

# Firmenich SA

Specialty Chemicals Switzerland

## ESG Risk Rating

# 7.5

Updated Dec 10, 2021

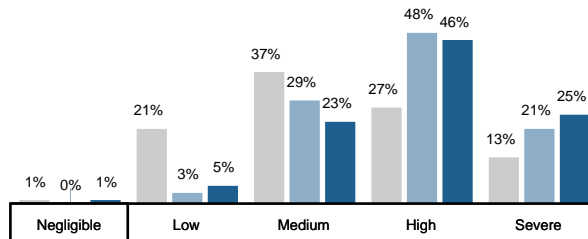
## Not available

Momentum

# Negligible Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	37/14983	1 <sup>st</sup>
Chemicals INDUSTRY	1/480	1 <sup>st</sup>
Specialty Chemicals SUBINDUSTRY	1/128	1 <sup>st</sup>

## Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Firmenich SA	47.5 Medium	94.0 Strong	7.5 Negligible
2. Nouryon Holding BV	51.9 Medium	57.4 Strong	25.3 Medium
3. Archroma Holdings Sarl	42.0 Medium	22.0 Weak	33.7 High
4. SPCM S.A.	50.0 Medium	32.1 Average	35.6 High
5. Angus Chemical Co.	50.0 Medium	18.0 Weak	41.9 Severe

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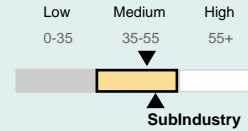
## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

### ESG Risk Exposure

**47.5**  
**Medium**  
 Beta = 0.95

Not available  
 Momentum



Firmenich's 46 manufacturing plants (as of June 2021) bear a notable environmental footprint, with air emissions and wastewater being generated by its production processes. Mismanagement of such externalities may expose the company to regulatory and financial risks. Firmenich develops and sells fine and consumer fragrances, as well as flavour solutions to customers in more than 100 markets across the globe. As customers' interest in organic fragrances and flavours that support healthier diets is increasing, failure to offer sustainable options may lead to market share loss. Moreover, to remain innovative and competitive within its industry, and to ensure the successful operation of its six R&D centers, Firmenich depends on a highly skilled workforce. Inability to retain key employees may restrain the company's growth and reduce returns on R&D investments.

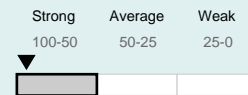
The company's overall exposure is medium and is moderately below subindustry average. Emissions, Effluents and Waste, E&S Impact of Products and Services and Human Capital are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

### ESG Risk Management

**94.0**  
**Strong**

Not available  
 Momentum



Firmenich's overall ESG-related disclosure follows best practice, signalling strong accountability to investors and the public. The company's ESG-related issues are overseen by the board or the executive team, suggesting that these are integrated in core business strategy.

The company's overall management of material ESG issues is strong.

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## Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score   Category	Score   Category	Score   Category	
E&S Impact of Products and Services	7.6 Medium	98.1 Strong	1.6 Negligible	21.7%
Carbon -Own Operations	5.4 Medium	98.4 Strong	1.1 Negligible	15.3%
Occupational Health and Safety	5.7 Medium	87.5 Strong	1.0 Negligible	12.8%
Human Capital	6.0 Medium	90.0 Strong	0.9 Negligible	11.6%
Business Ethics	6.0 Medium	91.3 Strong	0.8 Negligible	10.6%
Resource Use	3.0 Low	95.0 Strong	0.7 Negligible	9.6%
Emissions, Effluents and Waste	6.0 Medium	100.0 Strong	0.6 Negligible	7.9%
Corporate Governance	5.0 Medium	90.0 Strong	0.5 Negligible	6.7%
Product Governance	2.9 Low	100.0 Strong	0.3 Negligible	3.8%
<b>Overall</b>	<b>47.5 Medium</b>	<b>94.0 Strong</b>	<b>7.5 Negligible</b>	<b>100.0%</b>

## Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

### Category (Events)

**5 Severe (0)**

**4 High (0)**

**3 Significant (0)**

**2 Moderate (0)**

**1 Low (0)**

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## Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

## Category (Events)

### ⚠ None (19)

Accounting and Taxation

Animal Welfare

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Emissions, Effluents and Waste

Employees - Human Rights

Energy Use and GHG Emissions

Environmental Impact of Products

Intellectual Property

Labour Relations

Lobbying and Public Policy

Marketing Practices

Occupational Health and Safety

Quality and Safety

Sanctions

Social Impact of Products

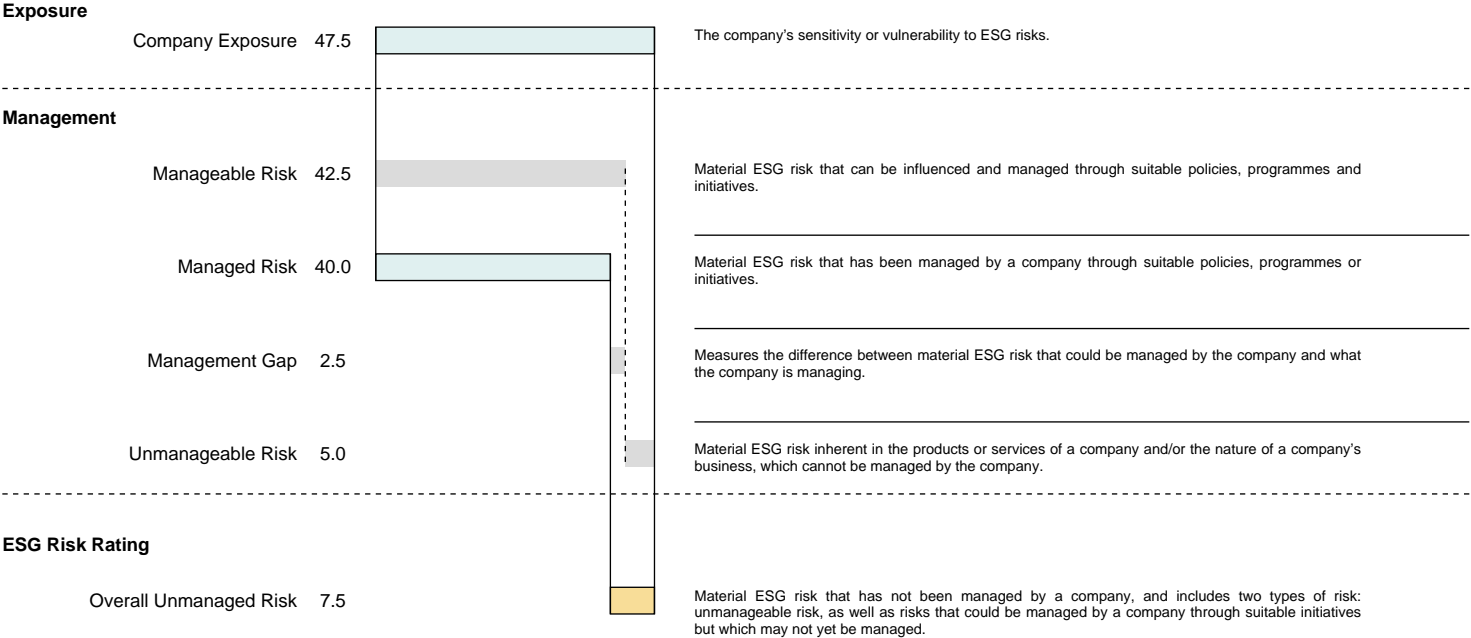
Society - Human Rights

Water Use

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## Risk Decomposition



## Momentum Details

Not available due to a lack of comparable historical information.

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## GLOSSARY OF TERMS

### Beta (Beta, $\beta$ )

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

### Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

### ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

### ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

### Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

### Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

### Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

### Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

### Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

### Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

### Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

### Management

A company's handling of ESG risks.

### Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

### Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

### Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

### Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

### Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

### Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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