

Information Technology

Extending the implementation of the Outlook solution, an enterprise system based on SAP, continued to be the dominant activity for the Company and the Information Technology group during 2010. Outlook, which first went live at selected sites in 2008, was successfully implemented at the fragrance sites and at the finance organisation in North America. In addition, all fragrance and flavour sites in Spain and Latin America, including Mexico, Brazil, Argentina and Colombia, went live during 2010.

This work meant 1,360 new users were transferred, a record number in any one year, and brought the total number of users in the Company to 4,700, or 70% of all employees who will work with the Outlook solution. Roll-out in Asia Pacific has started and is scheduled to continue during 2011, with final deployments planned in 2012. The overall Outlook programme roll-out has been without significant problems and remains on schedule.

Internally, the IT organisation has been undergoing a structural re-alignment to better support the transition from the project implementation to an embedded SAP-based enterprise management system and to further align it with the SAP-based needs of the two divisions as well as the service organisations such as finance. This re-alignment, announced in 2010, will be implemented during 2011 in preparation for the move from the roll-out of Outlook to the day-to-day support of the new system and its associated SAP packages.

During the year, the IT teams continued to enhance their service offerings to the creation platforms in the Fragrance Division and the Flavour Division, including supporting marketing and consumer understanding with the development of

new tools. The implementation of a new business management and archiving tool to improve the preservation of key Company documents such as those relating to governance and compliance matters was also achieved during 2010.

In addition, the teams supported the introduction of IBIS, a global initiative for the improved management of Fragrance Division briefs. This new system, which will also soon be available to external partners, helps those in the fragrance briefing process in their day-to-day work. The expanding use of the iPhone encouraged the IT teams during the year, working with Fragrance Division, to develop iPerfumer, a free application available via the Apple Appstore that offers consumers online guidance when buying perfume.

Risk Management

Managing risk is an integral part of Givaudan's business. The Company actively promotes the continuous monitoring and management of risks at the operational management level on a day-to-day basis. We also operate a structured and continuous process of identifying, assessing and deciding on responses to key strategic risks at the Group level.

Risk Management is the responsibility of the Board of Directors which empowers the Executive Committee to lead the overall risk management process. The Givaudan Risk Management Charter, established by the Board of Directors, focuses on detailing the objectives and principles of risk management within Givaudan and formalising roles and responsibilities. It offers a framework for a pragmatic and effective risk management process to deal with the most relevant key risks which may affect Givaudan's business ability to achieve its critical objectives.

This risk assessment and management process is set out to be comprehensive, organised and documented in order to further enhance compliance with corporate governance regulations, guidelines and good practices. It involves business managers from all business areas and allows understanding risk profiles and of the opportunities and threats they present for the Company. This then allows adequate management and mitigation plans to be put in place to address the different risks.

Additionally, the overall Risk Management process facilitates disclosure of potential risks to key stakeholders and the Company's philosophy for dealing with them. At the same time, it reinforces the awareness of key executives of the magnitude of risks, provides risk-based management information for more effective decision-making, helps to safeguard the values of the Company and its assets, and protects the interests of shareholders.

Givaudan's management at various levels is accountable for ensuring the appropriateness and adequacy of the risk mitigation decisions at individual and combined levels, as well as for ensuring timeliness of their implementation. It is also responsible for tracking and reporting on progress of the risk mitigation programmes to the Executive Committee on a regular basis, with an overall high level review of risk assessment and mitigation plan provided periodically to the Board of Directors. Please also consult pages 83 to 88 of the Financial Report regarding our financial risk management.