PERFORMANCE & SUSTAINABILITY REPORT 2015

Pathways to Positive
ABOUT FIRMENICH

Firmenich is the world’s largest privately owned company in the fragrance and flavor business.

Founded in 1895 and headquartered in Geneva, Switzerland, Firmenich has created many of the world’s best-known perfumes and flavors enjoyed around the world, every day. Our passion for smell and taste and a commitment to our clients lies at the heart of our success.

Firmenich reports its results on a fiscal year basis ended June 30th. In this report, all references to “FY15” relate to the 12 months ended June 30, 2015.


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120 YEARS BECAUSE WE CARE
CHAIRMAN AND CEO LETTER

AN HISTORIC YEAR FOR FIRMENICH
Fiscal year 2015 (FY15) was an historic year for Firmenich as we launched our 120th Anniversary and recorded many new “firsts”: we crossed 3.0 billion Swiss francs (CHF) in net sales. We regained our number one position globally in Fine Fragrance. We posted leading growth in Body and Home Care. We reached an unprecedented level of technology-driven wins, thanks to our new generation of ingredients, leading delivery systems, and focus on Health and Wellness as well as Hygiene and Sanitation. We welcomed four new leaders to our Executive Committee, with the key purpose of leading Firmenich into its next era of excellence. Finally, for the first time this year, we are issuing an integrated report, sharing both our Business and Sustainability Performance, as they go hand in hand, at the core of our strategy and vision for the future.

DYNAMIC GROWTH
Firmenich posted dynamic sales growth in FY15, crossing CHF 3.0 billion, increasing 3.0% in local currency and +1.9% in Swiss francs. We recorded increases in all geographic regions, as we vigorously pursued growth opportunities in both developed and high-growth markets.

A GLOBAL EXECUTIVE TEAM
To lead Firmenich into its next era of development, the company made a number of new appointments in FY15. As Patrick Firmenich transitioned from CEO to Vice-Chairman of the Board in October 2014, we successfully transitioned to our first non-family member CEO, Gilbert Ghostine.

We extend our heartfelt gratitude and deepest thanks to Patrick for his outstanding contributions during the past 25 years, 12 of which he served as the CEO. During that time, he helped develop and strengthen Firmenich’s stellar reputation in research, creativity and sustainability.

We appointed Chris Millington as President of the Flavor Business Unit. Boet Brinkgreve, President of the Ingredient Business Unit, moved to China with added accountability as President of Firmenich China, our second largest market worldwide. We welcomed Professor Geneviève Berger as Chief Research Officer succeeding Dr. Antoine Gautier, Corporate Vice President Research & Development, who retired in June after a remarkable career of 29 years with the company.

COMMITTED TO WORLD-CLASS RESEARCH
We drove our innovation forward this year to enrich consumer experiences through great taste and smell. Driving both incremental and breakthrough innovation, we filed 30 patents in FY15.

To delight consumers, we broadened our palette with new Flavor and Fragrance ingredients, offering unique olfactive and taste profiles, as well as optimized environmental performance and cost-effectiveness. We also strengthened our leading platform of Perfumery delivery systems, with the launch of new technologies offering greater bloom and long-lastingness to consumers.

Advancing our position in Health and Wellness, we launched 3D Dairy, our portfolio of customized flavor solutions to reduce sugar and fat in dairy products; while making great strides in searching for healthy and sustainable sources of proteins.

Addressing the world’s Hygiene and Sanitation challenge, and building on our support from the Bill & Melinda Gates Foundation through the “Reinvent the Toilet Challenge”, we researched new solutions to counter malodors.

CELEBRATING CREATIVITY AND EXCELLENCE
Reaffirming our creative leadership, two of our Perfumers received prestigious industry distinctions in FY15. Master Perfumer, Annie Buzantian, was the first woman to be honored with the Fragrance Foundation’s “Perfumer of the Year Lifetime Achievement Award” for her exceptional body of work.

Perfumer Nathalie Lorson was named Perfumer of the Year in Italy and France, with her latest creation “Black Opium” recognized by the Fifi Awards as the “Best Prestige Fragrance” in France, Germany and the UK this year.

We were also honored to receive a number of customer awards for our leadership in business excellence; outstanding product quality and service; supply chain excellence; as well as innovation and creativity.
SUSTAINABILITY: PATHWAYS TO POSITIVE

We continued to reinforce our leadership in sustainability and provide in this report updates on a number of our initiatives. We joined the 2015 CDP Supplier Climate Performance Leadership Index (SCPLI), which comprises the world’s top 121 suppliers in greenhouse gas (GHG) emissions management.

We achieved our strategic goal to certify all 25 of our manufacturing sites in full compliance with Occupational Health and Safety (OHSAS 18001) and Environmental Management (ISO 14001) Systems Standards. We also joined the board of the World Business Council for Sustainable Development (WBCSD) Sustainable Lifestyles Cluster.

We actively support the 10 principles of the UN Global Compact, the CEO Water Mandate elements and the Women’s Empowerment Principles. We express our appreciation to the thought leaders who serve on our independent Sustainability Council for their invaluable contributions.

PEOPLE BUILD LEGACIES

People build companies and legacies. Throughout Firmenich’s 120-year history, our colleagues have been the foundation of our success. Their expertise and passion drive the innovative and sustainable solutions we deliver to customers every day.

We warmly thank our customers for inspiring us with their desire to capture consumers’ hearts and minds. Our customer partnerships and collaborations bring bold new ideas to countless people around the world, every day.

Yves Boisdron
Chairman of the Board

Gilbert Ghostine
Chief Executive Officer

Executive Team

From left to right: Mr. Christopher Millington (President Flavor Business Unit), Mr. Eric Nicolas (Group Chief Finance Officer, Corporate Vice-President Strategy and Global Services), Pr. Geneviève Berger (Chief Research Officer), Mr. Gilbert Ghostine (CEO), Ms. Helen Wyatt (Corporate Vice-President Human Resources and Communication), Mr. Armand de Villoutreys (President Perfumery Business Unit), Mr. Bhavesh Shah (Chief Purchasing Officer), Mr. Boet Brinkgreve (President Ingredient Business Unit and President Firmenich China).
DYNAMIC GROWTH

Perfumery continued its positive momentum in FY15. We delivered solid performances across the entire portfolio with creativity, innovation and a balanced footprint, placing world-class expertise close to customers around the world.

Fine Fragrance regained its number one position in the industry through organic growth. We continued to progress in high-growth markets and consolidation of the turnaround in Western Europe, the segment’s largest region.

Body and Home Care posted leading growth through broadened market share in both developed and high-growth markets and a good balance of global and local clients. We made progress across a range of key categories including hair care, deodorants, air care, fabric care and fragrance technologies, which delight consumers with greater perfume bloom and longevity. Building on our leading fabric and home care technology solutions, we are strengthening our offering to further enhance consumer experiences in body care applications as well.

We also made great progress in offering more sustainable products and solutions to our customers and their consumers. Our responsible sourcing platform in naturals demonstrates our engagement and commitment to traceability, quality and exceptional olfactive notes. As a member of the WBCSD, we are actively contributing to more sustainable lifestyles through Body and Home Care. In partnership with the Toilet Board Coalition, we help design innovative and affordable technologies to improve sanitation and hygiene in emerging markets.

CELEBRATING OUR CREATORS

Firmenich’s passion for fragrance was recognized in FY15 through numerous awards across a range of benchmarks including best fragrance creation, excellence in execution, sustainability and collaboration.

We are particularly proud that Master Perfumer Annie Buzantian received the Fragrance Foundation’s Perfumer of the Year Lifetime Achievement Award 2015. A leader and true innovator in her field, Annie thrives on “breaking the rules”, blurring the lines and venturing into uncharted territory. This spirit led to her appointment as the first female Master Perfumer at Firmenich in 1988 and now the first woman to receive the Fragrance Foundation’s prestigious award. Perfumer Nathalie Lorson received two esteemed “Perfumer of the Year” awards in Italy and France in FY15.

INSPIRING FRAGRANCES: NATURALS TOGETHER!

Building on our commitment to excellence in naturals, we hosted our first “Naturals Together” event in Paris in FY15.

This ambitious and promising world premiere in naturals brought together our leading natural ingredient suppliers worldwide, perfumers and experts to discuss and shape the future of naturals together.

We made a joint commitment to responsible sourcing, innovation and quality. By enabling our creators to engage with farmers at the source of the products they create with, we accelerate development and unleash the creative potential of the naturals we source.

PERSPECTIVES FOR THE FUTURE

Firmenich is committed to shaping tomorrow’s fragrances and ensuring they bring pleasurable sensorial experiences and memorable moments to consumers around the world.

We strive to reach the highest levels of performance and creativity to meet and exceed customers’ expectations and help them reach their business ambitions.

To advance these objectives, we continue to broaden and deepen our understanding of consumers around the world and the positive impact fragrance can have on daily life. In an increasingly digital world, we continually look for marketing and insight methodologies to capture consumer behavior evolution, needs and preferences for fragrances.

We are committed to lead in fragrance innovation. This requires new ingredient development, from naturals and synthetics to biotech, and delivery technologies to bring sensorial experiences to consumers where and when they want them. Our goal is to open new possibilities for fragrance design, stronger performance and more sustainable solutions for our customers.
In the most recent fiscal year, Flavors posted sales on par with FY14 with increases in high-growth markets and technology-driven wins. Our taste modulation portfolio continued to be a game changer, as consumer demand for products with reduced sugar and salt remained strong.

Beverages continued to be a dynamic segment. Flavored water and ready-to-drink products contributed to growth, particularly in Northeast Asia and North America. Consumers were loyal to citrus, with demand increasing for classic tonalities such as lime, and more unusual varieties including kalamansi and yuzu.

We saw modest growth in Sweet Goods, due to conservatism for new launches. Quintessential brown notes such as caramel continued to please consumers around the world, including in Latin America, North America and Europe. Despite the modest year, we remain committed to leverage our technology in this segment to help customers create healthier products while maintaining the taste profiles consumers know and love.

Savory experienced growth in India, Middle East and Africa, as well as Northeast Asia. The trend towards protein held strong, with chicken, beef and pork remaining popular. We saw new flavor combinations with these classic tonalities, including fruit and nut-flavored sausages, which reflect consumers’ changing and experimental eating habits.

Customers recognized Firmenich in FY15 with numerous awards, particularly for innovation and strategic contributions to their product development. Continuously evolving our portfolio to stay relevant to consumers’ changing habits is a top priority for us.

We invested in service, technology, and health and wellness. Firmenich continued to lead in encapsulation technology and opened a state-of-the-art center of excellence for our ENCAPSOLUTIONS™ technology in Indonesia. This facility enables us to pilot manufacture new and existing encapsulation technologies and create low-volume batches with shorter lead times to respond to the fast-paced Southeast Asian market.

Expanding our health and wellness portfolio, we launched a new line of proprietary, integrated dairy solutions. 3D Dairy helps developers address the challenges of reducing sugar and fat content in dairy products. Our deep technical knowledge allowed us to leverage existing technologies to create this multidimensional solution for customers worldwide.

In the flavor industry, there is an exciting crossroads as consumers demand healthier food and beverages, and we are optimistic about the future. We will continue to invest in core capabilities including creation, sales excellence, supply chain and talent.

INSPIRING FLAVORS:
HONEY, 2015 FLAVOR OF THE YEAR
Honey’s popularity has grown steadily in recent years as consumers gravitate toward food and beverages considered artisanal and crafted, or locally sourced. Honey creates a unique flavor impression that romances consumers of all ages. While universally sweet and full-bodied, the flavor makes a delicate impression on consumers.

“You can do so much with honey”, says Patrick Salord, Firmenich Senior Flavorist. “For a flavor that is as sweet as it is, it shows remarkable versatility. It has no limit in its potential, and people respond to that!”

PERSPECTIVES FOR THE FUTURE
The flavor industry is at an exciting crossroads as consumers demand healthier food and beverages, and we are optimistic about the future. We will continue to invest in core capabilities including creation, sales excellence, supply chain and talent.
SALES IN POSITIVE TERRITORY

Our Ingredients sales increased this year, despite continued market commoditization. The main drivers of our growth were innovation, commercial excellence, and operational efficiency.

SHAPING A UNIQUE PORTFOLIO

Firmenich is committed to offering distinctiveness and uniqueness through our palette of ingredients. We evolved and sharpened our portfolio in many ways in FY15.

DELIVERING EFFECTIVENESS

Focusing on speed, flexibility and efficiency, we increased our range of cost-effective molecules while maintaining the highest quality, safety and environmental standards. Our eight ingredient factories around the world recorded significant efficiency improvements thanks to a range of new, optimized processes.

SHARING INNOVATION

For the fourth consecutive year, we launched our Sharing Innovation collection to release a range of signature molecules to the market every year. The innovation captured in these molecules ranges from unique olfactive profiles to optimized environmental performance and cost-effectiveness. In FY15, the Sharing Innovation collection includes Muscone Laevo, a soft musk with sweet, elegant and warm tonalities, which builds on our unique legacy in synthetic musk tonalities. From our early breakthroughs in the 1920s and our Nobel Prize in 1939, Firmenich’s savoir-faire in the family of musk molecules is linked to the success of our unique palette of ingredients.

DRIVING GAME-CHANGING TECHNOLOGY

In FY15, we launched Clearwood™, the first ingredient in our new family of sustainable products from our white biotechnology platform. We saw it blossom as our creators and many perfumery houses broadly adopted it across the creation palette. This highly renewable and cost-effective ingredient was born from our perfumers’ intuition, following more than 10 years of research and development.

ENRICHING OUR NATURAL PALETTE

Committed to excellence in Naturals, we partner with smallholding farmers at the source, all the way to our customers, to build a responsible and traceable value chain. Our responsible sourcing strategy ranges from backward integration to helping shape new industry standards and certifications. Through our joint venture with Jasmine Concrete in India, for example, we have access to the finest flowers and spices in India and ensure their responsible production by being present at the very source of the raw material.

PERSPECTIVES FOR THE FUTURE

Firmenich will continue to innovate to further differentiate our portfolio of ingredients. We will lead in value-added ingredient solutions for the industry by focusing on breakthrough innovation, customer intimacy and operational efficiency.

Firmenich put science to work in FY15 to advance our leadership in a number of areas. We furthered the uniqueness of our ingredients’ palette while expanding our delivery technologies platform to bring unique sensorial experiences to consumers where and when they want them. We expanded our health and wellness portfolio with the launch of our 3D Dairy line and improved hygiene and sanitation with the discovery of new solutions to counter malodors. This led to filing 30 new patent applications for ingredients, processes and delivery systems throughout the year.

We renewed our commitment to world-class research with the appointment of Professor Geneviève Berger as Chief Research Officer, effective July 2015. She succeeds Dr. Antoine Gautier, who retired from the company after 29 years of service.

Geneviève brings an exceptional multidisciplinary background to Firmenich. She holds doctorates in physics, human biology and medicine. Her broad experience ranges from conducting research in a leading fast moving consumer goods (FMCG) company, to improving consumer well-being, to practicing medicine. She led one of the world’s largest research organizations, the Centre national de la recherche scientifique (CNRS) in France, and advised the European Commission and the French government on a range of topics including biotech, agri-food, and health.

For the fourth consecutive year, we launched our Sharing Innovation collection to release a range of signature molecules to the market every year. The innovation captured in these molecules ranges from unique olfactive profiles to optimized environmental performance and cost-effectiveness. In FY15, the Sharing Innovation collection includes Muscone Laevo, a soft musk with sweet, elegant and warm tonalities, which builds on our unique legacy in synthetic musk tonalities. From our early breakthroughs in the 1920s and our Nobel Prize in 1939, Firmenich’s savoir-faire in the family of musk molecules is linked to the success of our unique palette of ingredients.
SUSTAINABILITY AT FIRMENICH

UPDATE ON MATERIALITY
At the end of FY14, we conducted a materiality analysis with help from the global think tank, Forum for the Future. We will conduct this materiality analysis biennially to anticipate changing trends and identify new opportunities and risks. Throughout FY15, we shared this materiality with customers, employees, suppliers, industry associations, non-governmental organizations (NGOs) and governments. From these discussions with stakeholders, we noted the key material issues identified in FY14 for Firmenich remained largely unchanged in FY15.

FY15 HIGHLIGHTS
- Entered CDP SCPLI: Firmenich achieved disclosure and management scores of 99/100 and A, joining the CDP Supplier Climate Performance Leadership Index.
- Established New Faculty Endowments: Firmenich provided funding for faculty endowments at Stanford University, U.S. and EPFL, Switzerland.
- Received First Carbon Credits: Firmenich received its first carbon credits with the Livelihoods Fund.
- Achieved 100% Certification: Firmenich completed certification at all of its manufacturing sites against OHSAS 18001 and ISO 14001.
- Invited to the Toilet Board Coalition: Firmenich joined the steering committee of the Toilet Board Coalition.
- Cut Absolute CO₂ Emissions: Firmenich reduced absolute CO₂e emissions by 12.3% (approximately 20,000 tonnes) compared with FY10.
- Reduced Total Water Usage: Firmenich achieved a 13.3% reduction in total water use since FY10.
- Involved in Protein 2040: Firmenich joined Protein 2040, launched by Forum for the Future, to analyze the future of protein.

More information is on www.firmenich.com

FY15: A MILESTONE YEAR
In 2010, we set seven sustainability goals for 2015 (see table to the right). Since then, we have integrated our sustainability strategy into our business strategy. Year after year we receive accolades for our sustainability efforts focused on ethics and excellence, reducing our footprint, creating sustainable products and embracing employees and communities. In this report, we will share how well we met these targets.

<table>
<thead>
<tr>
<th>2015 Strategic Sustainability Goals (from 2010 Baseline)</th>
<th>2015 Results</th>
</tr>
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<tbody>
<tr>
<td>Improve our industry-leading safety performance by 50%</td>
<td>✔</td>
</tr>
<tr>
<td>Reduce CO₂ emissions in absolute terms by 15%</td>
<td>✔</td>
</tr>
<tr>
<td>Reduce water usage rate by 15%</td>
<td>✔</td>
</tr>
<tr>
<td>Partially power 90% of our manufacturing facilities with renewable energy</td>
<td>✔</td>
</tr>
<tr>
<td>Create a “Sustainability Index” for 400 key ingredients</td>
<td>✔</td>
</tr>
<tr>
<td>Complete Sustainable Natural Ingredient Sourcing Projects in eight countries</td>
<td>✔</td>
</tr>
<tr>
<td>Impact the lives of one million children through improved nutrition and hygiene</td>
<td>✔</td>
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</tbody>
</table>
NET POSITIVE

“Natural capital is being eroded at a rate faster than the planet can replenish. At the same time, issues of inequality and poverty are only getting worse. Businesses need to restore natural capital and build social capital; to put back more than they take out. This new approach is called 'Net Positive.’” Forum for the Future

OUR SUSTAINABILITY VISION

SUSTAINABILITY AT FIRMENICH: PATHWAYS TO POSITIVE

We understand the range of global issues at play that are impacted by and impact on us, as well as our suppliers, customers and consumers. We also recognize our responsibility in tackling these challenges, however, only minimizing our impact is not enough. We are thus committed to being a thriving business that makes a positive contribution across our value chain and to broader society, economies and the environment. We are on the path to net positive.

We are focusing our activity in areas and across pathways relevant to our fragrance, flavors and ingredients business units. We are on a journey to finding solutions and achieving tangible change.

ETHICS AND EXCELLENCE

Raise the bar to ensure the highest standards of governance wherever we are in the world

OUR FUNDAMENTALS

Clients, People, Creativity, Sustainability and Independence

Our Fundamentals guide our every action, enabling us to remain true to ourselves and make a difference in an ever-changing world. This is the official language of the Fundamentals.

FIRMENICH SUSTAINABILITY TEAM

At Firmenich, more than 6,800 colleagues are engaged in sustainability. We encourage each and every one to strive for sustainability excellence in all they do. Five sustainability leaders work together to drive sustainability throughout the company to meet and exceed clients’ expectations.

Johan Firmenich
Project Manager
Sustainability

Bérangère Magarinos-Ruchat
Vice President
Sustainability
Partnerships

David Shipman
Group Vice President
Corporate Compliance
President North America

Neil McFarlane
Senior Vice President
Quality, Health, Safety and Environment

Johanna Levy
Associate Director
Sustainability
SUSTAINABLE PATHWAYS

Firmenich understands global issues, our impact on them and their impact on us, our suppliers, our customers and their consumers. We have a responsibility to tackle these challenges, but simply minimizing our impact is not enough. We must make a positive contribution across our value chain and to society, economies and the environment. We are on the path to net positive.

We focus our activity in areas relevant to our fragrance, flavors and ingredients business units. We are on a journey to find solutions and achieve tangible change. As we work to develop our 2020 strategy, three priority areas are:

- Enabling sustainable lifestyles and livelihoods
- Maximizing innovation and creativity
- Leveraging collaboration and engagement

We will follow five priority pathways and objectives to reach these goals:

- Ethics and Excellence: Raise the bar to ensure the highest standards of governance wherever we are in the world
- Environment and Resources: Reduce and positively impact our environmental footprint and maximize resource efficiency
- Innovation, Science and Society: Build on our leading innovation to reach the next level of scientific excellence
- Partnerships: Firmenich knows that the greatest achievements in sustainability will only be reached by working together with the world’s leading experts and academic institutions
- People and Communities: Use the knowledge, skills and talent of our people and communities for a positive impact

These five pathways will be discussed in the following sections, identifying our initiatives, achievements and challenges in FY15.
Ethics and Excellence Pathways:
Raise the bar to ensure the highest standards of governance wherever we are in the world
“Never before has humanity faced such a period of deep and fast transformation as in today’s globalizing world. This world of the 21st century is pluralistic, ambivalent, complex, risky, uncertain and fragile. In such a context, ethical questions become more important for a very simple reason: the answers we have learnt, the routines we have developed and the questions we face today no longer fit. In the past, we could rely on the ethical autopilot of our taken-for-granted values and beliefs. Today we have to actively construct shared values within and between countries and cultures, and within and between corporations. Ethics moves to the center of managerial decision-making. Only those organizations that are able to give convincing answers to ethical questions will be successful in the future.”

Dr. Guido Palazzo
Professor of Business Ethics
University of Lausanne,
Switzerland

100% of our manufacturing sites are certified for both ISO 14001 (environmental management) and OHSAS 18001 (occupational health and safety) standards

Top 2% of all member organizations for sustainability performance in FY15

registered with Supplier Ethical Data Exchange (Sedex)

will be trained in the Firmenich Code of Conduct in the coming year

100% of our manufacturing sites are certified for both ISO 14001 (environmental management) and OHSAS 18001 (occupational health and safety) standards

Top 2% of all member organizations for sustainability performance in FY15

270 suppliers registered with Supplier Ethical Data Exchange (Sedex)

6,000+ employees will be trained in the Firmenich Code of Conduct in the coming year
ETHICAL GOVERNANCE

CODE OF ETHICS AND BUSINESS CONDUCT

Ethical behavior is core to our way of life at Firmenich. For 120 years, we have demonstrated an unwavering commitment to performance with integrity. In 2007, we first published the Firmenich Code of Conduct to guide employee decision-making and ensure that our high standards of excellence are upheld globally. Based on our Fundamentals, our Code of Conduct covers conflicts of interest, corruption, antitrust, harassment, confidentiality, governance and political and community activities. As a result of our employees’ commitment and adherence to the Code, Firmenich has had no legal actions for anticompetitive behavior or antitrust or monopolistic practices, and incurred no monetary fines or non-monetary sanctions for non-compliance in these areas.

In 2015, we renewed this commitment and “raised the bar” to ensure that we never compromise in this area and always operate according to the highest standards of governance wherever we are in the world.

To ensure our full alignment and accountability, we revised and enhanced our Code of Ethics and Business Conduct. Additionally, we published two new related corporate policies: the Global Anti-Corruption Policy and the Corporate Gift Policy. The Code of Ethics and Business Conduct applies to everyone working for Firmenich, as well as all vendors, agents, consultants, distributors, and other Firmenich representatives.

In June 2015, we piloted the launch of a comprehensive online training platform in order to train all of our colleagues worldwide under these policies. The first two training modules released relate to the Code of Ethics and Business Conduct and Harassment Prevention. In the year ahead, our colleagues around the world will dedicate more than 20,000 online training hours on these two training modules.

ETHICS AND RISK MANAGEMENT COMMITTEES

In FY14, the Company created an Ethics Committee consisting of five senior executives to oversee our overall ethics program and to review potential ethical issues.

The Committee serves to establish an appropriate “tone at the top” and promote a strong “culture of compliance” throughout the company. The Ethics Committee reviews all reported or detected violations of the company Code of Ethics and Business Conduct and determines the resultant sanctions.

In FY15, Firmenich created a Risk Committee which is comprised of eight senior managers. A primary responsibility of the Risk Committee is to ensure that Firmenich has a robust and thorough process in place to identify, evaluate, monitor and mitigate risks potentially impacting the company. The Committee ensures “tone at the top” with respect to appropriate risk awareness throughout Firmenich and promotes an integration of risk management into all our processes.

HARASSMENT PREVENTION

In June and July 2015, we introduced workplace harassment prevention training in North America to help employees recognize and avoid all forms of harassing behavior. This training, which reinforces our zero-tolerance harassment policy, will be expanded in the second half of calendar year 2015 to all employees globally.

UNITED NATIONS GLOBAL COMPACT

Firmenich signed the United Nations (UN) Global Compact in 2008 and has sponsored the Foundation for the Global Compact since 2011. We have chaired the board of the Global Compact Network Switzerland since 2011. In FY15, Firmenich was instrumental in the creation of a national Global Compact secretariat in collaboration with the Swiss government. In this capacity, we promoted the UN Global Compact’s 10 Principles among Swiss companies, and attended and led awareness-raising events for the UN Guiding Principles on Business and Human Rights proposed by UN Special Representative on business and human rights, John Ruggie. These principles, endorsed by the UN Human Rights Council in June 2011, aim to further integrate human rights principles into the supply chain of global businesses across all industries.
ETHICAL SUPPLY CHAIN

ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY CERTIFICATIONS

In 2010, Firmenich set an ambitious goal to have all of our manufacturing sites certified for ISO 14001 (environmental management) and OHSAS 18001 (occupational health and safety) standards. In FY15, we obtained both certifications at our sites in Louvain-la-Neuve, Belgium, Ibaraki, Japan and Karawang, Indonesia, and ISO 14001 certification at our site in Bogotá, Colombia, which was already OHSAS 18001 certified. With these additions, we achieved our 2010 goal to have all 25 manufacturing sites certified under both standards. These third-party certifications confirm we have applied comprehensive management systems to comply with all relevant health, safety and environmental (HSE) legal requirements and our stringent corporate HSE principles and codes. We believe that we are the first company in our industry to achieve this high level of certification.

GLOBAL TRADE COMPLIANCE

Global trade relations is an area of emerging importance. In recent years, several companies were fined for not complying with regulations and trade sanctions.

In response to the changing global trade landscape, Firmenich established a Global Trade Compliance Platform in FY14 to:

• Elevate our understanding of the complex framework of regulations
• Ensure compliance with sanctions, restrictions and trade controls
• Verify the accuracy of our trade documentation
• Continue paying the correct duties and taxes on movements of goods
• Improve the flow of raw materials and finished products around the world

Our Global Trade Compliance Platform includes the implementation of a tailored SAP application in all of our affiliates. As of June 2015, we estimate a 66% completion of our implementation, and expect to achieve full implementation in calendar year 2016.

SUPPLIER SUMMIT

Firmenich has a comprehensive Value Relationship Management (VRM) Program and annual Supplier Summit involving top management from Firmenich as well as the management of our leading suppliers. We established the VRM Program in 2011 to work with suppliers to further drive sustainability and ethics throughout our supply chain and foster innovation and inclusive growth.

In February 2015, we held the fifth annual Firmenich Supplier Summit in Switzerland. This two-day event gathered 20 suppliers in the Firmenich VRM Program for discussions and debates on the topic, “Risk: A Business Opportunity” and welcomed speakers from Firmenich, industry associations and supplier companies.

SUPPLY CHAIN TRANSPARENCY

SEDEX

Firmenich has been a member of Sedex, the Supplier Ethical Data Exchange, since 2008. Sedex is a non-profit member organization dedicated to improving responsible and ethical business practices in global supply chains. Using the Sedex electronic system for collecting and analyzing supply chain business practices, we can share audit results and self-assessment questionnaires (SAQs) from our 25 manufacturing sites with our customers.

In FY15, we increased our Sedex membership level to include additional suppliers and share supply chain information with more customers. We now have data on more than 270 suppliers representing more than 300 sites around the globe on the Sedex platform. Additionally, the Sedex Risk Assessment Tools help us drive continuous improvement at our manufacturing sites and proactively address potential issues with suppliers.

ECOVADIS

EcoVadis is a collaborative platform that enables companies with global supply chains to measure and report sustainability performance across 150 sectors and 99 countries. Firmenich joined in 2009 and, in FY15, we scored in the top 2% of all member organizations for sustainability performance earning us a “gold” corporate social responsibility (CSR) rating, the highest available. Through the EcoVadis platform, we can benchmark our sustainability efforts against other companies and share initiatives, programs and results with our customers.
ETHICAL SUPPLY CHAIN

SUPPLIERS’ FORMAL COMMITMENTS TO OUR SOCIAL ACCOUNTABILITY STANDARDS AND CODE OF ETHICS AND BUSINESS CONDUCT

As part of our commitment to ethical and sustainable business, we developed the Firmenich Social Accountability Standards. They require compliance with national laws, International Labour Organization (ILO) conventions and recommendations, and the UN’s Universal Declaration of Human Rights in critical areas including:

- Child labor
- Forced labor
- Health and safety
- Freedom of association and collective bargaining
- Discipline
- Discrimination
- Working hours
- Wages

In addition to applying these standards internally, Firmenich believes in maintaining this level of excellence across our entire value chain by requiring all suppliers and subcontractors to formally commit to a Supplier Social Accountability Program. If a supplier violates these principles, we will work jointly to have them meet our standards. In FY15, we reissued these guidelines to all of our suppliers globally to help ensure compliance. This initiative complements the regular audits we conduct at our suppliers’ facilities.

HUMAN RIGHTS IN THE SUPPLY CHAIN

To help understand human rights impacts of our operations and global supply chain, Firmenich will work with Shift, the leading center of expertise on the UN Guiding Principles on Business and Human Rights. Shift is an international non-profit organization that has worked extensively on human rights risks in the supply chain. We will report on our progress in FY16.

“The UN Guiding Principles state that companies may be involved with adverse human rights impacts either through their own activities or as a result of their business relationships. ‘Business Relationships’ are understood to include relationships with ‘entities in [the company’s] value chain’. As part of their corporate responsibility to respect human rights, companies are expected not only to avoid causing or contributing to adverse human rights impacts, but also to address human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts. Adverse human rights impacts can occur at any level of a supply chain – from the first tier of direct or strategic suppliers, all the way down via multiple layers of sub-suppliers and subcontractors, to those providing the raw material inputs. For some companies, relationships with suppliers are held by their licensees, or may be intermediated by vendors or other agents, creating yet more complex structures. To meet their responsibility to respect human rights, companies need to understand human rights risks at all levels of their supply chain – not only in the first tier.” Shift (2012). Respecting Human Rights Through Global Supply Chains.
EXCELLENCE IN QUALITY

Quality is intrinsic to the Firmenich brand. Firmenich strives to continue our long history of outstanding product quality and give our customers the quality they expect.

Our Customer Quality Indices (CQIs) improved in FY15. The rolling 12-month average for Product CQI further improved from 1.66 to 1.43 non-conformances per thousand sales orders compared to FY14.

In FY15, we invested CHF 2.54 million in capital projects to further improve quality performance. These included laboratory and other facility upgrades and new analytical and testing equipment. We also focused on customer satisfaction and targeted strategies for individual customers to continue our pathway to zero quality non-conformances. We are proud of the customer recognition we garnered and milestones we reached, including:

- Received the only supplier award given to a flavor company by a multinational food and beverage customer for outstanding product and service quality
- Delivered more than 4,300 lots of fragrance in a full year with 100% perfect product quality and sales order acceptance to a major manufacturer of fine perfumes
- Became the 1st Place Supplier out of the world’s six leading flavor manufacturers for a global food and beverage company
- Achieved 100% food safety compliance with zero delivery complaints from a well-known consumer dairy products company
- Achieved 60% improvement in the product quality rejection rate, from 1.29% to 0.52%, for a strategic customer
- Received a customer award for the second consecutive year for completing 10 quality and food safety improvement projects in seven Firmenich plants
- Collaborated on a special customer project to reduce unnecessary testing performed by the customer by 90%
- Trained more than 350 Firmenich colleagues in Incident Investigation and Root Cause Analysis globally; more than two dozen achieved certified lead investigator level

We are now improving the corporate quality management systems to make our stringent quality requirements more visible and accessible internally. In the coming year, we plan to deploy Lean (optimization and efficiency) concepts in Quality Control (QC) Laboratories across the organization. This enables us to improve efficiency, better serve internal and external partners, and eliminate wasteful activities. Core QC will be fully focused on supporting manufacturing to achieve Right First Time (RFT), and on-time in full (OTIF) service to our customers. We are also using the new QHS&E Excellence functions to develop defect prevention strategies in new product design, purchasing, and manufacturing while strengthening detection protocols in the lab.

**Product CQI**

<table>
<thead>
<tr>
<th>Year</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>1.66</td>
</tr>
<tr>
<td>FY15</td>
<td>1.43</td>
</tr>
</tbody>
</table>

*Note: This data shows the total number of non-conformances per thousand sales order lines shipped.*

CQI is a non-conformance rate measurement calculated as – the number of customer inquiries per thousand sales orders delivered.
Environment and Resources Pathways:
Reduce and positively impact our environmental footprint and maximize resource efficiency

Firmenich is a charter signatory of the CEO Water Mandate
In May 2015, Firmenich, along with the UN Global Compact, the World Business Council on Sustainable Development (WBCSD) and 59 international companies, signed and endorsed, “Business proposals for COP21”. This proposal recognizes the need to address climate change through significant greenhouse gas emission reductions and adoption of the agreement among governments to limiting global warming below 2°C. Firmenich is committed to reducing our environmental footprint to limit global warming and preserve resources. In 2015, France will host and preside over the 21st Session of the Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC). This crucial meeting seeks a new international agreement on the climate, applicable to all countries, to keep global warming below 2°C.

- 14.5% decrease in Scope 1 and 2 CO₂ emissions from FY10 to FY15
- 11.9% decrease in energy use from FY10 to FY15
- 15.7% decrease in waste to landfill from FY10 to FY15
- 21.4% decrease in VOC emissions from FY10 to FY15
- 25% decrease in distribution CO₂ emissions from FY14 to FY15
**INTRODUCTION**

In FY15, Firmenich improved in six out of seven environmental indicators, compared to the FY10 baseline. We also improved or maintained (≤4% change) our performance in six out of eight indicators compared with FY14.

**CAPITAL SPENDING ON ENVIRONMENTAL IMPROVEMENT**

Firmenich spent CHF 8.3 million on 57 environmental performance improvement projects in FY15. These projects (which may be combined and reported in more than one category below) include:

- Seven photovoltaic and solar water heating projects
- Eleven downstream metering projects to identify further electricity, water and steam savings
- Thirty energy reduction projects such as light-emitting diode (LED) lighting, heating, ventilating and air conditioning (HVAC) upgrade and process efficiency
- Four water reduction projects
- Five environmental protection projects including volatile organic compounds (VOC) reduction and spill and fire water retention

These projects are shown on our Global Environmental Activity on pages 24-25 and more information on selected projects is given in the case studies on pages 19-20.

**ENERGY USE AND CARBON DIOXIDE EMISSIONS**

Over the period from FY10 to FY15, Firmenich reduced absolute carbon dioxide (CO₂) emissions by 12.3% (162,223 to 142,351 tonnes per annum). This falls slightly short of the goal we expressed in FY10 to reduce CO₂ emissions by 15% and is largely a consequence of investments in air pollution controls and research facilities in China (on a like-for-like basis the reduction is 14.4%). This achievement is a testament to the significant efforts made at all our manufacturing sites to reduce energy consumption through energy efficiency, fuel use changes and renewable energy projects. In FY15, we invested CHF 2.3 million in CO₂ emission reduction projects.

Total energy use (in GJ/t) has decreased by 11.9% against our five-year rolling baseline, although it increased slightly in FY15 compared to FY14 (4%). Our FY15 total (Scope 1 and 2) CO₂ emissions (in kg/t) followed a similar pattern, dropping by 14.5% against our five-year rolling baseline but rising slightly (3.8%) compared to FY14.

### Scope 3 CO₂ Emissions

<table>
<thead>
<tr>
<th>FY14</th>
<th>FY15</th>
<th>Annual Change (%)</th>
<th>FY10 vs. FY15 Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All purchased raw materials used in products manufactured by Firmenich¹</td>
<td>416,256</td>
<td>452,606</td>
<td></td>
</tr>
<tr>
<td>Downstream transportation and distribution²</td>
<td>40,184</td>
<td>30,072</td>
<td></td>
</tr>
<tr>
<td>Waste generated in operations³</td>
<td>10,020</td>
<td>11,896</td>
<td></td>
</tr>
<tr>
<td>Business travel⁴</td>
<td>5,321</td>
<td>9,331</td>
<td></td>
</tr>
<tr>
<td>Employee commuting⁵</td>
<td>30,083</td>
<td>28,507</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>501,864</td>
<td>532,412</td>
<td></td>
</tr>
</tbody>
</table>

1. CO₂e is based on CO₂, N₂O and CH₄ emission data
2. Based on purchase data for transportation
3. 89% of total waste mass accounted for
4. Based on business air travel only. Coverage has increased from 75% in FY14 to 88% in FY15
5. Based on the number of employees and on average travel distance

*Indicator first introduced in 2011.

**FY10 baseline recalculated, see page 51.**

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Environment and Resources Pathways

**ENVIRONMENTAL PERFORMANCE**

**CARBON AND ENERGY**

Over the past five years, we have better understood the difficulty in achieving year-on-year energy reductions and Scope 1 and 2 CO₂ emissions savings. Our best opportunities for further improvements are through increased efficiency and fuel use changes, and we will focus on these areas in the coming years. We will also install more meters to identify potential savings and explore new technologies to achieve our goals.

Our total reported Scope 3 emissions was 532,412 tonnes CO₂e in FY15. Selected Scope 3 emissions and the breakdown of these emissions are shown in the table below. We continue to explore ways to influence suppliers to reduce this component of our overall CO₂ emissions. Examples of our work to reduce supplier and raw material transport energy use are on page 19.
CDP

“I am very proud that we are leading the way in climate change mitigation. CDP ranked Firmenich among the world’s top 4% of leading suppliers this year and this confirms how much we care.” Gilbert Ghostine, CEO.

In FY15, Firmenich received two awards from CDP for leading the way in climate change mitigation, placing us among the best companies in the world in this arena:

- We achieved a climate performance score at the highest level of band A and a disclosure score of 99/100, resulting in our inclusion in the CDP Supplier Climate Performance Leadership Index 2015. This leading score indicates our commitment to GHG emissions reduction and our transparent communication on strategy, goals and performance in mitigating climate change.
- We were recognized as Best Improver in Switzerland for increasing our CDP climate disclosure score by 23 points from 2013 to 2014.

Our participation in the CDP Supplier Climate Performance Leadership Index allows us to easily and transparently report our performance to key customers and stakeholders, and benchmark results with similar environmentally leading companies. Reporting helps us build greater momentum with customers and partners as we address climate change collectively. The data we have collected and shared show us where there may be further emissions reduction opportunities and help us develop an ambitious strategy to fight climate change in the future.

This is the seventh year Firmenich has participated in the CDP Leadership Collaboration Program through reporting Scope 1 and Scope 2 CO₂ emissions. It is the second year we have reported selected Scope 3 emissions.

CASE STUDY: REDUCING ENERGY IN RAW MATERIAL MANUFACTURE AND TRANSPORT

Over the past year Firmenich has implemented an air-freight reduction program to ensure we adopt more environmentally sustainable transportation practices and improve cost effectiveness. This impactful and important initiative, introduced by our Supply Chain, has reduced our annual distribution carbon emissions by 25% compared to FY14.

CASE STUDY: PALLET RESOURCE EFFICIENCY PROJECT

Firmenich is implementing a pallet eco-efficiency project at our flavor manufacturing site in Geneva, Switzerland. Working with a supplier, our purchasing team designed a new pallet that is one-third lighter than the standard European pallet generally used. Weight savings are estimated at more than six tonnes for each full truck delivery, which will reduce fuel consumption during transport. The new pallet uses 33% less timber in its construction, saving an estimated 450 cubic meters of wood in 2014. Trials show it meets all internal strength and safety requirements. We plan to use these pallets in other manufacturing sites in Geneva and may eventually adopt them globally.

CASE STUDY: ONSITE NITROGEN GENERATION IMPROVES SAFETY AND REDUCES CO₂ EMISSIONS

Firmenich installed a new nitrogen production unit at our flavor manufacturing site in Geneva, Switzerland. In the past, nitrogen was delivered twice a week by tankers from local or European suppliers. Onsite production will save an estimated 28,500 kilometers of tanker travel per year. Besides reducing safety risks associated with liquid nitrogen handling and road transport, the project should reduce nitrogen transport and production-related CO₂ emissions by approximately 60%. We will monitor the energy used to manufacture nitrogen on site to determine how the project impacts our overall CO₂ emissions.
Firmenich strives for excellence in water management. In 2008, we signed the UN Global Compact’s CEO Water Mandate, committing us to work with others to find solutions to the impending global crisis over the availability of clean water. Since then, we have focused on how we manage total water use across our entire business.

In FY15 we received the results of our participation in the CDP water pilot scoring program. Our score was higher than the industry and sector averages which we see as a reflection of our: integrated water strategy; detailed understanding of water use, impacts and risks; and public policy commitments on water.

In FY15, our total water use rate (including process, non-contact cooling water and domestic water) fell by 13.3% compared to the five-year rolling baseline and by 0.9% compared to FY14. Process water use also decreased significantly (10.7%) compared to the five-year rolling baseline, although it increased slightly (1.4%) when compared to FY14. Moving forward we will set additional targets on process and total water use.

The quality of our used water, returned to the environment, significantly improved in the last five years (absolute Chemical Oxygen Demand of water discharges was 64% lower in FY15 compared with FY10).

We will continue to focus on strategic water reductions in areas where water stress is highest and where our manufacturing facilities use the most water. This targeted approach will likely bring sustainability benefits, as water availability and quality are regional, rather than global, issues.

WATER STRESS ANALYSIS
Firmenich conducted a detailed water stress analysis in the past year. This supplements the water sensitivity analysis undertaken in FY14 and gives us a much better understanding of which of our facilities will benefit most from water reduction and efficiency initiatives.

The analysis evaluated water risks and water use for all manufacturing sites. We used two CDP-recommended water risk assessment tools: World Resource Institute’s (WRI) Aqueduct Water Risk Atlas and World Wide Fund for Nature (WWF) Water Risk Filter. The detailed study identified seven sites as the most likely to benefit from mitigation initiatives. We will focus our efforts in these locations in coming years.

WATER METERING
To plan water mitigation projects more effectively, our manufacturing sites need to fully understand their water budgets. Studies show metering, combined with an adequate water price structure, can reduce water consumption by 15-20%1. In FY15, nine of our 25 manufacturing sites installed additional water metering.

CASE STUDY: CONSERVING WATER IN A HIGH WATER-STRESS AREA
Our water-stress analysis identified our ingredients and perfumery manufacturing site in Dahej, India, as a priority for water mitigation. In FY15, we started a project to install a reverse osmosis (RO) plant to recover usable quality water from treated wastewater. The RO plant will generate “clean” water for reuse in cooling towers and landscape irrigation.

The plant will convert approximately 75 cubic meters of treated wastewater into 50-60 cubic meters of usable water each day. We estimate annual freshwater savings at approximately 15,000 cubic meters. We also expect to reduce wastewater discharges from the factory by 35-40%. To supplement this project, we will replace the manual watering system with a sprinkler irrigation system to reduce water consumption by approximately 1,500 cubic meters per year.

WASTE
Hazardous waste has essentially remained flat over the past five years, increasing slightly by 4.4% when compared to the five-year rolling baseline and by 4.5% in FY15.

We will further analyze where these hazardous wastes arise and will set challenging and focused targets to reduce their generation.

Wastes diverted to energy decreased slightly by 4.7% compared to FY14 (a comparison with FY10 cannot be made as the first data was collected in 2011). Waste to landfill also decreased 15.7% and 10.3% compared to FY10 and FY14, respectively. We increased our waste recycling efforts and in FY15, 30.8% of the waste stream was recycled, compared to 25.1% in FY14. We will continue to look for ways to minimize waste, increase recycling and reduce hazardous wastes sent to landfills.

VOLATILE ORGANIC COMPOUNDS
Firmenich continues to reduce VOCs to improve air quality inside and outside our facilities. We have reduced VOCs 21.4% since FY10, and 8.3% compared to FY14. Integrated projects such as the new ventilation system and regenerative thermal oxidizer (RTO) installed in our Shanghai, China, plant (reported in FY14) have contributed significantly to improving VOCs releases and exposures. The system in Shanghai continues to work well; internal air quality has improved and complaints about odor have declined significantly since the project was completed.

Other important air emissions also improved during this period as a result of fuel use and other changes. SOx and NOx emissions decreased by 54% and 41% respectively between FY10 and FY15.

**Energy**

- **GJ/t of production**
  - **FY10:** 11.8
  - **FY15:** 10.4
  - **-11.9%** from FY10 to FY15

**CO₂ Emissions**

- **kg/t of production**
  - **FY10:** 865
  - **FY15:** 740
  - **-14.5%** from FY10 to FY15

**Hazardous Waste**

- **kg/t of production**
  - **FY10:** 80.3
  - **FY15:** 83.8
  - **+4.4%**
  - **+4.4%** between FY10 and FY15

**Recycled Waste**

- **Tonnes**
  - **FY10:** 13,396
  - **FY15:** 12,693
  - **29.0%**
  - **29.0%** is the proportion of total waste recycled over the last five years

**Total Water Usage**

- **cubic meters/tonne of production**
  - **FY10:** 26.3
  - **FY15:** 22.8
  - **-13.3%** from FY10 to FY15

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*Purchased Steam, LPG, Renewable Generated Onsite, Incinerating Waste, Indirect Heat Purchased*
BEYOND RESOURCE EFFICIENCY

SCORECARDS

Our work on Scope 3 emissions, the Sustainability Index and the Environmental and Social Impact Valuation Study, shows the importance of supplier performance in our overall environmental footprint. Firmenich is in the third year of an environmental scorecard initiative to encourage environmental improvements from our most significant suppliers. Our Purchasing group uses the scorecards to collect and evaluate suppliers’ environmental performance data including energy used, waste produced, water used, GHG emissions, as well as information on improvement projects, fines and management systems. This year, scoring was based on progress in reported measures and on management and improvement factors such as sustainability initiatives, environmental management system implementation and data protocol. We received and analyzed more than 20 scorecards from suppliers representing approximately 40% of our raw material spend.

THE SUSTAINABILITY INDEX

The Firmenich Environmental Sustainability Index is a pragmatic method of modeling, measuring and reporting important environmental indicators associated with sourcing, manufacturing, use and disposal of fragrance and flavor ingredients. It helps identify the most important life-cycle stages and impact areas, and allows us to compare different ingredient scores. An index score of “1” means that the production of one metric tonne of the ingredient has the same impact on the environment as an average global citizen in one year.

In FY15, we met our goal set in 2010 to calculate index values for 400 key ingredients. In addition to evaluating index values for 101 ingredients manufactured by Firmenich, we have engaged 28 external suppliers and successfully assessed index values for 145 externally sourced ingredients. The use of primary data from suppliers (e.g. actual emission and resource data), rather than secondary data makes our results more relevant when compared with approaches adopted by other companies. We have also calculated index values for 167 ingredients using proxy data (based on data collected from other similar ingredients).

In total we have now evaluated 413 index values for 400 unique ingredients representing approximately 93% (by volume) of a typical Firmenich perfumery compound.

In FY15 we aligned and standardized data collection between Firmenich ingredients sites, re-evaluated much of our previous work and updated data and calculations for some impact categories. We also added calculations of climate change impacts associated with non-biogenic carbon.

The index data also reveal that:

- Climate change and environmental toxicity are, on average, the highest contributors to the impact of the ingredients assessed
- All three stages of the ingredient life cycle included in the index calculation (sourcing, onsite production, and use and disposal) contribute significantly to the final score
- Ingredients which require significant quantities of raw materials or which require a lot of energy to produce have high index scores

The index is helping us better articulate the sustainability benefits of improved efficiency in our ingredient manufacturing processes (for example, recycling of solvents and waste streams), and strengthen our partnerships with participating suppliers, some of whom are now considering using this index to improve their products.

In the coming years we will continue to use and present our Environmental Sustainability Index data to evaluate and compare the sustainability performance of different formulations; to respond to clients regarding the sustainability of their individual formulations; and to work with suppliers to improve their ingredient scores.
Awards

In FY15, Firmenich received several awards.

- **Best Improver**
  In Switzerland, Firmenich was named Best Improver for increasing our CDP climate disclosure score by 23 points from 2013 to 2014.

- **Best in Class**
  In Indonesia, our manufacturing site was recognized as the Best in Class in environmental management and reporting initiatives by the local government.

- **7 awards**
  In the U.S., our Port Newark facility received seven different awards from the state of New Jersey in recognition of its outstanding performance in Health and Safety, including the highest distinction, the Governor’s Continued Excellence Award.

More information is available at www.firmenich.com.

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ENVIRONMENTAL AND SOCIAL IMPACT VALUATION STUDY

In FY15, Firmenich undertook an environmental and social impact valuation study, the first in the flavor and fragrance industry. This analysis, which models positive and negative environmental and social impacts of the sourcing, manufacturing, use and disposal of our products, gives us a more comprehensive vision of value creation and will help guide our future sustainability strategy.

The study assessed the environmental impact associated with raw material sourcing and manufacturing activities such as onsite energy, water consumption and waste generation. It clearly showed that negative impacts of raw material sourcing were much larger than manufacturing. The most important impact parameters were climate change and water withdrawal. This is in line with the conclusions of our ongoing analyses of our carbon emissions and our Sustainability Index.

We focused the social valuation part of this analysis on three areas:

- Health and safety improvement initiatives at our sites
- Health benefits of a Firmenich product designed to help customers lower sugar levels in their products
- Farmers’ livelihoods enhanced by our responsible sourcing of Haitian vetiver

On the basis of the methodology used, the study concludes that, overall, the positive values from these social activities outweighed the negative values arising from the environmental impacts of our manufacturing and sourcing activities. The largest positive social values were achieved through the sale of products designed to help lower sugar in consumer products and through our responsible sourcing of Vetiver in Haiti.

In FY16, we will continue to refine our model and our understanding of the economic value associated with our environmental and social impacts and will participate in the wider debate of how such impacts should be measured and valued.
GLOBAL ENVIRONMENTAL ACTIVITY

This global overview aims to show the breadth of our efforts to improve our environmental indicators and includes locally important and corporate projects. We have grouped projects under four categories:

- Energy reduction projects include the installation of photovoltaic panels and LED lighting, along with efficiency projects and equipment upgrades.
- Emissions reduction projects include VOC traps, process improvements and replacement of R22 refrigerants.
- Waste reduction projects regroup recycling programs, composting, using lighter pallets, and process improvements.
- Water use reduction initiatives comprise projects to recover and reuse water and steam along with flow reducers and other process improvements.

Both energy and water categories take into account our wide scale program to install meters to better understand and manage our consumption of these utilities and identify efficiencies.

CRITERIA

ENERGY  EMISSIONS  WASTE  WATER

YEAR KEY

- 2015
- 2014 OR EARLIER
Innovation, Science and Society Pathways:
Build on our leading innovation to reach the next level of scientific excellence
Our heritage of scientific discovery, which includes a Nobel Prize for Chemistry, along with our investment in research and development, has inspired a culture of innovation at Firmenich.

This culture of innovation – the mindset, expertise and methodologies – is essential to the success of our sustainability efforts.

In a sustainability context, we engage with innovation in the broadest possible sense, applying research to expand scientific discovery, pushing technological boundaries and designing new business models and delivery models to foster and support consumers’ sustainable lifestyles with our fragrances, flavors and ingredients.
In FY15, Firmenich continued on its strategic pathway to develop green chemistry processes for our ingredients whenever possible. In particular, we continued favoring catalytic to less efficient stoichiometric methodology. We invested heavily in biotechnology as part of our sustainable ingredients strategy and to further our understanding of the biological mechanisms of olfaction and taste. We partnered with the best universities, institutes, startups, and public and private entities to advance our sustainability ambitions in economic, social and environmental domains.

**GREEN CHEMISTRY**

Firmenich aims at continuously improving our chemical and biochemical processes, increasing efficiency, safety and reducing waste. For example, in FY15, our scientists reduced the e-factor (a number representing the amount of waste generated during a chemical reaction) of one of our well-established floral notes by 75%, and thus significantly improved its environmental sustainability. Equally important, they eliminated the solvent tetrahydrofuran (THF), a significant fire hazard, and improved our colleagues’ safety.

Firmenich scientists are visible in the global scientific community involved in developing green chemistry. In FY15, they published articles on a new catalytic tool for general application to make ingredients$, and on a method to make a key component of sandalwood oil$ – Indian sandalwood is increasingly difficult to source sustainably because of overharvesting.

**BIOTECHNOLOGY**

White biotechnology uses enzymatic or fermentation processes to make ingredients, as an alternative to chemical synthesis. This process allows Firmenich scientists to make ingredients from renewable natural materials rather than petroleum. In FY15, we published a new patent$ revealing a potential way to produce a sandalwood oil substitute based on a fermentation process, and recreate an ingredient that was “lost” from the perfumer palette because of regulatory requirements derived from sustainability concerns.

To further develop Firmenich’s capabilities in white biotechnology, we collaborated on a project to develop biocatalytic oxidation (which has a smaller environmental impact than stoichiometric chemical oxidation) funded by the European Commission under the 7th Framework Programme for Research and Technological Development (FP7). FF7 is the European Union’s main instrument for funding research in Europe and aims at fostering collaboration in various key thematic areas, including biotechnology. This consortium, started in FY14, will run until 2017. Firmenich is joined in this project by a number of industrial partners and academic institutions including Manchester University, Stuttgart University and the Danish Technical University.

1 Stechiometric methodology involves the chemical reaction between two substances, while catalysis involves the use of an external agent to trigger a chemical reaction.
4 WO 2015/040197.

**FOCUS ON THE MUSK STORY**

Philippe Chuit was a founding father of our company, along with Martin Naef. Chuit, a trained organic chemist, knew that many natural chemicals were inaccessible or too expensive to be used in products. Chuit & Naef’s first product was a chemical version of the molecule vanillin, key to making a good, affordable vanilla flavor. By 1910, Chuit had developed a “palette” of products including derivatives of lemongrass and citronella. Chuit & Naef’s reputation was established, but Chuit soon realized that most of the scientific brains involved in the discovery and production of natural compounds were outside the company. He contacted Leopold Ružička, a brilliant young chemist at the Swiss Federal Institute of Technology in Zurich, and they started a lifelong, world-changing collaboration. In 1939, Ružička received a Nobel Prize for his work on macrocyclic musk compounds.

Chuit aimed to build a sustainable source of musk compounds using chemical synthesis. While the first ingredients, discovered in the early 1920s, were difficult to synthesize, Ružička and Chuit’s understanding of the molecular origin of musky notes led to manufacturing Exaltone® and Exaltolide®, a fine and elegant musk still used to this day.

Researchers at Firmenich continued to work on macrocyclic compounds because they believed analogs of natural products were likely to be safe in environmental and human toxicology terms. Their instincts were correct. The family of macrocyclic musks is generally biodegradable and these musks, which are among the largest volume ingredients made by Firmenich, have all been shown in screening tests to be readily biodegradable, the highest category in terms of ease and speed of biodegradation and to have very low e-factors, some less than one.

Firmenich recently demonstrated this approach’s success commercially with Muscone laevo. Readily biodegradable, with excellent olfactive properties, Muscone laevo now requires two less chemical steps during production – and thus generates less waste and consumes less energy – thanks to a novel, patented process.

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1 Stechiometric methodology involves the chemical reaction between two substances, while catalysis involves the use of an external agent to trigger a chemical reaction.
4 WO 2015/040197.
REGULATION

REACH (EC 1907/2006) is the EU regulation established in 2002 to help minimize the adverse effects of chemical production on the environment and on human health. Firmenich embraced this challenge early on and aims to automatically supply REACH-compliant chemicals and fragrances to our customers. In FY15, we made important progress and submitted more than 20 REACH dossiers, each containing a technical and a chemical safety report and corresponding to a specific ingredient.

BIODEGRADATION

In-silico mathematical prediction models [e.g. models done via computer simulation] are central tools for regulatory bodies. To improve these tools, Firmenich actively studies ingredients that contain structures known to be potentially problematic. In FY15, our scientists published a research paper that helped refine the mathematical models. We expect to release more publications on this topic in FY16. We also started research on a project funded by the Swiss government to study an alternative method of measuring biodegradation of VOCs at more realistic concentrations than those used in many approved screening tests. The project, in collaboration with the University of Lausanne in Switzerland, will last three years.

WORLD-CLASS TOXICOLOGY

At Firmenich, our scientific foundation drives innovation to improve product sustainability. A safer, more sustainable environment requires less toxic and persistent materials and safer ways to produce and deliver new ingredients. It also requires information and methods to make wise and timely decisions about chemicals. Firmenich scientists work closely with customers, competitors and academic groups to develop transparent methodologies, tools and strategies for product safety in the company and the industry. In FY15 we collaborated on academic studies in the field of genotoxicity screening and the use of non-animal follow-up assays, and were involved in work with the Research Institute for Fragrance Materials (RIFM) and Institute of Life Sciences, Europe Branch (ILSI Europe) linked to improving ingredient exposure assessment methodologies and understanding uncertainties in intake assessments.

8 Comiskey et al. (in press). Novel database for exposure to fragrance ingredients in cosmetics and personal care products. Regulatory Toxicology and Pharmacology.
9 Safford et al. (in press). Use of an aggregate exposure model to estimate consumer exposure to fragrance ingredients in cosmetics and personal care products. Regulatory Toxicology and Pharmacology.
FY15 has been a year of accelerated integration of social and environmental sustainability into the fragrance industry. In all regions and categories, we observed strategic sustainability commitments from retailers, emerging markets and new generations of consumers. By evaluating brands’ sustainability performance, asking for more transparency and rewarding positive actions by corporations, consumers became an engine of transformation.

In that context, our strategic customers, recognized leaders in sustainability, now ask for more sophisticated sustainability reporting and innovation. Beyond environmental sustainability, they look for social responsibility and inclusive business models fostering human rights in the supply chain, women’s empowerment, and health and well-being. In FY15, Firmenich shared two main sustainability trends observed in perfumery with its customers: creating sustainable luxury with fine fragrances and supporting sustainable lifestyles with home care and body care products.

### SUSTAINABLE LUXURY

Sustainable luxury, or positive luxury, emerged 10 years ago with the WWF report, “Deeper Luxury”, by Jem Bendell and Anthony Kleanthous. The report said, “Consumers’ increasing concerns with environmental and social problems are the greatest cultural shift of the 21st century”, and explained how brands must behave to stay aspirational. Since then, many luxury niche brands with sustainability values have emerged in fashion, leisure and lifestyle. Sustainable luxury consumers now fully expect the fine fragrance industry to fulfill their desire for unique, meaningful products with positive social and environmental impacts.

As a sustainability thought leader in the flavor and fragrance industry, Firmenich has been deeply engaged with experts and customers to discuss trends and opportunities. Further to exchanging with customers, experts and think tanks, Firmenich clarified the codes of sustainable luxury, called “Desirable Sustainability”. They include:

- Authenticity and traceability
- Local heritage
- Timelessness
- Nature as inspiration
- Innovation
- Respect of ancestral know-how and craftsmanship
- Rare materials
- Emotion
- Well-being
- Unique sensorial experiences

### Interview

**Eric Briones – Strategic planner, Co-Author Generation Y & Luxury, Director of the Luxury Chair Moda Domani Institute**

**Why did you engage in a dialogue on sustainable luxury with Firmenich?**

We started a dialogue because Firmenich stood up, with integrity, for the manifesto, “Responsible sourcing of materials is non-negotiable for a sustainable luxury brand.”

**Can you define the concept of sustainable luxury?**

For me, sustainable luxury is perfectly crafted for our new digital world. It is a non-cynical point of view that disrupts luxury brands and their customers. It is the idea of more meaningful and socially responsible luxury.

**What does the Y generation expect from luxury brands?**

Millennials expect exceptional sensorial experiences, but also sustainable products from luxury brands. For Generation Y, luxury is a community of people who can change the world, driven by the shared pursuit of exceptional and socially responsible products.

**Is sustainable luxury an opportunity or a risk for fine fragrances?**

Sustainable luxury disrupts the fine fragrance industry, and the fine fragrance business has to evolve and try new things to continue to engage and fascinate fine fragrance consumers.
In FY15, Firmenich created a cross-functional team of experts in perfumery innovation, naturals purchasing, marketing and communication and sustainability to design and implement a natural, responsible sourcing strategy and action plan.

In FY14, we further implemented our sustainability strategy by creating a joint venture with Jasmine Concrete Exports PT Ltd., the leader in Indian floral extracts and natural specialties for the fragrance, flavor and cosmetics industries. This partnership enhanced our excellence in sourcing, innovation and production for our fine fragrance customers looking for high quality, responsibly sourced ingredients like jasmine and tuberose. In FY15, to advance our sustainability programs, we started a baseline to further assess the local supply chain and enhance the livelihoods of farming communities.

### Sustainable Lifestyles

#### World Business Council for Sustainable Development (WBCSD) Sustainable Lifestyles Cluster

If nine billion people are to live well within planetary boundaries, we must explore new sustainable lifestyles. Beyond transforming products, we must consider changing related infrastructure, technology, business models and individual behaviors. To fully undertake this complex journey, Firmenich will collaborate with the WBCSD Sustainable Lifestyles Cluster.

The overarching goal of the Sustainable Lifestyles cluster is to develop solutions that enable, inspire and engage individuals toward more sustainable lifestyles.

Firmenich will help deliver solutions to further sustainable lifestyles for our customers. We will drive the ambitious agenda as our CEO, Gilbert Ghostine, now sits on the board of the WBCSD Lifestyles Cluster and, with Firmenich teams, actively shape new initiatives and next steps. In June 2015 Firmenich in Brazil actively contributed to the first Sustainable Lifestyles regional workshop, defining the Brazilian lifestyles of the future. Some aspects discussed during this event include the importance of sustainability for local consumers, as 86% believe that “the most successful businesses in the future will be those who practice sustainability”.

### Biodiversity

Firmenich identified emerging requirements on biodiversity in advance of the required enforcement. We have worked with the BioTrade Initiative of the UN Conference on Trade and Development since 2011 and after a two-year dialogue, we joined the Union for Ethical BioTrade (UEBT) in 2014. The UEBT promotes “Sourcing with Respect” of natural ingredients and encourages sustainable business growth, local development and biodiversity conservation. With the ratification of the Nagoya Protocol in 2014, we decided to scale up our biodiversity-conservation initiatives. We created an interdisciplinary and cross-functional group of experts trained on the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity. The group is developing an action plan and analyzing how it can be implemented in specific countries such as India and Brazil. They will share this expertise with their respective business units, allowing Firmenich to help customers and enhance our capacity to contribute to biodiversity protection.

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### Leading Work on Sanitation for Base of Pyramid Consumers

Malodor is now fully recognized as a major obstacle to increasing toilet usage at the base of the economic pyramid. In FY12, as part of the Bill & Melinda Gates Foundation Reinvent the Toilet Challenge, Firmenich scientists identified the molecules that contribute most to latrine malodors, a crucial factor in developing malodor-counteracting fragrance technologies targeted to base of the pyramid (BoP) consumers. The Reinvent the Toilet Challenge aims to bring sustainable sanitation solutions to 2.5 billion people worldwide who lack access to safe, affordable sanitation.

Our research work on malodor control is integrated in a broader Firmenich initiative including our innovation work and our participation in the Toilet Board Coalition. In FY15, Firmenich research on “Quantitative Headspace Analysis of Selected Odorants from Latrines in Africa and India”, was published.

### Impacting the Lives of One Million Children Through Improved Nutrition and Hygiene

In 2010, we started a reflection on how our products may have a positive impact. We set an ambitious goal of positively impacting the lives of one million children through improved nutrition and hygiene to inspire our colleagues in their work on sugar reduction and malodor control; transform the understanding of sustainability; and start analyzing the positive impact of our products. Five years later Firmenich leads the industry on malodor control and access to sanitation, and our flavor solutions designed to make healthier food and great-tasting beverages can be found in many food and beverage products.

These sustainable innovations help our clients have a positive effect on malnutrition and hygiene-related diseases, and we most likely contributed to impacting the lives of more than one million children between FY10 and FY15.

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12 http://pubs.acs.org/doi/pdf/10.1021/acs.est.5b00692.
ADVANCING HEALTH AND NUTRITION AND BUILDING SUSTAINABLE FOOD SYSTEMS

Firmenich believes one of our greatest opportunities is in helping customers tackle sustainability challenges. In the food industry, these include improving health and nutrition, preserving resources and adjusting to new ways of life. Our scientists drive flavor innovation to meet consumer demand for clean labeling and minimally processed food, and for readily available, affordable and nutritious food. We must also address the need for increased food security in a world with a growing population, and develop a more sustainable and efficient supply chain that uses less raw materials and generates less waste.

ADVANCING HEALTH AND NUTRITION THROUGH SUGAR AND SALT REDUCTION

The global increase in sugar consumption has led to a rise in health concerns such as obesity and diabetes. Firmenich provides flavor solutions to customers who want new and innovative ways to reduce sugar while providing tasty products. We were among the first in the industry to do so.

Our TasteGEM® portfolio is our most advanced range of technical flavor solutions designed to make healthier food and great-tasting beverages. These innovations enable customers to reformulate their brands and create new products to meet consumer demand in a wide range of product categories including beverages, dairy, sweet and savory.

RESPONDING TO THE MID-CALORIE BEVERAGE TREND

In recent years, consumption has shifted from zero-calorie beverages to mid-calorie beverages, primarily driven by negative associations with artificial sweeteners such as aspartame. Stevia came to the forefront as a natural alternative, but lingering off-notes present challenges for developers. In FY14, Firmenich launched our next generation TasteGEM® solution, TasteGEM™ SW8, specifically formulated for use with stevia. TasteGEM™ SW8 can be used in combination with stevia to restore a product’s original taste profile when sugar has been reduced. This technology has been shown effective in applications including carbonated soft drinks, iced teas and juices.

SOLUTIONS FOR SAVORY

Consumer desire to reduce salt consumption is a market trend inspiring innovation at Firmenich. Our SaltPrint® portfolio allows customers to reduce salt levels in many different products including soups, dressings and meats. With our unique umami solutions, which can be combined with SaltPrint®, we deliver great flavor profiles that taste even better with less salt.

BUILDING SUSTAINABLE FOOD SYSTEMS

SUSTAINABLE PROTEIN

Protein is an essential nutrient and a key component of a healthy diet. Much of the protein consumed throughout the world comes from animals, and livestock generates 39% of all GHG emissions from agriculture.13 Scientists are looking for new ways to provide the nutritional benefits of animal protein from alternative sources. In FY15, as part of our sustainability commitment, we joined the Protein Challenge 2040. More information on the Protein Challenge 2040 is on page 40.

SUPPORTING SUSTAINABLE CITRUS

As citrus products such as juice have grown in popularity around the world, citrus crops have not kept up with demand. This has a direct impact on Firmenich, as our citrus flavors are often created with by-products from the juice industry. Compounding the problem is the impact of diseases such as greening, which have taken a devastating toll on citrus crops in the U.S. in recent years.

In FY15, Firmenich stepped up efforts to address these issues. Our approach is threefold:
1. Create more efficient production methods
2. Focus innovation on the future when we may need alternative solutions
3. Support increased sustainability throughout the fruit juice sector

PREPARING FOR THE FUTURE

We intend to continue leading and innovating in citrus. We also continue our collaboration with the Juice CSR Platform to inspire and support the European fruit juice industry as well as leading Brazilian producers and suppliers to integrate CSR in their business operations and core strategies. More information on how Firmenich works with the Juice CSR Platform and their roadmap is on page 40.

SHARING EXPERTISE WITH SMALLER SUPPLIERS

Many smaller citrus juice producers do not have an efficient process (or any process) to separate citrus oils during juice production. Firmenich makes our in-house juice production specialists available to suppliers for production process review and improvements. This helps smaller juice producers improve their yields while making more citrus oils available from the same amount of citrus fruits processed.

DOING MORE WITH LESS – SOLESSENCE

For many years, we have created more efficient processing techniques that allow us to better manage raw materials. Through our proprietary Solessence® methods, we maximize processing to produce 100% yield with no losses. Our newest generation Solessence® M offers micro emulsions that use all the flavors in citrus oil in their existing state rather than using solvents to extract them. This process minimizes waste and conserves citrus oil.

DEVELOPING INNOVATIVE AND EFFICIENT PROCESSES

AROMA RECOVERY: TAPPING WASTE STREAMS FOR SUSTAINABLE FLAVOR DEVELOPMENT

Firmenich’s Naturome™ line is a family of liquid extracts produced from carefully selected fruits and food materials. No chemical reaction is necessary for extraction and no additives or preservatives are used. One way we create our Naturome™ products is through a volatile recovery process that takes advantage of waste streams in the food and beverage world. To do this, we work with producers at their sites, where high quality, fresh raw materials are sourced for production.

COFFEE FROM BRAZIL

A natural coffee material used in many Firmenich flavors comes from a Brazilian instant coffee manufacturer, where we capture waste streams generated in the brewing process. During this process, coffee extract is concentrated and volatiles are lost to evaporation. We condense and recover these volatiles for shipment to our Brazilian factory where we concentrate them to create authentic natural coffee flavors.
Partnerships Pathways:
Firmenich knows that the greatest achievements in sustainability will only be reached by working together with the world’s leading experts and academic institutions.

Women smallholder patchouli farmers interviewed in Indonesia to better assess their needs and expectations.
Firmenich has a long legacy of sustainability collaboration and partnering. Partnership building was a key success factor in our 2010–2015 Sustainability Strategy.
Our Corporate Compliance Division, created in 2003, leads Firmenich’s sustainability efforts. The Group Vice President of Corporate Compliance reports to the CEO and oversees:

- Quality, Health, Safety and Environment
- Product Safety and Regulatory Affairs
- Toxicology
- Sustainability
- Insurance

Our sustainability governance relies heavily on successful partnerships. Internally, we collaborate closely with a network of sustainability champions in all our business units. Externally, we receive valuable support and input from sustainability experts who sit on the Firmenich Sustainability Council.

SUSTAINABILITY COUNCIL

Our Sustainability Council is comprised of long-tenured members with extensive sustainability backgrounds who are regularly involved in Firmenich sustainability projects. This unique group celebrated its 10-year anniversary at a meeting in Geneva in February 2015. As the company’s sustainability sounding board, they met Firmenich’s new CEO, Gilbert Ghostine, who shared his sustainability vision. Council members focused on innovation as a driver of sustainable solutions and gave their feedback on our sustainable pathways.

From left to right: Stephanie Draper (Forum for the Future), Marc Pfitzer (FSG), Dr. Aileen Ionescu-Somers (IMD), Guillaume Taylor (Quadia), Manoj Kumar (Naandi Foundation), Dr. Rodney Irwin (WBCSD), Dr. Dajian Zhu (Tongji University).

SUSTAINABILITY STRATEGY: WHY PARTNERSHIPS MATTER

OUR STAKEHOLDERS

At Firmenich, we collaborate daily with stakeholders including customers, suppliers, governments, NGOs and academia. Sustainability partnerships are now one of many Firmenich capabilities we offer to our customers and suppliers.

In a global economy, we believe that only collaborations between organizations, industries and countries can address the challenges of climate change, resource scarcity and socioeconomic imbalances. Cross-organizational partnerships are increasingly important to drive global initiatives efficiency.

This was evident in 2015 with meetings of the sustainability community in September with the UN Sustainable Development Goals and in December with the UN Climate Change Conference in Paris. Both processes have already demonstrated throughout their preparation the strategic value of public-private partnerships to shape innovative solutions.

Stakeholder map
THE FIRMENICH ACADEMIC SUSTAINABILITY HUB

Firmenich shares its sustainability knowledge with universities, researchers and future leaders to help solve global challenges such as climate change, inequality in access to health and education, and inclusive economic growth. Knowledge sharing and learning are vital parts of the Firmenich Sustainability Strategy and help us stay abreast of this constantly evolving field.

THE WHARTON SCHOOL OF THE UNIVERSITY OF PENNSYLVANIA (U.S.)

Firmenich has worked with Professor Djordjija Petkoski at The Wharton School of the University of Pennsylvania since 2013. Through this unique collaboration, Professor Petkoski wrote a case study on our seven-year partnership for responsible sourcing of vanilla in Uganda. He participated in the seven-year partnership anniversary celebration in Denmark in September 2014, which was attended by local and regional customers and Ugandan and Swiss government representatives. He also conducted a live dialogue session with Patrick Firmenich, during which our Vice-Chairman of the Board shared his commitment to positive social and economic impacts on smallholder farming communities.

In FY15, Firmenich presented our sustainability work to students at Wharton. We participated in a project between the school and the World Bank to engage young leaders in rethinking global governance and business involvement in eradicating poverty.

IMD (SWITZERLAND)

Firmenich continued its long-standing collaboration with IMD in FY15. IMD is represented on the Firmenich Sustainability Council and has governance and advisory roles in our Sustainability Strategy. Firmenich contributes to the IMD Global Center for Sustainability Leadership and supports the school’s research and training on sustainability. We share knowledge and call on IMD experts to train our colleagues; in FY15, they trained Firmenich colleagues in responsible sourcing.

SCIENCES PO (FRANCE) AND WEBSTER UNIVERSITY, GENEVA (SWITZERLAND)

Since 2013, Firmenich has taught classes on sustainability to Master’s students at Sciences Po, the world-renowned school preparing students for careers in government and international business. In FY15, we began sharing our sustainability work with Master’s students at Webster University in Geneva. We value these opportunities to meet students, present our sustainability journey, solicit feedback and challenge ourselves to meet the aspirations of a new generation.

MASSACHUSETTS INSTITUTE OF TECHNOLOGY (U.S.)

In 1979, Firmenich endowed a chair at the Massachusetts Institute of Technology (MIT) in honor of Dr. Roger Firmenich and Dr. Georges Firmenich, on the occasion of their retirement from the company. This professorship has provided vital faculty support in the Department of Chemistry and reflects our long-term commitment to educating future generations of chemists. The Firmenich Professorship is a permanent part of MIT’s endowment.

The Firmenich Professorship Fund has grown significantly over the years and now provides a senior professorship and a senior faculty member. Professors Jeremiah A. Johnson and Jeffrey Van Humbeck were selected for three-year Firmenich Professorships, effective January 1st, 2015.

STANFORD UNIVERSITY (U.S.) AND EPFL (SWITZERLAND)

In 2015, Firmenich provided two new significant academic endowments: The “Firmenich Next Generation Faculty Fund” at Stanford University in California, U.S. and the “Next Generation Firmenich Chair in Neuroscience” at the Ecole Polytechnique Fédérale de Lausanne in Switzerland (EPFL).

The endowment at Stanford aims at supporting early-career faculty members working either in the field of sensory neurosciences or the field of environment and sustainability. The purpose of the award is to honor, encourage, and support the work of the faculty members early in their academic careers, assisting them in pursuing their research, clinical work, and/or teaching.

The endowment at EPFL will enable the school to recruit an assistant tenure track professor in neuroscience to strengthen EPFL’s well-established neuroscience ecosystem. The potential research areas for the new professor will be in neuroscientific domains – sensory neuroscience, neurochemistry, neuroengineering or fundamental neuroscience.

In addition to the two new endowments, Firmenich has additionally provided funding to facilitate the exchange of ideas and resources between the two institutions as well as to support a Massive Open Online Courses (MOOCs) sustainability program offering courses in French and English via well-respected local university partners in Burkina Faso, Cameroon, Senegal, Tanzania and Ivory Coast. This program will be led by EPFL, in collaboration with Stanford.
THE LIVELIHOODS FUND
The Livelihoods Fund is an independent entity valued at 40 million euros. Investors include 10 European companies: Danone, Schneider Electric, Crédit Agricole, Michelin, Hermès, SAP, CDC Climat, La Poste, Firmenich, and Voyageurs du Monde. All investors including Firmenich are involved in fund governance and collaborate on all investments and management decisions.

The Livelihoods Fund helps poor rural communities in developing countries restore their natural ecosystems to improve food security, increase revenues and improve livelihoods. Since its inception in 2011, Livelihoods has planted more than 130 million trees, improving means of support for more than one million people. Livelihoods finances large-scale projects in reforestation, sustainable farming and clean energy production, which are carried out for and by communities in Asia, Africa and Latin America. It also gives investors access to biodiversity-friendly carbon credits with high social impact. In FY15, Firmenich and all other investor companies in the fund received their first carbon credits.

CASE STUDY: GUATEMALA
Firmenich has a particular interest in the Livelihoods Fund project in Guatemala. We not only invested in the project, but we also buy the spice from the cardamom planted to help increase local communities’ income.

BACKGROUND
The mountain range of Cerro San Gil bordering Guatemala, Honduras and Belize is one of the most beautiful biodiversity treasures on the Caribbean coast. As rural Ladino and Maya communities search for arable land, however, human activities severely threaten the region.

PROJECT
The Government of Guatemala is partnering with the Livelihoods Fund and Fundaeaco, a local NGO, to implement the largest community reforestation project ever undertaken in Guatemala. The project will cover more than 4,000 hectares, where five million trees and plants of various species including citrus, coffee, cardamom, cocoa, mahogany, laurel and cedar will be planted.

SOCIAL AND ENVIRONMENTAL IMPACT
The reforestation project does more than help communities plant trees; it will generate new income-generating crops for farmers. In that context, Firmenich committed to buy cardamom from the communities to maximize the value to small producers and improve their incomes and living standards. Environmentally, this project will sequester two million tonnes of TEQ CO₂ (Tradable Energy Quota carbon dioxide) and reduce climate change impact.

VALIDATION LEVEL
The project was launched in November 2013 as part of the 10th National Congress of the Guatemala Forest. The Livelihoods Fund has invested 2.3 million euros to establish nurseries, provide technical and logistical support, train communities and help monitor the plantations. The Guatemalan government has pledged 1.8 million euros through PINFOR, the national reforestation program fund.

WBCSD
The WBCSD is a CEO-led organization of approximately 200 members from more than 35 countries and 20 major industrial sectors. These forward-thinking companies encourage the global business community to create a sustainable future for business, society and the environment, and launched Action2020, a sustainability roadmap for businesses to make a positive influence.

The Sustainable Lifestyles work identifies transformative combinations of products and services that foster more sustainable lifestyles by:
• Revealing insights about the most important impacts and activities
• Innovating and collaborating new products, services and business models
• Inspiring, enabling and motivating individuals to engage with the more sustainable lifestyles

More information on our work with the WBCSD is on page 31.
PARTNERING FOR SOCIAL INNOVATION IN PERFUMERY: OUR WORK ON SANITATION

Poor sanitation, lack of hand washing with soap and limited access to safe drinking water are the main causes of nearly 1.7 billion cases of diarrheal diseases and 760,000 deaths of children under five years old every year. Public and private organizations are educating people in developing countries to improve access to sanitation. Since 2012, Firmenich has worked to better understand malodors to design innovative and affordable fragrance technologies and improve sanitation and hygiene conditions in developing countries.

THE TOILET BOARD COALITION

The Toilet Board Coalition (TBC) is a global, business-led coalition of leading companies, government agencies, sanitation experts and non-profit organizations striving to develop sustainable and scalable solutions to the sanitation crisis. The TBC aims to increase world demand for, and delivery of, innovative toilet solutions.

While governments and NGOs play major roles in this fight, the TBC can engage and leverage additional business resources, assets and expertise to provide access to sanitation to all. It ensures close collaboration between private, public and non-profit organizations to bring together the best technologies, expertise, financial resources and networks to build market-based sanitation initiatives that can be implemented sustainably on a larger scale.

The TBC wants to prove that market-based sanitation can work without sustained grant support, at least for most families in developing countries. The TBC will:

- Launch new sanitation initiatives
- Launch new ideas within existing large-scale sanitation programs, turning their grant-based model into sustainable businesses by co-creating new revenue models and removing barriers to implementation, e.g. by developing a comprehensive latrine and shelter solution for rural sanitation programs

The TBC will launch or support three to four sanitation businesses in urban and rural areas to deliver credible business and impact results by 2016.

In June 2014, TBC’s founding members invited Firmenich to join the organization because of our leadership in malodor control and expertise in multistakeholder partnerships. We are now an active TBC member and sponsor, and sit on the Steering and Innovation committees.

Since 2012, Firmenich has worked to better understand malodors to design innovative and affordable fragrance technologies and improve sanitation and hygiene conditions in developing countries.
Partnerships Pathways

FLAVORS PARTNERSHIPS FOR SOCIAL INNOVATION

JUICE CSR PLATFORM

The Juice CSR Platform was set up in 2013 as a sustainability initiative for the fruit juice industry. Co-initiated by the European Fruit Juice Association (AIJN) and Sociability, and endorsed and co-funded by the European Commission for its first 18 months of operation, its initial partner organizations were UTZ Certified, IDH the Sustainable Trade Initiative and AZTI-Tecnalia. Firmenich has been a sponsor and active member of the platform since its inception.

As part of our work on the Juice CSR Platform, Firmenich partnered with Solidaridad and a juice customer to pilot a tool called Rural Horizons. Rural Horizons supports continual improvement of agriculture production and was specifically developed as a farmer self-assessment questionnaire for citrus farmers in Brazil. It will help Firmenich and our partners assess supplier-related risks in the citrus value chain and support a step-by-step approach to high-quality supply. In FY15, we have completed the first step of the project with a smallholder orange farmer in Brazil which helped us better understand the local agricultural challenges for smallholder farmers.

GREEN PROTEIN

PROTEIN CHALLENGE 2040

In FY15, we joined the Protein Challenge 2040, a multidisciplinary innovation forum led by Forum for the Future, one of the world’s leading organizations dedicated to sustainable development. Protein Challenge 2040 involves organizations from across the entire protein system and is the first innovation forum to explore how we balance supply and demand of protein for a growing population in a way which is affordable, healthy and good for the environment. Firmenich is the only flavor house to participate in this coalition. We believe that with our advanced technological capabilities and commitment to innovation driven by global consumer trends, we can add real value to the partnership.

FIRMENICH’S WORK ON PULSES

Pulses, such as dried peas, edible beans, lentils and chickpeas, have a high protein and fiber content, while being low in fat. We were the first flavor company to join the global effort on pursuing pulses as a sustainable protein source. We believe we can provide solutions to enable the use of pulses in healthier, tastier and more affordable and sustainable food. In FY15, as part of our efforts to further our commitment to pulses we:

- Continued our participation in the Pulse Task Force, a multipartner joint development consortium of leading industry players and pulse growers with the objective to innovate in pulse flours
- Engaged with key players across the pulses value chain (suppliers/clients) to establish a view of the opportunities for pulses as well as the bigger picture of all protein alternatives
- Created links to leading academic groups active in research for alternative proteins, including pulses

We also designed a roadmap for Firmenich’s short-, mid-, and long-term development engagement linked to green protein, identifying the opportunities for flavor related innovation in that space.

“The Protein Challenge 2040 is the first international innovation partnership to explore how we balance supply and demand of protein for a growing population, in a way which is affordable, healthy and good for the environment.”

Forum for the Future
**PARTNERING FOR OUR VALUE CHAIN**

**NATURALS TOGETHER**

In FY15, Firmenich gathered, for the first time, the best natural suppliers of the fragrance and flavor industry in a two-day event to discuss Naturals supply chain partnerships. This collaborative workshop aimed to build stronger relationships with producers, develop partnerships and bring smallholder farmers closer to perfumers and flavorists. We discussed how to reconcile creation and development process with long agricultural cycles and how to better work together for the future of naturals.

**SUSTAINABLE AGRICULTURE INITIATIVE**

The Sustainable Agriculture Initiative (SAI) Platform is the main food and drink industry initiative supporting development of sustainable agriculture worldwide. Danone, Nestlé and Unilever created the non-profit in 2002 to facilitate sharing, at precompetitive level, knowledge and initiatives of sustainable agriculture practices. Today, the platform has more than 70 members with the same view of sustainable agriculture: “The efficient production of safe, high-quality agricultural products, in a way that protects and improves the natural environment, the social and economic conditions of farmers, their employees and local communities, and safeguards the health and welfare of all farmed species.” Firmenich, the only fragrance company in the SAI platform, joined in FY15 to apply our leading sustainable agriculture standards to sourcing natural ingredients.

**UNION FOR ETHICAL BIOTRADE (UEBT)**

UEBT promotes “Sourcing with Respect” of natural ingredients and encourages sustainable business growth, local development and biodiversity conservation. Firmenich Grasse, based in France, works with 170 natural ingredients for the food and cosmetic sectors, sourced from more than 50 countries, mostly in Mediterranean and tropical regions. Firmenich joined UEBT in 2014 and has since implemented their high standards in biodiversity protection and their risk-based approach to strengthen sourcing practices in specific, prioritized supply chains for the Firmenich naturals portfolio.

**RESPONSIBLE PALM OIL SOURCING**

Firmenich now only sources Roundtable on Sustainable Palm Oil (RSPO)-certified direct palm oil for all active and new products. Regarding palm oil derivatives, we worked to develop substitutes whenever possible, and when no substitution was possible, we asked our suppliers to either provide us with certification from RSPO or Green Trade Palm. We are well under way to achieve our goal to both reduce our footprint in the palm oil industry and solely source our remaining materials from suppliers using certified sustainable palm oil.

**IN SWITZERLAND**

Firmenich has collaborated with the Swiss Agency for Development and Cooperation (SDC), our main government partner, since 2012. This partnership started with a joint Haiti project and has evolved from being project-based to more policy and strategy oriented. We have engaged and collaborated with Ambassador Michael Gerber, who leads Swiss negotiations to define UN Sustainable Development Goals (SDGs). In August 2014, Firmenich led a presentation on the role of business in the SDGs at the annual Ambassadors and International Network Conference in Lugano, Switzerland, attended by more than 200 Swiss diplomats who reasserted the importance of public-private partnerships. Dr. Bérangère Magarinos-Ruchat serves as the chair of the UN Global Compact Network Switzerland, and has helped to foster a long-term relationship between the network and the SDC.

**IN DENMARK**

In FY15, our successful seven-year partnership focused on sustainable vanilla farming in Uganda with Danida, the Danish development agency, came to a conclusion. The Danish government and Ugandan and Swiss ambassadors in Denmark attended the celebration of this partnership in Aarhus, in September 2014. More information on this event is on page 37.

**IN FRANCE AND THE UK**

As part of the TBC, Firmenich presented our work on the positive role of business in sanitation to the French government in FY15. We also engaged the Department for International Development (DFID) in the UK in our sanitation work.
People and Communities Pathways:
Use the knowledge, skills and talent of our people and communities for a positive impact
Firmenich’s family values highlight the importance of our people and the communities in our value chain. We maintain the highest standards of health, safety and environmental care. From sharing our sustainability expertise with our partners to help address global challenges to investing in the development of our employees for their individual and corporate success, we believe people are at the heart of our company.

- 65% improved our industry-leading safety performance by 65% between FY10 and FY15
- 17.8 million Swiss francs invested in health and safety projects in FY15
- 25% of our senior managers are women
- 2,000 employees participated in our Community Day and supported 115 local charities in FY15
Our employees and contractors health and safety are of utmost importance to Firmenich. In FY15, our total recordable case (TRC) rate improved by 65% compared to the rolling five-year baseline (from 1.19 in FY10 to 0.42 in FY15). Our lost-time case (LTC) rate also improved by 65% between FY10 and FY15 (from 0.48 to 0.17).

As a result, we have met our strategic sustainability target, set in 2010, to improve our industry-leading safety performance by 50%.

In FY15, 50% of our manufacturing plants (14 out of 28) remained TRC-free and 79% (22 out of 28) remained LTC-free. At year end, approximately 30% of our manufacturing plants had exceeded 1,000 days without a recordable case.

As we ended the fiscal year with a deterioration in performance on prior year (from 0.27 in FY14 to 0.42 in FY15), we have started re-examining our safety strategy going forward and building a path to sustain our best-in-class results year after year. We will start reporting our rolling five-year TRC rate to better understand and analyze our performance. The table to the right compares TRC rates with rolling five-year baselines and shows year-on-year performance improvements in excess of 20% and an overall improvement of 72%.

As a Campbell Award winning company, our goal is to achieve and maintain a TRC rate below 0.25.

### CAPITAL INVESTMENTS IN HEALTH AND SAFETY

In FY15, Firmenich spent CHF 17.8 million to improve health and safety in our facilities around the world. This includes a CHF 6.3-million fire protection and fire prevention equipment upgrade (more information is on page 45) and CHF 11.5 million on other health and safety projects including ventilation upgrades, manual handling equipment and electrical upgrades.

As our Naturals manufacturing site in Grasse, France.

### Fiscal Year

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Rolling 5-year TRC Rate</th>
<th>Rolling 5-year LTC Rate</th>
<th>% Change Year on Year</th>
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SAFETY IMPROVEMENT PROJECTS

TACKLING THE TOP 5 INJURIES

Firmenich has launched an ambitious, one-on-one campaign to raise awareness of the TOP 5 causes of injury. The initiative, launched in February 2015, highlights the most common injuries at each Firmenich site. Employees are interviewed on the TOP 5 injuries at their respective sites and asked to suggest ideas for improvement. This initiative helps us increase understanding where awareness is low, record opportunities for improvement and track actions implemented. We collate scores to indicate participation rates and changes in awareness over time, and use site-specific data to develop local safety initiatives. To date, we have conducted more than 7,800 interviews and coaching sessions around the world and awareness levels are increasing at all participating sites.

UPDATE ON THE OCCUPATIONAL HYGIENE MONITORING PROGRAM

In FY15, our Occupational Hygiene (personal exposure) Monitoring Program, which we reported on in FY13 and FY14, focused on manufacturing and laboratory facilities in North America and Europe. Seventeen sites and laboratories were included in the study.

We collected approximately 456 personal exposure samples and conducted occupational hygiene and health audits at each site. Personal monitoring samples were analyzed for 95 different volatile compounds. Action plans are being established where samples exceed 10% of the accepted occupational exposure limit (OEL) or derived no-effect level (DNEL), with the most conservative value used for each comparison. More than 1,400 samples have been taken since the start of the program, representing approximately 40% of the total exposed workforce.

UPDATE ON HAZARDOUS AREA CLASSIFICATION AND FIRE AND ASSET PROTECTION AUDITS

Third-party hazardous area classification audits, which validate control of ignition sources in areas where hazardous flammable liquids are stored and processed, were conducted in FY14 to benchmark our performance. In FY15, we brought this program in-house as part of our fire and asset protection audits and developed preliminary guidance to help our process safety experts evaluate these risks. Audits cover all affiliates over a three-year rolling period.

We conducted nine fire and asset protection audits in FY15.

UPGRADED FIRE PROTECTION SYSTEMS

Firmenich is implementing a CHF 25 million, global fire and asset protection plan. This three-year plan, started in FY14, incorporates best practices, audit results and incident investigations. In FY15, we spent more than CHF 6.3 million to install additional sprinkler and extinguishing systems, upgrade existing equipment, improve firewater retention, advance fire detection and purchase more fork trucks for potentially explosive environments. Projects were implemented or are underway at 14 sites. These and other new initiatives will continue in the coming year.

RISKS OF CHEMICAL AUTO-IGNITION

A source of potential fire in our manufacturing sites and laboratories is the auto-ignition of chemicals such as aldehydes. In FY13, we issued detailed guidance on storage, use and disposal of auto-igniting chemicals and implemented a global training program. We are updating this guidance and will reissue it and retrain our employees worldwide based on experiences in the previous 24 months.

We will continue to evaluate fire and explosion risks and, where necessary, upgrade our facilities and fire control systems, procedures and emergency plans to ensure our employees’ and neighbors’ safety.

LABORATORY SAFETY

Firmenich operates approximately 200 research and development (R&D), creation, application and QC laboratories around the world. Health and safety has long been a focus in laboratories where we manage chemical and microbiological hazards, airborne contaminants, fire and explosion risks, manual handling, noise, thermal extremes, risks of cuts, and equipment-related hazards.

In FY15, we piloted a project to establish laboratory quality, health, safety and environment (QHSE) champions in all of our European laboratories. Our QHSE champions, who are laboratory employees, received special training for their new roles. They further improve laboratory safety, support laboratory managers and personnel, raise awareness of QHSE requirements and help create a strong safety culture. We also use Firmenich social network tools to create synergies and share laboratory best practices among sites. We are now rolling out the laboratory QHSE champion project globally.
As a family-owned company, people are the heart of Firmenich and the shared values expressed in our Fundamentals are essential to our success. We believe a diverse workforce will help us realize our full potential and better meet the needs of our diverse customer base. We strive to attract and retain the best talent, stimulate creative and innovative thinking and draw fully on our employees’ knowledge, experience and backgrounds. Annual employee engagement levels, assessed by our internal survey “Tell us how you feel”, showed an improved engagement from 70% to 76.6% in the last three years.

BUILDING A DIVERSE WORKPLACE
Throughout our 120-year history, Firmenich has demonstrated a strong commitment to people. Expressed in our Fundamentals and Corporate Diversity and Inclusion Policy, this commitment materialized in many FY15 projects including the globalization of gender equality pay, an international management trainee program and our Female Leadership Program.

GENDER EQUALITY PAY PROJECT GOES GLOBAL
Firmenich is committed to compensating all employees fairly and equitably. In FY14, we conducted a study on gender pay equity, starting in our global headquarters in Geneva, and touching more than 1,500 employees. After this analysis, we received endorsement from the Swiss Confederation that we operate according to Gender Equality Pay Principles. In FY15, we began reviewing our total compensation globally, using the same methodology or relying on local governmental certifications when available. We expect to finalize the analysis in October 2016. This companywide effort will help us identify gaps and take measures to ensure equity and fairness in compensation around the world.

CLOSING THE GENDER GAP
Since becoming signatories of the CEO Statement of Support for the Women’s Empowerment Principles (WEP) in FY13, we have developed numerous programs to ensure we live by these seven principles throughout our company.

We want to ensure that women are represented at the highest levels of the company and are actively involved in company strategy. At the end of FY15, 25% of our Executive Leadership Team at Firmenich are women.

To develop senior female talents, Firmenich has developed the Senior Female Leader Program to strengthen career management plans and increase companywide visibility of our female leaders. As part of this program, our CEO and top executives mentor female leaders and help them accelerate their development and fulfill their career aspirations within Firmenich.

Firmenich also created the Women’s Initiative Network (WIN), a global virtual network created as part of Firmenich’s Senior Female Leader Program. Its purpose is to enrich career development and work-life balance through knowledge and experience exchange among its 198 members. WIN provides opportunities for members to meet, discuss topics of interest and share advice and best practices.

Female presence at main levels of the Firmenich career ladder

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<td>Professional</td>
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<td>Staff Entry level</td>
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<td>Technician</td>
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Angélique Cassin, Marketing and Business Development Manager; Véronique Bergougnoix, Application Technologist; Caroline Dahan, Senior Application Technologist; and Jean Robello, Vice President Flavors France, Russia and Turkey.
WORK-LIFE BALANCE

Employees who enjoy work-life balance are happier, more engaged and more productive. Where possible, Firmenich offers flexible work arrangements that allow our employees to manage multiple responsibilities at home, at work, and in the community. This is beneficial not only for our people but for our business, as it helps us attract and retain top talent. Our policies include work-from-home arrangements, part-time assignments and maternity and post-maternity arrangements.

WORKING WITH BLIND TESTERS IN LATIN AMERICA

In FY15, in Mexico, we collaborated with a local non-profit organization to develop a socially responsible external sensory panel that would develop the sensory capabilities of visually impaired people. Following a five-month pilot project, Firmenich hired 10 panelists on July 1st 2015, successfully integrating visually impaired sensory testers in its market research process.

YOUTH EMPLOYMENT: FIRMENICH MANAGEMENT TRAINEE PROGRAM GOES GLOBAL

In FY15, Firmenich expanded our management trainee program globally to strengthen our future leadership base and encourage global careers. New management trainee programs in China, Brazil and the U.S. join existing programs in Switzerland, the UK and Singapore. Global and regional coordination allows trainees to work on three successive assignments, often in three different countries and departments, to better understand our key challenges. They are supervised by mentors during their 18-month internship and given frequent feedback and opportunities to grow into Firmenich leadership positions. This global management trainee program will help us develop our talent pipeline and meet future talent requirements.

ALLIANCE FOR YOUTH

We continue to participate in the Nestlé Alliance for YOUTH, an ambitious project bringing together private companies and national governments to fight youth unemployment.

APPRENTICESHIPS

Firmenich participated in the signing ceremony of the Joint Declaration of Intent between the Department of Economic Affairs, Education and Research of the Swiss Confederation and the United States Departments of Commerce, Labor and Education on the Cooperation of Vocational and Professional Education and Training, Career and Technical Education, and Apprenticeships. Switzerland has long had a successful model of building careers through the apprenticeship model. Firmenich has been involved in a number of roundtable discussions with other leading companies to build successful apprenticeship programs in the U.S. and has committed to pilot an apprenticeship program for high school graduates at its U.S. site in Princeton, New Jersey in the coming year.

TALENT MANAGEMENT, LEADERSHIP AND DEVELOPMENT

Firmenich set ambitious goals in FY15 to fill 80% of open positions internally, to create more career opportunities for Firmenich talent. We will refocus our talent development process by identifying internal talent, assessing their readiness for job openings within Firmenich and supporting skills development.

We also continue to invest in global training. In FY15, we conducted skills-based training in project management and business acumen for 230 participants in Geneva, Switzerland; Princeton, New Jersey, U.S.; São Paulo, Brazil; Shanghai, China; and Singapore. Fifty Firmenich business leaders became internal trainers and taught classes in communications at Firmenich that were attended by more than 150 participants globally.
FIRMENICH RESPONSIBLE SOURCING PROGRAM: A FOCUS ON COMMUNITIES

Firmenich is committed to responsible and sustainable sourcing of natural raw materials. Leveraging our experience in responsible sourcing partnerships, we developed a comprehensive program for our overall natural ingredients portfolio. To build this companywide strategy, we analyzed 152 supply chains and rated their performance and impacts against 50 criteria. The key areas we studied were:

- Crops attractiveness for farmers and market stability
- Reliability, transparency and experience of local suppliers
- Climate change, biodiversity and ecosystem conservation
- Socially responsibility practices in the supply chain in terms of human rights, working conditions, rights of indigenous and local communities, and wages
- Supply chain compliance with land ownership, local regulations and international regulations such as the Nagoya Protocol

This assessment gave us a detailed risk profile for each supply chain and guided us to set clear priorities and targets.

HIGHLIGHTS OF OUR RESPONSIBLE SOURCING PROGRAM IN FY15

1 **Vetiver, Haiti.** In the past year, we increased our certification level to 50%. Now, more than half of our Haitian vetiver is Ecocert ESR – Equitable, Solidarity, Responsibility-certified, ensuring further price stability for the Débouchette farming cooperative. We continued our work with the local community, focusing on women and children, in partnership with the Swiss Development Agency (SDC), who helped train and support the Débouchette cooperative. In FY15, the partners developed a health strategy for the cooperative. Firmenich continued supporting the school we built in FY13 and equipped it with computers in FY15. Along with Essilor, the French lens maker, we organized vision tests for students and gave corrective glasses to schoolchildren and community members who needed them. (More information on this initiative is on page 50).

2 **Patchouli, Indonesia.** Patchouli farmers’ revenues are impacted by local and international price volatility. To ensure sustainable supply of patchouli from Indonesia, Firmenich guaranteed a minimum fair price to patchouli farmers. Firmenich implemented this minimum price in a cooperative of 140 farmers and distillers. We also trained them to improve productivity and cost management. In FY15, the cooperative received Fair for Life and Ecocert ESR certifications and we finished building a kindergarten for 100 children in partnership with a customer.

3 **Patchouli, Sumatra.** We have engaged in a new project in Jambi Province, Sumatra, with a community of farmers growing cassia. The project focuses on intercropping cassia and patchouli. Farmers can grow patchouli for additional revenues as it can be harvested three times a year, while their main income comes from cassia, only harvested 14 years after planting. These farms received a Rainforest Alliance certification in FY15, demonstrating a socially, financially and environmentally sustainable sourcing of patchouli.

4 **Orange, Brazil.** Firmenich strives to increase yields and capacity for smallholder farmers of oranges in Brazil, in a market dominated by large juice processing companies. Working with a farmers’ cooperative, the SAI Network, and a partner, we identified the most critical issues for farmers to remain competitive. In FY15, we completed the first step of this project which helped us better understand challenges faced by farmers and improvement opportunities.
**Acacia gums, Chad.** Acacia (or Arabic) gums are mostly used for emulsions and encapsulation in beverages and confectionary products. They are often harvested by women in the Sahel Desert, one of the poorest regions in the world, with difficult access to water. In FY15, Firmenich began supporting a holistic program designed by SOS Sahel, an international NGO, and two corporate partners. This ambitious program aims at improving living conditions in the heart of Africa for nearly 30,000 farmers and has high-impact objectives over the next four years to:

- Double farmers’ revenues
- Establish a micro financing system and warehousing facilities
- Increase acacia forest density by 50% in a 10,000-hectare area
- Cut in half the average time needed to access water

**Ylang, Comoros.** Firmenich’s FY15 risk assessment identified the ylang flower, predominantly used in fine fragrance, as being in jeopardy. In response, we joined a local NGO and a community of 200 distillers in an ambitious and exclusive program on the island of Anjouan to:

- Upgrade farming equipment
- Improve the value chain structure
- Increase access to banking services
- Implement sustainable management of resources for distillation processes
- Develop training

**Cocoa, Ivory Coast.** Since FY15, Firmenich has sourced 50% of our cocoa from the Ivory Coast under the UTZ certification system. UTZ Certified develops sustainable supply chains for agricultural products that are transparent from farm to manufacturer. They set clear production standards, establish auditing and traceability systems and ensure supply chain compliance.
PHILANTHROPY AND COMMUNITY WORK

COMMUNITY DAY
FY15 marked the 10th anniversary of Firmenich Community Day. In the first year, our facilities across seven countries participated; in FY15, 46 countries participated and organized more than 115 projects involving 2,000 employees. Projects included:

- In the U.S., employees assembled 11,200 healthy meal packages for Feeding Children Everywhere, a social charity that empowers and mobilizes people to assemble healthy meals for hungry children.
- In China, Firmenich teams donated books to the library of a primary school in Yunnan Province, serving 200 village children.
- In Ukraine, our colleagues in Kiev conducted a “Hygiene Day” for children affiliated with the Nadezhdа organization.
- In the Philippines, teams partnered with MediCard Foundation Inc., to hold a day of fellowship and gift-giving for marginalized women and their dependents.
- In Switzerland, Geneva-based colleagues took disabled children horseback riding, and worked in a natural reserve near Lake Geneva.

In addition, Firmenich provided 10 computers to the school in Haiti in FY15, enabling children in this rural community to connect with the modern world. We also sent musical instruments to encourage children to express their creativity and interests in music and culture.

FIRMENICH FOUNDATION
The Firmenich Foundation is a not-for-profit entity which champions causes worldwide. Primary areas of emphasis for the Foundation include: support for cancer research, relieving hunger and providing nutrition, promoting hygiene, sustainable agriculture, and supporting the communities in which Firmenich operates. The Firmenich Foundation has contributed to more than 150 organizations. Each year we highlight in our annual report an example of the work that the Foundation has carried out. This year we provide an update on our activities at the school we built in a remote Haitian village.

In FY15, Firmenich continued to support the school we built in FY13 in the vetiver farming community of Débouchette, Haiti. In partnership with Essilor, we conducted vision tests and delivered glasses in our Débouchette school and cooperative in Haiti.

In 2015, in partnership with Essilor, we conducted vision tests and delivered glasses in our Débouchette school and cooperative in Haiti.

In addition, Firmenich provided 10 computers to the school in Haiti in FY15, enabling children in this rural community to connect with the modern world. We also sent musical instruments to encourage children to express their creativity and interests in music and culture.
REPORT BOUNDARIES – PERFORMANCE AND SUSTAINABILITY REPORT 2015

This is our 10th annual sustainability report; as with the previous reports it covers the past fiscal year [FY15] starting on July 1st 2014 and ending on June 30th 2015. It follows our 2014 annual sustainability report. The report is aligned with the GRI G4 sustainability reporting guidelines. More information on Firmenich GRI aspects and our full GRI index can be found at www.firmenich.com/GRI.

This report, like our previous reports, has been fully assured by a third party in order to maintain a level of truthfulness and guarantee that all information, data and stories are accurately described. This level of assurance helps us ensure that we report only the facts and that we are protected from falsehoods and misinformation, whether intentional or unintentional.

The materiality boundaries of this report are based on the materiality analysis conducted last year and published in our 2014 sustainability report.

The boundaries of this report covers the global operations of the Firmenich Group, including affiliates in 33 countries and both manufacturing and non-manufacturing locations. In the report we refer to our 25 manufacturing sites and our 28 manufacturing plants – as three of our sites contain two manufacturing plants. This reporting period saw the reopening of our site in Kunming, China at a new location and production restarted in August 2014.

The environmental, workplace and HR data reported, unless otherwise indicated, covers all operations owned or controlled by the group (including production sites, sales offices, laboratories, administrative office or combinations of such facilities). The employee data is reported for both fixed and temporary headcount.

To highlight our performance, the previous year’s data and rolling five-year baseline are included in this report. Some of this data may differ from figures reported in previous sustainability reports. These variations reflect improvements made in the calculation and consolidation methods as well as changes made once more accurate data became available. Additionally, to enable an accurate comparison of our strategic energy and CO2 goals between FY10 and FY15, we recalculated our FY10 baseline figures based on advice from sustainability experts, Quantis, to compensate for structural changes to our manufacturing footprint.

Any changes in data reporting below a 5% threshold is deemed not material to this report unless it is found to be of sufficient importance to our management team, and in these cases the explanation for the variation will be detailed.

DISCLOSURES ON MANAGEMENT APPROACH (DMA)

The Disclosures on Management Approach (DMA) for the six main aspects of our 2015 sustainability report in accordance to the GRI 4 Core level of reporting are published throughout this report. The following section will help you find the information relating to the DMA for each of the sections listed below, since some of the chapter titles might not exactly fit with GRI’s description of the six aspects. Further information on our DMA can be found at www.firmenich.com/GRI.

ECONOMIC:
The main DMA for the Economic aspect of this report can be found in the business performance update section, pages 2 to 6.

ENVIRONMENT:
The DMA for the Environment aspect of the report can be found in the Environment and Resources section of the report, pages 17 to 25.

LABOR PRACTICES:
The DMA for the Labor Practices of this report can be found in the People and Communities section, pages 43 to 50.

HUMAN RIGHTS:
The DMA for the Human Rights aspect of this report can be found in the Partnerships section, pages 35 to 41; the Ethics and Excellence section, pages 11 to 15; and the People and Communities section, pages 43 to 50.

SOCIETY:
The DMA for the Society aspect of this report can be found in the Innovation, Science and Society section of this report, pages 27 to 33 and in the Partnerships section, pages 35 to 41.

PRODUCT RESPONSIBILITY:
The DMA for the Product Responsibility aspect can be found in the Innovation, Science and Society section of this report, pages 27 to 33.

The Firmenich Group – www.firmenich.com
Contact – global.sustainability@firmenich.com
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GRI Index at: www.firmenich.com/GRI.html
## OUR PERFORMANCE IN NUMBERS

### PERFORMANCE KPI FY14 FY15

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<td>PRODUCTION QTY (TONNES)</td>
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## OUR PERFORMANCE IN NUMBERS

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Sustainability at Firmenich

EXTERNAL VERIFICATION

SGS SOCIÉTÉ GÉNÉRALE DE SURVEILLANCE SA REPORT ON SUSTAINABILITY ACTIVITIES IN THE FIRMENICH PERFORMANCE AND SUSTAINABILITY REPORT FOR 2015

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Société Générale de Surveillance SA was commissioned by Firmenich to conduct an independent assurance of the Firmenich Performance and Sustainability Report 2015. The scope of the assurance, based on the GRI Sustainability Report Assurance methodology, included all text, and data in accompanying tables, contained in this report, excluding the news on the business units for Perfumery, Flavor and Ingredient. The information in the Firmenich Performance and Sustainability Report 2015 of and its presentation are the responsibility of the directors and the management of Firmenich. SGS Société Générale de Surveillance SA has not been involved in the preparation of any of the material included in the Firmenich Performance and Sustainability Report 2015.

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’s stakeholders.

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

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; base data utilized in the calculation of the consolidated figures have not been assured.

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 sustainability report assurance. SGS Société Générale de Surveillance SA confirms our independence from Firmenich, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors with 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 Firmenich Performance and Sustainability Report 2015 is accurate, reliable and provides a fair and balanced representation of Firmenich sustainability activities in financial year ending 2015.

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

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (G4 2013)

In our opinion the Firmenich Performance and Sustainability Report 2015 is presented in accordance with the core option for GRI G4 and fulfills all the required content and quality criteria.

Principles

In our opinion the content of the report adheres to the four GRI Report Content Principles of Materiality, Stakeholder Inclusiveness, Sustainability Context, and Completeness, and the six GRI Report Quality Principles of Balance, Comparability, Accuracy, Timeliness, Clarity, and Reliability.

General Standard Disclosures and Specific Standard Disclosures on Aspects identified as Material have been addressed in line with the core requirements of GRI G4 (2013).

RECOMMENDATIONS

Opportunities were identified for consideration in future reporting cycles to ensure continual improvement, including:

- Future reports need to demonstrate that the content reflects the importance/priority of the materiality aspects as per the matrix. This should be taken into consideration at an early stage of report development.
- Future reporting development should consider extending the depth of material aspect to address more local aspects.
- Although the Disclosures on Management Approach for all Material Aspects have been addressed either in the GRI 4 Supplement or in the Report text, it is our opinion that this is an area for improvement. Future reporting should expand on each DMA to include the wider requirements of G4 DMA in accordance with the GRI G4 reporting principles and standard disclosures.
- Future reporting should expand on the details of engagement with each stakeholder group including frequency, prioritizing and responses.
- Firmenich should use the opportunity of implementing the 2020 Strategy to include goals and targets on all Material Aspects in future reporting so that the stakeholders can link an intent (worded in the strategy and specific objectives/targets) and the different activities/actions reported in the SR.

Signed for and on behalf of SGS Société Générale de Surveillance SA – Geneva, August 2015

François Marti, Executive Vice President Systems & Services Certification

WWW.SGS.COM
## VALIDATIONS

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