

Annual Report 2019

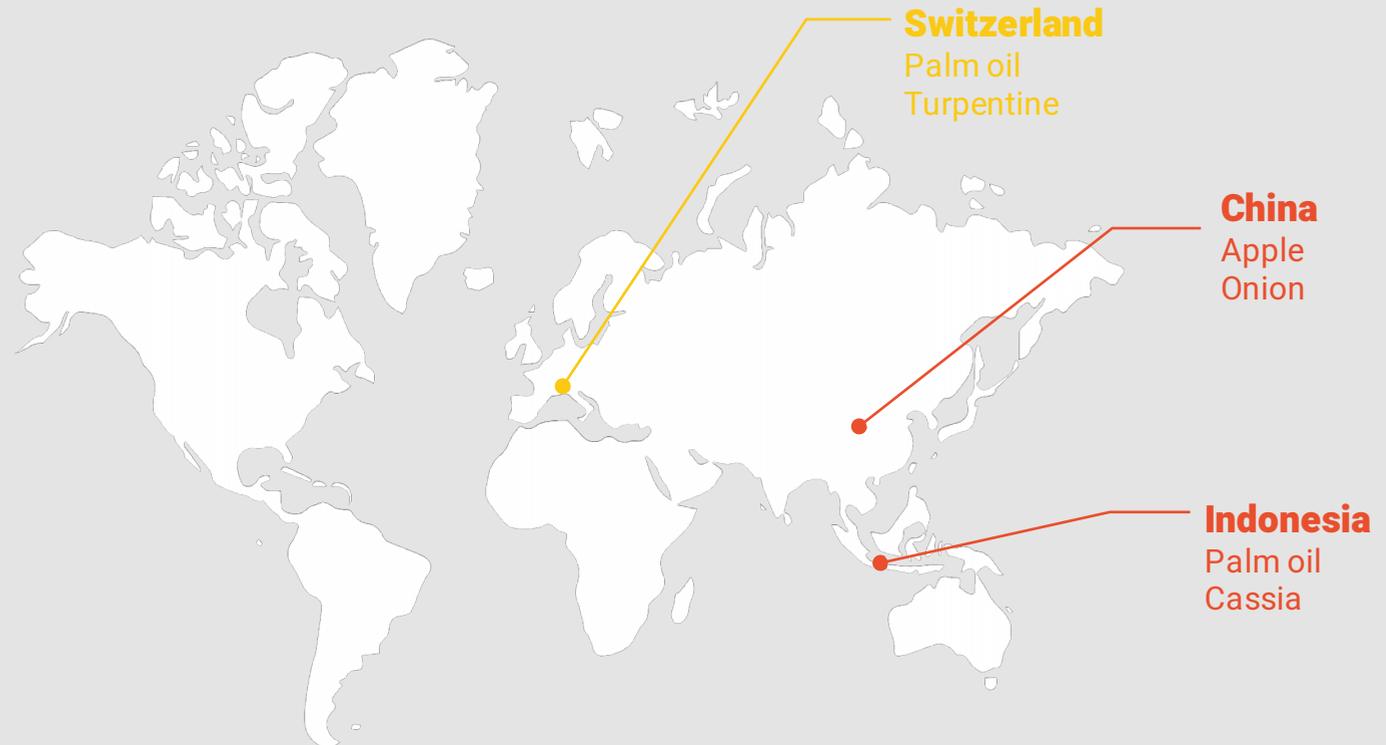
GIVAUDAN



Our work in 2019

A Global outreach

Givaudan's supply chain spreads throughout many countries worldwide. Earthworm Foundation (EF) is helping to assess these some of these supply chains against Givaudan's responsible sourcing policy and assisting Givaudan in improving their suppliers' practices on the ground



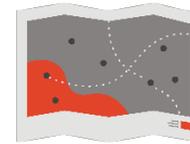
Staff engaged in 2019

Staff engaged & Field work in 2019



35 refineries

Transparency is increasing and has reached 43% back to refinery at origin and 50% traceable to palm oil mills compared to 21% and 0% respectively in 2018. Today links to 35 palm oil refineries and to over 3000 palm oil mills have been uncovered in Indonesia and Malaysia, bringing forth opportunities for transformation.



3000 Mills



Communities

Givaudan's participation in the [Areas for Priority Transformation \(APT\)](#) programme in Aceh Tamiang is bringing resilience to communities and has led to Participatory Conservation Plans (PCPs) being completed in 4 forest-frontier villages and intensive agricultural 'demplot' trainings reaching 205 households across 3 villages.



Human Rights Impact

The visits to Onion, Apple and Cassia supply chains have uncovered workers' conditions that go against some of Givaudan's Responsible Sourcing criteria. An action plan has been implemented for the onion supplier in China in 2019, which led to improvements in health and safety for the companies' employees. Implementation of action plan for Apple and Cassia may commence in 2020



Forests

Givaudan's participation in the APT landscapes project is helping to protect Indonesia's Leuser ecosystem and has helped reach a forest protection and no exploitation agreement between EF and the Mopoli Raya group. this will lead to the conservation of 35000 hectares of forest and directly impact 3000 employees

Global objectives for 2019

Increase transparency on the origin and realities on the ground of raw materials such as palm oil, Cassia and Apple and turpentine and engage the suppliers to improve practices.



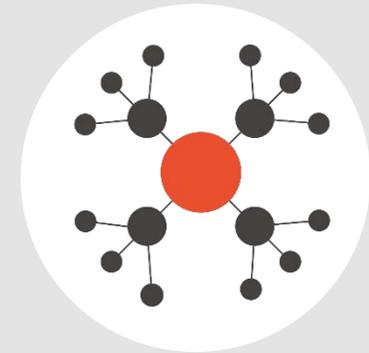
Mills

The goal is to increase Palm Oil transparency to eventually reach 100% traceable to mill in the near future and act where Givaudan has connections to the supply chain on the ground.



People

Uncover social issues related to raw material supply chains all around the world by carrying out assessments of Givaudan's most upstream suppliers and engaging them in implementing Givaudan's responsible sourcing policy



Chain reaction

As a world leader in Flavors and Fragrances, Givaudan is part of an ever growing movement of companies working on paving the way towards more responsible supply chains. The effects of which can be cascaded throughout the whole market

What we did together

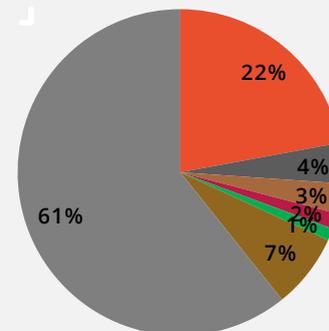
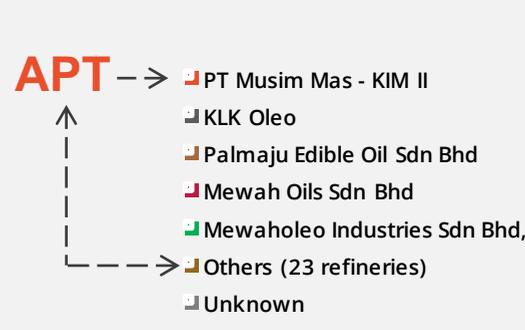
Increased palm oil traceability by 22% back to refinery at origin and by 50% back to mills. Gaining insight on the supply chain and proving links with the work being done on the ground through APT

Givaudan is part of APT Landscapes Coalition. Which has already had many successes:

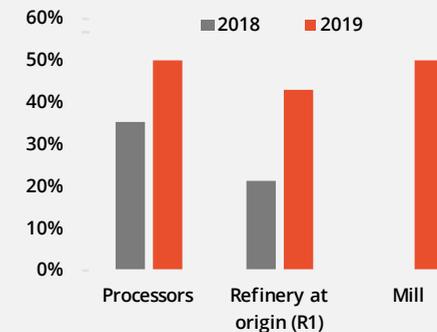
- A 60% drop in deforestation from 2016 to 2019 detected by [Starling](#) over Aceh Tamiang
- Formal partnership with the District government established to work on land use planning and sustainable development
- 12 palm oil concessions and 2 mills covered under forest protection agreements, with 1,400 ha of forest – the largest remaining forest area within a concession in Aceh – protected.
- 2095 households directly impacted by Participatory Conservation Plans in 5 forest-frontier villages with 245 people trained through the Livelihood Programme
- A collective Action Plan to improve worker conditions has been developed and agreed upon with the district government, covering 36 plantations and 10 mills. 3,000+ workers covered by No Exploitation agreements with companies



% of Givaudan's total volume from R1s



Traceability evolution since last year





Talking to farmers on the ground and finding solutions

And more

- Givaudan was able to **improve practices for onion farmers** after last year's visit by providing workers with drinking water and helping the onion supplier to implement general better practices in terms of health and safety by establishing policies such as on Personal Protective Equipment and other topics. The supplier has now committed to regular field verification of their farmer suppliers to make sure that their policies are implemented
- **This year's visit to China for apple and to Indonesia for cassia revealed new insights** into the realities of these supply chains, including challenges to overcome such as social issues and deforestation (for cassia especially). EF talked to the farmers on the ground to understand their problems and aims to create an action plan together with Givaudan to address these issues in 2020
- **Turpentine traceability exercise** revealed traceability back to country of harvest for 60 per cent of total volume. The majority of the volume comes from Brazil Canada Finland and China where pressure on forests is already high. In 2020 the goal will be to use this information to potentially engage with suppliers.



Key successes

- **Increased traceability** and finding more links to field projects.
- **Direct involvement in a multi-stakeholder landscape project** with tangible results
- Getting a view of more and more commodities and slowly sieving out **where to focus our efforts**
- **Improving the health and safety**, access to drinking water and general improved worker's rights of Onion farmers in China

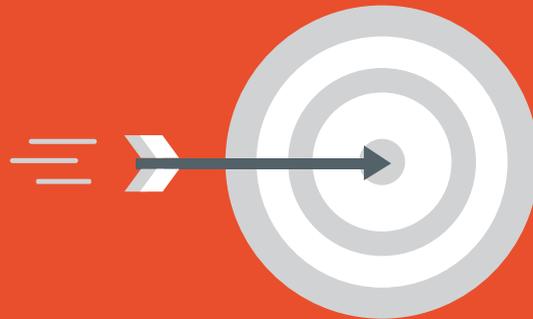


Challenges

- **Scaling Givaudan's responsible sourcing program** to their suppliers and cascading it down to the farmer level for a huge number of various commodities is not easy and takes time and effort.
- **Traceability to palm mills** is still a new process for Givaudan. To be more fluent, it can become a part of Givaudan's purchasing exercise for palm derived ingredients.



Goal for 2020



- Improved transparency for palm oil and other high profile commodities
- Publication of palm oil position paper
- Supplier action plan following up for 2019 field assessments
- Increased participation in landscape approach projects in order to be part of solutions at a bigger scale
- Start exploring transformation projects in Malaysia tackling deforestation and labour issues
- Field assessment of sugar supply chain in India



The way Earthworm Foundation works with Givaudan

VTTV process

We partner with leader companies – our members - that are prepared to take bold action and demonstrate that it is possible to create economic, social and environmental value simultaneously.

Values – We support the definition and internalisation of our members' values into clear policies and commitments that redefine corporate value.

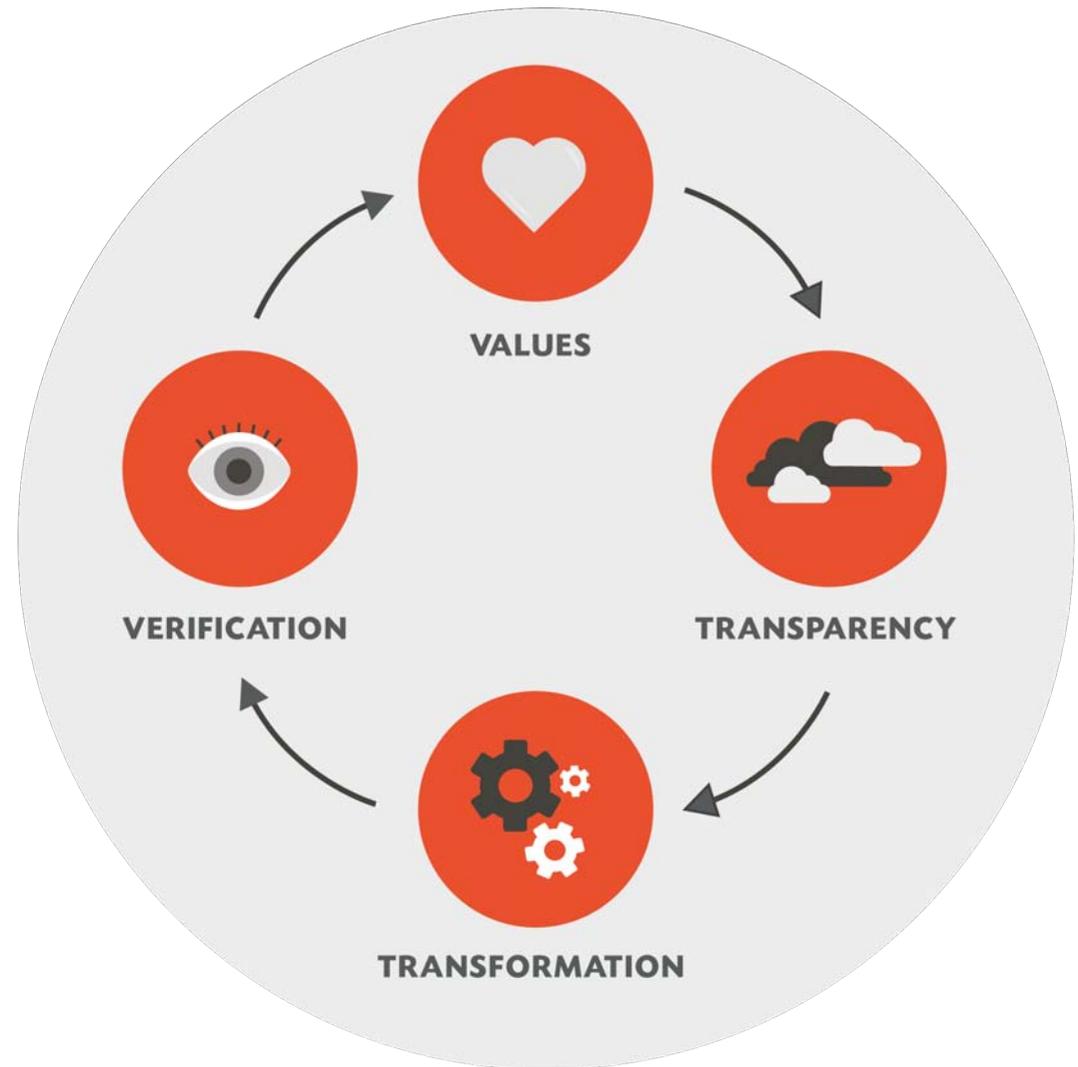
Transparency – We help map supply chain actors and geographies to chart strategies and foster accountability through publication of data and progress updates.

Transformation – We collaborate to implement tools and processes that transform the way business operates.

Verification – We innovate on solutions to measure impact, assess progress and ensure accountability.

About Givaudan

After working on Givaudan's responsible sourcing values together, we are now in the process of gaining more and more transparency on their various supply chains. This work is gradually opening up opportunities for an increasing number of transformation projects on the ground.



“Scaling up our efforts to bring responsible flavors and fragrances to the market”