

FIRMENICH'S MATERIALITY ASSESSMENT

PERFORMANCE & SUSTAINABILITY REPORT 2020

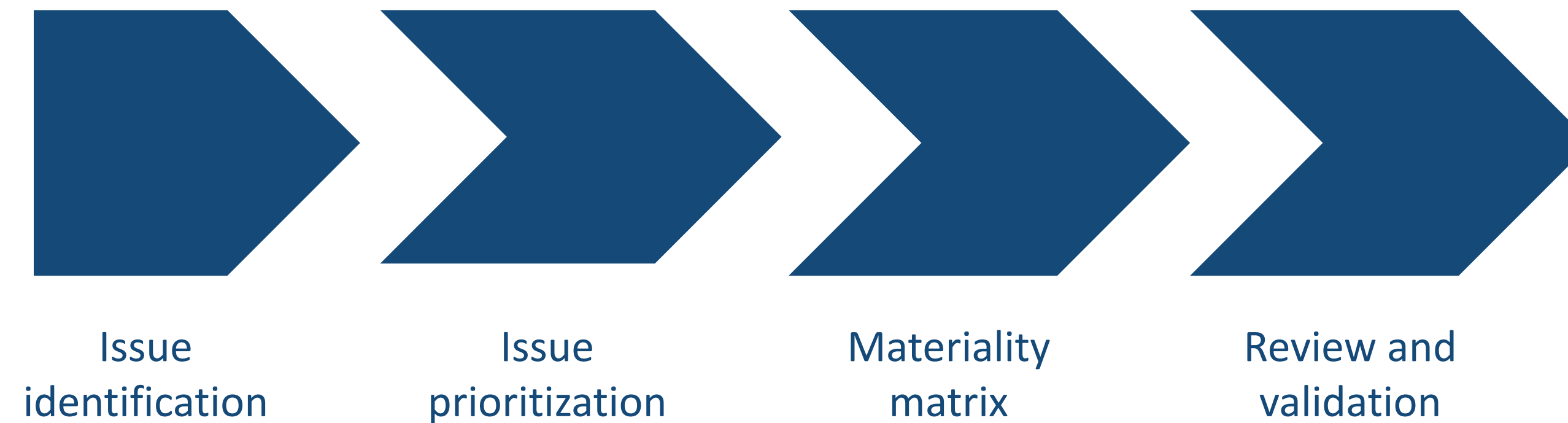
INTRODUCTION

Firmenich is the world's largest privately-owned Fragrance and Taste company, founded in 1895, and headquartered in Geneva, Switzerland. Taking our legacy into the future, sustainability lies at the heart of our strategy and business prosperity.

We have entered a new decade that will be decisive to deliver positive results that meet the objectives of the United Nations Sustainable Development Goals (SDGs). We see the business landscape rapidly evolve and consumer demand change swiftly as we tackle new challenges. Business models are being redefined. The global health crisis has accelerated the transition to a low-carbon economy and a more inclusive society while prompting businesses to “build back better”. In this context, we undertook the periodic review of our materiality assessment to ensure we focus on the right priorities moving forward.

The insights gathered through the materiality assessment process helps inform the direction of travel for our business, and feeds into our strategy, targets, key performance indicators, and communications. Our materiality assessment also provides input for our ongoing risk management processes. Moreover, this tool is extremely valuable to engage our colleagues and key stakeholders in our sustainability strategy.

MATERIALITY PROCESS



ISSUE IDENTIFICATION

We first conducted extensive research to build a comprehensive list of material issues for Firmenich. The research included a review of the sustainability issues listed in our 2018 materiality matrix, reports on the latest or emerging sustainability trends, discussions with internal stakeholders, and a scan of issues considered as material for our peers and customers. We also explored the new legislations and frameworks in sustainability.

We then refined the long list of issues by identifying and removing overlapping issues. We also undertook a media review to identify key issues raised in the last six months. Through further discussion with the sustainability team and internal stakeholders, we further refined the list to 35 material issues. We categorized the issues into four themes representing the pillars of our sustainability strategy and an additional theme: Caring about People, Conserving Nature, Acting on Climate Change, and Growing Business for Good.

ISSUE PRIORITIZATION

SURVEY

The materiality assessment enables the prioritization of sustainability issues from the double perspective of internal and external stakeholders. The survey was sent to 258 stakeholders including employees, suppliers, customers, non-governmental organizations (NGOs) and academic partners in the different regions of the world where we conduct our operations and do business

The survey was answered by 134 internal and external stakeholders who were asked to classify by order of priority the list of sustainability risks and opportunities for our business. They were asked to attribute a level of importance of each issue on a scale from “very low” to “very high”. The respondents were also given the opportunity to mention other missing or emerging sustainability risks or opportunities that would have an impact on Firmenich in the next ten years.

ANALYSIS

In order to understand the most important issues for each of our stakeholder , we analyzed the results of the survey according to:

1. **Type of stakeholders:** employees, customers, suppliers, NGOs and academic partners.
2. **Internal divisions:** Flavors, Global Services, Human Resources, Legal and Compliance, Operations, Perfumery and Ingredients, Research and Development.

We then classified the material issues according to the “**impact on Firmenich’s business**” and their “**importance to stakeholders**” by giving an **average score** to each one.

MATRIX DEVELOPMENT

Following the prioritization and analysis of the survey results, we plotted material issues on the 2020 materiality matrix following three axes:

1. Impact on Firmenich's business

Represents the score of employees from all internal divisions.

2. Importance to stakeholders

Represents the score of external stakeholders.

3. Ability to influence on the issue

Represents Firmenich's insights into areas of influence and relationships with key partners.

The issues ranking "highly material" are significant and reported in our 2020 Performance and Sustainability Report. Issues ranking moderate are reported on but only to a limited extent whereas issues ranking low are on our radar and will be more actively managed and addressed as the landscape evolves.

REVIEW AND VALIDATION

The materiality matrix was presented to senior management for their review and approval with a view to integrate the newly defined material issues into the sustainability strategy.

MATERIALITY MATRIX

- 01: Climate change mitigation & adaptation
- 02: Product safety & quality
- 03: Employee wellbeing & safety
- 04: Human rights protection
- 05: Water management
- 06: Responsible sourcing
- 07: Security of supply of raw material
- 08: Biodiversity preservation
- 09: Energy efficiency
- 10: Access to hygiene & sanitation
- 11: Single-use plastic
- 12: Waste management
- 13: Equal opportunities in hiring & promotion
- 14: Renewable raw material
- 15: Corporate reputation management
- 16: Attracting & retaining talents
- 17: Deforestation
- 18: Diversity & belonging
- 19: Future of food
- 20: Corporate transparency & reporting
- 21: Regenerative agriculture
- 22: Green science & eco-design
- 23: Bioethics
- 24: Product circularity
- 25: Contribution to the SDGs
- 26: Inclusive business model
- 27: Digital traceability
- 28: Conscious consumer demand
- 29: Artificial intelligence
- 30: Animal testing
- 31: Collaborations with non-profit partners
- 32: Organic certification
- 33: Philanthropic commitments
- 34: Consumer scanning app
- 35: Responsible luxury movement

IMPACT ON
FIRMENICH'S BUSINESS

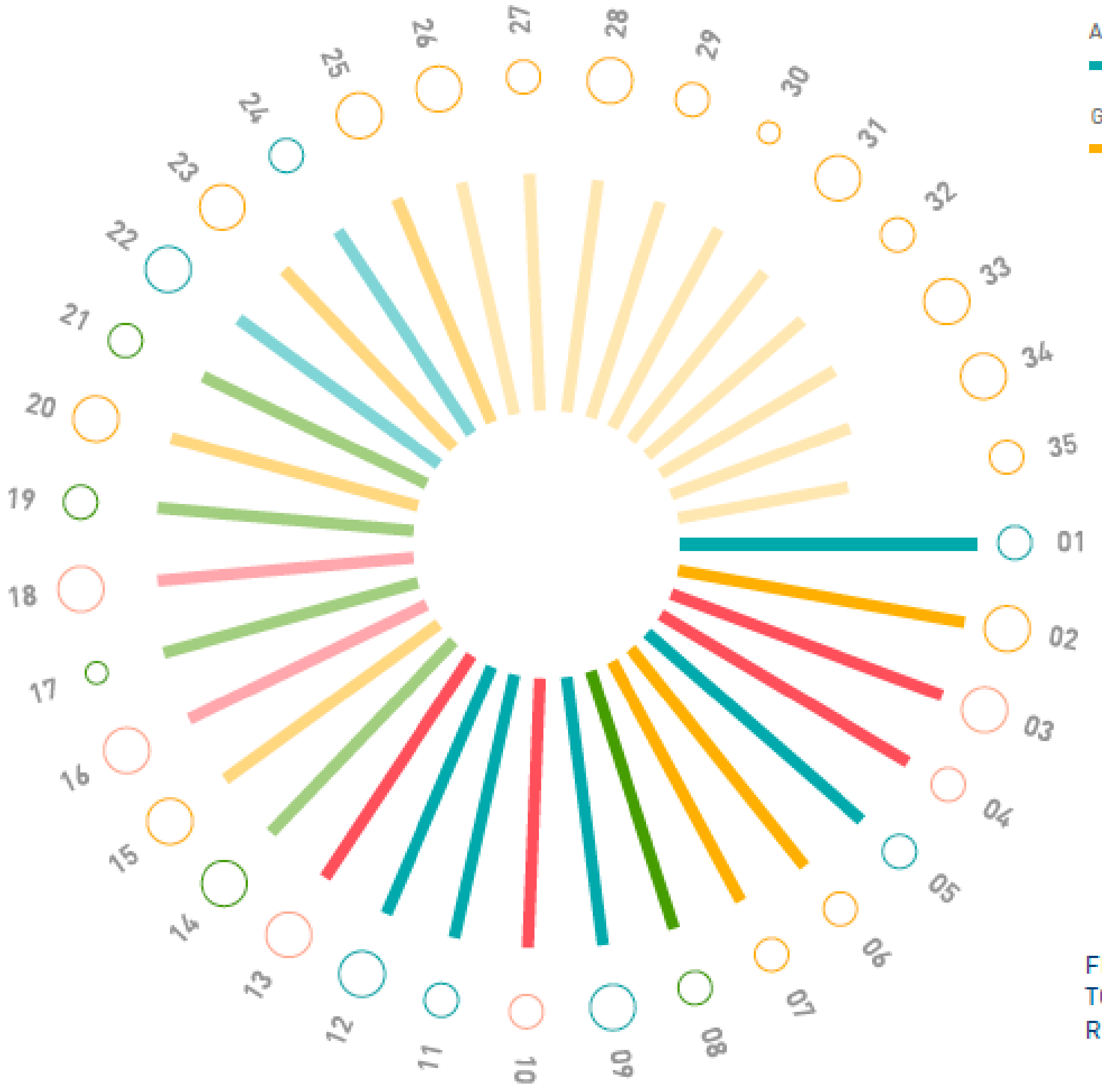
IMPORTANCE TO
STAKEHOLDERS

CARING ABOUT PEOPLE

RESPECTING NATURE

ACTING ON CLIMATE CHANGE

GROWING BUSINESS FOR GOOD



FIRMENICH'S ABILITY
TO INFLUENCE
RISK OR OPPORTUNITY

- LOW
- MODERATE
- HIGH

INVOLVEMENT OF FIRMENICH

In addition to indicating where the impacts from our “highly material” issues occur in the value chain; we explain below why each of these issues is material to Firmenich and describe Firmenich’s involvement with the impacts.

CLIMATE CHANGE MITIGATION AND ADAPTATION

Climate change is the most pressing challenge of this decade, one which will have dramatic consequences for business if not addressed, so we must play our part. We have a number of programs and activities to reduce CO₂ emissions and manage water efficiently in water-stressed areas in our operations but we know that our impact on climate goes beyond Firmenich’s fence. Therefore, we also work closely with our suppliers to reduce emissions through the CDP Supply Chain Climate Change program and to adapt to the negative impacts of climate change.

PRODUCT SAFETY AND QUALITY

Safety and quality of our products is a business critical and non-negotiable obligation for our customers and is therefore essential to the success of our business. We have a direct impact on this issue by investing capital in product quality insurance and conducting integrated QHSE (Quality, Health, Safety, Environment) audits of our facilities. Our food protection strategy as well as our Global Regulatory Services including toxicology are also key components of our activities.

EMPLOYEE WELLBEING AND SAFETY

The health & safety (H&S) of all our employees from offices and labs to our production sites, is of the utmost importance to our company. Our H&S management system goes beyond local and international regulatory requirements and includes employees and partners. We have a direct impact through our wellbeing program that addresses the physical, mental, social and financial wellbeing of our colleagues.

HUMAN RIGHTS PROTECTION

People are at the core of our values and at the heart of our business. Protecting human rights is therefore an essential component of our strategy. While we have a direct impact on human rights within our business activities, we also have an indirect impact through our business relationships and aim to address any actual or potential adverse human rights impacts. We believe that collaboration with our partners along the value chain is essential to protect human rights. Our approach to human rights is communicated to our suppliers through our Responsible Sourcing Policy and our Human Rights Policy.

WATER MANAGEMENT

We use water on our manufacturing sites and source raw materials from water-scarce or water-stressed areas. Water management is therefore essential to ensure the continuity of our operations and the supply of raw materials. While we have a direct impact on water management in our manufacturing processes, we have an indirect impact on this along the value chain through our collaboration with producers on the ground and through our research and development activities.

RESPONSIBLE SOURCING

Responsible sourcing is essential to operate in a traceable and ethical value chain. Moreover, it responds to customers’ demand for products that are responsibly sourced. We have a direct impact on our first-tier suppliers by requesting them to align with our Responsible Sourcing Policy whereas we have an indirect impact on second tier suppliers and further down the value chain.

SECURITY OF SUPPLY OF RAW MATERIAL

Raw materials are at the heart of our production processes, research programs and business continuity. However, various factors such as climate change, biodiversity loss, supply chain disruptions or pandemics can affect security of supply. We directly contribute to the security of raw materials by diversifying our portfolio of raw materials, by diversifying sources of supplies, and by forming strategic partnerships with suppliers. Moreover, our Business Continuity Management (BCM) system enables to prevent, identify and plan to minimize the impact of risks that could affect the business, operations and manufacturing plants.

BIODIVERSITY PRESERVATION

Biodiversity is fundamental to our business because it is critical to our innovation pipeline and is a core part of our natural sourcing and research and development programs. We are directly involved with preserving biodiversity in Grasse where our Naturals Center of Excellence is using the Ethical BioTrade Standard. In addition, we promote sourcing practices that respect biodiversity and traditional knowledge

ENERGY EFFICIENCY

Our manufacturing sites consume vast amounts of energy, so energy efficiency is critical to reduce and positively impact our environmental footprint. As a

result, our energy efficiency rate is a key component of our climate strategy.

ACCESS TO HYGIENE AND SANITATION

As a manufacturer of fragrances that are used in hygiene products and a creator of positive emotions through smell, Firmenich has an opportunity to help advance access to hygiene and sanitation with its customers. We have a direct impact on developing cost-efficient technologies that can be integrated into products and have an indirect impact through our customers. Moreover, building on our expertise in malodor control, we aim, in partnership with our customers to contribute to safe sanitation and hygiene for low-income populations.

SINGLE-USE PLASTIC

Disposable plastic has severe environmental consequences. As a result, consumers increasingly turn to alternative options whereas customers are looking into reducing and reusing plastic packaging. It is therefore important for Firmenich to reduce single-use plastic in our operations and along the supply chain by using plastic packaging that is fully recyclable or reusable to reduce waste and protect the environment.


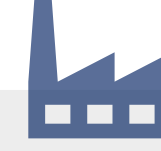

WASTE MANAGEMENT

Our manufacturing sites generate waste which we aim to reduce to minimize our negative impact on the environment through process efficiencies, changes and waste recycling. While we have a direct impact on reducing, managing and upcycling waste in our manufacturing sites and operations, we are indirectly involved with the impacts of waste in our sourcing practices and work with partners to upcycle food waste.

EQUAL OPPORTUNITIES IN HIRING AND PROMOTION

Equality and non-discrimination in hiring and promotion is a fundamental right for employees and ensures diversity in the company which in turn fosters innovation. Firmenich's values encourage equal opportunities regardless of sex, age, region, and gender, etc. We are the first company in our industry to receive the EDGE certification that sets stringent targets related to recruitment, development, promotion, cultural inclusiveness as well as no pay gaps between men and women.

IMPACT ON THE VALUE CHAIN

	 R&D / innovation	 Sourcing	 Manufacturing	 Distribution	 Sale / use
Climate change mitigation and adaptation	✓	✓	✓	✓	✓
Product safety and quality	✓	✓	✓	✓	✓
Employee wellbeing and safety	✓	✓	✓	✓	✓
Human rights protection	✓	✓	✓	✓	✓
Water management	✓	✓	✓		✓
Responsible sourcing	✓	✓			
Security of supply of raw material	✓	✓			
Biodiversity preservation	✓	✓			✓
Energy efficiency	✓	✓	✓	✓	
Access to hygiene and sanitation	✓		✓	✓	✓
Single-use plastic	✓	✓	✓	✓	
Waste management	✓	✓	✓		✓
Equal opportunities in hiring and promotion	✓		✓		

