



# **FIRMENICH**

## **SOCIAL ACCOUNTABILITY STANDARD**

**Version: December 2016 v2**

**Policy Owner: General Counsel & Secretary of the Board**

<b>Date</b>	<b>Change Log</b>	<b>Changes Validated by</b>
December 2016	Addition of Land Rights (Point 8)	Policy Owner

# INTRODUCTION

As part of its ongoing commitment to ethical & sustainable business and to meet the requirements of critical stakeholders (including major customers), Firmenich has developed the **Firmenich Social Accountability Standard**. The Firmenich Standard requires compliance with national laws & ILO (International Labour Organisation – [www.ilo.org](http://www.ilo.org)), Conventions and Recommendations and the United Nations Universal Declaration of Human Rights (<http://www.ohchr.org/>), in critical areas of employment and basic human rights including:

- Child Labour
- Forced Labour
- Health & Safety
- Discipline
- Discrimination
- Working Hours
- Wages
- Land Rights

In addition to applying these standards in its own affiliates, Firmenich also believes that, in order to qualify its business activities as ethical and sustainable, it must safeguard human rights in the communities (particularly those in developing countries) that produce the basic materials for its products. Firmenich has, therefore, included a **Supplier Social Accountability Programme** within its Standard. This requires all suppliers and subcontractors, to formally commit to adhere to similar social standards (although not necessarily on a formal basis), and to provide evidence that these standards are being met.

# FIRMENICH SOCIAL ACCOUNTABILITY STANDARD

## 1. CHILD LABOUR

The Company shall not engage in or support the use of child labour. Children being defined as any person less than 15 years of age, unless local minimum age law stipulates a higher age for working or mandatory schooling, in which case the higher age would apply. If, however, local minimum age law is set at 14 years of age in accordance with developing country exceptions under ILO Convention 138, the lower age will apply.

The Company shall ensure the remediation of children found to be working below legal age and shall support such children in attending school.

Provision will be made to support the local educational needs of children in accordance with ILO recommendations and will ensure that no such worker is employed during school hours or that travel, school and work hours combined do not exceed 10 hours.

The Company shall not expose children or young workers to situations in or outside of the workplace that are hazardous, unsafe or unhealthy.

## 2. FORCED LABOUR

The Company shall not engage in or support the use of forced labour, nor shall personnel be required to lodge significant deposits<sup>1</sup> or identity papers upon commencing employment with the company. Employees shall be free to leave the Company after reasonable notice. Where identity papers must be retained by law, employee shall be free to leave employment at any time (on completion of the notice period) and their papers returned immediately.

## 3. HEALTH & SAFETY

The Company shall provide a safe and healthy working environment, and take “adequate steps” to prevent accidents and injury to health by, so far as reasonably practicable, minimising causes of hazards and managing risks in the working environment.

The Company shall appoint a senior management representative responsible for the health and safety of all personnel and accountable for the implementation of health and safety requirements.

The Company shall ensure that staff receives regular and recorded health and safety training and that such training is repeated for new and reassigned personnel.

The Company shall establish means to detect avoid or respond to potential threats to health and safety of staff.

<sup>1</sup> i.e. deposits which are likely to influence the employee to remain with the company

The Company shall provide clean bathrooms, access to potable water and if appropriate sanitary canteens or food storage facilities for all workers.

The Company shall ensure that, where provided, dormitory facilities are clean, safe and meet the basic needs of staff.

#### **4. DISCRIMINATION**

There shall be no discrimination in Hiring, Compensation, Access to training, Promotion, Termination or Retirement, on any grounds including (but not limited to), Race, Caste, National origin, Religion, Disability, Health Status, Gender, Sexual orientation, Union membership, Political affiliation or Age.

#### **5. DISCIPLINARY PRACTICES & HARASSMENT**

The Company shall not engage in or support, corporal punishment, mental or physical coercion or verbal abuse or any form of sexual harassment. The Company shall also ensure that deductions from wages are not made for disciplinary purposes.

#### **6. WORKING HOURS**

The Company shall comply with applicable laws and industry standards on working hours. In any event total hours (normal working hours and overtime) shall not exceed 60 hours per week<sup>2</sup>. Personnel shall be provided with at least one day off for every seven-day period on average. Personnel should not work more than 12 consecutive hours. Other than as permitted below, overtime work shall be voluntary. Exceptions to the working hour rules are permitted when there are extenuating circumstances, but should be rare and should be documented as to the exception. The Health & Safety implications of working hour patterns will be assessed on an individual basis and managed accordingly.

Where the Company is party to a collective bargaining agreement freely negotiated with worker organisations (as defined by the ILO) representing a significant portion of its workforce, or where workers have agreed to overtime within their contract, the Company may require overtime work in accordance with such agreements to meet short term business demand.

<sup>2</sup> This provision is aimed at workers and not at employees with management responsibilities.

## **7. WAGES**

The Company shall ensure that wages paid for a standard working week shall meet at least legal minimum requirements and shall always be sufficient to meet basic needs of personnel and to provide some discretionary income (at least 10% of basic needs). All overtime, for hourly paid (waged) workers, shall be reimbursed at premium rates. Employees on fixed salaries are not necessarily eligible for overtime pay<sup>3</sup>, but shall receive salaries, which recognise that overtime may be worked.

The Company shall ensure that wage and benefits compensation are detailed clearly and regularly for workers; the Company shall also ensure that wages and benefits are rendered in full compliance with all applicable laws and that compensation is rendered either in cash or cheque form, in a manner convenient to workers<sup>4</sup>.

The Company shall ensure that labour-only contracting arrangements and false apprenticeship schemes<sup>5</sup> are not undertaken in an effort to avoid fulfilling its obligations to personnel under applicable laws pertaining to labour and social security legislation and regulations.

## **8. LAND RIGHTS**

The Company is committed to ensuring that all land acquisitions are made respecting the rights of individuals and communities impacted. The Company has a zero tolerance policy for “land grabs” and all forms of land acquisitions that are illegal and/or have an adverse impact on local communities or individuals. We specifically recognise the rights of women to own and access land. We maintain a system of due diligence to disclose the risks and impacts related to land issues. This public commitment is made in support of the UN Declaration on the Rights of Indigenous Peoples and the UN FAO’s Voluntary Guidelines on the Responsible Governance of Tenure and full traceability (“VGGT”).

## **9. FIRMENICH SOCIAL ACCOUNTABILITY MANAGEMENT SYSTEM**

### **9.1 Policy**

Top Management shall establish a documented policy for Social Accountability. This shall clearly state Top Management vision, shall be fully consistent with the Firmenich Social Accountability Standard and shall be applicable to the nature and scale of the Company.

<sup>3</sup> Unless specified by contract or law.

<sup>4</sup> Note: "A manner convenient to workers" is one that does not oblige workers to travel any significant distance or make an extra trip to work to collect their pay.

<sup>5</sup> Note: False apprenticeship schemes are schemes which do not provide benefits, wages or contracts for labour, or which provide reduced wages under the guise of training.

The policy shall include commitments to:

- Continual improvement
- Complying with relevant legal and “other requirements” to which the Company subscribes

The policy shall be implemented and maintained and communicated in a comprehensible form to all personnel (where appropriate it shall be translated). The policy shall also be gradually communicated to suppliers and shall be available to other stakeholders on request.

The policy shall be periodically reviewed to ensure that it remains relevant and appropriate to the Company.

## **9.2 Legal & Other Requirements**

The Company shall establish a process to identify and have access to relevant legal and other requirements to which the Company subscribes. The Company shall maintain documented records of such requirements, shall keep the information up-to date and shall communicate these requirements (in a relevant form) to all relevant interested parties (including, where appropriate, management, employees, suppliers, contractors, subcontractors, etc.).

## **9.3 Objectives, Targets & Management Programmes**

Within one year of initial certification, the Company shall establish objectives and management programmes to formalise and implement a continual improvement strategy for Social Accountability.

When establishing objectives the Company shall consider all relevant factors, which may include:

- 9.3.1 Legal & other requirements
- 9.3.2 Social risks
- 9.3.3 Financial requirements
- 9.3.4 Operational requirements
- 9.3.5 Business requirements
- 9.3.6 Non conformities
- 9.3.7 Performance monitoring information
- 9.3.8 Views of interested parties (especially employees and their representatives)

A Management Programme shall be established for each Objective, which describes responsibilities, mechanisms for achievement and timescales. Programmes will be reviewed at regular and planned intervals.

#### **9.4 Structure & Responsibility**

Roles, responsibilities and authorities for those who manage & perform activities relevant Social Accountability shall be defined, documented & communicated.

Ultimate responsibility for Social Accountability lies with the Top Management of the Company.

A Social Accountability management representative shall be appointed to coordinate the management of Social Accountability and to ensure that the requirements of this Standard are established, implemented and maintained. The management representative(s) shall also report on performance to Top Management for review and as a basis for improvement.

Management shall provide adequate resources (Human, Financial, Technological and access to skills, knowledge and experience) for the implementation of the Firmenich Social Accountability Standard.

#### **9.5 Training Awareness & Competence**

The Company shall ensure that all individuals are competent to manage and implement Social Accountability requirements. Training methods and tools shall take account of education, experience, literacy and culture. Training shall be given to new, temporary and re-assigned employees and periodic training shall be given to existing employees to ensure continuing competence.

The Company shall establish procedures to ensure that management and employees are aware of all relevant Social Accountability requirements and that they fully understand their role in implementing these and the obligations of the Company to them.

#### **9.6 Documentation**

The Company shall establish documentation to describe the elements of the Social Accountability management system and their interaction and to provide direction to related documentation. The company shall ensure that such documentation is kept up to date.

## 9.7 Supplier Social Accountability Programme

The Company shall establish and maintain an ongoing Supplier Social Accountability Programme to evaluate and, where possible, select suppliers and subcontractors (including contract manufacturers) on their ability to meet the requirements of the Firmenich Social Accountability Standard (or equivalent). This shall include a programme of supplier and subcontractor evaluation. In the first instance this shall be desk based (e.g. through use of questionnaires and desk based research). The programme shall ultimately include audits of high risk and high value/volume suppliers and subcontractors<sup>6</sup>.

The Global Company shall also develop an ongoing programme to assess likely sub-supplier issues. This shall take a risk-based approach and shall, in the first instance, concentrate on sub-suppliers involved in the production of high social risk materials (e.g. plant based natural products from developing countries). Sub-supplier assessment shall be desk based (with supporting audit if considered necessary).

Where the Company has no realistic control or influence over a supplier, subcontractor or sub-supplier whose performance does not meet Firmenich Social Accountability requirements (and which is not willing to conform to these requirements) the Company will establish a programme to find an alternative supplier. Such programmes will take account of realistic constraints such as quality, availability, continuity of supply. All such constraints must be documented and decisions on supplier selection fully justified.

The Company shall maintain records of supplier and subcontractor commitment to social accountability including written commitment to:

- Conform to the Firmenich Social Accountability Standard or equivalent
- Participate in company monitoring

The Company shall maintain evidence of the level of supplier and subcontractor compliance with Firmenich Social Accountability Standards.

<sup>6</sup> For all centrally purchased materials, this programme shall be implemented by the Global Company Corporate Compliance department. For locally purchased good & services (e.g. locally contracted engineering contractors) the programme shall be implemented by the relevant affiliate management team.



## **9.8 Communication**

Management shall ensure that adequate consultation & communication mechanisms and processes are in place for:

- Receiving, considering and responding to the relevant concerns, ideas and inputs of workers<sup>7</sup>.
- Communicating relevant information to employees with respect to the requirements of this Standard.
- Receiving documenting and responding to external communications related to Social Accountability issues.

## **9.9 Access for Verification**

Where required by contract, the Company shall provide reasonable information and access to interested parties (i.e. second and third party auditors) seeking to verify compliance with the Standard.

## **9.10 Monitoring & Measurement**

The Company shall establish procedures for the monitoring of performance (including compliance with legal and other requirements) relating to all Social Accountability issues.

Monitoring shall be both qualitative and quantitative appropriate to the needs of the Company. It shall also be proactive as well as reactive to help anticipate as well as react to actual and potential problems.

## **9.11 Non-conformance**

The Company shall investigate, address and respond all non-conformances as well as the concerns of all interested parties (including employees). It shall take action to mitigate any consequences arising and initiate and confirm corrective and preventive actions.

All mitigating, corrective and preventive actions shall be reviewed prior to implementation to ensure that additional problems or risks are not introduced into the systems.

All mitigating, corrective and preventive actions shall be appropriate to the magnitude of the problem and commensurate with the level of consequences occurring.

<sup>7</sup> For example, an employee committee &/or an open door policy for communicating concerns &/or freely elected employee representative etc.

## **9.12 Records**

Records shall be kept, as appropriate, to demonstrate compliance with all Firmenich Social Accountability requirements.

- Records must be legible, identifiable and traceable.
- Records must be stored and maintained in a way that they are protected from accidental loss, erasure or other form of damage.
- Retention periods shall be established for all records.

## **9.13 Audit**

The Company shall provide for the periodic independent auditing of its Social Accountability performance against this Standard.

Audits shall evaluate whether requirements have been properly implemented and maintained and whether the systems established to meet Firmenich Social Accountability requirements are effective.

## **9.14 Management of Change**

The impact on Social Accountability, of internal changes (such as those in staffing or due to new or modified processes, working procedures, organisational structures or acquisitions) and of external changes (for example as a result of amendments of laws, organisational mergers and developments in knowledge and technology) shall be evaluated and appropriate preventive steps taken prior to the introduction of changes.

## **9.15 Management Review**

The Company shall conduct periodic (at least annual or more frequent if there are any significant and relevant changes in the business) Top Management reviews of the Social Accountability management systems and performance to determine whether the systems are:

- Adequate (do they cover everything?)
- Suitable (are they fit for its purpose?)
- Effective (do they work?)

Where appropriate, Top Management shall implement changes and improvements to ensure their social policies are met.