

Sustainable business model

Givaudan's business model is based on a make-to-order process in a business-to-business environment. The Company serves its global, regional and local customers around the world through a global network of more than 40 subsidiaries and a world-spanning supply chain.

One of the key aspects of Givaudan's internal policies and practices is the commitment to maintain strict confidentiality on proprietary customer information and customer projects, as well as to fully protect their intellectual property.

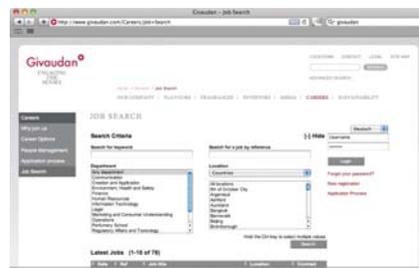
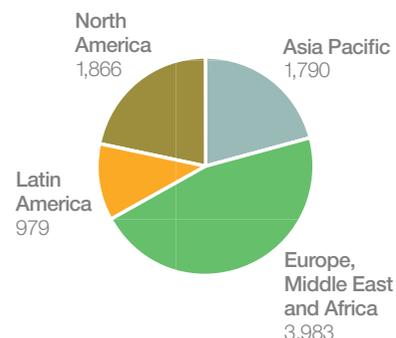
Our People

In today's competitive environment, the success of an organisation is closely connected with the talented employees that it can recruit, retain and develop. As this long-term success is built with the strength of our people, Givaudan's Human Resources organisation has been successfully re-aligned over the past two years with the goal to develop, challenge and reward our talents to foster a performance-driven organisation while promoting respect, openness, and diversity.

Bringing the Human Resources strategy to the next level

Two years after the launch of the Company's new Human Resources strategy, which is focused on building a competent internal network of HR Business Partners and completing the ongoing integration activities, we are launching the next phase of our strategic development. We want to provide industry leading services and programmes to sustain Givaudan's leadership position. Our success in this area will be measured by our department's ability to influence so called Strategic Talent Outcomes across the business. Our Human Resource Business Partners have been specifically trained to help support line management to improve their talent planning. In the end, it is our business leaders which have the most influence and control over improving talent management outcomes.

Employees by region



e-Recruitment

In August, a new online process for recruiting candidates was launched on the careers section of www.givaudan.com.

The new tool supports two key objectives: to provide improved transparency on open positions and to engage with internal and external talent pools.

In addition, the e-Recruitment programme underpins Givaudan's commitment to all employees to enable them to play an active role in their career development.

Through its common and consistent framework, the programme also provides improved efficiencies in handling the volume of applicants.

Head count development by region	Number of employees 31.12.2010		Number of employees 31.12.2009		Change from 2009 to 2010
		%		%	
Switzerland	1,551.5	18.0	1,494	17.6	3.8%
Other Europe, Africa, Middle East	2,431.5	28.2	2,475	29.1	-1.8%
North America	1,866.0	21.7	1,856	21.8	0.5%
Latin America	979.0	11.4	974	11.5	0.5%
Asia Pacific	1,790.0	20.8	1,702	20.0	5.2%
Total	8,618.0	100.0	8,501	100.0	1.4%

People Management

People management starts with knowing where to find the best talents and how to be able to attract and retain them. It also covers on-boarding of new employees, setting clear and transparent performance targets which are aligned to the business priorities, educating our people to achieve their full potential through attractive developmental opportunities, and managing our talent pipeline to ensure the sustainability and leadership position of Givaudan.

The annual talent management programme is designed to review the personnel needs of the business and make sure we have thorough succession planning in place. Our pipeline of talent is identified through an in-depth Talent Planning and Succession Planning process, based on input from various management levels of the organisation. In these processes we are constantly assessing individuals' potential and competencies, matching them to their aspirations and the organisational needs while identifying any gaps that should be addressed.

Our Talent Planning process is strongly connected to the Individual Development Programme or IDP, which sits at the heart of the development programme in Givaudan. Individuals who have the potential, the performance level, and the aspiration are identified for various developmental opportunities in the Company and as successors for key positions.

Givaudan wants all employees to reach their maximum potential, achieve their aspirations and contribute to the success of our Company.

Employee Value Proposition

Another important cornerstone of people management is our Employee Value Proposition, or EVP. The development of an EVP which is unique to Givaudan and summarises what an employee experiences while being part of our organisation, has been one of the key initiatives in 2010 for the HR organisation. In a 'bottom-up' approach we were able to gather a deep understanding of what our people thought about working at Givaudan. This was done through an online survey involving a significant sample of our employees globally and this was accompanied with focus groups engaging many more participants in the major sites worldwide.

Among the many different reasons, our employees identified five prime reasons on why they feel that working at Givaudan is unique.

1. What you do really matters

We feel lucky to be in an industry that really enhances our everyday engagement with the senses, as we experience the full pleasure of life through taste and smell. Much of our work is about finding novel solutions to improve our sensory well-being. Individuals are encouraged to find the best way. Ideas and suggestions are respected. We set new professional standards and we know we are making a difference – to our colleagues and to our customers. It is great to prove your worth and believe that you really count.

2. Always something new

Innovation is our lifeblood. Our creative teams and scientists have access to unique ingredients: we not only apply the very latest thinking – we invent it. Our renowned artistry is backed by tailor-made, modern business systems and modern production facilities. And we collaborate with the world's most talented thinkers at universities and in our imaginative research expeditions. We embrace new thinking and the spirit of adventure.

3. Teamwork across borders

We have all the benefits of industry-leading scale combined with the culture and friendliness of a small team. No one seems far away, even if they are on the other side of the world. You can always ask for help and know you will get it.

Colleagues share expertise and work in teams, across sites and countries. Teamwork is a way of life.

4. Believing in our products

Givaudan people believe in what they make and sell – from the fragrances that have such a positive impact on everyday personal and household care to the flavours that improve our diets by boosting the taste of healthy food. Backed by our unrivalled heritage, our extraordinary global supply chain team works with local populations to source raw materials sensitively and sustainably. Our consumer understanding operates hand-in-hand with our impressive quality regime, our marketing expertise and our centres of technical excellence. We are confident that we deliver on our promises.

5. Pride in working for a leader

It is a privilege to be a market leader in such a fascinating industry. We can act with confidence, yet we never stop challenging and improving. We can afford to try out new things, to push the boundaries of our science and research and to experiment with the latest thinking, in all aspects of our performance. We never stop building knowledge and redefining the frontiers of our industry. So it is great to be out there – at the front, but still striving.

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Enhancing our online recruitment tools

Feedback gathered from the Employee Value Proposition outlined that one of the major requests expressed by our employees was to have a better view on career opportunities within the Company.

This need was addressed by launching a comprehensive and new e-Recruitment platform. It has been a significant step forward towards a more effective and efficient recruiting process used both internally and externally. The platform provides employees and external applicants with increased transparency on career opportunities through our online job postings.

This illustrates Givaudan's commitment to enable all the employees to play an active role in their career development in partnership with HR and their line manager.

Continuous improvement ahead

In keeping with our strategic focus and in cooperation with the business leaders, our Human Resource Business Partners will continue to develop their ability to influence strategic talent outcomes across the business.

We will continue to invest in training and development of our HR professionals.

We will develop a competency framework as a platform for the People Management Programmes at Givaudan.

We will invest in our middle management Succession Planning and development which will be supported by Learning and Development programmes.

We will continue to look for opportunities to increase the effectiveness and efficiency of delivering HR services.

We will continue to strengthen the core HR Centre of Excellence (CoE) functions to provide best-fit programmes for Givaudan.

Suppliers

As the largest individual ingredient buyer in the global fragrance and flavour industry, Givaudan is mindful of the need to invest responsibly in the supply chains of today in order to ensure availability tomorrow.

Reliable suppliers and continuous supply are crucial in order to fulfil our customer commitments and provide the service to which we aspire.

Despite the economic recovery after the challenging year of 2009, fragility among our suppliers has been evident over the past two years. Significant de-stocking and re-stocking has hindered continuity and stability in the supply of some materials, whilst the 'on/off' environment has created challenges that have led to consolidation among some of our suppliers.

At the same time, unprecedented demand has meant that carry-over inventories have been used this year that will take years to rebuild. The unusual surge in demand has created material shortages in many areas and stock building along the chain.

Fortunately, Givaudan was able to mitigate most shortages through its own stocks and material planning, although an increasingly volatile price situation was evident in the latter part of the year.

Partnerships are always important, but never more so than during the challenging times recently experienced by our suppliers. In these circumstances, good relationships, long-term purchasing strategies and supplier alliances are of paramount importance. We continue to further grow and build these key relationships to support our future business. Looking ahead into 2011, we expect that demand for raw materials will continue to be firm, particularly from developing economies. Currency and price volatility continues and the lack of a stable environment, demand visibility and sustainable revenues in some supply chains are likely to lead to some forms of protectionism such as quotas on raw material supplies, allocations and unpredictable movements in short-term pricing structures.

Environment, Health and Safety

Givaudan acknowledges that environmental issues as well as health and safety concerns shape the current and future sustainability of its business. As part of this awareness, our Environmental, Health and Safety (EHS) organisation has launched a number of initiatives to ensure the Company continues to innovate and perform without compromising the safety

Staff turnover by region	2010	%	2009	%
Asia Pacific	193	22	154	17
Europe, Middle East and Africa	417	47	448	50
Latin America	123	14	99	11
North America	152	17	194	22
Total	885	100	895	100