



CORPORATE POLICY
RESPONSIBLE SOURCING

—
2020

TABLE OF CONTENTS

I.	PURPOSE	04
II.	SCOPE	05
III.	THE 3 FIRMENICH RESPONSIBLE SOURCING PRINCIPLES	06
IV.	THE 6 FIRMENICH RESPONSIBLE SOURCING POLICY REQUIREMENTS	07
	■ ACTING WITH INTEGRITY – COMPLIANCE AND BUSINESS ETHICS	08
	■ RESPECTING HUMAN RIGHTS, PEOPLE HEALTH AND SAFETY	10
	■ RESPECTING ENVIRONMENT AND BIODIVERSITY	12
	■ ENSURING HIGHEST STANDARDS OF PRODUCT SAFETY AND QUALITY	14
	■ ENSURING BUSINESS CONTINUITY	15
	■ RESPECTING CONFIDENTIAL INFORMATION	17
V.	POLICY IMPLEMENTATION	18
VI.	DEFINITIONS	20
VII.	REFERENCES	21
VIII.	POLICY OWNERSHIP AND MANAGEMENT	21
	APPENDIX I. ADDITIONAL REQUIREMENTS FOR NATURALS RAW MATERIALS	22
	■ NATURALS RAW MATERIALS SUPPLIERS	22
	■ PALM OIL AND PALM KERNEL OIL SUPPLIERS	23

|. PURPOSE

Founded in 1895, Firmenich is the world's largest privately owned perfume and taste company, present across more than 100 markets.

In the business of creating emotions through the senses of taste and smell, we touch over 4 billion people around the world every day, through products such as tea and coffee, cereals and ice-cream, as well as home and personal care brands and fine fragrances.

As a family-owned company, preserving the planet is embedded in our DNA. When you consider it takes 3.5 tons of rose petals to produce one kilogram of rose oil, there is no other option than to treat nature responsibly.

We operate an "Inclusive Capitalism" business model, with a clear objective to make a real difference to people, planet and society and strive to operate the most traceable, sustainable and ethical value chain.

Our Firmenich Responsible Sourcing Policy is designed to engage our suppliers and partners on our exciting sustainability journey.

It extends our Code of Ethics across our entire supply chain to support compliance and business ethics, human rights, health and safety, environment and biodiversity, quality, business continuity and confidentiality.

Working hand in hand with our suppliers, we look forward to making an even bigger impact on society and the planet.

We count on all our partners to fully engage with us to achieve the commitments outlined in this Policy.

Together, let's build sustainable supply chains for a sustainable future and the benefit of all.



Gilbert Ghostine
CHIEF EXECUTIVE OFFICER

II. SCOPE



Our Policy applies to the global business and covers both direct and indirect suppliers.

At Firmenich, sustainability is at the core of everything we do. We strive to minimize our environmental impact and future-proof our supply chain continuously challenging ourselves and our partners to do better.

Firmenich works with suppliers that share our environmental ambitions, who take action to reduce emissions, increase water security, and ultimately commit to zero deforestation; because we know that all this will secure both a healthy business of tomorrow and a healthy planet.

At Firmenich we request our suppliers to align with our Responsible Sourcing Policy as part of their commitment on operating in the most ethical, traceable and sustainable value chain.

In addition to complying with all laws and regulations within the countries in which they operate, suppliers are requested to adhere to the minimum mandatory requirements defined in each section of this Policy.

Firmenich suppliers are required to acknowledge and align with this Policy by 2023.

While this Policy only applies to our direct business suppliers (Tier1), we expect them to support us in meeting the requirements stated in this Policy by applying similar ones to their own suppliers (Tier 2 and beyond).

We expect full compliance and shared responsibility by all partners in building more transparent and sustainable supply chains.

III.

THE 3 FIRMENICH RESPONSIBLE SOURCING PRINCIPLES



Sustainability is one of our “Firmenich Fundamentals” and is fully integrated in our strategy and business growth.

Our Responsible Sourcing Policy and model is built around three key principles, which we execute and require our suppliers to follow:

INTEGRITY

We are committed to upholding in our sourcing practices the highest levels of business integrity engaging with our suppliers to help adopt and spread best practices across all supply chains.

We are committed to ensuring that all legal requirements are met throughout our supply chain and expect our suppliers to commit to the same.



TRANSPARENCY

We are committed to improving the transparency of our purchasing and sourcing networks safeguarding traceability of our business.

Traceability is a pre-requisite to:

- Ensure the highest quality level of our products and services.
- Ensure a sustainable and responsible sourcing supply chain.



SUSTAINABILITY

We are committed to using our purchasing strength in advancing the United Nations Sustainable Development Goals to build a better and more sustainable future for all.

We are committed to embracing resilience and responsibility in promoting our supply chain to actively work against poverty, gender inequality, climate changes, environmental/biodiversity degradation and Human Rights breaches.

IV. THE 6 FIRMENICH RESPONSIBLE SOURCING POLICY REQUIREMENTS

Firmenich requires all its suppliers to commit to the following general requirements:

■ **ACTING WITH INTEGRITY – COMPLIANCE AND BUSINESS ETHICS**

Our suppliers must comply with a set of requirements in order to ensure they are acting with integrity while having a business relationship with Firmenich.

■ **RESPECTING HUMAN RIGHTS, PEOPLE HEALTH AND SAFETY**

As a company, we are committed to respecting internationally recognized Human Rights. We expect our suppliers to do the same.

■ **RESPECTING ENVIRONMENT AND BIODIVERSITY**

We aim to engage our suppliers to decrease their overall environmental footprint, and actively work with our stakeholders to promote environmental stewardship and positive contribution to biodiversity.

■ **ENSURING HIGHEST STANDARDS OF PRODUCT SAFETY AND QUALITY**

Our suppliers are required to monitor and improve the quality level of products and services and to comply with all quality requirements clearly stated in Specifications, Contracts and Good Manufacturing Practices, as applicable.

■ **ENSURING BUSINESS CONTINUITY**

We expect our suppliers to have in place a Business Continuity plan denoting a clear action plan, checklist of activities, communication plan, escalation measures, and team roles.

■ **RESPECTING CONFIDENTIAL INFORMATION**

Our Suppliers must take all reasonable and necessary precautions to safeguard Firmenich's confidential and proprietary information.

All personal information must be handled with full respect for the protection of their privacy and the applicable legislation.



**ACTING WITH INTEGRITY
COMPLIANCE AND
BUSINESS ETHICS**



The Responsible Sourcing Policy builds on and complements the company's Code of Ethics and applies to the entire global supply chain. It consists of a set of minimum requirements, which all business partners and suppliers must comply with:

Formally commit and adhere to our Code of Ethics which includes:

- Not paying or receiving any bribes, kickbacks and facilitation payments and complying with the Firmenich Corporate Anticorruption Policy.
- Exchanging gifts and entertainment on behalf of Firmenich only if done in compliance with the Firmenich Corporate Gifts & Entertainment Policy.
- Avoiding dealing with Firmenich employees who have conflicts of interest in relations to a specific supplier.
- Not engaging in private monopolies, or any other acts which may prevent free and fair competition.
- Complying with all applicable laws, including all laws regarding international trade, embargoes, sanctions and export control as well as national regulations related to operations (e.g. license, financial fraud, etc.).
- Actively meeting Firmenich requests such as questionnaires, audits, subcontractor's information, records and submission of related materials, when applicable.

We expect suppliers to gradually implement advanced practices such as:

- Going beyond compliance and proactively act in line with international standard/conventions.
- Having ethics programs in place to ensure the proper implementation of the expectations set out above, providing a grievance mechanism to capture and report issues.



Human Rights, Health and Safety are at the core of the Firmenich Fundamentals, and we adhere to a number of internal policies, including the Firmenich Human Rights Policy.

To operationalize our commitment, our suppliers must follow below minimum requirements:

- Commit and adhere to our Firmenich Human Rights Policy and develop their own commitments to respect Human Rights throughout their own operations.
- To comply with all relevant laws in the countries in which they operate, seeking ways to honor the principles of internationally recognized Human Rights (including International Labor Organization conventions) when faced with conflicting legal requirements.
- Adhere to our Conflict Minerals Statement, when applicable.



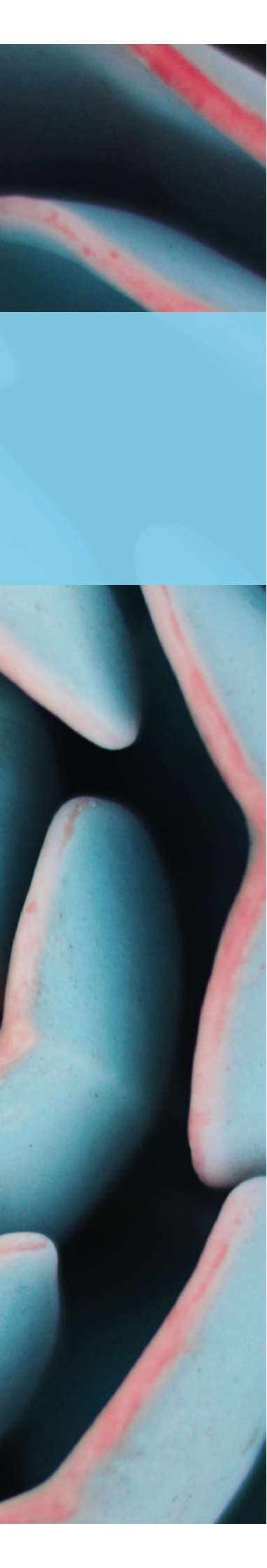
RESPECTING HUMAN RIGHTS, PEOPLE HEALTH AND SAFETY

Moreover, we expect suppliers to gradually implement advanced practices such as:

- Identifying the particular Human Rights that are most at risk of adverse impact in the course of their operations due to the severity of impact or where delayed response would make them irremediable.
- Developing a Human Rights risk management system which seeks to identify, prevent, mitigate and account for how they address these Human Rights that are most at risk.
- Developing an effective grievance mechanism which seeks to enable workers, community members and other potentially impacted stakeholders to raise issues and access remedy, without fear of retaliation.
- Seeking to increase their visibility of working conditions in their own value chains, and seek similar commitments of their own suppliers.
- Firmenich is particularly concerned with health and safety, forced labor, child labor, gender equality, harassment, discrimination, fair wages (fair living incomes and paid annual vacation) and mental health.
- Obtaining relevant certifications (e.g. ISO 45001 on health & safety; EDGE certification on gender equality, SMETA, etc.) and to go beyond compliance when possible (e.g. on the topic of fair/living income).



**RESPECTING
ENVIRONMENT
AND BIODIVERSITY**



Nature is the beginning and end of everything we do.

That is why we set ourselves the most ambitious environmental goals.

Firmenich has always been committed to reducing its environmental impact by addressing climate change mitigation, water security, waste reduction and management, and by positively contributing to biodiversity.

Our engagement drives us to proactively meet regulations and relevant international standards (e.g. REACH, The Nagoya Protocol on Access and Benefit Sharing, CITES Convention) and join voluntary initiatives (e.g. Science Based Targets, RE100, Union for Ethical BioTrade).

We expect our suppliers, beyond abiding by all of our codes and standards, to at a minimum:

- Comply with all applicable laws and international standards for environmental protection and biodiversity utilization and ensure their suppliers comply to national regulations on Access and Benefit Sharing.
- Monitor and reduce their environmental and community impact, and drive their suppliers to do the same.

Ultimately, we expect all suppliers to implement advanced practices, including but not limited to:

- Seeking alignment with international standards certifications (e.g. ISO 14001).
- Setting targets to reduce all adverse environmental impacts from operations (e.g. energy and water efficiency; emission reduction; waste reduction and management; biodiversity preservation) and publically; reporting performance against targets.
- Participating to environmental projects that aim to deliver positive impacts such as preservation of high-carbon-value forests, preservation biodiversity, circular economy initiatives, climate change mitigation strategies, water security.
- Collaborating with Industry platforms such as Carbon Disclosure Project (CDP), Sedex, and EcoVadis.
- Following Green Chemistry principles to ensure more resource-efficient and inherently safer design of molecules, materials, products, and processes, when appropriate.
- Implementing processes to collect lifecycle analysis data on their products.

ENSURING HIGHEST STANDARDS OF PRODUCT SAFETY AND QUALITY

Firmenich is committed to uphold the highest standards of product safety and quality.

In line with the above, and additional to complying with local, state, and federal laws and regulations within the countries in which they operate, we expect from our suppliers following minimum requirements:

- Implementing a management system that includes continuous improvement of product quality and service level and required to comply, where applicable, with Good Manufacturing Practices. In addition, all Firmenich Quality requirements must be clearly stated in contracts, supplier expectations documents and Firmenich Specifications.
- Implementing a comprehensive Food Protection program that includes elements for Food Safety, Food Fraud and Food Defense for all ingredients and packaging supplied for use in Flavors for foodstuffs and pharmaceutical products.
- Participating, when requested, on the Supplier Audit Program hosting audit and actively responding to gap's identified with feasible action plans.

Furthermore, we expect our suppliers to gradually implement advanced practices such as:

- Integrating quality assurance processes into all aspects of their business.
- Proactively certifying their Quality and Food Protection management systems and promoting a continuous improvement culture (e.g. ISO 9001, FSSC 22000, and other GFSI approved schemes).

ENSURING BUSINESS CONTINUITY

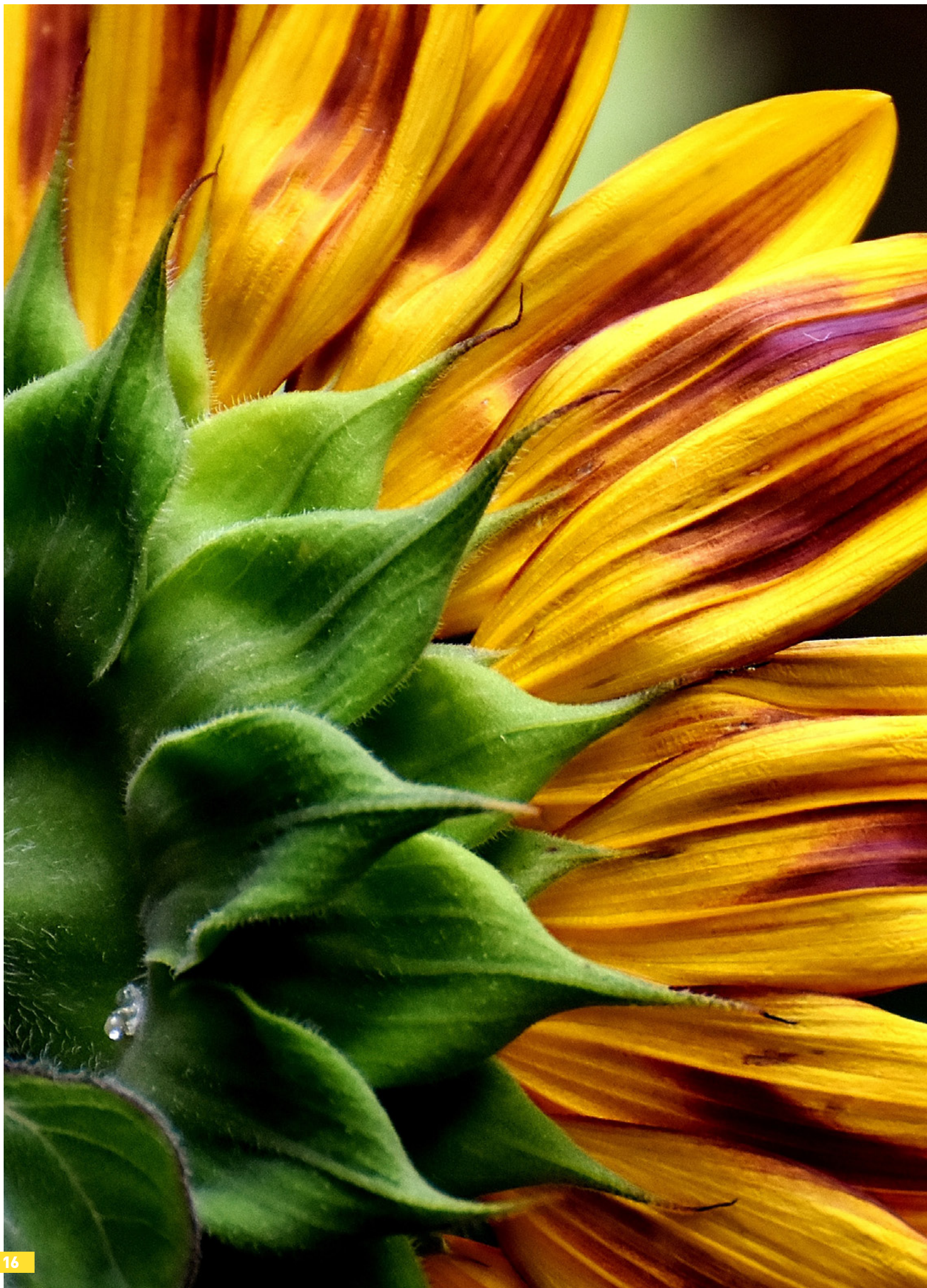
The Firmenich Business Continuity Management system enables us to effectively identify, assess, mitigate and monitor threats and risks, such as supplier interruptions.

We expect from our suppliers the following minimum requirements:

- Having appropriate licenses and permits to operate their business.
- Having liability insurance, where applicable.
- Being fully compliant with customs and trade regulations.
- Having in place a business continuity plan denoting a clear action plan, check-list of activities, communication plan, escalation measures, and team roles.

Moving forward, we expect suppliers to gradually implement advanced practices such as:

- Aligning (or certifying) with International standards such as ISO 22301 Business Continuity Management System and ISO 27001 Information Security Management System.





RESPECTING CONFIDENTIAL INFORMATION

Confidentiality, trust and respect are core to our business.

- Suppliers must take all reasonable and necessary precautions to safeguard Firmenich confidential and proprietary information to which they have access during a transaction with Firmenich. Suppliers must commit to only use such information for the proper performance of any such transaction or agreements, and not disclose it to any third party, unless disclosure is properly authorized by Firmenich within a written confidentiality agreement, or required by law or order of a court of competent jurisdiction or regulatory authority.

We expect from our suppliers to:

- Respect and safeguard Firmenich intellectual property, including but not limited to its patents, trademarks, trade secrets and copyrights, as well as scientific and technical knowledge, know-how and experience developed in the course of Firmenich's activities, and shall never attempt to infringe it.
- Protect and handle with full respect, any and all personal information about individuals, such as Firmenich and supplier's employees, for the protection of their privacy and in accordance with our policies, contractual obligations and applicable laws.

V. POLICY IMPLEMENTATION

The effective implementation of this Policy comprises the following steps:

- Policy Review and approval by all parties involved in the supplier management process.
- Internal and External Communication.
- Clear definition of Roles and Responsibilities.
- Monitoring the adherence level through the Firmenich RSP KPIs

The implementation of this Policy will allow Firmenich to:

- Ensure suppliers meet the minimum requirements for maintaining business relationships.
- Participate in and support the development and implementation of Responsible Sourcing best practices.
- Remain a trusted and reliable partner for customers, suppliers and farming communities.
- Promote decent living and working conditions for all participants in the supply chain.
- Encourage suppliers to voluntarily participate in the continuous improvement journey to progressively advance the implementation of responsible sourcing best practices and to monitor progress on a regular basis.
- Commit with volunteer suppliers, to combine this journey with joined business development targets to build a positive incentive for both Firmenich and the supplier.

The Firmenich Responsible Sourcing Policy (RSP) illustrates the framework within which the company is executing sustainability and responsible sourcing, including engaging and inspiring our suppliers. This policy reinforces the commitment of Firmenich to have a positive impact on people and the planet.

A Supplier Excellence Program has been set, among other tasks, to assess supplier's level of compliance and monitor RSP targets achievement.

POLICY IMPLEMENTATION AT A GLANCE



MANDATORY REQUIREMENTS

Mandatory requirements, also called deal-breakers, which are verified at the selection, registration and qualification process.



VOLUNTARY EFFORTS

Suppliers may voluntarily and additionally engage with Firmenich on a continuous improvement journey to progressively implement the 'advanced practices' and monitor progresses on a regular basis.



RISK MANAGEMENT APPROACH

Firmenich is assessing its suppliers and purchased goods and services against its Risk Assessment criteria.

This assessment supports the identification of the suppliers with whom Firmenich will further engage to ensure Responsible Sourcing is implemented.

Such efforts could be recognized if applicable.



RECOGNITION

Firmenich recognizes the efforts led by our suppliers.

Recognition will be set and given from minimum expected standard to going beyond compliance potentially referring to an external recognized sustainable certification.

VI. DEFINITIONS

SUPPLIERS CATEGORY



Direct suppliers
An individual / organization that supplies raw & packaging materials



Indirect suppliers
An individual / organization providing supplies & services

SUPPLIERS SUB-CATEGORY



Distributor
Manufacturer
Invoicing party "vendor"
Purchasing agent
Subcontractor
Toll manufacturer



Service provider
Subcontractor
Consultant
Broker
Temp agencies
Supply provider
Equipment provider

SUPPLIERS

Supplier at Firmenich is defined as any external party with which, we have (or plan on having) business-related relationships, that participates to our value creation.

TIER 1 SUPPLIER

Direct business supplier. Supplier that invoices directly to Firmenich.

TIER 2 SUPPLIER

Supplier of our supplier. Supplier that invoices directly to our Tier 1 Supplier.

RSP

Responsible Sourcing Policy.

FAIR WILD CERTIFICATION

Certifies sustainably sourced wild plants, ensuring protection for those who collect and trade in them.

UEBT

Union for Ethical BioTrade – aims at supporting and validating best practices of companies committed to ethical sourcing and innovation of natural ingredients for the benefit of people and biodiversity.

FAIRFORLIFE AND FORLIFE CERTIFICATION

Social accountability and fair trade have become important assurances or requirements in the global market place. Existing systems for assurance of social and fair trade conditions unfortunately exclude many operations worldwide from independent verification and certification of their performance.

RSPO

Round Table on Sustainable Palm Oil – sets of environmental and social criteria which companies must comply with in order to produce Certified Sustainable Palm Oil (CSPO).

THE RAINFOREST ALLIANCE

Is designed to maximize positive social, environmental, and economic impact, offering farmers an enhanced framework to improve their livelihoods while protecting the landscapes where they live and work.

FSA

Farm Sustainability Assessment – is designed to grow a sustainable, thriving and resilient agricultural sector that safeguards farm viability and protects and preserves the earth's resources, Human Rights and animal.

VII. REFERENCES

1. Firmenich Code of Ethics
2. Firmenich Corporate Anticorruption Policy and Gifts & Entertainment Policy
3. Firmenich Human Rights Policy
4. International Labor Organization conventions
5. Firmenich Global Environmental Policy and Biodiversity Public Statement
6. Source to define/locate High value Biodiversity areas - www.globalforestwatch.org
7. Carbon Disclosure Project (CDP): www.cdp.net
8. ISO 9001 Quality Management System
9. ISO 14001 Environmental Management System
10. GMP – Good Manufacturing Practices
11. GFSI standards. Global Food Safety Initiative
12. FSSC 22000 Food Safety System Certification
13. ISO 22000 Food Safety Management System
14. ISO 45001 Health and Safety Management System
15. ISO 22301 Business Continuity Management System
16. FSA SAI – Farm Sustainability Assessment SAI Platform – saipatform.org/fsa
17. Rainforest Alliance – www.rainforest-alliance.org
18. UEBT – Membership and Certification for non-agro-commodity related ingredients - www.ethicalbiotrade.org
19. FairForLife & ForLife Certification - https://fairforlife.org/pmws/indexDOM.php?client_id=fairforlife&page_id=home&lang_iso639=en
20. Sustainable Palm Oil – RSPO – www.rspo.org
21. Stockholm Convention on Persistent Organic Pollutants (POPs) - www.pops.int
22. Green Chemistry principles: Reference from UNESCO

VIII. POLICY OWNERSHIP AND MANAGEMENT

Owner

CHIEF PROCUREMENT OFFICER, Corp. Services

Gianluca COLOMBO

Approver

CHIEF HUMAN RESOURCES OFFICER, Corp. Services
GENERAL COUNSEL & SECRETARY OF THE BOARD, Corp. Services

Mieke VAN DE CAPELLE
Jane SINCLAIR

Policy Change Log

Version	Date of Issue	Effective date	Purpose of change
1	21 12 2019	21 12 2019	New Policy Release
2	01 07 2020	01 07 2020	Owner update

APPENDIX I

ADDITIONAL REQUIREMENTS FOR NATURALS RAW MATERIALS

Naturals raw materials suppliers

In addition to all general requirements and those listed under Environment and Biodiversity set out in this policy, we expect our Naturals Raw Materials Suppliers to commit along their supply chains with the following requirements:

- Ensuring compliance with all applicable laws and international standards related to the use and trade of natural ingredients; including and not limited to CITES permits, collection permit for wild species, Access and Benefit Sharing regulations, banned agro-chemicals listed under Stockholm Convention on Persistent Organic Pollutants (POPs).
- Disclosing all relevant information with regards to biomass of origin and its geographical origin in relation to its cultivation and/or collection areas (min. country level).
- Monitoring and mitigating impacts on biodiversity directly or indirectly linked with supplier's activity (e.g. deforestation).

Going beyond, we expect suppliers to gradually implement advanced practices such as:

- Promoting and implementing agricultural and collection practices that contribute to climate resilience and regeneration of ecosystems (e.g. species diversity, soil and water health, etc.).
- Setting fair price that contributes to providing living wages to participants in the supply chains.
- Respecting of land rights and indigenous people's rights, when applicable.
- Developing their own sourcing standard or seeking compliance with leading certifications standards (FSA SAI, Fair Wild, UEFT Certified, Organic, Fair Trade, Fair for Life).
- Proactively engaging with relevant initiatives with Firmenich, its clients, NGOs, experts and local associations with the aim to monitor socio-economic indicators on farming communities to ensure decent living conditions are met.
- Establishing traceability processes and systems from farm to Firmenich, and develop ability to process batches based on segregation or identity preservation

Palm oil and palm kernel oil suppliers

Palm oil and its derivatives pose specific risks in terms of deforestation and associated adverse impacts on Human Rights and biodiversity. We expect our direct suppliers of palm oil and palm kernel oil to commit to a vision of deforestation-free supply chains and put in place appropriate processes to make this vision a reality.

In line with these commitments, we require our suppliers of palm oil and palm kernel oil to:

- Commit to our Palm Oil Sustainability Statement
- Share with us their commitments towards Sustainable Palm Oil
- Report compliance on their supply chains regarding:
 - Protection of peat areas, regardless of the depth
 - Compliance with local laws and regulations
 - Protection of high-carbon-value area and to avoid deforestation
 - Respect of Human Rights and Free, Prior and Informed Consent of local and indigenous communities

In addition, we encourage suppliers to promote the High Conservation Value (HCV) management or avoidance of land area under conservation, High Carbon Stock (HCS) management, Free, Prior and Informed Consent (FPIC), and ultimately reaching zero gross deforestation and forest degradation.



CONTACT

Supplier Excellence Program
Firmenich.Purchasing.Information@firmenich.com
www.firmenich.com/en_INT/index.html



A SUSTAINABLE CHOICE OF PAPER
This report is printed on

© Firmenich 2020

