining a leader in problem solving around global challenges such as water management, nutrition, hygiene and CO<sub>2</sub> reduction. We will continue to:

- Create products that make a difference
- Contribute to clients' sustainability strategies
- Understand consumer needs in emerging economies
- Anticipate global environmental trends



## About Firmenich

Founded in Geneva, Switzerland in 1895 and in our 5<sup>th</sup> generation of 100 percent family-owned leadership, Firmenich is the largest privately owned company in the fragrance and flavor industry. We create unique sensorial experiences in fragrances and flavors for the world's most desirable brands, inspiring emotions and fulfilling desires for the products we enjoy everyday.

## Sustainability Inside and Out



At Firmenich, sustainability is the responsibility of everyone, everywhere, everyday. We are putting in place the necessary learning opportunities to empower us all to take sustainable actions and become change agents and innovators. Our objective is to ensure that we each contribute toward protecting our environment and meeting our clients' sustainability visions. Sustainability is an opportunity to work with our clients to help them serve consumers across the entire economic pyramid.







THINK CLIENT

WE BELIEVE OUR FRAGRANCES AND FLAVORS  
BRING MOMENTS OF HAPPINESS TO PEOPLE LIVING  
AT THE BASE AND AT THE TOP OF THE ECONOMIC  
PYRAMID AND TO ALL OF THOSE IN BETWEEN

**As a leading supplier of fragrances and flavors, we are part of the value chain of some of the largest corporations around the world. Our clients are increasingly interested in partnering with us around sustainability issues and we work with them to deliver sustainable solutions.**

## Think Client Sustainability in Research

New science and technology initiatives are at the heart of our research activities. We strive to create ingredients for our industry that minimize the impact on our environment. We continually evaluate our processing methods to ensure energy efficiency and minimal waste.

Our sustainable research activities are focused on five main areas: biodegradation, green chemistry, white biotechnology, green biotechnology, and health and wellness.

### Product Biodegradation

Our research into biodegradation is changing the way that we design new ingredients for the future. It is our vision to only develop and commercialize new perfumery ingredients that are biodegradable. This move sets the standard for our industry and goes beyond the requirements of REACH (the European Union's Registration, Evaluation, Authorization and restriction of Chemical substances regulation which came into force in June 2007).

### Green Chemistry

Where our raw materials are derived from chemical processes, green chemistry is an important component of our R&D activities. For many years, we have been simplifying our processes, reducing waste and energy requirements.

We have increased the use of catalytic chemistry, a process that increases the speed of chemical reactions by reducing energy requirements. By adding catalysts to chemical compounds, some target molecules can be obtained in a single rather than a multi-step process. Catalytic chemistry has allowed us to develop an entirely new process to make Furaneol®, our largest-selling flavor ingredient. This new process uses 20 percent less energy and creates 20 percent less waste.



### White Biotechnology

White Biotechnology uses enzymatic or fermentation processes to make ingredients, as an alternative to chemical synthesis. One type is synthetic biology where micro-organisms are engineered to make a biochemical of choice. This allows us to make ingredients from natural materials such as CO<sub>2</sub>, glucose or fat, rather than petroleum.

We began significant investment in White Biotechnology in 1987 and our research led to novel industrial processes for key ingredients, such as green notes, as early as 1993. In this process, all the raw materials are derived from nature and compost is the only waste generated.

White Biotechnology processes have improved considerably in recent years. This has led to reductions in waste, water use and energy use for our processes, which convert vegetable oil to green notes, and have brought new ingredients to our flavorists' and perfumers' palettes.

# -20%

Furaneol® uses 20 percent less energy and creates 20 percent less waste

# 1987

Investing in white biotechnology since 1987

**THOUGHT  
LEADERSHIP**



## Green Biotechnology

Some of the agriculturally sourced raw materials that our industry uses today are still made using “artisanal” methods of extraction. There is opportunity to improve the agricultural base of making such materials and to reduce the amount of land used, while increasing the economic potential for the local population. The challenge is to ensure that such crops do not compete with the food crops that will be vital for a growing population in the developing world.

In response to this opportunity, we inaugurated a new research center in Shanghai in the summer of 2006. A new building dedicated to Plant Biology will be completed towards the end of 2011. The objectives of this center are to study key raw materials for the flavor and fragrance industry, using both traditional agronomical and modern biotechnology approaches.

## Health and Wellness

We have developed collaborations with external groups, in order to study sweetness enhancement, bitterness suppression and salt reduction, with the aim of improving the health and well-being of the global population.

Our collaboration with Senomyx is a model example of our “Partner to Win” philosophy. Together, we have made major progress in understanding the perception of sweetness and its taste modulation.

There has been an increased consumer demand for reduced-sodium products. However, sodium reductions are very often linked to a reduction in taste. SaltPrint® is our solution. It is a natural salt and flavor enhancer, which has been successfully tested in a range of salt-reduced savory foods applications.



# value

“An inclusive business is one which seeks to contribute towards poverty alleviation by including lower-income communities within its value chain.”

The World Business Council on Sustainable Development



## Think Client Sustainability in the Perfumery and Flavor Divisions

We are committed to creating and delivering sustainable products to our clients. Our Perfumery and Flavor Divisions have dedicated sustainability teams to help our clients achieve their sustainability visions.

These teams are led by dedicated sustainability champions, supported by internal experts and guided by the following strategic principles:

- Understanding global sustainability trends
- Creating products that provide environmental, social and economic benefits
- Creating solution-driven delivery systems that are environmentally friendly.

Working with a wide network of partners including NGOs, academics, international agencies, business partners and think tanks, the teams understand the global challenges our clients face. These partnerships help us rethink the role that fragrances and flavors play in products that add value for consumers, without compromising performance.

# \$10

“At least 80 percent of humanity lives on less than \$10 a day.”

The World Bank

# build

“Inclusive business models build bridges between business and the poor for mutual benefit.”

United Nations Development Programme



A particular focus of this work is the development of fragrance and flavor solutions for consumers throughout the economic pyramid. Our work with base of the pyramid consumers is key to our growth. By bringing fragrance and flavor to low cost products, we make them more acceptable to consumers, which help them to deliver health care and nutrition benefits to the poor.



Our flavors can be part of the public health solution when our clients fortify their products with vitamins and minerals to fight malnutrition and deficiencies such as anemia. Flavors can also play an important role in the fight against global obesity by improving the taste of low-sugar, low-fat and low-salt functional food.

Our fragrances are used in many low-cost products around the world. Many of these, soap in particular, can bring health and hygiene benefits to those who use them.

“Sustainability opens a new space of creativity by reconciling the traditional richness of local natural products and the power of innovation and technology. When I use the Jasmine harvested with our partners in Egypt in my creations, I reflect on the fact that these few drops can improve everyday lives of people.”



Jacques Cavallier, Master Perfumer







An aerial photograph of a solar farm. The solar panels are arranged in a grid pattern, and many of them are covered with blue markers. The markers are of various shapes and sizes, some are rectangular, some are square, and some are irregular. The markers are scattered across the solar panels, and some are placed on the ground between the panels. The solar panels are tilted at an angle, and the ground is a mix of brown and green. The overall scene is a vast expanse of solar panels stretching towards the horizon.

BE DIFFERENT

EVER PRESENT IN BOTH LOW AND HIGH  
TECH LIVES, WE LOOK TO THE SUN  
FOR TOMORROW'S SOLUTIONS TO POWER  
OUR EVERYDAY LIVES AND NEEDS

**"Be Different" represents our capacity to innovate and be agile, flexible and efficient. A unique feature of Firmenich sustainability work is our expertise in public-private partnerships. We leverage our wide network of partners to promote a holistic view of sustainability. A second feature is our focus on sustainable agriculture and the creation of socio-economic safety nets around our natural sourcing in strategic regions. A third component is our work in pursuing renewable energy.**

## Be Different Facilitating Sustainability Partnerships

Sustainability challenges are diverse and complex. From environment, safety, socio economic, development, or public health issues, innovative solutions require co-creation approaches. As a result, we have built an active network of partners to support our work around these issues.

Critical to our clients and global consumers is certification, traceability and transparency of raw material sourcing. In this respect, we are committed to working with our clients and relevant organizations, such as the Rainforest Alliance. We are working with major NGOs such as CARE as well as the Global Alliance for Improved Nutrition (GAIN).

Additionally, we engage with United Nations initiatives such as the CEO Water Mandate and Biotrade, a special platform of the UN Conference on Trade and Development dedicated to the theme of biodiversity in the cosmetics industry. We are working with the Clinton Global Initiative for our sustainable sourcing project in Haiti.

As a result of the growing number of sustainability partnerships we are forming, we have created a new position of Director Sustainability Partnerships, a unique role in our sector.

The partnerships' map (*see page 15*) describes these connections. Our first partners in sustainability are our clients. We integrate their sustainability objectives, conduct sustainability dialogues and set priorities on projects where we can co-create sustainable innovations.



Vanilla farmer in Uganda

## The CARE Firmenich Partnership

**"CARE is delighted to partner with Firmenich to increase economic and social opportunity for Ugandan vanilla farmers. Through village savings-and-loan groups, which have a special focus on women, many vanilla farmers will have access to credit and savings for the first time.**

**With Firmenich's support, we will increase productivity and income, help farmers reinvest in their livelihoods and provide food, education and healthcare for their families. Together, CARE and Firmenich are finding innovative solutions to help Ugandan farmers overcome poverty."**

Helene D. Gayle, MD, MPH  
President and CEO CARE USA





# 1,000

Contributed to an improved life for 1,000 children in India

# 16

Strategic Sustainability Partners



## The Naandi Firmenich Partnership

Naandi, which means “a new beginning” in Sanskrit, is one of the largest and fastest growing social sector organizations in India working to eradicate poverty. Firmenich is supporting Naandi’s education project, which focuses on very poor children in the slums of Hyderabad and Mumbai. The project directly supports more than 1000 children for a full school year. Our contribution provides access to nutritious foods fortified with vitamins, minerals, and tasty flavors. We are planning to rapidly scale-up our collaboration with Naandi and other key Indian business partners. This project is a first step towards our 2015 goal of reaching one million children with improved nutrition and hygiene.



# 4,500

mosquito nets provided  
in Uganda

# Haiti

A special commitment

## Be Different Sustainable Sourcing of Natural Raw Materials

We are committed to creating inclusive supply chains for our natural ingredients. At the heart of this strategy is fairness and traceability. It is our intention that the local producers are treated fairly and the environment they operate in is protected.

We add value to local communities by leveraging our network of NGO and international agency partners to support a range of socio-economic activities with suppliers, including transfer of knowledge and technology, micro-finance, disease prevention and education. Our goal is to reinforce efficiencies in the value chain and to share that value at the source.

In the past few years, we have taken major steps to support the communities in the regions that produce our natural products. Building on the success of our work sourcing sustainable vanilla from Uganda, we are now expanding our sustainability work in seven additional countries. We are moving ahead with Egypt, Madagascar and Haiti in FY11 based on preliminary studies made for these projects and we are starting ground work in India, Guatemala, Malaysia and Indonesia.



Jasmine picker in Egypt

## Highlights of our sourcing projects include:

### New Vanilla Suppliers in Uganda and Madagascar

Vanilla farmers in Madagascar and Uganda face a wide range of economic, social, health and environmental issues. In 2007, we created the Firmenich Sustainable Ugandan Vanilla Project to help address some of these problems and secure our supply of vanilla.

In May 2010, we undertook a strategic review of 12 major vanilla suppliers in Madagascar and Uganda to identify which would be the most sustainable for the supply of vanilla during the coming years. We are now working with four main suppliers in both Madagascar and Uganda to expand our sustainable vanilla program.

### Egypt

We source a range of natural aromatic extracts from Egypt including Jasmine, Violet, Acacia Geranium and Bitter Orange. In February 2010, we undertook a preliminary analysis of the farming, harvesting and processing of these materials in order to identify areas for improvement. The study involved a field visit to meet the processor and farmers and to begin a dialogue with CARE Egypt on the potential for projects to improve conditions within the farming community.

### Haiti

Haiti is one of the leading producers of high quality Vetiver oil, which is used as a key ingredient in a number of the world's leading fragrances.

In June 2010, a Firmenich team visited Haiti and conducted a study with farmers and agricultural experts to identify the needs on the ground in Haiti.

The team developed a project to source a wider range of high-value, commercially important, essential oils and extracts from the country. The project necessitates the planting of new trees since the country no longer produces these oils on a commercial scale. The new essential oil business should create much needed additional income for the farming community. Additional support will be provided in the form of micro-finance initiatives and the planting of crops to improve nutrition levels.

# 3,000

More than 3,000 photovoltaic panels installed at our North American Headquarters

## Update on Uganda

The Firmenich Sustainable Ugandan Vanilla Project is now in its third year. Significant headline achievements have been made during this period including:

- The establishment of a fair pricing agreement with farmers
- Capital investment to improve vanilla processing
- The implementation of a ISO9000 quality management system
- The provision of farmer training workshops in best practice vanilla production and bean quality criteria in all major vanilla sourcing areas
- The implementation of farm diversification projects on sweet potatoes and chickens
- The establishment of Village Savings and Loans Associations (micro-finance groups) in the farming communities
- The provision of 4500 treated mosquito nets to farmers
- The training of the farming community on Malaria and HIV/AIDS



## Be Different Renewable Energy

We have solar installations in Switzerland, South Africa and Brazil and we are committed to investing CHF 25 million more by 2015 in renewable energy projects around the world.

In June 2010, our significant new solar installation at our Princeton, New Jersey site became operational. With more than 3,000 photovoltaic panels, this is one of the largest solar installations in the northeast United States. These panels produce approximately one megawatt of clean solar power, providing about 12 percent of the

electrical energy used in our Princeton plant. The power produced by this investment is calculated to save more than 900 metric tonnes of carbon dioxide emissions annually.

We are planning a wind and solar energy installation at our Newark, New Jersey site, which we expect to complete in 2011. We have set a target to have 90 percent of our factories around the world partially powered by renewable energy by 2015.









REMAIN TRUE

BY PROTECTING PEOPLE AND NATURE  
WE REMAIN TRUE TO OUR VALUES



# +17%

Increase in investment for health, safety & environment in one year

Our Fundamentals are at the heart of our Remain True strategic pillar. We have a range of initiatives that demonstrate our collective responsibility as a company and illustrate how we empower our people to take action individually in their everyday work.

## Remain True Health, Safety & Environment

Ensuring that our employees are healthy and safe is of the utmost importance at Firmenich. For the fifth consecutive year, we achieved headline health & safety performance improvement with a Total Recordable Case (TRC) rate of 0.94, a 6 percent improvement on the previous year (FY09 TRC = 1.00) and an overall 65 percent improvement against our baseline year of FY05.

The Lost Time Case (LTC) rate for FY10 (at 0.39) shows a 70 percent improvement over the same five year period. We believe that we have the leading performance in our industry.

Ten of our 26 manufacturing sites achieved zero total recordable cases, with 17 achieving zero lost time cases, during FY10. We also had six sites achieve two or more years without a recordable case. An additional two sites were successful in attaining the OHSAS 18001: Occupational Health & Safety management system certification.

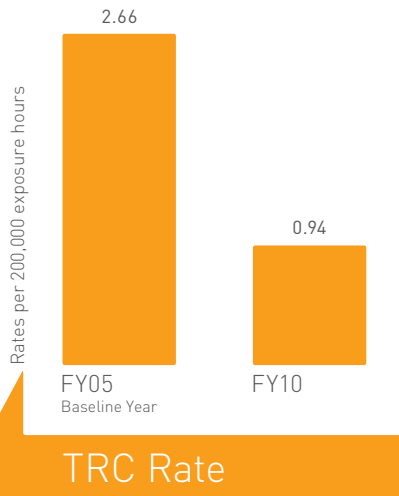
As we move into our new strategic reporting period, we have committed to a further 50 percent reduction in our injury and illness performance for both full time and temporary employees (contractors).

### Our Health, Safety and Environment (HS&E) Investments

We continue to support our commitment to HS&E with the necessary level of investment. The HS&E capital spend rose 17 percent from CHF 17.0 million in FY09 to CHF 19.9 million in FY10. Over the five years of our current reporting period (since FY05), HS&E spending has more than tripled from CHF 6.2 million to CHF 19.9 million.

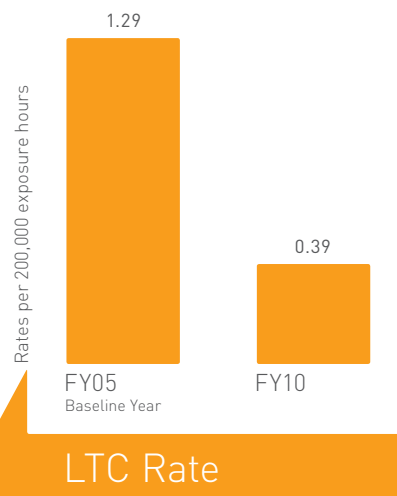
Some of the major HS&E capital projects during FY10 included:

- Solar energy installation in USA
- HVAC system replacement in USA
- Fire protection in China and Switzerland
- Process equipment improvements for VOC, noise and dust reduction in China, Switzerland and USA
- Odor control in China and USA
- Ergonomic improvements in Brazil
- Dust explosion protection in Norway



TRC Rate

\*TRC Rate = Total Recordable Cases per 200,000 exposure hours. (This is the sum of Lost Time Cases + Restricted Work Cases + Medical Treatments, which are either work related injuries or illnesses). Data is for full time permanent employees only.



LTC Rate

\*LTC Rate = Lost Time Cases per 200,000 exposure hours. (A "Case" is a recordable work related injury or occupational illness that results in time away from work of greater than one day or one shift following the day of the incident). Data is for full time permanent employees only.



Achievement of all five strategic environmental goals

-26%

Our one year reduction in VOC emissions



	FY09	FY10	Annual Change %	FY10 vs. FY05 Baseline Change %	FY10 Strategic 5 yr Goal %	Status
Energy Use (GJ/tonne sales)	11.7	11.7	0 →	-26 ↓	-10	✓
CO <sub>2</sub> (kg/tonne sales)	832	837	+0.6 ↑	-24 ↓	-15	✓
VOC (kg/tonne sales)	2.3	1.7	-26 ↓	-29 ↓	-25	✓
Process Water (m <sup>3</sup> /tonne sales)	10.8	9.7	-10 ↓	-23 ↓	-15	✓
Hazardous Waste (kg/tonne sales)	99	95	-4 ↓	-45 ↓	-20	✓

\*Each year we revalidate our data, make any necessary corrections retrospectively and report these. Environmental data charts are normalized and stated as per ton of product sales.

## Our performance

This is our fifth and final year of reporting against the FY05 baseline and FY10 strategic environmental goals.

We have continued to make steady progress during the year on each of our five headline environmental KPI's (see table above), with improvements on the prior year (FY09) in volatile organic compound emissions (down 26 percent), process water use (down 10 percent) and hazardous waste generation (down 4 percent). Energy use and carbon dioxide emissions were both stable. We also increased our recycling of waste by 6 percent.

With respect to our strategic environmental goals, we are pleased to report achievement of all 5 KPI's as set-out in our five year strategy for 2010.

Our performance indicators are normalized against sales. However, in the last three years, as a result of our acquisition of the Flavor Division of Danisco in 2007, sales volumes have increased over our baseline year and some improvements in performance have been positively affected by this.

At the time of the acquisition we did not change our 2010 goals. Instead, we took time to understand where any negative impacts had occurred so that we could focus improvement efforts during FY09 and 10. This focus has also enabled us to make some absolute reductions in our environmental footprint. An example of this is air emission reductions.

## Emissions to air

### VOC emissions

Emissions of volatile organic compounds (VOCs) are a by-product of our processes. Our goal is to reduce VOC's at the source. We use abatement technologies or capture the emissions before they can escape, wherever possible. We calculate and monitor other air emissions, including NOx and SOx and analyze the data to better understand where we can make significant improvements.

An example of this is the 69 percent reduction in absolute SO<sub>2</sub> emissions (tonnes) in the last three years. We achieved this reduction, which represents 155 tonnes of SO<sub>2</sub>, through two major projects, including the installation of emission gas treatment equipment at our plant in Kunming, China.

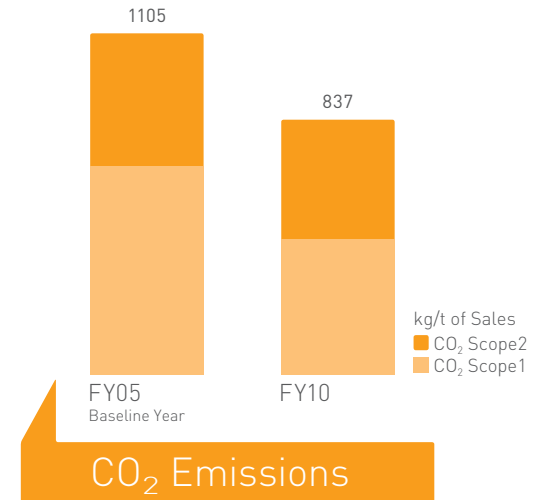
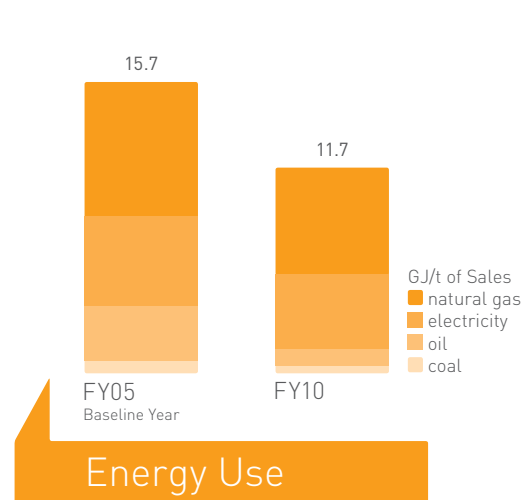
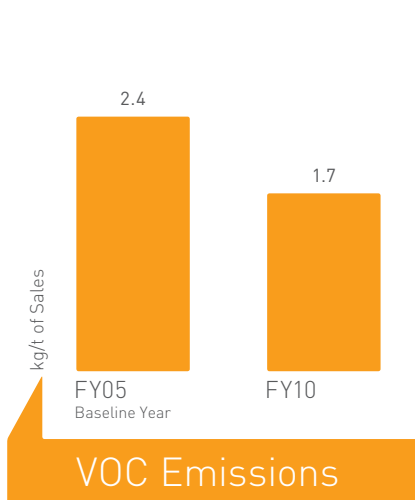
In FY10, VOC emissions in kg per tonne of sales were reduced by 26 percent compared with the prior year and 19 percent in absolute terms. The results achieved validate the VOC abatement measures we have implemented at our facilities in the south of France, where a 47 percent absolute reduction has been achieved in three years, against a FY11 target of 50 percent.

# +0.6%

A marginal one year increase in CO<sub>2</sub> emissions

# -5%

A one year reduction in total water use rate



\*In FY09, our Coal conversion factor was changed after actual analysis of coal thermal efficiency and the factor applied to retrospective years.

## Energy use and carbon dioxide (CO<sub>2</sub>) emissions

We are committed to managing and reducing our CO<sub>2</sub> emissions. We were signatories of the 2010 Copenhagen Communiqué, which sets out the business case for a strong and effective UN climate framework, thereby making our commitment public. We also participated for the third consecutive year in the Carbon Disclosure Project with full reporting.

Our energy use per tonne of sales did not increase on the prior year, remaining stable at 11.7 gigajoules per tonne of sales. On a kg per tonne of sales basis, we met our 2010 strategy goal with a 26 percent reduction.

In FY08, we started to report our CO<sub>2</sub> emissions for both Scope 1 (direct) and Scope 2 (indirect from purchased electricity). In FY10, our CO<sub>2</sub> emissions in kg per tonne of sales increased marginally [0.6 percent] on the prior year. In absolute terms, our Scope 1 and 2 CO<sub>2</sub> emissions have increased by 25000 tonnes over our five year strategy period. Our 2015 goal of a 15 percent absolute reduction in CO<sub>2</sub> will help towards stabilizing emissions at 2005 levels.

## Water use

As signatories to the UN Global Compact's CEO Water Mandate, we are committed to managing our water use responsibly. Given the nature of our products and the strict requirements for hygiene standards, we are aware of the nexus between water and energy use and have recently launched a pilot project which combines efficiencies in these two elements. It is estimated that the project will deliver both energy and water savings, which equates to more than 450 tonnes of CO<sub>2</sub> reduction annually.

# -45%

Our reduction in hazardous waste since 2005

We met our 2010 strategic goal with a 23 percent reduction in Process water (m<sup>3</sup> per tonne sales) over the five year period. We also reduced our Total water use (cooling, process and sanitary) by 5 percent (m<sup>3</sup> per tonne of sales) compared to the prior year (FY09), which included a 2.9 percent absolute reduction in Process water use (10 percent m<sup>3</sup> per tonne sales).

## Managing waste

### Hazardous waste

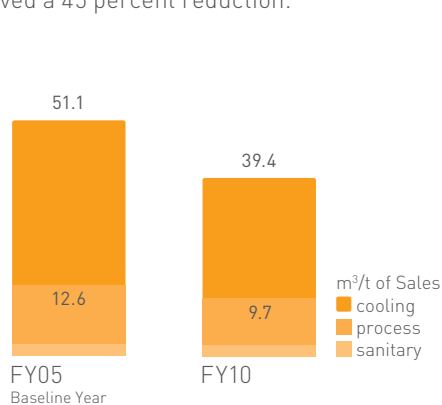
We have achieved an 11 percent absolute reduction in tonnage from our FY05 baseline. Our 2010 strategic goal was to reduce hazardous waste per tonne of sales by 20 percent and we have achieved a 45 percent reduction.

### Recycling waste

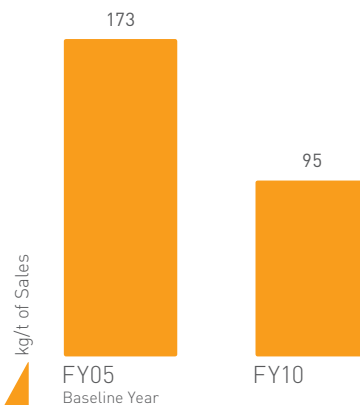
During the year we have increased efforts to identify waste recycling opportunities (see case study), this will continue as we move forward into our 2015 strategy. The tonnage we recycle has increased 21 percent during the five year strategy period with a six percent increase in the past year. All of our sites are encouraged to identify opportunities to recycle and the growing number of affiliate "Green Teams" help facilitate this effort.

## Energy Reduction Projects in France

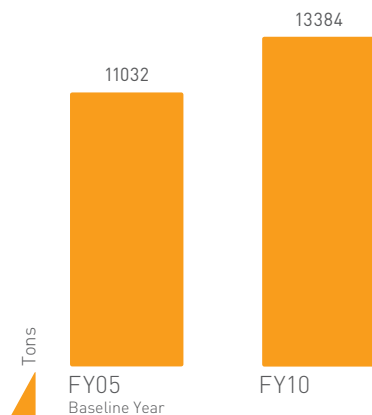
As part of Firmenich's overall conservation strategy, our site in Castets, France, developed an action plan to reduce electricity consumption. Around 25 individual projects were identified, including use of energy efficient motors, as well as process and production improvements. This has resulted in cumulative energy savings of more than 8000 GJ, the equivalent of more than 180 tonnes of CO<sub>2</sub> emissions.



Total Water Use



Hazardous Waste



Recycled Waste

# -90%

The reduction in waste volume at our facility in Norway

# 20

Opportunities identified to improve environmental efficiency in Brazil

## Composting in Norway Reduces Waste

Composting systems are increasingly being used as a waste management alternative to landfill or incineration. Our seafood flavor site in Alesund, Norway, has recently installed equipment to turn its organic production waste into a compost material. The process is fully automated and uses aerobic decomposition to turn organic waste from manufacturing into virtually odorless compost. The compost will be approximately 10 percent of the original weight and volume of factory waste and it is anticipated that transport and disposal costs will be reduced. The installation of this new composting equipment sets us well on our way to reducing the total waste footprint of the site. The compost material is currently undergoing tests to see if it is suitable for agricultural fertilizer, which could reduce the current waste stream to zero.

## Brazil Implements Efficiency Program

The demands on global water resources are increasing. Our site in Sao Paulo, Brazil, implemented the “Cleaner Production Program” to identify opportunities to increase the efficiency of our processes and products focused on natural resource usage reduction. Aimed at strengthening the competencies of our employees and suppliers, more than 20 opportunities to increase efficiency were identified. The program provided “Cleaner Production” training for our managers, employees and suppliers, as well as detailed monitoring and analysis of the practical application by each implementation team. A case study that focused specifically on the reduction of water use and waste water effluent, has identified opportunities to reduce water consumption. These opportunities are currently being exploited via two key projects.





## Recycling Ethanol in New Jersey

Ethanol, in its purest form, is used in numerous industrial processes and often discarded as hazardous waste. Our site in Princeton, New Jersey, is working to reduce its hazardous waste by sending an ethanol containing waste stream to a reclamation site. In just one year, the site shipped 85 metric tonnes of ethanol containing waste, to the recycling facility. This new disposal program essentially recycles the ethanol and allows it to be sold to refineries for use as a gasoline additive, thereby decreasing the demand of non-renewable resources.

## Remain True Taking Individual and Collective Responsibility for the Environment

Our corporate culture encourages an entrepreneurial spirit and provides opportunity for grassroots leadership initiatives.

- Our London office launched our first “Green Team” (“FirGreen”) in November 2008, engaging their colleagues in a range of projects to reduce the carbon footprint of the office. The team organized site initiatives based on recommendations from the Carbon Trust CO<sub>2</sub> emission report and ideas submitted by employees. In 2010, the team worked on a special awareness raising campaign during World Environment Day on June 5th, creating posters with different sustainability themes.



- At our Princeton, New Jersey, campus, the Green Team empowers employees to identify, implement and promote effective “green” programs to REDUCE, REUSE, or RECYCLE our waste and energy consumption and encourage green behaviors.
- In Geneva, employees launched the MUDA project: MUDA is a traditional Japanese term for any activity that is wasteful and does not add value and/or is unproductive. Their goal was to come up with a system that could generate cost savings from business processes as they were performed. More than 200 ideas related to different aspects of the activities were generated which resulted in considerable savings.

Based on these inspiring “bottom up” initiatives, a FirGreen campaign will be rolled out at our major locations around the world. The campaign will focus on our 2015 strategic environmental objectives.

# 70%

of children in India are anemic and need fortified food... we make iron-fortified food taste good

## Remain True Our Products Help Improve the Lives of Children

One of our 2015 sustainability goals is to positively impact the lives of one million children with improved nutrition and hygiene. According to UNICEF, diarrheal diseases account for nearly two million deaths a year among children under five years of age, making it the second most common cause of child deaths worldwide.

According to the Global Alliance for Improved Nutrition (GAIN), a total of 70 percent of children between six months and 59 months were found to be anemic in India. Anemia, in which the hemoglobin count is very low, increases the risk of infectious diseases, cognitive and motor development problems and mortality in children. The best way to improve anemia status is to fortify food with iron.

We believe Firmenich can make a difference against both anemia and diarrhea and help save lives by working with our clients and NGO partners around the world. Flavors can improve the taste of products fortified with iron that are distributed in schools globally, particularly in developing countries. Our fragrances can be found in many low-cost soaps that can be used

by school programs, which help children to learn and get into the habit of washing their hands. In the next five years we will work with the Business Alliance for Child Nutrition at the global level, as well as with the Naandi Foundation, which is delivering school feeding programs in India.



## Reaching 1 Million Children Case Study

### The Nigeria School Feeding Program

In the past we have worked with Tetra Pak on School Feeding Programmes, one of which was the Nasarawa State School Feeding Programme in Nigeria, which ran from 2005 to first half of 2008. We provided technical support and a vanilla flavour to improve the taste of a highly fortified soya based drink. At its height, the program provided the drink to more than 200,000 children per day in school. We will continue working with GAIN and other business partners to help deliver flavour in fortified drinks for children and pregnant women. We will support the following areas:

- Product development to ensure the finished liquid product is highly accepted by the target population
- Provide the appropriate flavor for the product
- Support the development of marketing and presentation materials
- Help market the alliance to governments and donors



# 1/3

of our employees in Sao Paulo underwent nutritional education

# 40

young professionals received coaching and mentoring support in Brazil

## Remain True A Leadership Example in Brazil

Our new Creation and Development Center in Sao Paulo, Brazil, was built and is being run with a total commitment to sustainability.

### Environment

The center has solar panels and air conditioning optimized for energy efficiency. Rain water is collected and used both in the building and the gardens, which were planted with local trees and plants species. The furniture used in the center was made with certified sustainable wood.

The site also promotes the sustainable use of the Amazon rainforest and the social development of the surrounding communities with a program that promotes natural Amazonian ingredients.

### Community

The site has a continued partnership with the local government to offer a professional experience to students from the poorest communities. The program, "Jovem Cidadão" or "Young Citizens", selects candidates from public schools to come to Firmenich for six months to learn, develop and prepare for their future professional lives. In the last two years, more than 40 promising young adults have been enrolled in the program.

### Awards and external certifications

In recognition of these programs, Firmenich received two important external awards in Brazil:

- The Silver Award for Occupational Health and Safety from Agencia Brasil de Seguranca (Brazil Safety Agency)
- The Environmental Benchmarking Award in Brazil, which is an independent initiative focused on fostering the adoption of good socio-environmental practices in the corporate sector.

Firmenich Brazil also received the internal Jean-Marc Bruel Award for Health, Safety and Environment Excellence for having clearly demonstrated the positive impact of a cultural shift from "HS&E as a function" to "HS&E as a leadership team."



# 44

The nationalities represented by new employees joining Firmenich in 2010

# 115

More than 115 Asia-Pacific employees received training in sales and management

## Remain True Living our Fundamentals

As a family-owned company, we know that people are the heart of our Company and that shared values are essential to success.

The Firmenich Fundamentals are a set of five principles that guide the everyday actions of our employees around the world. In FY10, we updated the language to reflect today's world more accurately. This was only the second revision, since their launch in 1976. A Code of Conduct was added in 2007, as a more detailed complement on daily business behaviors.

In FY10, our new recruits around the world represent 44 nationalities. A new long-term Human Resource (HR) strategy has been put in place to focus on the organization and our culture, as well as on talent development.

### Training in Asia

Developing talent is particularly important for this fast growing region. One of the key priorities for the Asia Pacific Human Resources team for FY10 was to reinvigorate its training efforts by focusing on critical regional business and people development needs.

In FY10, the first Asia Pacific Leadership program was developed between Firmenich and Nanyang Business School (among the top four universities in Asia Pacific). The program, run twice a year, will focus on leadership skills and business acumen to ensure that our people look at business in a more holistic way. In addition, more than 115 participants from across the region were trained in sales and business management skills, allowing them to develop a more strategic view of their clients' business and to take into account economic trends.

The new Managers' program was piloted in Singapore and will be rolled out globally in the new fiscal year. In addition, the region's affiliates have put in place comprehensive local training curricula complementing regional and global training initiatives, such as the launch of a new e-learning platform.

### "Best Employer"

We were ranked one of the "Best Employers" in the French-speaking part of Switzerland in 2010 by the magazine *Bilan*. In particular, we were honored for our transparency in communicating remuneration to our employees. This is due to our "Total Reward Statement", which explains in detail the monetary and non-monetary benefits provided by the Company, as well as the benefits linked to our pension scheme.



# 200

Supporting 200 charities

# 1,200

employees volunteered  
in our community day:  
“A Sense of Sharing”

## Benefits and Wellness Initiatives:

### Focus on North America

The Human Resources Department in North America continues to focus on employees and their families' health and wellness. We continue to encourage a work environment that supports healthy lifestyles and implemented the following initiatives during FY10:

- Created a Corporate Wellness Committee with representatives from each affiliate
- Offered free preventive care benefits and free generic prescription drugs in our medical plans to employees and their family members
- Sponsored on-site, free flu shots for all employees at each location
- Offered free fruit for all employees once a week
- Drafted the Smoke Free Workplace Policy to support Leadership's commitment to a smoke-free and tobacco-free workplace at all locations. Firmenich provides both on-site and external resources for smoking cessation support
- Launched the 3rd annual 10,000 Steps-per-Day® Walking Challenge

## Remain True Community Involvement and Giving

While our sustainability work is becoming more and more integrated into our mainstream business, we still maintain our philanthropic commitments and our support for local communities.

“A Sense of Sharing” is our global community service day, during which hundreds of employees around the world volunteer their time to help the communities where we operate.

On September 24th, 2009, more than 1,200 employees volunteered in collaboration with local organizations. Some of the projects carried out around the world included:

- Accompanying handicapped children to an aquatic park
- Environmental protection of fragile areas
- Teaching classes in sign language
- Repainting rooms of a shelter for disabled adults
- Cooking and serving meals for the needy
- Recording of newspaper broadcasts for the library of the blind

- Coordinating games and crafts for the elderly at an assisted-living community
- Collecting food and hygiene products as well as books for those in need

## Philanthropic activities

Charitable giving is embedded in our history. We believe that profitable companies have a social obligation to invest in their local communities and the world community. In FY10, we contributed to more than 200 organizations – providing funds and volunteer time. The Firmenich Charitable Giving Program has three priority areas:

- Curing cancer (with an emphasis on breast cancer research)
- Providing improved nutrition and hygiene to those in need
- Supporting communities local to our facilities

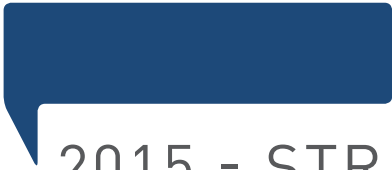
In FY10, we enhanced our philanthropic efforts through the creation of the Firmenich Charitable Foundation, which will help us strategically focus our future giving.

# VALIDATIONS

ZONE	SITE	SAFETY OHSAS 18001	ENVIRONMENT ISO 14001	QUALITY ISO 9001	FOOD SAFETY STANDARDS inc. ISO 22000 BRC GMA-SAFE	HALAL	KOSHER	SEDEX REGISTRATION
EUROPE	Castets, France		●			●	●	
	Alesund, Norway	●	●	●	●	●		●
	Geneva (Meyrin), CH			●	●	●	●	●
	Geneva (La Plaine), CH					●	●	
	North Yorkshire, UK	●		●	●	●		●
	Louvain, Belgium			●		●	●	●
	Grasse, France	●	●	●			●	●
	Seillans, France						●	●
NORTH AMERICA	Anaheim, California					●	●	●
	Newark, New Jersey	●	●			●	●	●
	Safety Harbor, Florida				●	●	●	●
	Princeton, New Jersey	●	●		●	●	●	●
	New Ulm, Minnesota	●	●		●	●	●	●
	Saint Louis, Missouri	●	●	●	●	●	●	●
	Lakeland, Florida				●	●	●	●
LATIN AMERICA	Sao Paulo, Brazil	●	●	●	●	●	●	●
	Bogota, Colombia			●	●			●
	Buenos Aires, Argentina	●		●	●		●	●
	Toluca, Mexico	●		●	●		●	●
ASIA PACIFIC	Shanghai, China	●	●	●	●	●	●	●
	Dahej, India							
	Daman, India							●
	Jakarta, Indonesia				●	●		●
	Kunming, China		●				●	
	Ibaraki, Japan			●	●			●
	Singapore	●	●	●				●

Details for the above mentioned certifications can be found online at [www.firmenich.com/sustainability](http://www.firmenich.com/sustainability)





# 2015 - STRATEGIC SUSTAINABILITY GOALS

Strategic sustainability decisions are driven by our 2015 corporate strategy, which includes three main drivers: Think Client, Be Different and Remain True. All three influence our sustainability actions, as shown in the three core chapters of this report.

## 50%

Further improve our industry-leading safety performance

## -15%

Reduce CO<sub>2</sub> emissions in absolute terms

## -15%

Reduce water usage rate

## 90%

Partially power 90 percent of our manufacturing facilities with renewable energy

## 400 key

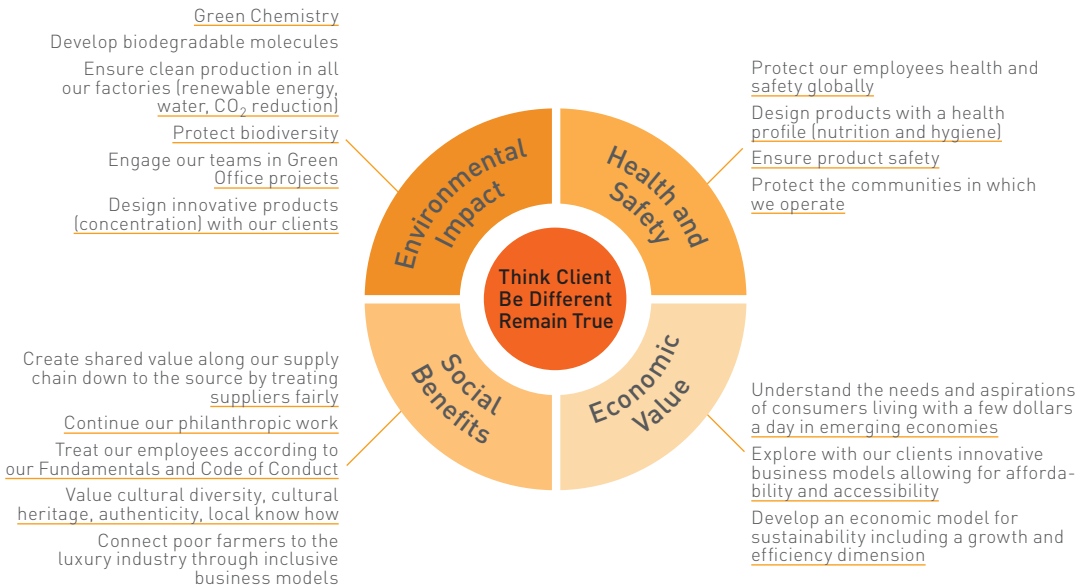
Create a "Sustainability Index" for 400 key ingredients

## 8 countries

Complete Sustainable Natural Ingredient Sourcing Projects in eight countries

## 1 million

Impact the lives of one million children through improved nutrition and hygiene





# EXTERNAL VERIFICATION

## SGS Société Générale de Surveillance SA's report on sustainability activities in the Firmenich Sustainability Report 2010.

### Nature and Scope of the Assurance / Verification

SGS Société Générale de Surveillance SA was commissioned by Firmenich to conduct an independent assurance of the Sustainability Report 2010. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included all text, and data in accompanying tables, contained in this report.

The information in the Sustainability Report 2010 of Firmenich and its presentation are the responsibility of the Directors and the Management of Firmenich. SGS has not been involved in the preparation of any of the material included in the Sustainability Report 2010.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification set out below with the intention to inform all Firmenich stakeholders.

This report has been assured at a moderate level of scrutiny using our protocols for the evaluation of content veracity. The assurance comprised a combination of pre-assurance research, interviews with relevant employees at the Headquarters in Geneva; documentation and record review. Data has been assured at corporate level, original data has not been assured at site level.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of the assurance process.

### Statement of Independence and Competence

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS Société Générale de Surveillance SA confirm our independence from Firmenich, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with AA1000SA Certified Practitioner, Lead Quality, Environmental and SA8000 Auditor and experience in the flavors and fragrance industry.

### Verification / Assurance Opinion

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within the Sustainability Report 2010 is accurate, reliable and provides a fair and balanced representation of Firmenich sustainability activities in the financial year ending June 2010.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.





# FIRMENICH SUSTAINABILITY TEAM



JOHAN FIRMENICH  
Project Manager  
Sustainability



Dr. BÉRANGÈRE  
MAGARINOS-RUCHAT  
Director Sustainability  
Partnerships



NEIL MCFARLANE  
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Global Health, Safety  
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DAVID SHIPMAN  
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Compliance



From left to right:

MARC PFITZER, Managing Director, FSG Social Impact Advisors  
MARK MACKINTOSH, Partner, Citrus Partners LLP  
AILEEN IONESCU-SOMMERS, Director of the IMD Center for Corporate  
Sustainability Management  
STEPHANIE DRAPER, Director Change Strategies, Forum for the Future  
GUILLAUME TAYLOR, Director, 4B

## Firmenich Sustainability Council

Our Sustainability Council consists of external experts who support our work all year long and who provide us with many learning opportunities. They are our sustainability sounding board. Following their last meeting they issued a joint statement: "In 2010, the Firmenich Sustainability board worked closely with the company in its continuing endeavors to reinforce its sustainability activities. We are delighted to observe that Firmenich has fully embedded this approach in its new corporate vision Embrace 2015 and has built a strong team to bring the company to a new level of sustainability leadership."





## A SUSTAINABLE CHOICE OF PAPER

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