

THE 2015 REPORT

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CORPORATE  
**SOCIAL**

*Responsibility*

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ROBERTET GROUP

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**R**obertet is a family business, founded in Grasse, France, in 1850. The company has developed over the years, led by five generations with the same passions: excellence and nature. Today, the Robertet Group is the world leader in natural raw materials, and employs nearly 2,000 people. The Group continues to be faithful to its founding values: long-term vision, innovation and creativity, respecting people, preserving biodiversity, contributing to the community (especially Grasse), and sharing know-how. These fundamental principles enable us to grow and meet market demands. Today, customers expect more than quality and product safety. The scope of corporate leadership is expanding beyond economic considerations to include social and environmental factors. This change implies important responsibilities with regard to stakeholders in our natural raw materials supply chains. It also means offering customers healthier products and developing cleaner production processes. Our ambition is also to further explore the potential of raw materials and develop the co-products of the plants from which we extract our flavors and fragrances. This mission, which draws on our natural product expertise, is the role of Robertet's new Health & Beauty division. To achieve all of these projects, the next step is dialogue on our sustainable development approach with all of our partners, upstream and downstream in the value chain. Progress on raw material sourcing and other challenges depends on collaboration among all the key players in our industry.

## PHILIPPE MAUBERT

CEO of the  
Robertet Group



# INTRODUCTION

ABOUT THE ROBERTET GROUP



#### KEY FIGURES

- **No.1** world leader in natural ingredients
- **€435** mn consolidated turnover in 2015
- **1 600** employees\*
- **900** natural raw materials purchased in over 60 countries
- **14** creation centers in the world

\* excluding the Group's marketing subsidiaries and joint ventures

## Presentation of the Group

Founded in 1850, the Robertet Group is a family company, whose main business is the production of natural raw materials, flavors and fragrances. Ever since its founding, the company has been specialized in natural ingredients, and today it is the world leader in natural raw materials. Robertet has progressively developed an integrated "Seed to Scent" approach, which provides complete control over the ingredient value chain. The Group is involved at every stage, from farming to transformation and creation.

Today, through its subsidiaries and holdings, the Group is active in eighteen countries on five continents. In France, the main business entities are:

**ROBERTET**, a pioneer on the natural raw materials market since 1850

**CHARABOT**, established in 1799, the oldest perfume enterprise still in business

**La SAPAD** (SA Plantes Aromatiques du Diois), the world leader in organic essential oils, with a 25% market share

**HITEX** specialized in supercritical CO2 extraction of natural active ingredients for perfumes, flavors and cosmetics.

## Our ambition

Our goal is to remain among the top ten enterprises in the fragrance and flavors industry. We will achieve this goal while respecting our values, for our values shape our identity and establish our reputation:

- Conserving our heritage
- Managing responsibly
- Working with a long-term vision
- Promoting creativity and innovation

## Key events in our history

### 1850 to 1930...

#### The development of natural ingredients

Two cousins, François Chauve and Jean-Baptiste Maubert, establish the company. A factory is built in Grasse, and the headquarters are transferred there. From the start, the focus is on natural ingredients, including a patent for instant coffee in 1880.

### 1930 to 1960...

#### Innovation above all

While continuing the distillation of natural ingredients, the firm innovates and develops new extraction technologies. The perfume division is created.

### 1960 to 1980...

#### Diversification

The new generation of the Maubert family creates the flavors division. The business develops, particularly in Europe and the US. Robertet becomes a listed company in 1984.

### 1980 to the 2010's

#### International development

The firm pursues growth internationally, opening subsidiaries and new offices in Europe, Latin America, and especially Asia. Natural raw material supply chains are established worldwide.

### ...And tomorrow ?

Since the recent creation of the Health & Beauty division, the Group has been capitalizing on its expertise in natural ingredients to innovate in the fields of well-being and nutraceuticals.





## OUR CSR APPROACH

*Long before the term CSR (Corporate Social Responsibility) was even coined, thanks to its business model, activities and corporate culture, Robertet had already adopted sustainable development principles, such as long-term thinking, sustainability of natural resources, preservation of biodiversity, the development of ancestral know-how, and human respect.*

## CSR Governance & Organization

Firstly, in 2008, Robertet decided to set up a **CSR Committee** to set and carry out an action plan, and to ensure better visibility, both internally and externally, of the projects conducted within the Group's subsidiaries.

The CSR Committee is a multidisciplinary team representing all of the strategic departments: Quality, HR, HSE (Health, Safety and Environment), Sales, Marketing, Communication, Purchasing and Regulatory Affairs. It is chaired by Julien Maubert, Director of the Raw Materials Division. The CSR Committee meets quarterly to collect information on actions taken within the Group, and to identify new actions to take in the short and medium term.

*Today, the structuring of CSR approaches – with the emergence of labels, certifications, supplier audits, and, generally speaking, the greater focus of all the key players in the value chain (the food, cosmetics and fragrance industries, as well as consumers) on CSR – requires the Robertet Group to formalize its approach, reinforce its actions, and improve communication on its results.*

## Ethics

In all of the countries where Robertet operates, the Group respects the laws in force and applies international human rights standards. Robertet's ethical principles are grouped together in a single document, the Robertet **Ethical Charter**, which is issued to and signed by all Robertet employees. Updated in 2013, the main principles of the Ethical Charter are:

- Respect of employees' rights (eg non discrimination, equal treatment, good labor relations, respect and courtesy for all)
- Occupational health and safety
- Product safety and quality
- Respect for the environment
- Confidentiality of customer information
- Durable relations with customers & suppliers
- Law abidance



## CSR Policy

In 2008, the year the CSR Committee was created, Robertet issued a *Sustainable Development Charter*. Although this charter was originally established for Robertet and Charabot in Grasse, most of these commitments are communicated and applied in the rest of the Group's subsidiaries, in France and in other countries.

Robertet's five sustainability commitments are the following:

- 1/ Ensure the continuation of the business, especially in the Grasse area.
- 2/ Develop and market products that respect our principles:
  - create, produce, sell and distribute responsibly, throughout the product life cycle
  - raise customer awareness of socially responsible purchasing
  - encourage suppliers to take socially responsible actions
- 3/ Conserve resources (water, energy, raw materials)
  - optimize logistics, choose cleaner modes of transport
  - control energy consumption
  - optimize water management
  - preserve biodiversity
- 4/ Reduce waste (emissions, packaging, consumables)
  - treat and recycle waste
  - consume less packaging
  - reduce pollution and disturbances related to our operations
- 5/ Contribute to the community
  - HR policy: equal employment, career development, work conditions
  - Support the local economy by hiring locally when possible

<sup>1</sup> For further information in English, see: [www.diplomatie.gouv.fr/en/IMG/pdf/Mandatory\\_reporting\\_built\\_on\\_consensus\\_in\\_France.pdf](http://www.diplomatie.gouv.fr/en/IMG/pdf/Mandatory_reporting_built_on_consensus_in_France.pdf)

A **CSR action** plan has been developed. For each of the five commitments, the CSR Committee reviews goals, actions taken or to be taken, expected results, time frames, statuses (not started, in process, done, suspended or dropped) and the persons responsible. The action plan is monitored and updated at each CSR Committee meeting.

## Publication of a CSR Report

This is Robertet Group's first CSR report. The primary purpose of the report is to comply with Article 225 of the French Grenelle II Act, requiring listed companies to publish social and environmental information in their management report<sup>1</sup>. Robertet's CSR report also aims to establish the links between sustainable development and the passion that drives performance and makes our Group distinctive.

The scope of this first report is limited to the Group's production units: Robertet SA (Grasse), Robertet Argentina, Robertet do Brasil, Robertet USA, Robertet de Mexico, Robertet UK, Robertet Turkey, Robertet Bulgaria, Robertet South Africa Aromatics, Robertet China, Charabot, SAPAD and Hitex. Robertet's marketing subsidiaries as well as the businesses in which the Group holds a minority stake (Fragrant Garden, SNN and Indulleida), are excluded except for certain sourcing indicators.

As this first report required collecting a large amount of CSR data from subsidiaries, some of the indicators are limited in scope or estimated. Where this is the case, methodological limitations are stated.

In order to present the Group's CSR approach in a fair and true manner consistent with its business, the report has three main sections: sourcing (Sourcing materials), industrial production (Transforming resources) and human resources (Valuing people). The table in Appendix 1 shows compliance with Article 225 of the Grenelle II act on mandatory CSR reporting.

### ESR CERTIFICATION OF SAPAD

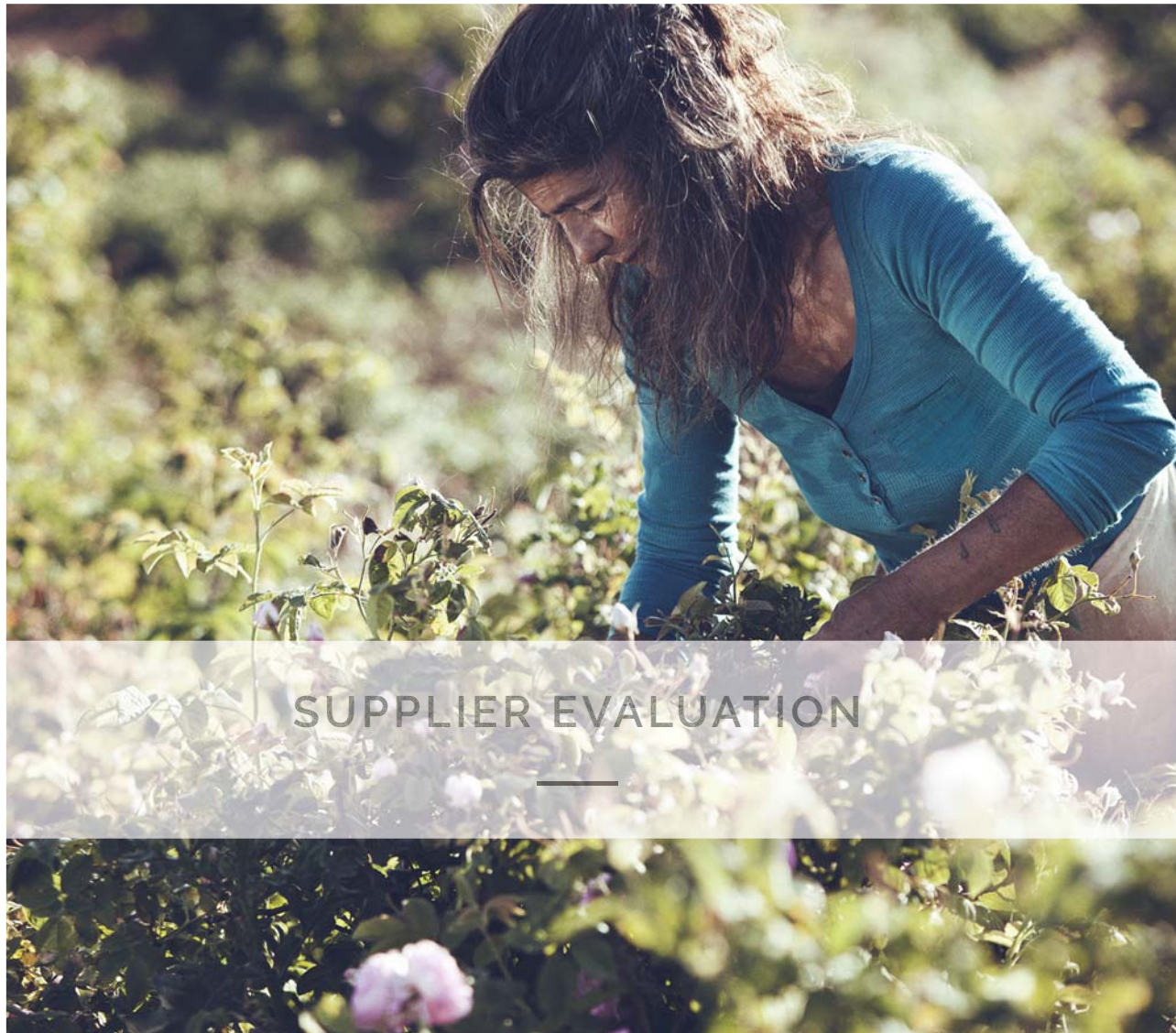
ESR (Equitable, Solidaire et Responsable) is a CSR and Fair Trade standard closely based on the international CSR norm ISO 26000. The certifying body for ESR is Ecocert Environnement, one of the largest certification organizations in the world. SAPAD's three sites have been evaluated yearly by Ecocert since 2013. In 2015, as in the previous years, SAPAD was awarded the "Responsible" label and achieved the "Excellence" performance level of the standard, once again demonstrating SAPAD's commitment to sustainability. ESR certification, alongside other certifications SAPAD has earned for organic and fair trade products, represents the success of the company's CSR policy.



# SOURCING MATERIALS

*It all starts here – with the discovery of the finest natural ingredients in the world. There are several sustainable development challenges in sourcing raw materials. Firstly, one has to prevent procurement risks, ensure quality over time and effectively manage the supply chain. This cannot be done without attention to preserving biodiversity, and conserving natural resources. We must also safeguard the richness of the soil and sustain traditional farming specific to the local socio-economic context and the needs of the local community. The Robertet Group is dedicated to these principles and implements its own unique procurement policy, which can include exclusive partnerships throughout the world and long-term support of local producers.*

*Stéphanie Groult, Purchasing director, Robertet Group: "Loyalty, authenticity and knowledge transfer sum up the guiding principles underlying our sustainable 'seed to scent' approach."*



## SUPPLIER EVALUATION

*To ensure raw material quality and secure the supply of the most strategic raw materials, the Group Purchasing team continuously evaluates procurement sources. In fact, being directly involved in sourcing enables Robertet to satisfy the most demanding perfumers, flavorists and clients. Factors taken into account in supplier assessments include: crop-specific risks (wild or farmed raw materials), climate risks, geopolitical risks, and economic risks.*

According to the results of the evaluation process, the Robertet Group selects one of four possible sourcing approaches:

1. Conventional purchasing
2. Partnership
3. Joint venture
4. Subsidiary

Having a range of approaches enables Robertet not just to secure its supply chain, but also to continually discover new raw materials. Thanks to its global partner network, the Group can add around twenty new ingredients to its catalog each year. Robertet can also explore new markets. For instance, the Group has just set up a joint venture with the Spanish company Indulleida, specialized in fruit growing, to develop on the beverage and fruit juice market. The supplier evaluation process includes CSR criteria. Sustainable development requirements are closely tied to the strategic need to secure supplies and improve raw material quality.

For this reason, the Robertet Group uses three distinct tools:

- The Supplier Charter
- CSR questionnaires
- CSR audits

## Supplier Charter

The Group has established a **Supplier Charter** to recall five ethical commitments Robertet suppliers are required to make:

- Compliance with all applicable laws and regulations
- Le Respect of labor law, particularly with regard to child labor, forced labor, freedom of association, collective bargaining, equal opportunity, remuneration and work conditions
- Occupational health and safety
- Environmental protection
- Ethical behavior, especially with regard to confidentiality of information, and gifts and invitations.

## CSR Questionnaires

Robertet Grasse and Charabot send two different questionnaires to their suppliers:

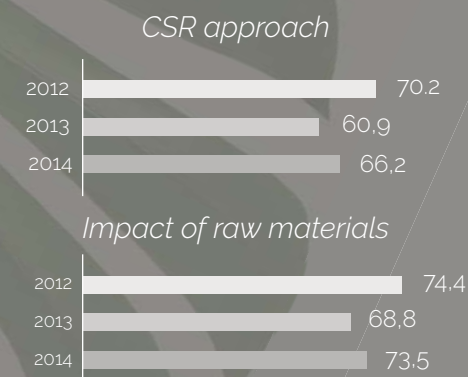
- The first addresses the supplier's **CSR approach**. The questions concern: the supplier's CSR organization; measures to respect labor law and ensure employee health and safety; conservation of natural resources (origin and sustainability of raw materials, environmental impact of manufacturing processes, water and energy consumption); community action (local purchasing and hiring, support of social or educational projects); and finally the CSR approach taken with their own suppliers.
- The second assesses the **environmental impact of the raw materials** supplied. The questions concern the fundamental characteristics of the raw material (type, processing location, geographic origin, durability, certification, traceability); resources used (water, energy, transport); and pollution generated (waste, water effluents, air emissions, packaging, disturbances).

The supplier evaluation process is conducted progressively. The Purchasing team of Robertet Grasse and Charabot first sent out the two questionnaires to one list of suppliers in 2012, to a second list in 2013, and a third list in 2014. The fourth list is now in process, with questionnaires going out over the course of 2016. Since 2012, 70 suppliers have been surveyed, representing 70% in value of total natural raw materials purchases made by Robertet Grasse and Charabot. The objective is to reach 85% by 2018.

Suppliers are graded as follows: A (>70%, high performance); B (between 40 and 70, average performance); or C (<40%, low performance). Certain criteria are considered critical and may pull the suppliers' score down despite good results on other criteria. This is the case, for example, with questions on geographic origin (know or unknown), or durability (whether the resource is under control or not). Based on this grade, Robertet may decide to audit the supplier. Such a decision is based on concertation, considering the strategic aspect of the raw material, and the requirements of the Group's clients.

Of 70 suppliers surveyed, 97% have replied. Only 9% scored under 40 on the "CSR approach" questionnaire and only 4% on the "Impact of raw materials" questionnaire.

### MEAN SCORES PER SUPPLIER LIST



## CSR Audits

It is Robertet's policy to conduct at least one audit a year, focusing either on a particular supplier country, or on a particular product family. The aim is above all to help the supplier improve if its practices are unsatisfactory. As long as there is a real capacity for improvement Robertet will not drop the supplier, the Group prefers to work out an action plan with them.

CSR audits are conducted by an external, independent service provider, who evaluates human rights and labor law compliance (eg child labor, employment contracts, health and safety), as well as environmental protection issues (eg preservation of resources, use of pesticides or synthetic fertilizers). The audits are generally conducted at harvest time, when employment and corresponding risks are highest.

The audit report determines the supplier's risk and performance levels, considering both international regulations and local standards.

In 2014, Robertet audited three rose suppliers: two audits of its own subsidiaries in Turkey and Bulgaria, and one Moroccan supplier.

- The results of the Robertet audit in Bulgaria were satisfactory overall, although some points for improvement were noted for local rose suppliers, with regard to working conditions of seasonal pickers. Robertet has planned an awareness campaign for rose growers to improve conditions by the next harvest.
- The audit of Robertet Turkey and of the rose supplier in Morocco revealed several instances of nonconformity. Action plans were therefore set up and implemented, including, for example, raising awareness of local rose producers and taking occupational health and safety methods. For each of these entities, a follow-up audit was conducted the following year.

In addition to the follow-up audits in Turkey and Morocco, in 2015, Robertet conducted an audit of a natural raw materials supplier in Tunisia. The results were satisfactory.







907 natural raw materials purchased worldwide in 2015

11 177 tons of natural materials purchased

## SUPPORTING PRODUCERS

*To secure the most strategic supply chains, it is necessary to go beyond supplier evaluation and get more directly involved in sustainably improving farming of natural raw materials. This may be through a subsidiary, a joint venture or a partnership. Whatever the form of Robertet's commitment, the ultimate aim is long-term collaboration. In Robertet's Grasse and SAPAD subsidiaries, 65 partnerships over three years old were operating in 2015, representing nearly 25% of the total number of natural raw materials suppliers of the two entities.*

*The numerous facets of Robertet's supplier cooperation are detailed below.*

### Farming Practices

The Robertet Group possesses very little of its own land, but can have farmers – through formal or moral partnerships – grow specific crops on the Group's behalf. In fact, an estimated 547 tons are indirectly grown by partner suppliers for the French subsidiaries Charabot, Robertet Grasse and SAPAD. This amounts to nearly 14% of these subsidiaries' natural raw materials purchases.

To support its producers, Robertet can provide: seeds or plants to develop specific qualities; agronomic advice on the crops and harvesting methods; or information on the risks of handling and using pesticides. In Turkey and Bulgaria, for example, local suppliers receive pesticide training from a Group expert, every year before each harvest campaign.

One of the Group's medium-term objectives is to develop organic farming. In South Africa, for instance, Robertet directly grows organic rosemary and jasmine in the fields around its factory. Robertet encourages producers in its supply chain to switch from conventional farming to sustainable farming or organic farming, where the soil is kept free of any trace of chemical products. In 2015, 93 of the 907 natural raw materials purchased by the Group were certified organic. In volume, the Group purchased 427 tons of certified organic raw materials, 13% more than in 2014. Organic represents 4% of the Group's total natural raw materials spend. The subsidiary that contributes the most to this result is SAPAD, specialized in essential oils, who bought 181 different varieties and 389 tons of certified organic raw materials, which represents 93% of its total purchases.

### Traditional Know How & Biodiversity

Robertet wishes to share and exchange knowledge with local farmers. The aim is to maintain and preserve their know-how in the long term. In the Comoros, for example, the Group has supported young people who wanted to grow ylang-ylang, so that the knowledge of the older generations would not be lost.

A number of varieties are grown in countries with high levels of biodiversity. This richness can be protected by maintaining local know-how, by promoting sustainable farming and by taking concrete planting actions. In Madagascar, Robertet is working with a Malagasy family via a joint venture to plant 10,000 ylang-ylang plants with them per year, to ensure the plant's conservation. To protect biodiversity, the joint venture has also left several hectares of virgin forest, and surveyed local flora and fauna. In New Caledonia, Robertet decided to create a joint venture with members of a Kanak community to produce sandalwood oil, and in 2009, a vast FSC-certified reforestation program (in progress) was set up to replant trees in their natural biotope. Under this program, over 15,000 trees are replanted each year.

These actions are in line with the Nagoya protocol on access and benefit-sharing, adopted at the 2010 UN conference on biodiversity. The Nagoya protocol seeks to promote fair sharing of the benefits of using genetic resources, to preserve biodiversity, and to fight biopiracy.

### Technical & Financial Support

The Robertet Group can also provide its suppliers with financial and technical support. Firstly, for farmers, Robertet has established many partnerships to prefinance crops. For example, in Senir, Turkey, the Group has been financing rose farms 50% for the last 60 years, providing minimum income in advance to 20,000 producers, harvesting over 1,000 tons of rose petals per year. On a smaller scale, in South Africa, Robertet prefinances spilanthus farming, guaranteeing income to 30 people who make a living growing these African sunflowers.

Secondly, for suppliers with production facilities, Robertet can prefinance equipment to help them improve their manufacturing technologies and processes. For example, in Nosy Bé, Madagascar, the Group contributed to purchases of stainless steel equipment,

which both 907 natural raw materials purchased worldwide in 2015 11,177 tons of natural materials purchased (37% of the Group's total volume of raw materials purchased) 13 reduced the environmental impact of the distillation process, and increased the quality of the ylang-ylang oil produced. In New Caledonia, Robertet built a distillation and extraction unit that operates with recycled solvents. In Egypt, the Group contributed to its suppliers' R&D, to optimize yield and develop new processes for growing and extracting jasmine.

### Local Development

The Group sources certain raw materials from developing countries where there are real issues of poverty, infrastructures and access to education. Robertet gets involved with local communities and contributes to medical care, development of infrastructures or rural education (eg equipment donations, funding of school transport). This support may be provided directly, or through local NGOs.

In Madagascar, SAPAD has sponsored an organization called SCHOOL since 2003. SCHOOL brings together organic enterprises and producers wishing to promote children's schooling. The philosophy is to participate in children's education by emphasizing local traditions, hygiene, organic farming, and forestry, in a way that suits local constraints. Firstly, SCHOOL uses donations to build schools and projects dedicated to social well-being (eg drinking water infrastructures, paddy seed banks) for rural populations in the Manakara region. Secondly, SCHOOL runs a sponsorship system between European and Malagasy families aimed at getting children into school. The funds contributed by SAPAD are collected from packaging recycling revenues. In 2014, SAPAD contributed €5,000 to SCHOOL and sponsored the schooling of a dozen children.

Robertet's sponsorship policy is not limited to developing countries. In France, the Group provides financial aid to local institutions related to its business (eg the Perfume Museum) or acts in the health and sports fields. In 2015, Robertet spent around €75,400 on charitable actions in France and abroad.

82 prefinancing partnerships signed by the Group in 2015

5 977 687 € dedicated to prefinancing in 2015

## SUBSIDIARIES AND JOINT VENTURES



## PARTNERSHIPS





## *TRANSFORMING RESOURCES*

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*Raw materials flow from the field to the plant. In combination with other resources, they will be transformed into ingredients, flavors or fragrances. There are two major challenges. Firstly, the qualities of the raw materials must be conserved throughout the transformation and creation process. This know-how is the heart of Robertet's core business and expertise. Secondly, Robertet must minimize the environmental impact of the production process, in the same way it strives to protect the environment when sourcing raw materials.*

*Robert Sinigaglia, Production Director, Robertet Grasse: "Before listing a product, we must ensure that it is perfectly harmless. We must see how the product acts over time, find the most suitable processing method, and ensure that the required resources are regularly available and sustainable. All of this requires long months of studies and trials. Preparation can even take years, when it concerns a flower that blooms only once a year."*



## QUALITY POLICY

*The Robertet Group implements a quality policy in all of its subsidiaries. The Group is committed to optimizing processes through a continuous improvement approach based on a quality management system and certifications. On customer request, Robertet also submits to Sedex Members Ethical Trade Audits (SMETA), to show the CSR performance of its production sites.*

## Quality Management System

In Grasse, Robertet has established a quality management system which includes an employee quality manual, job instructions and procedure sheets, and specific information on manufacturing processes. A roadmap with short-term quality objectives is displayed at key points. Key Performance Indicators are established to monitor the company's performance and results. These indicators include for example the number of founded or unfounded customer claims; claim processing time; and mean lead time for providing products. In 2015, results actually surpassed objectives for number of founded customer claims (see table below).

The subsidiaries hold training to raise employees' quality awareness. Each subsidiary adopts the most suitable quality system for its respective line of business. For example, for their essential oil production, SAPAD has developed Good Manufacturing Practices (GMP) for pharmaceutical raw materials. These GMP are evaluated by the ANSM, the French medicine safety authority. Robertet Grasse has adopted an FDA program called HACCP (Hazard Analysis and Critical Control Point) for the food market, and also complies with pharmaceutical and cosmetics GMP.

### Quality management system results (Robertet Grasse only):

Indicator: founded customer claims / products sold	2015 RESULTS	2015 TARGETS
Flavors	0,32%	0,4%
Fragrances	0,12%	0,3%
Raw materials	0,61%	0,8%

## Certifications

Just as with quality programs, each subsidiary chooses the most relevant certification, according to the local context, and to the requirements of its business. A few examples:

- For food quality and safety, Robertet Grasse is BRC certified (British Retail Consortium), Robertet USA is certified SQF 2000 (Safe Quality Food), and Robertet Brazil and Robertet China are both certified FSSC 22000 (Food Safety System Certification)
- SAPAD is certified for its production processes (ANSM GMP and "Responsible" rating by Ecocert Environment), and for its finished products (Organic, Demeter, Max Havelaar, Kosher for food, Greenlife and Cosmos for cosmetics)
- Finally, nine sites of Robertet Argentina, Charabot, Robertet China, Hitex, Robertet Mexico, Robertet Grasse, and Robertet UK, (45% of the Group's sites) are certified ISO 9001.

### FRENCH NATIONAL EPV LABEL

EPV stands for *Entreprise du Patrimoine Vivant* ("Living heritage enterprise"). It is awarded by the French government to French companies recognized for their craftsmanship and industrial excellence. Robertet and Charabot both earned this distinction in 2012.



## SEDEX Members Ethical Trade Audits

Robertet also wishes to assess its CSR performance at production sites, as this is a determining factor in product quality. Committed to meeting customer requirements and their wish to audit their suppliers, the Robertet Group has decided to regularly undergo Sedex Members Ethical Trade Audits (SMETA).

Sedex is a platform for exchanging information on CSR performance. At its clients' request, Robertet has been a Sedex member since 2007. Membership allows auditees to share their audit results via the Sedex platform. The advantage of this for clients, is that they do not have to conduct their own audits for each strategic supplier, and SMETA standards make it easy to compare suppliers. SMETA appraises corporate practices in four areas: work conditions, health and safety, environment and business ethics. When a non-conformity is identified, countermeasures are determined and put into action. The SMETA audit also provides a list of good practices observed.

Since 2013, Robertet Grasse, Charabot, Robertet Brazil and Robertet Mexico have all undergone a SMETA audit. This represents **30%** of the Group's sites worldwide.



## RESPECTING THE ENVIRONMENT

*Transforming materials to create fragrances and flavors is an art, but it remains an industrial process nonetheless, with significant environmental impact. To limit this impact, Robertet has an environmental management system that aims to reduce natural resource use and minimize pollution.*

### HSE Policy

Environmental management, like quality systems, is adapted to the business of each subsidiary. At Robertet Grasse, for example, environmental policy is managed by the HSE (Health, Safety and Environment) manager at each site. Robertet USA has its own HSE policy, which states that the company is to operate in a socially and ecologically responsible manner; consider HSE in its processes and decisions; and implement practices which reduce resource consumption and pollution.

In all of its subsidiaries, the Group attempts to raise employee awareness of environmental protection issues, especially waste management. At SAPAD, for example, all newcomers receive information on organic farming and the company's CSR policy.

As the Group's sites are ICPE<sup>2</sup> facilities, they must have measures to prevent environmental risks. In 2015, the Group spent approximately €5.6mn on environmental damage insurance.

Reducing environmental impact related to the production process is a real challenge, and the Group is committed to continuous improvement in this area. In 2011, Robertet Grasse set a goal of reducing water, energy and packaging consumption, as well as greenhouse gas emissions, by 3% per ton produced per year.



## Resource Management

### Water management

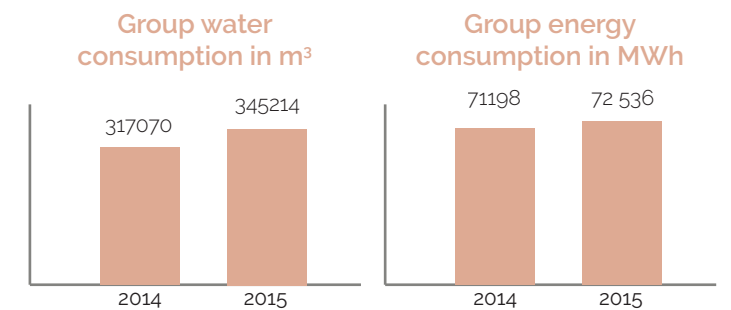
Generally speaking, the Robertet Group tries to reduce water consumption, by installing rain water recovery, closed circuit, and other water-saving systems.

As shown in the graph below, total estimated Group water use<sup>3</sup> nevertheless rose 9% between 2014 and 2015. This increase is mainly due to the opening of a new flavors production site in Brazil in September 2014 and to increased output in China.

### Energy consumption

The Robertet Group is installing energy-efficient equipment (eg boilers, water heaters, lighting) and energy recovery systems in its subsidiaries. Attention is also paid to building energy consumption. In compliance with French regulations, the 2016 energy audits to be conducted at Robertet Grasse and Charabot will identify further avenues for saving energy.

Total energy consumption (electricity, natural gas and fuel oil) was 72,536 MWh in 2015 – a 2% increase against 2014, reflecting the general output increase of most of the subsidiaries.



### Green chemistry

The Group aims to respect the twelve principles of green chemistry (see box) by the year 2020. Green chemistry has been an important R&D objective at Robertet for over ten years, firstly to develop purified extracts, such as essential oil fractions, without natural allergens.

Secondly, to develop more ecological processes, such as alternatives to classic fossil-based solvents. For example, the Group has developed a patented formula for supercritical CO<sub>2</sub> extraction from flowers (eg rose, jasmine, orange blossom) as an alternative to hexane. This innovation stems largely from the acquisition in 2014 of the company Hitex, specialized in this very technology. Hitex processes have also enabled the Group to no longer use dichloromethane to extract flavors, which generated unrecyclable waste. Finally Robertet R&D is dedicated to more efficient use of aromatic plants, by developing active co-products in addition to their fragrance fraction.

<sup>2</sup> French national environmental protection classification

<sup>3</sup> Data from water meters and bills, except for Robertet Turkey, whose consumption was estimated.

## PRINCIPLES OF GREEN CHEMISTRY

- 1 Prevent waste
- 2 Atom economy
- 3 Less hazardous synthesis
- 4 Design benign chemicals
- 5 Benign solvents and auxiliaries
- 6 Design for energy efficiency
- 7 Use of renewable feedstocks
- 8 Reduce derivatives
- 9 Catalysis (vs Stoichiometric)
- 10 Design for degradation
- 11 Real-time analysis to prevent pollution
- 12 Inherent benign chemistry for accident prevention

Source: [www.acs.org/content/acs/en/greenchemistry/what-is-green-chemistry/principles/12-principles-of-green-chemistry.html](http://www.acs.org/content/acs/en/greenchemistry/what-is-green-chemistry/principles/12-principles-of-green-chemistry.html)

## Reducing pollution

### *Water, air and soil pollution*

As Robertet sites are ICPE<sup>4</sup> facilities, they must comply with strict pollution regulations. The sites use several systems to limit air pollution (eg installation of steam condensers to control VOC emissions, monitoring NO<sub>x</sub> and CO emissions from boilers) and water effluents (eg strict management of solvent residues, water purification through distillation, rainwater recovery, onsite methanization water treatment, regular water analysis). Soil pollution risks are also analyzed and limited by dedicated installations, such as retention tanks and tarps.

### *Noise and odor disturbances*

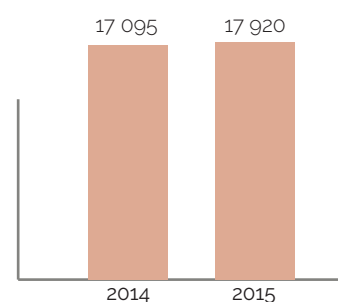
In Grasse, where Robertet production sites are not far from downtown, the Group has installed specific systems to shield the town from noise (anti-noise wall, acoustic cladding, natural barriers). Furthermore, very little business is done at night. Odor disturbances are prevented by the use of dust extractors and gas scrubbers.

### *Climate change*

The two subsidiaries the most active in the fight against climate change are Robertet USA and SAPAD. Robertet USA has set up a videoconference system to reduce the need for business travel. SAPAD promotes carpooling, prefers sea to air shipping, groups shipments to minimize transport, and works with transporters who have an established environmental policy. The company has also recently acquired two hybrid vehicles. Finally, both subsidiaries use renewable energies. Robertet USA has installed solar panels that generated 783 MWh in 2015, virtually 10% of their total electricity consumption.

The Group's greenhouse gas emissions, estimated from energy consumption figures for all the subsidiaries (electricity, natural gas and fuel oil) represented 17,290 tons<sup>5</sup> of CO<sub>2</sub> equivalent in 2015.

Greenhouse gas emissions in tons CO<sub>2</sub> eq



<sup>4</sup> French national environmental protection classification

<sup>5</sup> Greenhouse gas emissions are calculated from the ADEME (the French Environmental agency) carbon database. Specific emission factors for countries where the Group operates were identified for electricity. On the other hand, general emission factors for Europe (not differentiated by country) were used for natural gas and fuel oil.



## Waste<sup>6</sup>

Throughout the Group, Robertet seeks ways to reduce and recycle waste. A few examples:

### Robertet Grasse

Plant wastes from extraction workshops are used to make co post in compliance with specific standards. Other production waste is recycled for energy or materials. Packaging materials are sorted and sent to outside recycling facilities. In 2015, 83% of Robertet Grasse waste was recycled. In coming years the company aims to increase this ratio with new recycling solutions.

### Robertet USA

The company undertakes to reduce product packaging. The company has managed to recycle part of its flavor production residues, which can be used in animal foods.

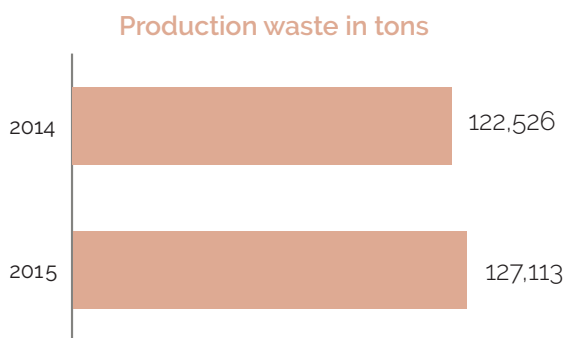
### Hitex

In 2015, 97% of the company's production waste was recycled as compostable matter.

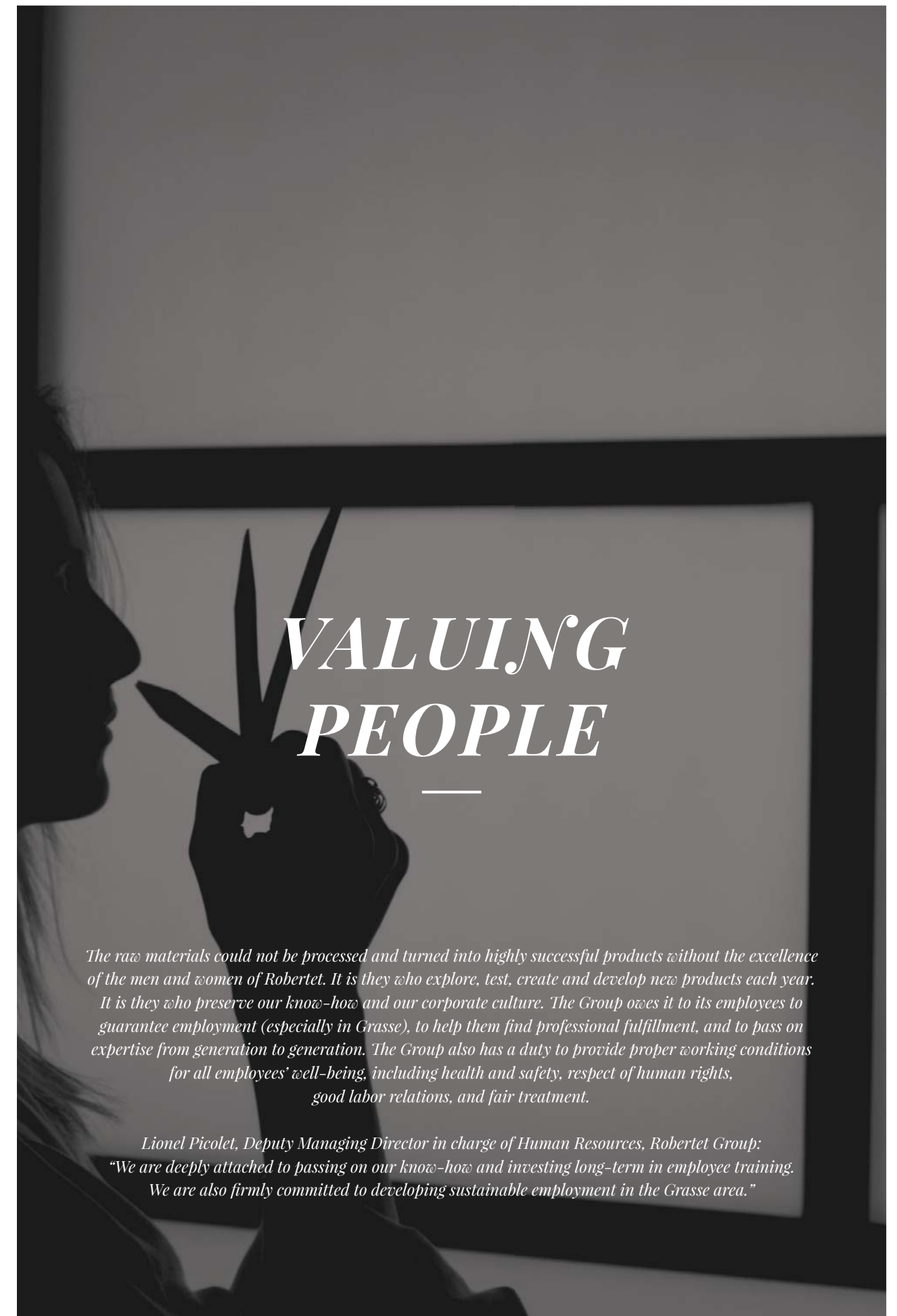
### SAPAD

In 2015, 85% of its production waste was transformed into compost. Also, 100% of the packaging waste is recycled.

Although it is not systematically traced and measured, in subsidiaries in other countries, such as Turkey, Bulgaria and South Africa, plant waste is also transformed into compost used by neighboring farms.



<sup>6</sup> The production and packaging waste data above excludes Robertet subsidiaries in South Africa and Bulgaria. Production waste data includes wastewater volume.



# VALUING PEOPLE

*The raw materials could not be processed and turned into highly successful products without the excellence of the men and women of Robertet. It is they who explore, test, create and develop new products each year. It is they who preserve our know-how and our corporate culture. The Group owes it to its employees to guarantee employment (especially in Grasse), to help them find professional fulfillment, and to pass on expertise from generation to generation. The Group also has a duty to provide proper working conditions for all employees' well-being, including health and safety, respect of human rights, good labor relations, and fair treatment.*

*Lionel Picolet, Deputy Managing Director in charge of Human Resources, Robertet Group:  
"We are deeply attached to passing on our know-how and investing long-term in employee training. We are also firmly committed to developing sustainable employment in the Grasse area."*



## SUSTAINABLE EMPLOYMENT

*The first responsibility of a company to the local community is to maintain and promote local employment. This is particularly true for Robertet, as a fragrance leader established 150 years ago in Grasse, a city known as the world's fragrance capital. To see the impact of Robertet's commitment, the Group measured its economic footprint for 23 local communities in the Grasse area, as well as for the greater Alpes Maritimes area. The main results are shown below.:*

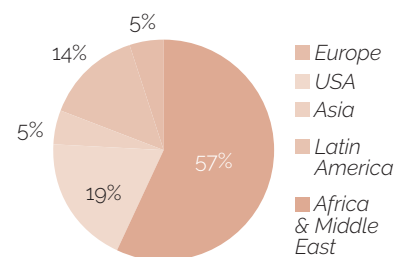
### THE ECONOMIC IMPACT OF ROBERTET AND CHARABOT IN THE GRASSE AREA<sup>7</sup>

- Communities in the immediate Grasse area: Robertet Grasse and Charabot have 938 direct jobs, which sustain 159 indirect jobs in the supply chain, and an additional 129 jobs induced by consumption of Robertet supply chain households, as well as expenses by local public administrations, representing a total of **1,226 jobs** in the Grasse area.
- In the Alpes Maritimes département<sup>8</sup>: In addition to the 938 direct jobs in Grasse, the Group supports 404 indirect jobs and 413 induced jobs. In total, the Group thus represents **1,755 jobs** in Alpes Maritimes.
- In France: the Group's business in Grasse supports a total **3,328 jobs** throughout the country, ie a multiplier effect of 3.5 compared to the initial 938 direct jobs sustained in Grasse.
- The five main sectors impacted are: chemical production, employment services, public administration services, hotels and restaurants, and retail.

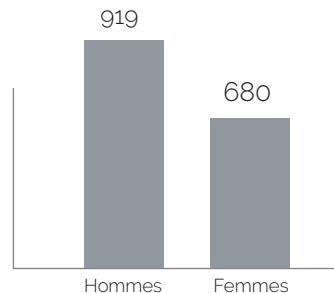
Beyond the Grasse area, Robertet's global headcount in 2015 was 1,599 – excluding sales subsidiaries and joint ventures. This is up 2% against 2014. The Group's output has been increasing, and in 2015 Robertet hired 254 new people vs 216 departures, thus representing a net gain of 38. Robertet is dedicated to keeping talent, as shown by the Group's mean seniority (including new entities like Robertet Bulgaria and Robertet China) of 13.5 years in 2015.

Robertet ensures that all its employees receive fair remuneration and benefits. In 2015, Robertet signed an annual collective agreement on remuneration, including a bonus scheme and an 85% contribution to the cost of supplemental health insurance. The Group's will to offer benefits also applies to subsidiaries in other countries. For example, at Robertet USA and Robertet South Africa, employees also receive company subsidized health coverage. In 2015, total gross remuneration in the Group was €74.5mn, up 5% against 2014. Beyond monetary compensation, the Group seeks to strike a fair balance between work and family life. For example, Robertet offers employees parental bonuses until the children's 18th birthday, and three years ago, the Group co-financed the creation of an inter-company daycare center in Grasse.

Headcount broken down by geographic area in 2015



Headcount broken down by gender in 2015



<sup>7</sup> Robertet's economic impact was estimated using the Local Footprint® model, based on Eurostat data and recognized scientific literature (eg Nobel prize winner Wassily Leontief's algorithm, and research by the University of Bristol).

<sup>8</sup> French administrative division, like a state or county



## PRESERVING PRECIOUS KNOW-HOW

*Preserving know-how is one of the Robertet Group's core values for several reasons. Firstly, the Group includes companies like Robertet and Charabot, with a long history and unique know-how developed over the decades. This expertise is part of the Group's intellectual capital and is one reason for Robertet's outstanding reputation on the flavors and fragrances market today. Secondly, as a family company, Robertet firmly believes in preserving one's heritage, with a real long-term vision. Finally the Group's heart and soul is in Grasse, historically known for its fragrance industry. By preserving its know-how, Robertet contributes to the preservation of the fragrance trade in the Grasse area.*

### From Generation to Generation

Corporate culture and know-how are transmitted from one employee to the next, day by day, often on an informal basis. Tools have nevertheless been developed to facilitate knowledge sharing. For example, a collective agreement was signed in 2014 concerning crossgenerational teaming. Under this plan, the aim is to hire 4 to 6 people under age 30 on permanent contracts, 15 young people on apprenticeship or qualification contracts, and 25 interns, each year for the duration of the agreement. Robertet also committed to hiring 3 people over age 50 per year, and to maintaining the proportion of older people in the workforce at 20%. Under the agreement, older employees are paired with young recruits in order to pass on precious knowledge gained over the years before they retire.

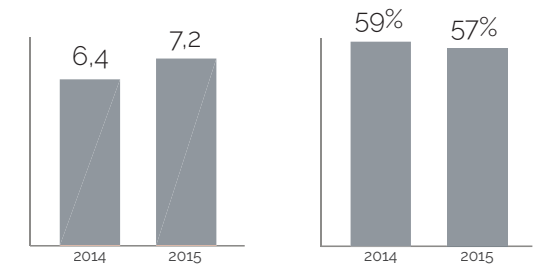
Senior/junior pairs were set up not just for core business (eg creation of fragrances) but also for support functions (eg technical, sales, accounting).

### Training & Development

Another way to develop skills and hone expertise is occupational and management training. Robertet provides a wide range of training courses covering the various needs of its employees, including: fragrance and flavors, chemicals, legislation, management and communication, personal development, and IT. In order to continually match training supply and demand, employees are asked to fill in questionnaires on their perception of their training and how it has helped their work. Managers and supervisors are reminded of the importance of identifying employee training needs.

In 2015, the Group's training expenditure was €550,665, down 6% against the previous year, due largely to a cut in training subsidies in the US. Nevertheless, the mean number of training hours rose 12% between 2014 and 2015

Mean hours of training per employee | Percentage of staff having received training



### "A SCHOOL BY ANY OTHER NAME WOULD SMELL AS SWEET"

*In 2010, Robertet established its own perfume school called L'Ecole de Parfumerie Robertet. The objective is to promote diversity and originality among perfumers and to preserve traditional Grasse know-how. The school offers tiny classes.*

*In fact, it admits only three students a year. Students attend a full-time 2 - year program with Robertet's own team of perfumers. The students may be current or aspiring future employees of the Group.*





## WORK CONDITIONS

Even as the Group continues to grow, it strongly wishes to maintain a very human approach to employee relations. Robertet is particularly attentive to the quality of work conditions in the Group. This means improving occupational health and safety, and maintaining constructive labor relations.

### Occupational Health & Safety

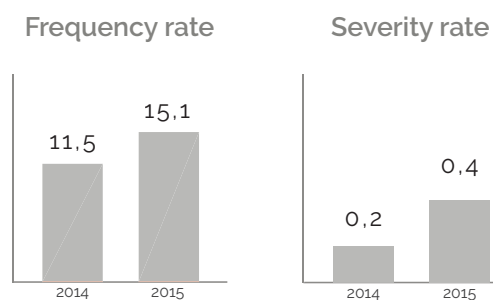
Under the Group's HSE management system (Health, Safety and Environment), there are several means of reducing the risk of accidents. First of all employees are made aware of occupational risks prevention. Health and safety are presented in the Employees manual handed out to all newcomers at Robertet Grasse. Safety audits are also conducted. Furthermore, given our production processes, employee exposure to hazardous chemical substances is verified, and limited to the extent possible (eg replacement of hazardous products with less dangerous ones). Finally, Robertet recently decided to set up an internal Psychosocial risk commission to minimize this type of risk.

### Labor Relations

As a family business the Robertet Group prefers open and direct discussion, including between management and personnel. In countries such as France, labor relations are regulated, and employees are entitled to elected representative bodies (eg staff representatives, union representatives, company works councils, Employee Health, Safety & Working Conditions Committees) who meet regularly. In 2015, seven collective labor agreements were signed of which two concerned health and safety issues (eg health insurance benefits).

OCCUPATIONAL HEALTH & SAFETY FOR ALL OUR EMPLOYEES AROUND THE WORLD

- In Bulgaria, technical and safety training is provided to each new employee, prior to each harvest (rose, lavender)
- In Argentina, health and safety training is offered twice a year
- In Turkey, health and safety standards have been tightened, particularly concerning protective equipment and safety rules
- In the US, a Wellbeing show is held each year with thirty or so exhibitors, to promote healthier lifestyles to employees



## EQUALITY AND HUMAN RIGHTS

Robertet's Human Resources policy also includes two fundamental issues: gender equality, and more broadly, the respect of human rights.

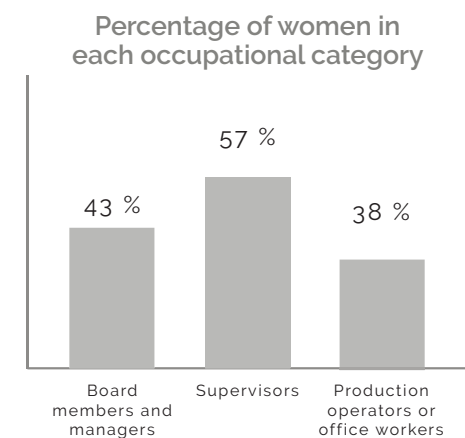
### Gender Equality

Robertet Grasse signed a three-year collective agreement on gender equality in December 2013. Its major goal is to maintain at least 45% women in the headcount.

The agreement covers action in four areas:

- Recruitment: adaptation of certain workstations to make them more accessible to women
- Training: people returning from parental leave will be given precedence for training
- Effective remuneration: people returning from maternity or adoption leave will benefit from the same pay raises as other employees during the leave period
- Work/life balance: Robertet finances daycare for two children per employee and reserves parking spaces for pregnant women.

In 2015, at Group level, women represented 43% of total headcount.



### Respect of Human Rights

In light of some of the countries where Robertet does business ; and the fact that its raw materials suppliers work in agriculture, the Group is exposed to human rights risks.

Robertet strictly prohibits its subsidiaries, suppliers and partners from using forced or illegal labor. This can be an issue, for instance, in countries with migratory flows, or where farmers use seasonal workers at harvest time. In 2015, Robertet South Africa audited its employment contracts, including for temporary and seasonal workers. The company also makes sure that work permits are properly managed.

With regard to child labor, the Robertet Group forbids employment of minors under age 16. Nonetheless, the Group tolerates some child employment when the work is light, safe for the child's health and development, contributes to their education, and does not interfere with schooling. This is the case in some supply countries where children tend to help their parents in the fields. In such cases, the Group is very vigilant that this is an occasional activity that will not harm their well-being or education, and that it complies with International Labor Organization (ILO) standards. Each year, the Group runs awareness campaigns on this subject.

Finally, certain subsidiaries – Charabot, Robertet Mexico, Robertet Brazil and Robertet China run an internal, voluntary (non-certified) SA 8000 program. SA 8000 is a standard based on UN and ILO human rights conventions. It covers labor issues (eg child labor, forced labor, discrimination, and trade union rights) and work conditions (eg health and safety, work organization, remuneration).

## WHAT THE NEW GENERATION HAS TO SAY

**O**ver the years, from generation to generation, the Robertet Group has stood out because of its expertise and its position on natural raw materials. In its quest for excellence, the Group has developed a holistic approach to sourcing. We have long realized that respecting social and environmental values ultimately leads to higher quality ingredients. Beyond sourcing, the Robertet Group has been striving to progressively limit the environmental impact of its industrial processes. Furthermore, since the company's founding, Robertet has always handled human relations from the perspective of a family business, founded on shared passion, respect, trust, and professionalism.

The challenge in the years to come will be to build on the CSR approach we have started, and ensure that all of our subsidiaries and employees worldwide adhere to our CSR policy and uphold the values that underlie the unique character of the Robertet Group.

*Julien Maubert*  
Director of the Raw Materials Division &  
President of the Group CSR committee



# APPENDIXES

Key Performance Indicators  
Compliance with Article 225 of the Grenelle 2 act

## KEY PERFORMANCE INDICATORS

SOURCING MATERIALS	UNIT	2014	2015
<b>SUPPORTING PRODUCERS</b>			
Natural raw materials purchases (number)	No.	N/A	907
Natural raw materials purchases (metric tons)	t	10 002 <sup>9</sup>	11 177
Natural raw materials out of total raw materials purchases	%	36%	37%
Organic raw materials purchases (number)	No.	N/A	93
Organic raw materials purchases (metric tons)	t	379	427
Organic raw materials out of total natural raw materials purchases	%	4	4
Number of prefinancing partnerships with raw materials suppliers	No.	N/A	82
Budget allocated to prefinancing partnerships	€	N/A	5 977 687
Budget allocated to sponsorship	€	95 000	75 420

<sup>9</sup> 2014 data excludes Robertet Argentina purchases

TRANSFORMING RESOURCES	Units	2014	2015
<b>QUALITY POLICY</b>			
Percentage of sites certified ISO 9001	%	45	45
<b>RESPECTING THE ENVIRONMENT</b>			
Insurance premiums paid for environmental risk	€	5 603 123	5 631 131
Water consumption <sup>10</sup>	m <sup>3</sup>	317 070	345 214
Energy consumption (electricity, natural gas, and fuel oil)	MWh	71 198	72 536
Greenhouse gas emissions	T CO <sub>2</sub> <sup>EO</sup>	17 095	17 290
Production waste <sup>11</sup>	t	122 526	127 113
Packaging waste <sup>11</sup>	t	1 210	1 275

<sup>10</sup> Water consumption data includes data from Robertet Turkey, where water consumption was estimated

<sup>11</sup> Waste data excludes Robertet Bulgaria and Robertet South Africa, where the information could not be collected

VALUING PEOPLE	UNIT	2014	2015
<b>EMPLOYMENT</b>			
Total headcount as at 31/12	No.	1 561	1 599
Gender breakdown			
• Men	No	• 885	• 919
• Women		• 676	• 680
Geographic breakdown			
• Europe		• 895	• 906
• USA	No.	• 290	• 301
• Asia		• 85	• 90
• Latin America		• 217	• 227
• Africa & Middle East		• 74	• 75
Hires	No	254	254
Departures	No.	195	216
• including dismissals		• 34	• 31
Mean seniority	No	13,6	13,5
Gross remuneration paid	€	70 681 864	74 521 119
<b>PRESERVING KNOW-HOW</b>			
Hours of training	No.	10 120	11 771
Mean training time per employee (hours)	No	6,4	7,2
Mean training expenditure	€	587 200	550 665
Percentage of people trained	%	59	57
<b>WORK CONDITIONS</b>			
Absenteeism	%	3,3	3,2
Frequency rate	No.	11,5	15,1
Severity rate	No	0,2	0,4
Number of collective employment agreements signed	No.	8	7
- including health and safety		• 2	• 2
Percentage of employees represented by representative bodies	%	54	54
<b>EQUALITY &amp; FAIR TREATMENT</b>			
Women in each occupational category			
• Board members and managers	%	• 43	• 43
• Supervisors		• 56	• 57
• Production operators and office workers		• 39	• 38
Pourcentage de personnes handicapées dans l'effectif	%	3,2	3,1

# GRENELLE II COMPLIANCE

LABOR INDICATORS		REPORT REFERENCE / ROBERTET RESPONSE
Employment	Headcount broken down by gender, age and geographic zone	IV.1.1 / V.1 For technical reasons, Robertet was unable to collect age data
	Hiring and termination Remuneration levels and trends	IV.1.1 / V.1
Work organization	Organization of working time	In France, an agreement on the 35-hour work week was signed in the year 2000. The agreement specifies how work time is organized for different types of employees.
	Absenteeism	V.1
Labor relations	Organization of social dialogue	IV.3.2
	Review of collective labor agreements	IV.3.2 / V.1
Health & safety	Workplace health & safety conditions	I IV.3.1
	Review of health & safety collective labor agreements	V.1
	Work accidents – including frequency and severity rates; occupational illnesses	IV.3.1
Training	Training policy Amount of training provided to employees	IV.2 IV.2.2 / V.1
	Gender equality measures Measures to promote and facilitate employment of the disabled Anti-discrimination policy	IV.4.1 Robertet Grasse promotes recruitment of disabled persons (as per French regulations) and assists them with their administrative paperwork for the Maison Départementale des Personnes Handicapées (agency for the support of disabled persons) I.2.2 / IV.4.1
Promotion and respect of ILO principles	Freedom of association and right to collective negotiations Elimination of employment and occupational discrimination Elimination of forced or compulsory labor Effective abolition of child labor	I.2.2 / IV.4.2
ENVIRONMENTAL INDICATORS		REPORT REFERENCE / ROBERTET RESPONSE
General policy	Organization to manage environmental issues; environmental evaluation or certification approach, where applicable	I.2.2 / I.2.3 / III.1.1 / III.1.2
	Employee environmental protection training and information	III.2.1
	Resources dedicated to preventing environmental risk and pollution	III.2.1 / III.2.3
	Provisions and insurance premiums for environmental risks	III.2.1
Pollution and waste management	Preventing, reducing, or repairing air, water, and soil pollution, gravely affecting the environment	II.2.3
	Preventing, recycling and eliminating wastes	III.2.3 / V.1
	Management of noise pollution or industry-specific pollution	III.2.3

Sustainable use of resources	Water management and procurement according to local constraints	III.2.2 / V.1
	Raw materials consumption; measures to improve efficiency	III.2.2 / V.1
	Energy consumption; measures to improve efficiency; use of renewable energies	III.2.2 / V.1
Climate change	Soil use	In 2015, the Robertet Group possessed very little farmland – a few hectares around production sites at some subsidiaries. In 2016, the Group purchased 167 hectares in Spain via the company Indulleida, which will be farmed in coming years.
	Greenhouse gas emissions	III.2.3 / V.1
Protection of biodiversity	Adaptation to the consequences of climate change	Climate risk is considered by the purchasing teams when sourcing natural raw materials.
	Measures taken to preserve or develop biodiversity	II.2.1 / II.2.2

SOCIAL INDICATORS		REPORT REFERENCE / ROBERTET RESPONSE
Local socioeconomic impact	Local employment and regional development	II.2.2 / II.2.3 / II.2.4 / IV.1
	Impact on neighboring or local area population	II.2.2 / II.2.3 / II.2.4 / IV.1
Stakeholder relations	Dialogue with individuals and organizations	The Group has no formal process for dialogue with stakeholders. Nevertheless, the work of different teams regularly brings them in contact with stakeholders including: customers, suppliers, producers, local federations, trade unions, and nearby residents.
	Partnership or sponsorship	II.2.4 / V.1
Subcontracting and suppliers	Inclusion of environmental and social considerations in purchasing decisions	II.1 / II.2
	Importance of subcontracting; consideration of social and environmental responsibility in supplier and subcontractor relations	II.1 / II.2 There is not much subcontracting in the Group
Fair practices	Measures to prevent corruption	I.2.2
	Measures to promote consumer health & safety	III.1/1 / III.1.2
	Actions to defend human rights	I.2.2 / IV.4.2



