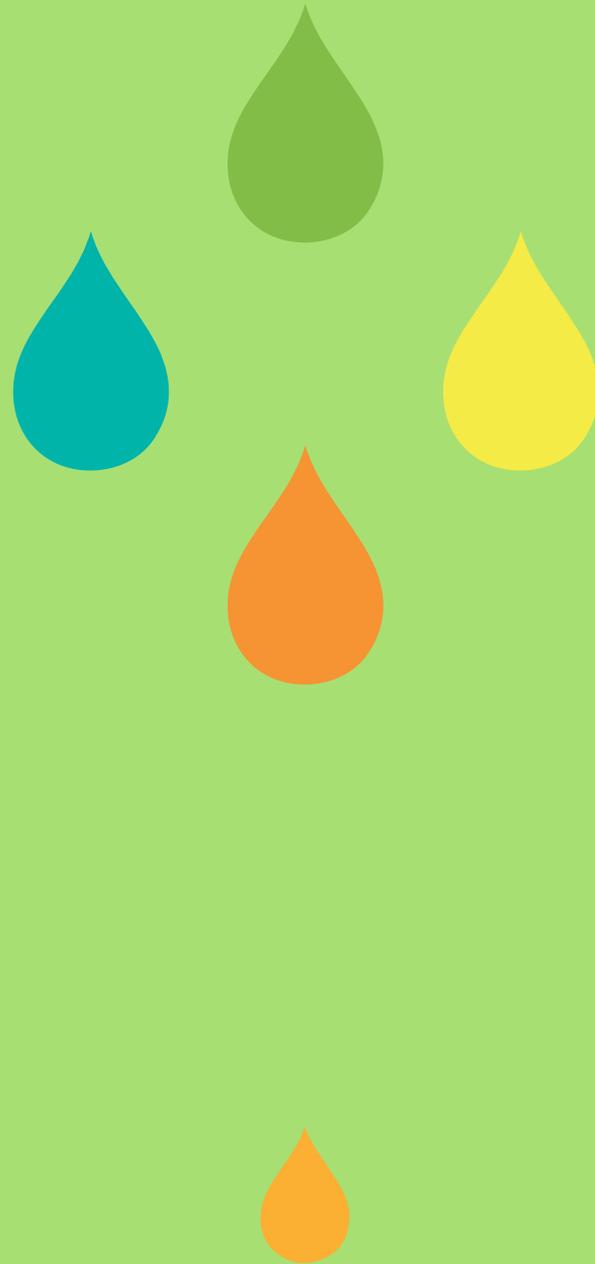


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A N N U A L
R E P O R T



FLAVOR & EXTRACT
MANUFACTURERS
ASSOCIATION



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/flavorfacts





FLAVOR & EXTRACT MANUFACTURERS ASSOCIATION

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HIGHLIGHTS

COMMITTEE REPORTS

FEMA CRITICAL OBJECTIVES



SCIENCE

- ◆ Achieve and maintain a consistent, scientifically valid approach to safety evaluation of flavor ingredients.
- ◆ Continue to support the ongoing role of the FEMA Expert Panel for independent evaluation of the safety-in-use of flavor ingredients.
- ◆ Assist FEMA members in having the safest workplaces possible.
- ◆ Identify and address emerging issues.

ADVOCACY

- ◆ Serve as an effective advocate for FEMA members by representing industry interests before domestic and global legislative, regulatory and other bodies.

COMMUNICATION

- ◆ Provide a forum to identify and implement solutions to industry problems.
- ◆ Communicate our performance against critical objectives.
- ◆ Communicate the status of key ongoing programs.
- ◆ Communicate the benefits of FEMA membership.
- ◆ Regularly update members on activities of the Board and Committees.
- ◆ Ensure prompt responses to member requests.
- ◆ Measure effectiveness of education, training and communication.

INTELLECTUAL PROPERTY PROTECTION

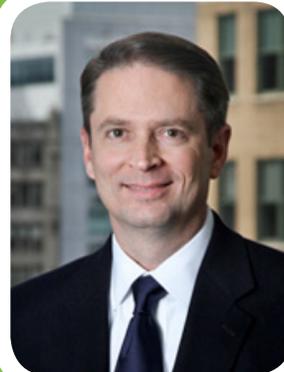
- ◆ Promote and encourage the protection of intellectual property of FEMA members by actively responding to regulatory developments and by educating members.

FEMA EXECUTIVE DIRECTOR'S LETTER

Welcome to the 2014-2015 Annual Report of the Flavor and Extract Manufacturers Association (FEMA) of the United States. The following pages provide information regarding FEMA's programs throughout the 2014-2015 fiscal year. This year, FEMA celebrates its 106th anniversary as the leading voice of the flavor industry. We are proud of our rich history in promoting the safe use of flavors and flavor products in the vast number of foods and beverages sold in the United States and around the world. Throughout the years, we have strengthened our association's programs and services, and we look forward to continued advancements for the benefit of our members.

With the printing of this year's Annual Report, FEMA proudly unveils its new association logo. Designed to illustrate FEMA's four Critical Objectives, our diverse and rich history and the nature of the flavor industry, we are grateful to the volunteers and staff who devoted countless hours to designing a new logo that will represent FEMA for many years to come.

Progression within an association requires dedication and expertise. Without the support of our staff and the diligence of our volunteers, FEMA would not be where it is today. It is the volunteers of our member companies that lead the numerous FEMA committees, and remain the driving force behind improving our programs each year. I am grateful for the degree of commitment devoted to ensuring FEMA continues to meet the needs of our members. I invite you to read this year's Annual Report, and experience the passion and innovation of FEMA and its member companies.



A stylized, handwritten signature in black ink, appearing to read 'JH Cox'.

John H. Cox
Executive Director

2014-2015 FEMA BOARD OF GOVERNORS

President:

Christopher E. Gibson,
International Flavors & Fragrances Inc.

President-Elect:

Kevin Renskers, Ph.D.
Takasago International Corporation (USA)

Vice President & Secretary:

Timothy Webster, David Michael & Co., Inc.

Treasurer:

Gary Smith, Firmenich, Inc.

Governors:

Janet L. Aho, MANE Inc.
John Cavallo, Ph.D., Citrus and Allied Essences Ltd.
Louie D'Amico, Givaudan
Matthias Guentert, Ph.D., Governor-at-Large
Ed R. Hays, Ph.D., The Coca-Cola Company
Suzanne Johnson, Ph. D., McCormick & Company
Michael Natale, Bell Flavors & Fragrances, Inc.
George C. Robinson III, Ottens Flavors
Arthur J. Schick, Jr., PepsiCo
Donald Wilkes, Blue Pacific Flavors



Standing (left to right): John Cavallo, Ph.D., Michael Natale, Timothy Webster, Matthias Guentert, Ph.D., Donald Wilkes, Gary Smith, Louie D'Amico, George C. Robinson III.

Seated (left to right): Janet L. Aho, Arthur J. Schick, Jr., President Christopher E. Gibson, President-Elect Kevin Renskers, Ph. D., Suzanne Johnson, Ph. D.

Not Pictured: Ed R. Hays, Ph.D.

ABOUT FEMA

MISSION STATEMENT

FEMA furthers the business interests of its members through a sound scientific program designed to promote the safe use of flavors. Through effective representation of its members, FEMA fosters a global environment in which the flavor industry can create, innovate, and compete.

HISTORY OF FEMA

1850s Many of the flavor companies existing today began as importers of European essential oils and other flavoring substances. In the early 1900's, growing demand for commercially available flavors surfaced, leading to an expansion of the domestic flavor industry.

1909 Leading companies of the time like Kellogg, Campbell Soup, Coca-Cola, and Pepsi-Cola, joined together to collectively strengthen the flavor industry as a whole. In the wake of the first Pure Food and Drug Act of 1906, industry leaders formed the Flavor Extracts' Manufacturers Association in 1909, known today as the Flavor and Extract Manufacturers Association (FEMA).

1914 Following its founding, widespread misconceptions regarding the safety and integrity of flavors quickly surrounded FEMA. Thomas Lannen, FEMA's first attorney and the first practicing food and drug lawyer in the U.S., noted in 1914 that FEMA could "claim to occupy the important position of being the guardian of the interests of the flavoring extract manufacturing industry of the United States...[and]...shape the future course of the extract industry of the country."

1958 From formulating standards and fighting unfair taxation, to contributing to the 1958 Food Additives Amendment, FEMA has represented a wide variety of interests within the flavor industry. Perhaps the most notable effort is FEMA's Generally Recognized As Safe (GRAS) program which has grown to be a globally respected pillar of flavor safety assessment.

TODAY FEMA comprises nearly 120 member companies, many with deep roots in the industry. As member needs evolve, so does FEMA's programming and outreach. FEMA continues to provide value for its members and enlists their expertise and support in developing strategies for a greater future.

PROGRAM HIGHLIGHTS

SCIENCE

FEMA GRAS™

More than 50 years ago, the FEMA Expert Panel began assessing the safety and “generally recognized as safe” (GRAS) status of flavor ingredients. Since then, the FEMA GRAS™ program has become the most widely recognized and longest-running GRAS assessment program. Over 2,800 flavoring ingredients have been determined to be FEMA GRAS™ under conditions of their intended use as flavor ingredients in the United States. It is important to note that these approvals are not static. In fact, the FEMA Expert Panel routinely re-evaluates the safety of flavor ingredients. As part of the FEMA GRAS™ re-evaluation program, the Expert Panel also completed its third comprehensive review of the tertiary alcohols and related substances chemical group. The review was published in 2014 in the peer-reviewed *Journal of Food Science Concise Reviews*.

GRAS 27, the 25th GRAS list, will be published in Spring 2015. The GRAS 27 list includes 38 new flavor ingredients that are considered FEMA GRAS™ under conditions of intended use as flavor ingredients, and seven new use levels and food categories determined to be FEMA GRAS™ for earlier substances.

The Expert Panel issued a call for data in May 2014 for submission of sensory data on existing flavorings with modifying properties (FMPs) conducted in accordance with FEMA’s *Sensory Data Guidance* published in the November 2013 issue of *Food Technology*.

FEMA GRAS™ Reaffirmation Program on Natural Flavor Complexes

The Expert Panel embarked on a 5-year program to perform GRAS re-affirmations of approximately 250 natural flavor complexes.

IOFI Global Science

Through its membership in the International Organization of the Flavor Industry (IOFI), FEMA supports global studies that evaluate the safety of ingredients intended for use as flavoring agents. This program has continued to produce new study data in response to requests made by the Joint (WHO/FAO) Expert Committee on Food Additives (JECFA), the European Food Safety Authority (EFSA), and the FEMA Expert Panel. Studies sponsored by IOFI have already been used to respond to these data requests, and more dossiers for submission that will include additional studies will be submitted throughout 2015. In addition, IOFI supported the collection of data on 63 flavoring ingredients and will submit the information to the JECFA in December 2015 for evaluation at the June 2016 meeting.

Decision Tree

The Cramer/Ford/Hall decision tree was published in 1978 and has become the cornerstone of many regulatory decision-making processes for flavoring ingredients and other substances. In the period since it was published, our knowledge of the relationship between how substances are metabolized in the human body and their toxic potential has deepened, and FEMA and IOFI staff and industry volunteers have completed an initial revision of the decision tree that better incorporates this understanding. The draft updated decision tree and accompanying database of toxicity studies has been presented at various scientific forums in the last year. Collaboration on the continued further release of the revised tree is under discussion.

Sensory Data

In 2012, the FEMA Science Committee formed the “Sensory Data Task Force” to respond to a FEMA Expert Panel request for industry to develop best practices for conducting sensory testing for the purpose of submission to the FEMA Expert Panel. The FEMA Expert Panel requires sensory testing for new applications for FMPs. The *Sensory Testing Guidance* was developed by the Sensory Data Task Force during 2012 and 2013, and published in *Food Technology* in November 2013. The Sensory Data Task Force completed their work on developing relevant model systems for sensory testing, which was distributed to members in May 2014.

PROGRAM HIGHLIGHTS

GOVERNMENT RELATIONS

Increasing Advocacy on Behalf of the Flavor Industry

FEMA held its inaugural “Flavors on the Hill” on June 18, 2014. The day-long Congressional Fly-In included a breakfast briefing for FEMA member company representatives followed by pre-scheduled meetings with key Congressional offices in the House and Senate. Updates were provided on the latest policy developments impacting the flavor industry and its customers, and then groups were dispersed across the Hill to meet with Congressional offices to introduce the flavor industry to members and illustrate the importance of the flavor industry for both the members’ districts and the United States economy. Preparations are already underway for the 2015 Fly-In and we expect increased participation due to the inaugural event’s success.

Providing Input to Shape Food Safety Regulations

The U.S. Food and Drug Administration (FDA) continued its roll out of the Food Safety Modernization Act (FSMA) as mandated by Congress. FSMA is a sweeping reform of the American food safety system, and the changes will impact the flavor industry. FEMA continued to engage FDA on matters related to FSMA by submitting comments to the dockets of pertinent proposed rules, including two supplemental proposals issued by FDA on preventive controls for human food and the Foreign Supplier Verification Program. Additionally, the FSMA webinar series co-hosted with the American Spice Trade Association continued this year to keep members updated on these policy proposals. As we move closer to the court-mandated dates by which final FSMA rules must be promulgated and therefore shifting to the compliance phase, FEMA staff are exploring delivery methods of regulatory educational materials and resources to assist companies with compliance efforts.

Developing Resources to Help Protect Flavor Intellectual Property

A joint Task Force of the FEMA Regulatory Affairs Committee (FRAC) and the Consumer Product Companies Forum (CPCF) resulted in delivery of a FEMA webinar, “Trade Secret Protection for Flavors: Striking the Balance.” The educational session hosted by the University of FEMA and developed in conjunction with the Education and Training Committee provided helpful insight to members to assist in evaluating flavor formula disclosure requests by addressing what constitutes a trade secret and the status of trade secret laws in the US and around the globe. An updated FEMA document, “Flavor Formulas: Important Trade Secret Protections Considerations,” was also published and is a resource for FEMA members interested in more information about strategies to protect flavor trade secrets.

Combatting Trade Barriers

Interpretation and implementation of Canadian import requirements for certain flavors containing meat and poultry products that are under United States Department of Agriculture jurisdiction have created challenges for US exporters into Canada. FEMA continued to engage with appropriate federal and international authorities to establish a workable solution. FEMA has also partnered with our sister association, the Flavour Manufacturers Association of Canada, to engage both the US government and Canadian government to resolve this issue. Both jurisdictions indicate a willingness to resolve the issue and FEMA will remain involved to help facilitate progress where appropriate.

Working to Ensure Flavor Usage and Integrity of Organics

Advocacy with the National Organic Program (NOP) also continues to be a priority for FEMA. FEMA developed and submitted comments to the NOP in response to a petition to remove glycerin from the list of substances allowed in organic production, also known as the National List. FEMA also hosted a representative of the Organic Trade Association at the Winter Committee Meetings to discuss organic issues and the upcoming 2017 natural flavor sunset, a procedural process that the National Organic Standards Board will begin deliberating next year.

Protecting Flavor IP in GMO Compliance

As identification of GMO and non-GMO products continues to be pursued in regards to labeling of products, FEMA met via conference call with two certifying agencies of the Non-GMO Project to better understand issues confronting stakeholders including certifiers, customers, consumer product companies and flavor houses. FEMA also participates in a food industry coalition that supports a national standard for GMO labeling.

PROGRAM HIGHLIGHTS

MEETINGS

105th Annual Convention

FEMA's 105th Annual Convention brought more than 200 FEMA members and guests to the Marco Island Marriott Beach Resort, on beautiful Marco Island, Fla., May 4-7, 2014.

The theme presented an opportunity for members and guests to discuss how demographic and socioeconomic shifts, as well as technological and product development innovations, will impact the future of global diets and consumption patterns here in the United States and around the world.

General Session Speakers:

- ♦ Jim Carroll, Futurist
- ♦ Chris Warsow, Bell Flavors & Fragrances
- ♦ Kevin McDermott, International Flavors & Fragrances Inc.

FEMA appreciates these general session speakers, as well as our Hot Topics Breakfast speaker, Peter Verstrate, whose research team made international headlines in 2013 when they unveiled the creation of the world's first stem cell-derived hamburger. He spoke about how his team has been investigating ways to produce meat-based protein that uses fewer resources.

On Tuesday, May 7, FEMA hosted the Innovation Forum: The Future of Food and Flavors, a panel of global flavor industry leaders who shared their perspectives on how the industry will move forward in today's increasingly open and transparent world. We are grateful for the expertise and insight these leaders provided.

- ♦ Hamed Faridi, Ph.D., McCormick & Company
- ♦ Gerhard Krammer, Ph.D., Symrise, Inc.
- ♦ Ron McDermott, Kellogg Company
- ♦ Robert Sobel, Ph.D., FONA International Inc.
- ♦ Chris Thoen, Ph.D., Givaudan

The 105th Annual Convention concluded with the Annual Business Meeting, where President-Elect Christopher "Kip" Gibson presented a Certificate of Appreciation to outgoing President Arthur J. Schick, Jr. for the work he accomplished in the past year.

2014 DR. RICHARD L. HALL DISTINGUISHED SERVICE AWARD



The 2014 Dr. Richard L. Hall Distinguished Service Award was presented to Kenneth Schrankel, Ph.D. at the FEMA Annual Convention Awards Dinner. The award, which was established in 1995 to honor Dr. Hall, recognizes those who display outstanding commitment and service to the advancement of the flavor industry and to FEMA. FEMA was honored to recognize Dr. Schrankel for his knowledge and dedicated service to FEMA and the global flavor industry throughout his career.



the FUTURE of
FOOD

PROGRAM HIGHLIGHTS

MEETINGS

CERTIFICATE OF APPRECIATION



President-Elect Christopher "Kip" Gibson presented a Certificate of Appreciation to outgoing President Arthur J. Schick, Jr. for the work he accomplished in the past year.

FEMA FLAVOR DASH

Following the success of our first 5K fun run/walk in 2013, FEMA held its second Flavor Dash on Monday, May 5. FEMA members, staff, guests, and families took to the beach for a sunrise run or walk along the gorgeous Marco Island beach. Though the Flavor Dash is not a race, we are happy to acknowledge those who finished first. Megan Merrifield Souchaud (MUST Vanilla) and Tom Gibson (Silesia Flavors) were the top finishers, crossing the finish line together; Christa Gibson (Silesia Flavors) and Martin Ongteco (Robertet) were the second-place female and male finishers. We witnessed Flavor Dash history as three-month-old Reece Taylor, who accompanied his parents, Dr. Sean Taylor and Carrie Taylor (IOFI/FEMA Expert Panel), across the finish line, became the 5K's youngest participant.



FEMA CARES



FEMA's annual "FEMA Cares" charity was the Golisano Children's Hospital of Southwest Florida. On Monday, May 5, participants created gift bags and handmade cards for the children being cared for by the talented and dedicated staff at Golisano. As the only children's hospital in the area, Golisano is committed to providing the best care so that no child has to leave home for their medical care.



THANK YOU TO ALL THOSE WHO ATTENDED THE 105TH FEMA ANNUAL CONVENTION.



PROGRAM HIGHLIGHTS

MEETINGS

45TH Fall Symposium

We welcomed nearly 200 attendees to the Hyatt Regency Jersey City in Jersey City, NJ, for FEMA's 45th Fall Symposium on Oct. 20-22, 2014. This year's theme was, "What Would You Do? Communications Challenges in the Digital Age." FEMA's membership recognized the importance of coming together to discuss the industry's future challenges and opportunities as they gathered in committee meetings, receptions, and keynote sessions to share news, learn from experts, and network with colleagues and customers from across the industry.

Attendees participated in an interactive presentation that demonstrated the potential challenges and opportunities for food ingredient manufacturers when dealing with an ingredient crisis. By designing a scenario that quickly grows from a small high school project to an international crisis impacting the entire industry as well as consumer product companies and the government, media, NGOs and consumer activists, the interactive session forced attendees to imagine themselves in a different role. Each attendee played their "part," helping everyone to better understand how quickly a crisis can get out of hand.

Our distinguished speakers shared insights on the importance of planning and understanding each department's role in handling various crisis scenarios. FEMA appreciates the two individuals who joined us as General Session speakers.

- ◆ Andrew Gilman, President & CEO, CommCore Consulting Group
- ◆ Dale Weiss, Crisis Practice Leader, CommCore Consulting Group

Trevor Butterworth was our Fall Symposium Dinner speaker. Mr. Butterworth hails from Ireland but has lived in the U.S. for more than 20 years and spends most of his time working to launch Sense About Science USA, the U.S. branch of a British nonprofit that promotes an evidence-based approach to science and technology. He is also an editor at STATS.org, a nonprofit, non-partisan project examining the use of science and statistics in media and policy. Mr. Butterworth noted the evolution of our culture's relationship to journalists and the news they provide. His presentation highlighted the importance of sharing often-complicated scientific information as clearly and transparently as possible, which for FEMA and its members, means establishing relationships with reporters and offering ourselves as trusted experts in helping journalists better understand how flavors are researched and evaluated for safety.

FEMA's Assistant General Counsel, Joanna Drake, addressed Symposium attendees on Tuesday, Oct. 21, during the Hot Topics Breakfast. She informed Symposium attendees about the status of class-action lawsuits challenging "natural" food labeling. Ms. Drake noted the significant rise in the number of such lawsuits in the past three years and suggested more cases are likely to be filed.



PROGRAM HIGHLIGHTS

MEETINGS

2014 FEMA EXCELLENCE IN FLAVOR SCIENCE AWARD



FEMA presented the Excellence in Flavor Science Award to Wolfgang Meyerhof, Ph.D. during the 2014 Fall Symposium. Dr. Meyerhof has dedicated his multi-decade career to studying the ways in which humans process taste, and his research has influenced many of the innovations in flavor creation and perception benefiting many FEMA member companies.

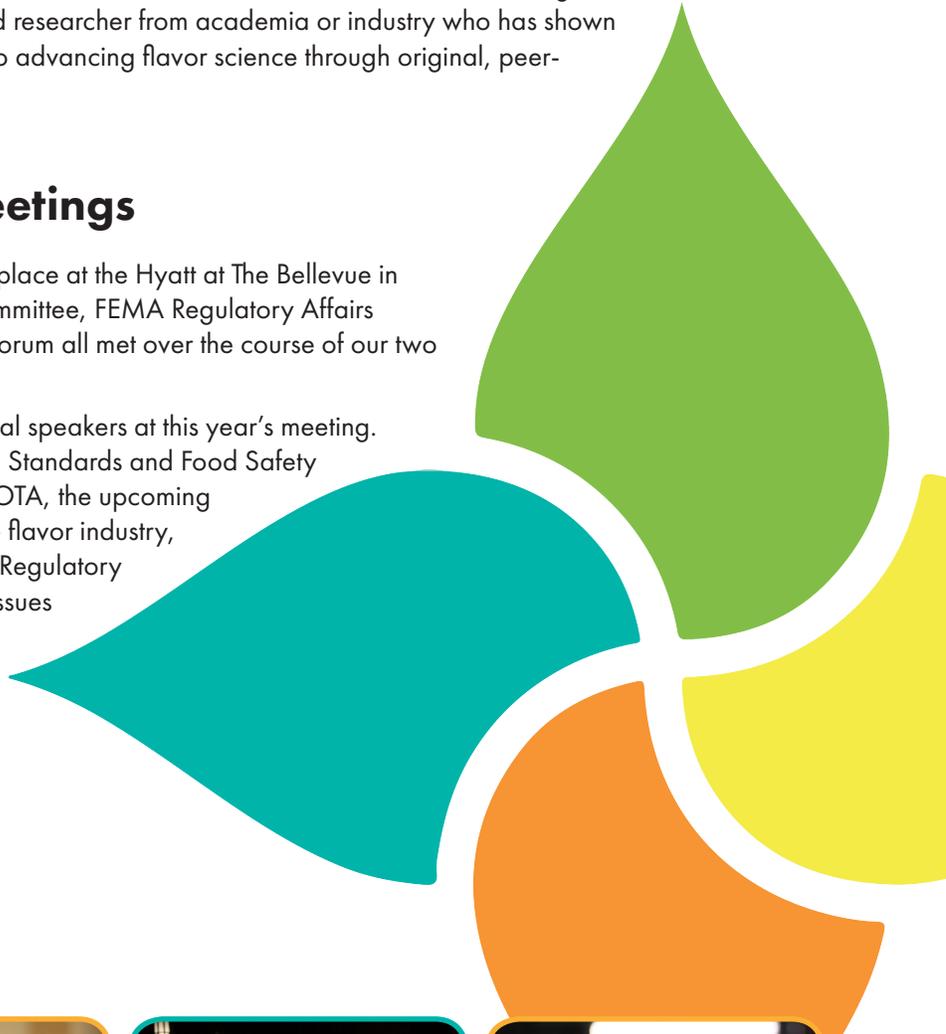
Established in 2006, the Excellence in Flavor Science Award recognizes a globally respected researcher from academia or industry who has shown a clear dedication to advancing flavor science through original, peer-reviewed research.

2015 Winter Committee Meetings

FEMA's 2015 Winter Committee Meetings took place at the Hyatt at The Bellevue in Philadelphia on Feb. 11-12. The Flavor Labeling Committee, FEMA Regulatory Affairs Committee and the Consumer Product Companies Forum all met over the course of our two days together.

The Flavor Labeling Committee hosted two special speakers at this year's meeting. Gwendolyn Wyard, Regulatory Director of Organic Standards and Food Safety at the Organic Trade Association (OTA), discussed OTA, the upcoming flavor sunset review and other items of interest to the flavor industry, and Lisa Navarro, Ph.D., Head of Product Safety & Regulatory Assurance at Givaudan North America, discussed issues related to GMO products.

All attendees enjoyed dinner on Tuesday, Feb 10, at The Field House. Our thanks go to Givaudan for sponsoring this year's dinner.



PROGRAM HIGHLIGHTS

COMMUNICATIONS & MEMBERSHIP

A New Graphic Identity for FEMA

An accomplishment a full century in the making deserves special attention, and so in 2009, FEMA updated its logo to celebrate its 100th anniversary. However, several years after passing that milestone, the “FEMA 100” logo no longer reflects what the organization FEMA has become, or our leadership position in the flavor industry.

FEMA’s Board of Governors authorized a special group of dedicated volunteers and staff to reflect on the organization’s history, culture and vision of itself and to offer a new logo to represent FEMA for many years into the future. We are proud of FEMA’s history, its accomplishments and its culture of inclusion and sharing, as well as the flavor industry’s connection to the world around us. That history, combined with the artistry and scientific knowledge inherent in flavor creation, as well as our connection to nature, led us to develop our new organizational logo, represented and celebrated on every page of this year’s Annual Report.

Enhanced Communications

FEMA’s expanded communications program continued to make progress this year to further position the association as a thought leader and authority on the safety of materials used to flavor foods and beverages enjoyed by millions of people every day. Our Enhanced Communications Committee, composed of communications staff from FEMA member companies, continues to lend its expertise in developing content to be shared with the public and members of the media to inform others about the role flavors play in our lives.

Our communications efforts will continue to impact multiple departments and committees, and the Enhanced Communications Committee will ensure the full membership is updated on its work, thereby helping everyone working at FEMA member companies better understand our collective role as advocates for the global flavor industry.

FlavorFacts.org

As our primary consumer-focused online presence, FlavorFacts continues to build its audience via daily postings to Facebook and Twitter and regular blog updates. Consumer engagement with FlavorFacts continues to grow, and several media sources have reached out to FEMA after reading about the flavor industry on FlavorFacts.org.

FEMA’s goal with FlavorFacts is to inform the public about flavors and to position the association as a valuable resource to journalists who report on scientific, business, and health-related topics. Look for increased activity on the FlavorFacts platforms in the coming year.

FEMAFlavor.org

FEMA’s website continues to be the primary source of industry-focused information for our members. Member updates are provided to members via email alerts and are subsequently uploaded to the site, providing a reliable source of information regarding domestic and international regulatory and scientific issues impacting the industry.



F E M A D I G I T A L S T A T S

- ◆ Mobile use up 43.8%
- ◆ Tablet use up 19.9%
- ◆ Website visits up 10.26%

PROGRAM HIGHLIGHTS

COMMUNICATIONS & MEMBERSHIP

FEMA Membership Outreach

FEMA continued its membership recruitment program throughout the year. Overall, we welcomed nine members to FEMA in the past year. As we have seen for the past several years, FEMA's membership continues to grow as more companies recognize the value of membership in the association:

- ◆ Almendra
- ◆ Cargill, Inc.
- ◆ De Monchy Natural Products BV

- ◆ Doehler North America
- ◆ HP Hood LLC
- ◆ MOM Brands

- ◆ Ogawa & Co., Ltd.
- ◆ Sinopaprika Co., Ltd.
- ◆ TraceGains, Inc.



EDUCATION

University of FEMA

The University of FEMA offered "Trade Secret Protection for Flavors: Striking the Balance" on Oct. 28, 2014, which covered a variety of topics, including insights on the protections and limitations of current trade law secrets as well as to address the challenges of trade secret protection.

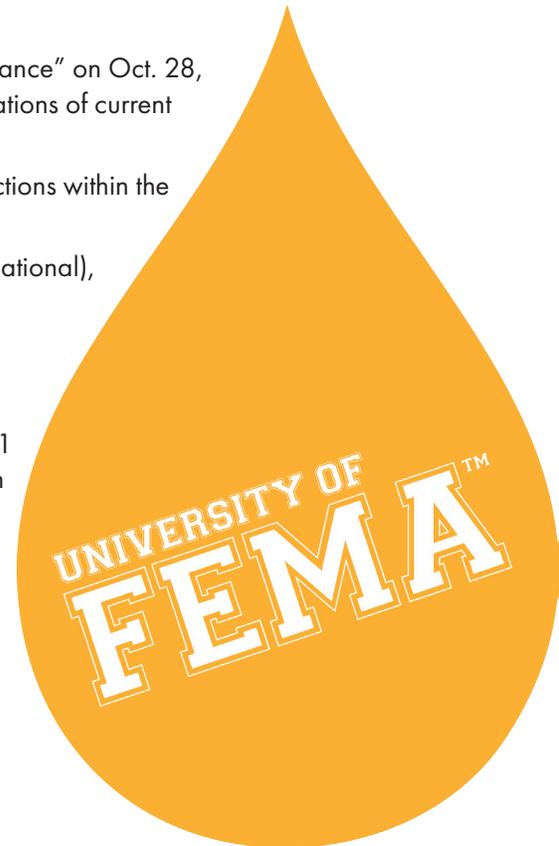
This member-only webinar had nearly 60 registrations, representing a range of functions within the flavor industry.

The Education & Training Committee is grateful to Kathleen Crossman (FONA International), Fred Faulkner (The Coca-Cola Company) and Joanna Drake (FEMA) for sharing their expertise and for their support in ensuring a successful event.

"An Introduction to Flavor Creation for the Non-Flavorist"

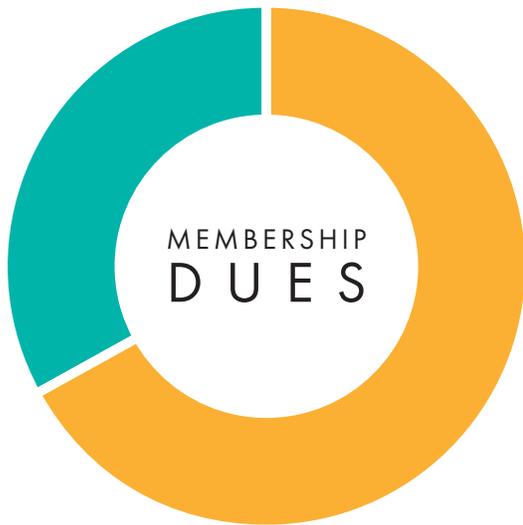
Following the success of previous iterations of FEMA's flavor creation course in 2011 and 2013, we offered this introductory day-long workshop in Santa Monica, Calif., on March 17.

FEMA thanks Dolf DeRovira (Flavor Dynamics) and Richard Pisano, Jr. (Citrus & Allied Essences) for the passion and energy they brought to their roles as course instructors.



FINANCIAL REPORTS

2013-2014 FEMA FINANCIALS: AT A GLANCE

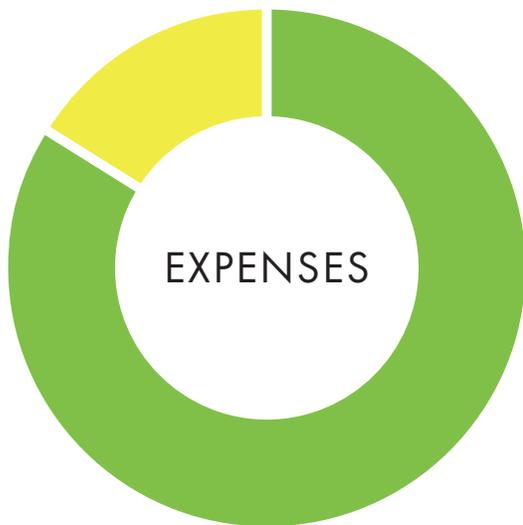


●	MEMBER DUES	67%
●	NON-DUES	33%

Membership Dues as Percentage of Total Revenue

Dues revenue accounted for 67% of total revenue in fiscal year 2013-2014.

Non-Dues revenue includes investment income, restricted funds, meetings registration, and scientific study contributions.



●	PROGRAM	84%
●	ASSOCIATION ADMINISTRATION	16%

Expenses as Percentage of Total Revenue

For every dollar received by FEMA in the 2013-2014 fiscal year, 84 cents funded program activities such as regulatory analysis, meetings, safety evaluation, scientific studies, and global science.



●	ADVOCACY	39%
●	COMMUNICATIONS	15%
●	INTELLECTUAL PROPERTY	1%
●	SCIENCE	45%

Spending Against Critical Objectives

Net Income by Critical Objective shows how FEMA allocates its resources.

FINANCIAL REPORTS

2013-2014 FEMA FINANCIALS: AT A GLANCE

Strategic Unrestricted Reserves as Percentage of Expenses

	2013-14 ACTUAL	2014-15 BUDGET
SUMMARY		
Income	\$5,461,997	\$5,378,550
Expense	\$5,513,107	\$5,601,203
(Deficit) Surplus	(\$51,110)	(\$222,653)
Beginning Reserve	\$3,335,304	\$3,284,194
Ending Reserve	\$3,284,194	\$3,061,541
Reserve as % of total expense	60%	55%

Spending Against Critical Objectives and Activities

	2013-14 ACTUAL	2014-15 BUDGET
SUMMARY: EXPENSES BY DEPT.		
Scientific Program	\$1,441,886	\$1,606,500
Regulatory-Legislative	\$1,029,313	\$880,500
Communications-Media-Website	\$357,076	\$447,120
Meetings	\$488,379	\$536,284
Committee Expense	\$266,889	\$239,920
IOFI/Global Science	\$1,064,251	\$1,035,533
Association Administration	\$865,313	\$855,346
TOTAL EXPENSES	\$5,513,107	\$5,601,203

FINANCIAL REPORTS

FEMA STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

April, 2013 - March, 2014

MARCH 31, 2014

UNRESTRICTED REVENUE AND SUPPORT	
Membership Dues and Assessments	\$3,650,569
Interest and Dividends	\$51,489
Meetings/Workshops	\$365,480
Application Fees	\$504,000
IOFI Contribution	\$675,000
Regulatory and Legislative - Workshop	\$25,670
Publication Sales	\$4,672
Unrealized Gain on Investments	\$37,635
Realized Gain on Investments	(\$8,464)
Net Assets Released from Restriction	\$64,700
Other Income	\$91,246
Total Revenue and Support	\$5,461,997
EXPENSES	
Safety Evaluation Support Activities	\$538,246
Science	\$849,940
Regulatory Analysis, Compliance, and Reporting	\$1,029,313
Membership Meetings	\$488,379
IOFI/Global Science	\$1,064,251
Committee Activities	\$266,889
Communications/Website/Media	\$357,076
Scientific Studies	\$53,700
Association Administration	\$865,313
Total Expenses	\$5,513,107
CHANGE IN UNRESTRICTED NET ASSETS	(\$51,110)
TEMPORARILY RESTRICTED REVENUE	
Scientific Studies	\$11,000
Net Assets Released from Restriction	(\$64,700)
CHANGE IN TEMPORARILY RESTRICTED ASSETS	(\$53,700)
CHANGE IN NET ASSETS	(\$104,810)
NET ASSETS, Beginning of Year	\$3,460,758
NET ASSETS, End of Year	\$3,355,948

COMMITTEE REPORTS

ALCOHOL TAX & TRADE COMMITTEE

Chair: Randy Knecht
Vice-Chair: Ari Gastman

MISSION STATEMENT

To track the activities of the Tax & Trade Bureau (TTB) and other regulatory agencies with respect to the use of alcohol in flavors and extracts, and to recommend action to the Board of Governors if necessary. The scope of the committee includes regulations and procedures for tax drawbacks, formula disclosure, investigation and inspection procedures, conflicts between agencies, impact on wine and alcoholic beverage flavors, and beverage ingredient labeling.

OVERVIEW

The ATTC keeps FEMA members updated on issues important to the flavor industry and the day-to-day operations of the Nonbeverage Products Laboratory, a section of the U.S. Department of Treasury's Alcohol and Tobacco Tax and Trade Bureau (TTB). When alcohol is used in the production of a flavor for nonbeverage products, the Lab can approve flavor product formulas as unfit for beverage purposes resulting in a return claim on most of the distilled spirits excise tax paid by companies, which is a very important issue resulting in returned revenue to a company. The Lab also reviews and approves flavor formulations for use in alcoholic beverages. The ATTC strives to maintain a positive and constructive dialogue with TTB to stay ahead of any issues that may be of concern to the flavor industry.

The ATTC continues a constructive dialogue with TTB. Dr. Vanessa Kinton was appointed as chief of the Nonbeverage Products Laboratory in 2014, and FEMA quickly invited the new leader to participate in FEMA meetings to facilitate continued collaboration. Dr. Kinton and the ATTC have met several times over the past year, including at the fall ATTC meeting, regularly scheduled meetings of FEMA staff and ATTC leadership at the Laboratory in Maryland and via conference call. This proactive and open dialogue has resulted in several improvements to TTB operations that impact the flavor industry with additional enhancements under consideration. For example, as a result of FEMA's educating TTB leadership on the significance to business operations due to delays experienced in formula approvals and notifications to members with a 100-percent quality review, TTB has begun to conduct random quality assurance reviews to improve turnaround times and focus resources where necessary. These regularly scheduled roundtable discussions have also resulted in a better understanding of the concerns the flavor industry has in self-certification. The ATTC is cautiously optimistic with the progress being made in these discussions and TTB's willingness to listen and exchange information to improve delivery of services. FEMA continues to provide feedback on flavor formula approval time frames and exchange information on self-certification and challenges with the electronic formula submission, Formulas Online (FONL).

Intellectual property and trade secret protection issues that are cornerstones of FEMA's mission continue to be on the monitoring forefront. ATTC working groups are on standby and ready for activation as the need arises.



COMMITTEE REPORTS

COMMUNICATIONS & MEMBERSHIP COMMITTEE

Co-Chair: Cynthia Astrack

Co-Chair: TJ Widuch

MISSION STATEMENT

To keep the membership fully informed of the policies, services, and activities of the Association so that each member receives the maximum benefit of FEMA membership. To manage the Association website as a central source of association and industry information available to the membership and/or the public. To seek, as members of the Association, all qualified manufacturers of flavors and flavoring ingredients, flavor users, flavor ingredient suppliers, and other companies related to the flavor industry who are eligible for membership. To contact potential members and to advise the Board of Governors on matters relating to membership in the Association.

OVERVIEW

Key committee activities during fiscal year 2014-2015 included focusing on developing a new association logo, expanding FEMA's partnership program with allied industry organizations, identifying value-added benefits for our members and further engaging our volunteers.

The committee remains focused on four strategic areas: 1) growing the membership, while maintaining our existing members, 2) building the communications infrastructure, 3) expanding the Association's marketing program, and 4) driving awareness and excitement. This report highlights our progress in each of these areas.

FEMA welcomed nine new members during the past year:

- ◆ Almendra (Active A)
- ◆ HP Hood LLC (Active B)
- ◆ Sinopaprika Co., Ltd. (Active C)
- ◆ Cargill, Inc. (Active A)
- ◆ MOM Brands (Active B)
- ◆ De Monchy Natural Products BV (Associate)
- ◆ Doehler North America (Active A)
- ◆ Ogawa & Co., Ltd. (Active C)
- ◆ TraceGains, Inc. (Associate)

The Committee is also reviewing membership materials and will propose new talking points for prospective members. These documents are under development and are expected to be completed in mid-2015. Additionally, the Executive Committee reviewed its Risk Assessment Report to better understand which members are most actively engaged in the Association's activities.

Driving Awareness and Excitement

The C&M Committee's main focus during the past year was on developing and implementing a new association logo. FEMA launched a new logo in 2009 to celebrate the Association's 100th anniversary, and while it was well-received during that anniversary year, the logo soon became outdated and no longer adequately represented FEMA. The Board approved funding to work with a design firm and to create a new logo that would most appropriately reflect FEMA's history, creativity and passion.

A sub-committee of Board members, volunteers and staff first crafted an exhaustive Request For Proposals and received proposals from more than a dozen design firms. After carefully reviewing the proposals and conducting extensive interviews, the sub-committee chose to work with Woodward Creative Group, based in Texas, to design the new logo.

Members of the sub-committee then met at FEMA's office in Washington, DC, to offer insight on the association's history, programs and critical objectives as well as background on the global flavor industry. Ultimately, the sub-committee shared two logo finalists with each FEMA member company's Main Contact, who then voted on a preferred logo option.

The C&M Committee's Co-Chairs are grateful to the members of the sub-committee for their time, energy and dedication to helping FEMA identify a new logo to represent the association for many years to come:

- ◆ George Robinson, Ottens Flavors (Board Liaison)
- ◆ Miriam Maxwell, Ocean Spray Cranberries, Inc.
- ◆ Mike Natale, Bell Flavors & Fragrances, Inc.
- ◆ Mat Gulick, FEMA Communications Director
- ◆ Donald Wilkes, Blue Pacific Flavors

COMMITTEE REPORTS

COMMUNICATIONS & MEMBERSHIP COMMITTEE

Building the Infrastructure

F E M A S O C I A L M E D I A

- ◆ Facebook and Twitter are updated daily, with blogs published regularly
- ◆ 1,751 Facebook “Likes” and 312 Twitter followers
- ◆ FEMA’s private member-only LinkedIn group includes 160 individuals employed by member companies.

2014-15
VS.
2013-14



- ◆ Website visits up 10.26%
- ◆ Unique pageviews up 4%



- ◆ Mobile use up 43.8%
- ◆ Tablet use up 19.9%



- Top 5 Countries:
- ◆ US - 56.16%
 - ◆ India - 4.24%
 - ◆ Japan - 3.86%
 - ◆ Germany - 2.98%
 - ◆ United Kingdom - 2.75%

Engaging our Volunteers

Quarterly calls plus two (2) additional calls were made to sub-committee leaders and volunteers to discuss the Committee’s priorities:

- ◆ Updates were provided on the risk assessment report
- ◆ Updated questions and automated our 6-month survey
- ◆ Partnership strategies and program progress

Looking Forward

Stayed focused on those activities driving our strategy:

- ◆ Seek membership growth by strategizing opportunities to identify potential members and by suggesting periodic FEMA membership drives.
- ◆ Enhance features available on the website.
- ◆ Update and automate 6-month survey.
- ◆ Expand partnership program by reaching out to other trade associations for joint program participation (i.e. Society of Flavor Chemists and WFFC).
- ◆ Seek budget approval and timing for LinkedIn and FEMA Partnership proposals. Develop infrastructure to maintain good communications with sub-committee leads and volunteers.
- ◆ Maintain current base membership by reaching out to members at risk. Implement risk assessment programs on on-going basis.

2014-2015 was a busy and successful year for C&M. The C&M Committee Co-Chairs are grateful to all those who contributed their time and expertise to ensuring their success.

COMMITTEE REPORTS

CONSUMER PRODUCT COMPANIES FORUM

Chair: Richard D'Aloisio
Vice-Chair: John Hightower

MISSION STATEMENT

To provide a dialogue forum for consumer product companies affiliated with FEMA to address issues and opportunities associated with the use of flavors as ingredients in foods and beverages as well as in other consumer products, from a regulatory, scientific and trade perspective. The Forum discusses issues such as labeling of flavors in these products; contaminants carried over by flavors into these products; intellectual property protection issues associated with consumer product brands; and customs classifications, product registrations and alcohol taxes, when associated with consumer products that use flavors as ingredients.

OVERVIEW

FEMA's CPCF continues to serve as a forum for discussion on issues critical to the use of flavors as ingredients in products intended for consumers. CPCF strives to identify potential solutions and strategies to affect positive change to policies or practices that may erode formula and intellectual property protections, or that may create trade barriers. CPCF also manages various other issues as they arise. A direct result of a joint project with the FEMA Regulatory Affairs Committee (FRAC) on global intellectual property was delivery of a FEMA webinar, "Trade Secret Protection for Flavors: Striking the Balance." The educational session, hosted by the University of FEMA and developed in conjunction with the Education and Training Committee, provided helpful insight to members to assist in evaluating flavor formula disclosure requests by addressing what constitutes a trade secret and the status of trade secret laws in the US and around the globe. The member-only event was a success, and the webinar recording is available for purchase, as is an updated FEMA document, "Flavor Formulas: Important Trade Secret Protections Considerations."

CPCF also continued its discussion on flavors with modifying properties (FMPs) from the unique consumer product company perspective. Questions arise from application of flavors with multiple FMPs, including how to comply with applicable laws on the use, application and labeling of products containing them. CPCF discussed development of a resource to assist members and has provided questions to FEMA legal staff for review.

CPCF offers a unique perspective to FEMA's technical committees, such as the Flavor Labeling Committee, FRAC, and the Alcohol Tax & Trade Committee to identify issues that are flavor-related but from the lens of a consumer product company.

CPCF has undergone a leadership change with Dr. Edison Geromel stepping down from his role as Chair since the inception of the Forum. We would like to thank Dr. Geromel for his tireless pursuit to enhance CPCF and grow FEMA membership of consumer product companies. John Hightower was appointed to the role of Vice-Chair of CPCF as we embark on this journey to continue the critical projects put into motion by Dr. Geromel.

The following consumer product companies are currently members of CPCF:

- ◆ Altria Client Services Inc.
- ◆ Bacardi-Martini Product Development, Inc
- ◆ The Coca-Cola Company
- ◆ ConAgra Foods
- ◆ Dr Pepper Snapple Group
- ◆ E & J Gallo Winery
- ◆ Kellogg Company
- ◆ Kerry
- ◆ Kraft Foods Group
- ◆ Lorillard Tobacco Company
- ◆ Mark Anthony Group
- ◆ McCormick & Company
- ◆ Mondelēz International
- ◆ Nestlé USA, Inc
- ◆ Novartis OTC
- ◆ Ocean Spray Cranberries, Inc.
- ◆ PepsiCo
- ◆ Pernod Ricard USA
- ◆ R.J. Reynolds Tobacco Company
- ◆ Tate & Lyle, Inc.
- ◆ Wrigley, A Subsidiary of Mars, Inc.

COMMITTEE REPORTS

EDUCATION & TRAINING COMMITTEE

Chair: Dolf DeRovira
Vice-Chair: Shawn Blythe

MISSION STATEMENT

To assess FEMA members' education and training needs and to oversee the development of courses focused on the professional development of less experienced and newer FEMA members who are key to the future of the organization. To assist other committees to provide educational opportunities for the membership-at-large to stimulate broader participation in issues of importance to the flavor industry. To encourage value-based contributions from industry volunteers in the development of timely educational materials that supplement the information from industry workshops.

OVERVIEW

The Education & Training (E&T) Committee was again very busy in 2014-2015. The Committee as a whole met twice: at the 2014 Annual Convention and the 2014 Fall Symposium. The current Executive Committee is comprised of: Dolf DeRovira (Flavor Dynamics), Shawn Blythe (International Flavors & Fragrances, Inc.), and Board Liaison Gary Smith (Firmenich). Mat Gulick is the FEMA Staff Liaison.

University of FEMA

On Oct. 28, 2014, the University of FEMA offered "Trade Secret Protection for Flavors: Striking the Balance." The member-only webinar covered a variety of topics, including insights on the protections and limitations afforded by current trade secret laws as well as strategies on addressing the challenges of trade secret protection. This webinar had nearly 60 registrations, representing a range of functions within the flavor industry.

The Education & Training Committee is grateful to Kathleen Crossman (FONA International), Fred Faulkner (The Coca-Cola Company) and Joanna Drake (FEMA) for sharing their expertise and for their support in ensuring a successful event.

The Committee previously anticipated hosting a webinar to discuss crisis communications but instead worked with the Program Committee to focus on this topic for the 2014 Fall Symposium's General Session. Further, a second webinar on topics around the FEMA GRAS™ program is still being developed; FEMA expects to offer the webinar later in 2015.

In addition to the University of FEMA courses, FEMA continued its partnership with the American Spice Trade Association (ASTA) to produce and market an ongoing webinar series discussing implementation issues surrounding the Food Safety Modernization Act. FEMA will continue to partner with other industry groups to provide informative educational sessions for our members in the future.

"An Introduction to Flavor Creation for the Non-Flavorist"

Following the success of previous iterations of FEMA's flavor creation course in 2011 and 2013, we offered this introductory day-long workshop in Santa Monica, Calif., on March 17. Approximately 40 attendees from FEMA member companies and non-member companies registered to join us for what was yet another successful and exciting workshop.

FEMA extends its thanks to Dolf DeRovira (Flavor Dynamics) and Richard Pisano, Jr. (Citrus & Allied Essences) for the passion and energy they brought to their roles as course instructors.

Certified Regulatory Specialist Program

A subcommittee was tasked during the past year with exploring the potential of creating a program to validate the expertise of flavor regulatory specialists and ensure a consistent level of knowledge throughout the industry. The subcommittee met via conference call several times throughout the 2014-2015 fiscal year as well as in person at FEMA's Winter Committee Meetings in Philadelphia.

The subcommittee anticipates working throughout the coming year to fully develop the program's goals, courses, intended audience and evaluation methods.

The Education & Training Committee appreciates all the support it continues to receive from volunteer experts who contribute time, resources, and expertise to share information with colleagues throughout the industry.

COMMITTEE REPORTS

ENHANCED COMMUNICATIONS COMMITTEE

Chair: Jeff Peppet
Vice-Chair: Tracy Cesario

MISSION STATEMENT

To develop a strategic communications roadmap that addresses key concerns and opportunities for FEMA and its member companies. The committee will assess and develop communications strategies and implementation plans for top issues that have potential impact on the flavor industry and will offer guidance to FEMA members. The plans will encompass the opportunities provided by interaction with media, NGOs, and industry advocates to build awareness of FEMA's role and to help the association proactively and appropriately engage with relevant audiences.

OVERVIEW

The Enhanced Communications Committee (ECC) is comprised of communications staff from member companies who work in support of FEMA and the flavor industry to positively communicate with consumers, the media, and non-governmental organizations. As a new committee, 2014 saw the ECC move from the foundational planning stage to strategy and roadmap development, as well as early execution.

During the second half of 2014, the ECC developed a communication strategy and roadmap to direct FEMA's growing communications program. The Committee spent significant time identifying topics with the potential to impact FEMA and its members in the future. Work then began to develop a strategy and an assessment of the current landscape impacting the industry: informational interviews with key stakeholders inside and outside of the industry (academics, regulators, NGOs); a media audit; defining and prioritizing of objectives; and message development. The fully crafted plan was approved by FEMA's Board of Governors.

The Committee continues work on the roadmap, including the creation and refinement of foundational communication assets, updating media management and issues management processes, the creation of an issues communications group and preparing a members communications toolkit. Many of these materials will be provided to member companies.

The Chair and Vice-Chair would like to acknowledge the Committee's first Chair, Rick Robinson, who stepped down in October when he retired from Firmenich. Rick played a key role in setting the ECC's direction and developing its strategy. We wish Rick all the best.

We would also like to thank FEMA's Board of Governors and FEMA staff for their confidence, collaboration and support.

Committee members include:

- ◆ Jeff Peppet, Chair (Givaudan)
- ◆ Tracy Cesario, Vice-Chair (FONA International Inc.)
- ◆ Mike Natale, Board Liaison (Bell Flavors & Fragrances, Inc.)
- ◆ Kristina Babbitt (Firmenich, Inc.)
- ◆ Carla Burigatto (Campbell Soup Company)
- ◆ Aurora Gonzalez (PepsiCo)
- ◆ Stephan Herrera (Evolva, Inc.)
- ◆ Emmanuel Laroche (Symrise, Inc.)
- ◆ Micaela Mordkowski (International Flavors & Fragrances Inc.)
- ◆ Mat Gulick (FEMA)

COMMITTEE REPORTS

FLAVOR LABELING COMMITTEE

Chair: Kathleen Crossman
Vice-Chair: Victoria Alvarez Saavedra

MISSION STATEMENT

To track the present labeling regulations of the FDA, USDA, and other agencies applicable to flavors, and to recommend appropriate actions to change, interpret or implement those regulations. To monitor government proposals for amendment of existing regulations and to recommend the Association's position on such proposals in the interest of the membership.

OVERVIEW

The Flavor Labeling Committee is guided by the FLC Executive Committee (FLExCom), which includes:

- ◆ Kathleen Crossman, FONA International Inc., Committee Chair
- ◆ Victoria Alvarez Saavedra, Virginia Dare Extract Co., Inc., Vice Chair
- ◆ John Cavallo, Citrus & Allied Essences Ltd., FEMA Board Liaison
- ◆ Joanne Ferrara, ConAgra Foods
- ◆ Diane Gilinsky, David Michael & Co., Inc.
- ◆ Jim Hitzman, International Flavors & Fragrances Inc.
- ◆ Kim Janiec, Takasago International Corporation (USA)
- ◆ Mary Raukko, Firmenich, Inc.
- ◆ Kelley Poole, FEMA Staff Liaison

The past year proved to be another busy one in regards to Committee activities as issues confront the food industry. These serious topics have the potential to greatly impact the flavor industry and are coming from a myriad of directions. Consumer transparency and food safety are forefront on people's minds. The FLC continues to be involved by assisting and educating members and stakeholder groups on appropriate labeling and claims to ensure compliance with labeling policy in the United States. The Committee met in person three times over the past year. Committee sub-groups and task forces conducted several conference calls to review and strategize on a variety of topics of critical importance. A number of FLC members also participated in the inaugural Flavors on the Hill to lend a voice to FEMA before congressional staff.

Representatives of the FLC met via conference call with two certifying agencies of the Non-GMO Project (nGP) to explore and better understand their perspective and concerns. The groups discussed challenges affecting certifiers, customers, consumer product companies and flavor houses. The FLC also worked to develop a draft questionnaire to provide FEMA members a tool that could be useful in helping to answer customer and certifier questions on whether materials are sourced from genetically engineered materials while protecting Intellectual property. This questionnaire is currently on hold and will be reviewed after the nGP standard is updated later this year.

The Committee also developed and submitted comments in response to a petition to remove glycerin from the list of substances allowed in organic production, also known as The National List. The FLC invited the Organic Trade Association to speak at the Winter Committee Meeting to discuss the petition relating to glycerin and also the upcoming flavor sunset in 2017 that the National Organic Standards Board will begin deliberating next year.

The FLC worked to address issues associated with potential barriers to trade with Canada. The issue surfaced as a result of government consolidation and an unanticipated change in interpretation related to the import of certain meat and poultry products into Canada. FEMA continues to engage with the appropriate federal and international authorities searching for a workable solution as well as partnering with our sister association, the Flavour Manufacturers Association of Canada, to keep the heat on both the US and Canadian Governments to resolve this critical issue.

The FLC continues to stay engaged in all of these and other areas as needed by offering input to U.S. government agencies on issues including the National Organics Program, USDA regulated flavors and generic labeling requirements. The FLC continues to address industry challenges with regard to flavor labeling.

As Chair of the FLC, Kathleen Crossman has represented FEMA interests as a member of the IOFI task force on Flavors with Modifying Properties (FMPs).

The FLC continues to support ad hoc task forces to address issues as they arise. Current active task forces are seated to address issues related to biotech products, organic labeling and USDA amenability. Other regulatory initiatives are continually monitored by the FLC, including FDA/USDA activity on natural claims.

COMMITTEE REPORTS

FEMA REGULATORY AFFAIRS COMMITTEE

Chair: Mary Raukko
Vice-Chair: Lorna Hopkinson

MISSION STATEMENT

To monitor and evaluate U.S. (local/state/federal) and international legislative and regulatory initiatives that may impact the flavor industry. To recommend to the Board, where appropriate, responses or actions needed to represent the best interest of the flavor industry on emerging or changing regulations and/or legislation affecting the industry. To be responsible for reporting activities on domestic legislation to the Regulatory Advisory & Advocacy Committee (RAAC) of the International Organization of the Flavor Industry (IOFI), as well as report and make any appropriate recommendations to the RAAC on international issues affecting FEMA members, which may require action and/or coordination through the international committee. To provide information to members and a forum for discussion, education and training, as appropriate, regarding the impact of new legislation, recommendations for compliance with existing regulations, and the interpretation of regulations globally.

OVERVIEW

FRAC met three times over the last year to provide a forum for members to discuss the numerous regulatory challenges faced by the flavor industry both domestically and abroad. FRAC's many volunteer leaders devoted a great deal of time and energy to these issues, providing the greater membership with invaluable information, interpretations of new regulations, and possible solutions for difficult compliance issues.

FRAC maintained their focus on the FDA's issuance of new regulations as required by the Food Safety Modernization Act (FSMA). FRAC members, supported by FEMA staff and a task force of members' quality control experts, developed four sets of comments that FEMA submitted to the FDA in 2014-2015. These comments covered the following topics: (i) supplemental proposal for Preventive Controls for Human Food: Current Good Manufacturing Practice and Hazard Analysis and Risk-Based Preventive Controls for Human Food; (ii) supplemental proposal Foreign Supplier Verification Programs (FSVP) for Importers of Food for Humans and Animals; (iii) Sanitary Transport; and (iv) Intentional Adulteration.

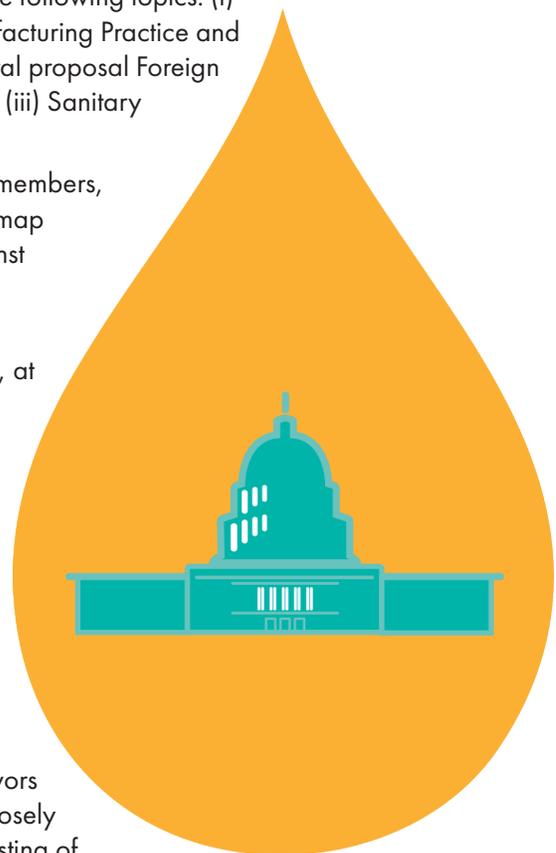
Also on the domestic front, California's Proposition 65 continues to impact FEMA members, with the listing of pulegone and beta-myrcene. FEMA's legal team developed a roadmap memorandum to assist member companies in understanding how best to defend against enforcement actions.

FRAC continued to collaborate with our international colleagues, hosting Bev Tschirhart, the President of the Flavour Manufacturers Association of Canada (FMAC), at the fall meeting to discuss topics such as the status of food safety legislation, updated flavor regulations, attestation process, and GHS implementation. This meeting was very successful in enhancing the joint efforts of the two trade associations and aligning the advocacy efforts for the future.

A volunteer team of FRAC members began a project to compile a spreadsheet for FEMA members containing the regulatory requirements for the importation of flavors and foods into countries around the world, including links to the latest USDA Foreign Agriculture Service's Global Agricultural Informative Network (GAIN) reports.

FRAC, in collaboration with its counterpart committee in IOFI, the Regulatory Advisory and Advocacy Committee (RAAC), monitored increased activity around flavors in China, India, Indonesia, Japan, the Middle East, and Taiwan. FRAC continues to closely monitor the activities of the European Food Safety Agency (EFSA) concerning the delisting of flavoring substances from the EU Union List. FEMA, working with the European Flavor Association (EFFA) and IOFI, voiced our concerns with the US Trade Representative over these delisting proposals.

The protection of intellectual property continues to be of interest as FRAC members assisted in the development of a FEMA Trade Secret Protection webinar and updating of FEMA's intellectual property white paper.



COMMITTEE REPORTS

OCCUPATIONAL SAFETY, HEALTH, & ENVIRONMENT COMMITTEE

Chair: Sandra Otero
Vice-Chair: Lloyd Sapra

MISSION STATEMENT

To review and discuss Occupational Safety, Health, and Environmental current and common practices along with specific methods and standards for continuously improving workplace safety performance. To identify and/or create opportunities for improving the Occupational Safety, Health and Environmental knowledge within FEMA member companies. To promote awareness of new and changing Occupational Safety, Health and Environmental regulations globally along with applicable regulatory enforcement activities. To develop industry responses to governmental proposals involving Occupational, Safety, Health and Environmental issues that may impact FEMA member companies. To provide the FEMA Board with recommendations for addressing regulatory compliance and other matters involving Occupational Safety, Health and Environmental issues that may impact the flavor industry.

OVERVIEW

In the past year, the Occupational Safety, Health, and Environment Committee (OSHE) addressed a variety of topics, focusing on respiratory health and safety and US Occupational Safety and Health Administration (OSHA) activities. The Committee met twice over the past year, including one meeting jointly with the International Fragrance Association of North America (IFRA NA), which it will continue to do on an annual basis.

The Committee continued to monitor activities of OSHA and its biannual regulatory agenda. Of note, OSHA published a Request for Information seeking stakeholder input on more effective and efficient approaches that address challenges found with the current regulatory approach on permissible exposure limits (PELs). This review involves considering issues related to updating PELs, as well as examining other strategies that could be implemented to address workplace conditions where workers are exposed to chemicals. While FEMA does not intend to provide comments at this stage, the Committee is closely following OSHA's activities on this issue.

The implementation of the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) by OSHA is another hot topic for the Committee. The implementation date of June 1, 2015 is quickly approaching and FEMA is making every effort to ensure that its member companies are ready to comply. FEMA updated its GHS Compliance Guidance Document, originally published in 2012, to address more flavor-specific issues such as mixtures. FEMA also hosted a webinar geared toward its consumer product company members with various aspects of hazard communications compliance this spring.

OSHE has also been involved with advocacy efforts to amend the sample size regulations under GHS in the US to be more in line with other regions such as Europe. FEMA submitted comments to OSHA this year on small sample sizes in advance of the July United Nations GHS Subcommittee meeting. The issue is still under consideration, and an OSHE member is serving as a non-governmental representative on the committee to participate in discussions on this issue. However, even if progress is made on updating the UN GHS Manual (the purple book), there is no guarantee that OSHA would adopt the change into the Hazard Communication Standard (HCS).

FEMA has also worked closely with the Flavour Manufacturers Association of Canada on Canada's proposed Hazardous Product Regulations (HPR) to align its current classification and hazard communication requirements with those of the United States and other key trading partners. Canada's proposal largely aligns with the OSHA HCS 2012, with a few key exceptions. The Committee has raised an issue with Canada's HPR proposal that the previous allowance under Workplace Hazardous Materials Information System for ranges has been removed, raising concerns with the reveal of confidential information. OSHE also monitors GHS regulation development and implementation globally, with the support of IOFI and its global GHS implementation chart.

A formerly biennial Committee project, the Injury and Illness Survey, conducted in conjunction with IFRA NA, will be conducted on an annual basis moving forward, as well as to add the collection of qualitative data on where and what type of injuries occur for various types of employees. Participation in this project has fallen over the years, so all FEMA member companies are encouraged to provide data in order to maintain strong data about the state of injuries and illnesses in the flavor industry.

COMMITTEE REPORTS

PROGRAM COMMITTEE

Co-Chair: Jeb Gleason-Allured
Co-Chair: Kelli Heinz

MISSION STATEMENT

To formulate programs for the business sessions of the Annual Convention and the Fall Symposium, including recommending and inviting speakers, coordinating travel and program details, and welcoming and hosting speakers in attendance at the meetings. To recommend panel discussions or other special programs to address issues of interest and importance at the Annual Convention and the Fall Symposium.

OVERVIEW

The Program Committee focused on delivering mission-critical thought leadership to the FEMA membership in 2014 by concentrating on high-priority issues facing the industry, FEMA's core mission, and the goals of FEMA's leadership. To continuously improve content, the Program Committee, advised by FEMA's leadership and fellow Committee members, has evolved the content and format of the Annual Convention, Fall Symposium, and networking sessions to maximize value and experience for attendees, while working within prescribed budgets.



Annual Convention Review

The 2014 Annual Convention was held May 4-7 at the Marco Island Marriott Beach Resort in Marco Island, FL. The theme was "The Future of Food." This theme gave our attendees, speakers, and invited guests a unique opportunity to consider how demographic and socioeconomic shifts, as well as technological and product development innovations, will impact the future of global diets and consumption patterns here in the United States and around the world.

The event featured speakers:

- ♦ Jim Carroll, Futurist
- ♦ Chris Warsow, Corporate Executive Chef, Bell Flavors & Fragrances, Inc.
- ♦ Kevin McDermott, Executive Chef for North America, International Flavors & Fragrances Inc.

Hot Topic speaker:

- ♦ Peter Verstrate, Verstrate Interim & Consultancy

The meeting also included an Innovation Forum panel session featuring the chief research & development executives from several FEMA member companies who discussed how their companies continue to meet our evolving consumption needs.

Participants included:

- ♦ Hamed Faridi, Ph.D, McCormick & Company
- ♦ Gerhard Krammer, Ph.D, Symrise, Inc.
- ♦ Chris Thoen, Ph.D, Givaudan
- ♦ Ron McDermott, Ph.D, Kellogg Company
- ♦ Robert Sobel, Ph.D, FONA International Inc.

Annual Convention Attendance 2012-2014:

YEAR	REGISTRANTS	SPONSORS
2014	211	29
2013	227	28
2012	200	30

COMMITTEE REPORTS

PROGRAM COMMITTEE

Fall Symposium Review

The 2014 Fall Symposium was held Oct. 20 – 22nd at the Hyatt Regency Jersey City, in Jersey City, NJ. The theme was “What Would You Do? Communication Challenges in the Digital Age.” FEMA members participated in an interactive presentation that demonstrated the potential challenges and opportunities for food ingredient manufacturers when dealing with an ingredient crisis.

YEAR	REGISTRANTS	SPONSORS
2014	191	23
2013	177	24
2012	183	28

The event featured speakers:

- ♦ Andrew Gilman, President & CEO, CommCore Consulting Group
- ♦ Dale Weiss, Crisis Practice Leader, CommCore Consulting Group

Fall Symposium Dinner speaker:

- ♦ Trevor Butterworth, Sense About Science USA and Editor-at-large, STATS.org

Fall Symposium Hot Topics speaker:

- ♦ Joanna Drake, JD, Counsel, Verto Legal Solutions, Assistant General Counsel, FEMA

The Program Committee Chairs are always looking for member suggestions on topics and formats. Please contact them or FEMA staff with ideas and feedback on past and future events.

SAFETY EVALUATION COORDINATION COMMITTEE

Chair: Craig Llewellyn
Vice-Chair: Paul Ribeiro

MISSION STATEMENT

To help oversee and prioritize all safety activities of FEMA related to flavoring substances and new flavor technologies, and to provide solution-based recommendations to the FEMA Board of Governors, scientific staff, and membership for issues resolution on a global (IOFI) or national (FEMA) level.

OVERVIEW

Meetings

The Safety Evaluation Coordination Committee (SECC) held Spring and Fall meetings at the FEMA office in Washington, DC on Nov. 17-18, 2014 and March 30-31, 2015.

Expert Panel

A total of 22 new flavoring substances were GRASed by the FEMA Expert Panel in 2014 and seven new use levels/food categories or specifications were reviewed. The publication of GRAS 27 on the FEMA website is expected in spring 2015.

Following the publication of Sensory Guidance for testing of flavorings with modifying properties (FMPs), the Panel issued a Call for Data for FMPs that are FEMA GRAS™. Several data packages were received and review by the Expert Panel is on-going.

COMMITTEE REPORTS

SAFETY EVALUATION COORDINATION COMMITTEE

Expert Panel (Continued)

The cyclical review of FEMA GRAS™ flavoring substances continues to progress. The article, “GRASr2 Evaluation of Aliphatic Acyclic and Alicyclic Terpenoid Tertiary Alcohols and Structurally Related Substances Used as Flavoring Ingredients” in the Journal of Food Science has been published and the GRASr2 evaluation of the thiophene group is in progress. The GRAS reaffirmation of peppermint oil continued in 2014 with the preparation of a draft manuscript. Finalization of this manuscript is pending the completion of studies.

In addition to GRASr2 articles, the Panel drafted a new series of review articles designed to explore interesting facets of flavor ingredient safety that have been identified from the years of work on FEMA GRAS™ evaluations and the wealth of available flavor safety data. The first article, “Impact of Structural and Metabolic Variations on the Toxicity and Carcinogenicity of Hydroxy- and Alkoxy-Substituted Allyl- and Propenylbenzenes” was published in Chemical Research in Toxicology.

Computational Toxicology Subcommittee

The SECC formed the Computational Toxicology Subcommittee in May 2009 to study the different computational toxicology platforms and the implications of computational toxicology for the industry. The subcommittee is currently reviewing several topics related to genotoxicity, including a software models for Ames test prediction, the Fluctuation Ames test (FAT), the BlueScreen Assay and the Kirkland data set. The SECC Computational Toxicology Subcommittee is considering an educational component for presentation to interested FEMA members. Finally, this subcommittee is recruiting new members.

Tox21 Task Force

The SECC Tox21 Task Force is tasked with monitoring and laying the groundwork for a possible flavor industry response to the Tox21 project. Tox21 is a multi-lab, multi-agency (EPA, FDA, NTP) project that is testing 10,000 chemicals in a large variety of in vitro (i.e., non-animal) studies. Approximately 600 chemicals being tested are flavor ingredients. Tox21 released its first dataset in December 2013. The International Life Sciences Institute (ILSI) North America is gathering data on a set of food-related chemicals for analysis, and the SECC is reviewing data on the 235 FEMA GRAS™ flavor ingredients studied.

Decision Tree

FEMA, along with IOFI, launched a project in 2010 to revise the Cramer Decision Tree that was published in 1978. This collaboration resulted in a revised Decision Tree. An overview of the revised Decision Tree was presented at the WHO/EFSA Workshop on the Threshold of Toxicological Concern (TTC) Approach held in Brussels in December 2014. A programming project for the revised Decision Tree is currently in progress.

SCIENCE COMMITTEE

Chair: Denver Christopher
Vice-Chair: Nancy Higley

MISSION STATEMENT

To identify and provide technical and scientific expertise within the FEMA membership that will help achieve FEMA objectives that require technical or scientific support.

OVERVIEW

In general, committee meetings serve as a forum for ideas and suggestions as well as a communication route. The general membership meets twice a year. The four main areas of the Science Committee are Exposure, Analytical, Education and Naturals.

COMMITTEE REPORTS

SCIENCE COMMITTEE

At the October 2014 Fall Symposium meeting, Science Committee members were asked to complete a survey regarding topics of interest for future Science Committee meetings. The majority of members present voted for focusing future meetings on the GRAS process, natural constituent identification, GMO, allergens and analytical testing methods for those listed topics, and adulteration issues.

EXPOSURE

Representatives from the FEMA Exposure Subcommittee (Nancy Higley, Bob Peterson, and J.D. Vora) as well as Christie Harman continue to participate in IOFI's Global Poundage Survey Committee (GPSC). The GPSC developed harmonized methodology for poundage surveys conducted by regional associations (i.e. FEMA). Using this methodology, FEMA launched the 2010 Poundage Survey in March of 2011. The 2010 FEMA Poundage Survey is a survey of ingredient volume of use during the calendar year 2010. The 2010 FEMA Poundage and Technical Effects Survey is available on the FEMA website at no cost to the FEMA membership. The IOFI 2010 Global Poundage Survey, which includes the poundage reported in the 2010 FEMA survey in addition to poundage reported for flavor ingredients used in Europe and Japan, is available on the IOFI member network. The next poundage survey is to be conducted in 2016, but will be a survey of poundage used in 2015.

ANALYTICAL

Food Chemicals Codex

The Food Chemicals Codex Subcommittee, chaired by Carl Frey, provides corrections and comment to the publishers of the FCC (currently US Pharmacopeia). The FCC Subcommittee meets when needed to discuss specific revisions for flavor monographs within the FCC and the possible development of new flavor monographs. The FCC committee developed 16 new monographs for unlisted flavor ingredients in 2014.

IOFI Working Group on Methods of Analysis

Lee French (PepsiCo) represents the FEMA Science Committee at IOFI WGMA meetings. Active areas of work included compounds of interest in flavorings that contain benzaldehyde, specifications for chemically defined substances, evaluating certain FEMA GRASTM flavor compounds to determine if they are found in nature, and information on volatile fractions in certain natural complex substances (NCS).

Sensory Data Task Force

The Sensory Data Task Force (SDTF) was formed to develop guidance for FEMA GRASTM applicants for their submission of sensory data to the FEMA Expert Panel. In November 2013, the guidance as developed by the SDTF was published in Food Technology. Work was finalized on developing representative food matrices applicable to the food categories as reviewed by the FEMA Expert Panel during a FEMA GRASTM evaluation and circulated to the membership in May 2014. Dave Tonucci and Fred Shinnick are the Chair and Vice-Chair of the SDTF, respectively.

EDUCATION

The Science Committee had a panel discussion on FCC specifications during the May 2014 Annual Convention, providing information on the topic that included how to determine what parameters should be relevant for flavor compounds and NCS. Another area discussed was the best analytical methods that could be utilized. Additionally, the method and matrix issues were presented and how they need to be incorporated in the method selection to minimize laboratory-to-laboratory variability in results.

COMMITTEE REPORTS

SCIENCE COMMITTEE

NATURALS

The Naturals Subcommittee has an ongoing effort to collect and submit data on natural flavor complexes in use for review by the FEMA Expert Panel (FEXPAN). FEMA has requested analytical data from members for many NCS such as Orange, Lemon, Lime, and Grapefruit for use in the GRAS-revaluation of these materials. Additionally, the Naturals Subcommittee will be working with the IOFI Natural Complex Substances Task Force on Identification Sheets to provide feedback on draft material identification sheets.

VANILLA COMMITTEE

Chair: Craig Nielsen
Vice-Chair: Amie Byholt

MISSION STATEMENT

To provide a forum for the open discussion of topics important and pertinent to the vanilla industry. These will include, but are not limited to, growing region production figures, supply chain issues, sustainability, and product labeling for vanilla products subject to the federal standards of identity. With the added intent that these discussions and the education provided may provide increased collaboration with other committees on issues facing the flavor industry.

OVERVIEW

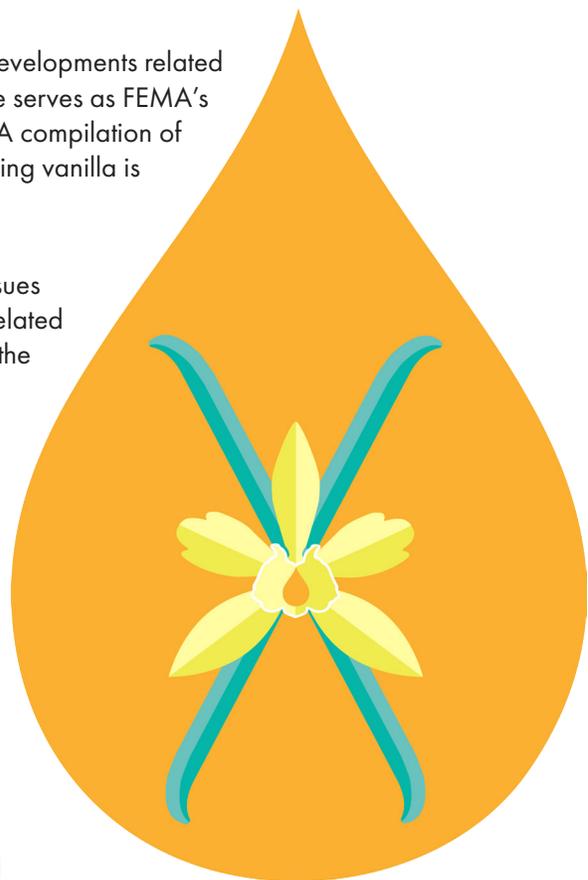
The primary responsibility of the Vanilla Committee is to monitor and report on developments related to the growth, production and marketing of vanilla beans worldwide. The Committee serves as FEMA's primary information resource on regulatory issues associated with vanilla products. A compilation of regulations and regulatory correspondence relevant to vanilla and products containing vanilla is available to FEMA members on the FEMA website.

During the past year, staff continued to support FEMA members by providing information such as import statistics, and by responding to inquiries on regulatory issues and other matters related to vanilla. Staff continues to respond to member inquiries related to the appropriate labeling of vanilla products and expects that trend to continue in the coming year.

Additionally, the Vanilla Committee remains committed to communicating important vanilla industry issues. To fulfill this mission, in 2014 the Vanilla Committee implemented a modified vanilla crop report structure which centered on a moderated panel presentation of crop size and quality, pricing trends, and social and political issues in the various vanilla growing regions. This new vanilla crop report structure has been well-received by members and helps to ensure that the vanilla crop report remains an effective educational tool.

Finally, the Vanilla Committee hosted two guest speakers in 2014. Mr. Henry Todd, Jr., Vice President of Virginia Dare Extract Co., Inc., addressed the Committee during the FEMA Annual Convention on May 4 in Marco Island, Fla. Mr. Todd presented and discussed sustainability and quality issues of Malagasy vanilla. Ms. Tia Loftsgard, Director of Business Development at Fairtrade Canada, spoke to the Committee at the FEMA Fall Symposium on Oct. 21 in Jersey City, NJ. Ms. Loftsgard discussed Fairtrade's mission and standards and highlighted a Malagasy co-op of vanilla farmers as an example of a fair trade model in vanilla production.

The Vanilla Committee sincerely thanks all members participating in the Vanilla Committee meetings for making the meetings productive and successful.



MEMBERSHIP LISTING

2014-2015 FEMA MEMBER COMPANIES

3E Company
Adron, Incorporated
Advanced Biotech
Ajinomoto North America, Inc
Alland & Robert
Allured Business Media/Perfumer &
Flavorist Mag
Allylix Inc.
Almendra
Altria Client Services Inc.
Artiste
Arylescence, Inc.
Astral Extracts, Ltd.
Aust & Hachmann (Canada) Ltd
Bacardi-Martini Product Development, Inc
Bedoukian Research, Inc.
Bell Flavors & Fragrances, Inc.
Berjé, Incorporated
Blue Pacific Flavors
Brand Aromatics, Inc.
California Custom Fruits and Flavors
Campbell Soup Company
Cargill, Inc.
Chemtex USA
Chromocell Corporation
Citromax Flavors
Citrus and Allied Essences Ltd.
The Coca-Cola Company
Colgate-Palmolive Company
Comax Flavors Corporation
ConAgra Foods
Consumers Flavoring Extract Company, Inc.
Corbion
David Michael & Co., Inc.
De Monchy Natural Products BV
Decernis
Doehler North America, Inc.
Domino Foods Inc.
Dr Pepper Snapple Group
E & J Gallo Winery
Edlong Dairy Technologies
Evolve, Inc.
Excellentia International
Firmenich, Inc.
FISA
Flavor & Fragrance Specialties
Flavor Dynamics, Inc.

Fleurchem Incorporated
FONA International Inc.
The Foote & Jenks Corporation
Frutarom USA Inc.
Ginkgo BioWorks
Givaudan
The Hershey Company
HP Hood LLC
iniTECH Inc.
Innova@Flavors
Insight Beverages, Inc.
International Flavors & Fragrances Inc.
Kalsec Inc.
Kellogg Company
Kemin Food Technologies
Kerry
Kraft Foods Group
Lorillard Tobacco Company
Lugo Nutrition, Inc.
MANE Inc.
Mark Anthony Group
McCormick & Company
MCI Miritz Citrus Intercontinental
Medallion International, Inc.
MOM Brands
Mondelez International, Inc.
MUST Vanilla Trading Inc.
National Flavors, LLC
National Fruit Flavor Company, Inc.
Natural Flavors/Elan
Naturex Inc.
Nestlé USA, Inc
Nexira
Nielsen-Massey Vanillas, Incorporated
Novartis OTC
Ocean Spray Cranberries, Inc.
Ogawa & Co., Ltd.
Ottens Flavors
Penta International Corporation
PepsiCo
Pernod Ricard USA
Philip Morris Products SA
Phoenix Aromas & Essential Oils, LLC
Pinova Holdings
PROVA, Inc.
PT Indesso Aroma
Pure Circle USA, Inc.

R.J. Reynolds Tobacco Company
Robertet U.S.
Rodelle Inc.
San-Ei Gen F.F.I. (USA), Inc.
Senomyx, Inc.
Sensient Flavors LLC
Sethness Products Company
Silesia Flavors Inc.
Sinopaprika Co., Ltd
Soda Aromatic Co., Ltd.
South Georgia Pecan Company, Inc.
Stepan Company
Sweet Green Fields LLC
Symrise, Inc.
Synergy Flavors, Inc.
T. Hasegawa USA
Takasago International Corporation (USA)
Tate & Lyle, Inc.
Teawolf, LLC
TIC Gums
TraceGains, Inc.
Treatt
Ultra International B.V.
Ungerer & Company Incorporated
Vanilla Corporation of America, LLC
VANIPRO SAS
Virginia Dare Extract Co., Inc.
WILD Flavors & Specialty Ingredients
Wrigley, A Subsidiary of Mars, Inc.



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