

THE SWEET TASTE OF SUCCESS



— *years of* —

**FLAVORCHEM &
ORCHIDIA FRAGRANCES**

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“When my brother and I were first making syrups in our parents’ basement, we never imagined where this journey would take us. As children of immigrants, our parents arrived in this country with nothing but the clothes on their backs and the desire to build a better life for their family. Owning and growing our own business gave us the financial freedom and independence to be our own bosses and follow our dreams with no limitations on what it could become. We got to where we are today through hard work, dedication, good people, and help from above...”

— Phil Sprovieri, Co-founder and VP of Sales & Marketing

The year was 1971. The City of Chicago had become an agriculture and confectionery mecca. For brothers Salvatore and Phillip Sprovieri, the time was ripe and Flavorchem was born.

From its humble beginnings mixing syrups in the Sprovieri's basement, Flavorchem has grown to incorporate two business divisions and four global campuses. Today, the family-owned enterprise manufactures over 5,000 flavors, fragrances, and private label food products annually.

Fifty years later, the business stands firmly upon a foundation of trust earned by employees, customers, and even competitors alike. That's no simple feat for a food and beverage manufacturer.

It could be the "yes" every customer receives even before the R&D team dreams up the "how." Or, the value-based product pricing offered to both new and legacy customers. Maybe it's the satiating customer experience that so often results in

a long-term relationship. Or, the Sprovieri brothers' legendary hard work that earned them the sweet taste of success.

Phil says it's all of the above.

"People want to work with Flavorchem because they don't want to take a chance," says Phil. "They know they're going to be completely satisfied because the customer is our boss. We listen to what they want to do, even when it's difficult. Once a customer joins us, they don't leave because of price, service, and ultimately trust."

For the Sprovieri family, keeping 1,700+ customers happy is their greatest satisfaction.

Despite their global success, Phil still says, "The proudest moments we have in this business are when we walk into a grocery store and see something that has a Flavorchem flavor in it on the shelf, ready for purchase."



Planting Roots in Chicago

After graduating with a degree in chemistry from the University of Arizona in 1953, Sal Sprovieri returned to his hometown Chicago to work for confectionery legend, Brach's Candy. There, Sal learned how to distill and fold citrus oils and make trays of gummy base, while developing candies and toffees with center flavors. From Brach's, Sal moved on to Liquid Carbonic, where he ran the lab and developed beverage flavors for national distribution. Both posts proved instrumental in developing Sal's skill set in flavor chemistry.

Seventeen years Sal's junior, Phil was a teenager. His mother was looking for anything to keep her young son out of trouble. Elvira (Mama) Sprovieri got Phil a job at Bob-O's Hot Dogs on nearby Irving Park Rd. and Cumberland Ave. Phil worked there for six years. One spring day, on a visit to his mother, Sal stopped by to see his younger brother. Eating his favorite hot tamales, Sal watched Phil unload a product delivery.





(Early 1960s) The Sprovieri Family (left to right: Ray, Noelle, Anthony (Papa), Elvira (Mama), Phil, Jackie, and Sal Sprovieri)

“What are you unloading?” Sal asked.

“Syrup,” Phil said, piling the cases a top one another.

“That’s a lot of syrup. It’ll last you ‘til September?”

“It’ll be gone by June.”

Sal dropped his fork into his food. “Tell Bob you want to make the syrup,” Sal said.

And that’s what Phil did. With a 50-gallon stainless steel tank he purchased for \$35, Phil began making syrup in his mother’s basement under Sal’s direction — and the name General Sugar Products. Initially sold in gallon glass jugs, and then in plastics, Phil spent hours outside of high school and eventually college mixing, selling, and distributing his syrups to Bob-O’s Hot Dogs and other local businesses.

After graduating from DePaul University in Chicago, Mama Sprovieri had had enough of Phil’s syrups consuming her basement. It



(1964) General Sugar Products' first production facility, i.e. the Sprovieri Family basement, Norridge, IL



1971

Incorporation of Flavorchem

Brothers Salvatore and Phillip Sprovieri open Flavorchem in Bellwood, IL, focusing on flavored soda syrups for local establishments.



1974

Acquires Pav Labs

Flavorchem gains expertise in bakery flavor formulation and entrance into the bakery industry with the acquisition of Pav Labs.



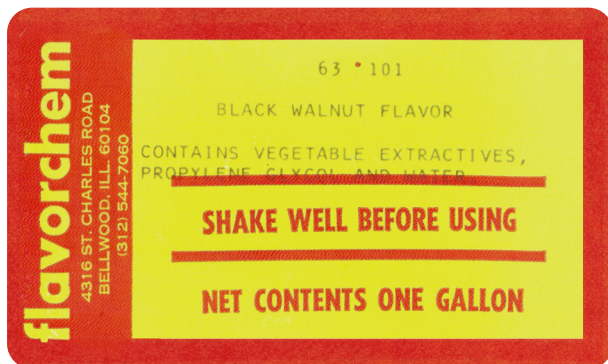
1978

Acquires Gustafson Labs

Portion packaging is added to Flavorchem's capabilities, in addition to formulation and processing expertise in pure vanilla extract.



(Late 1960s) General Sugar Products syrup label



(1971) Original Flavorchem product label



(1990s) Flavorchem sample label

was time to move. But, where to?

A cold call to Pasquale Caputo, owner of Henry's Food Stands, proved to be Phil's answer.

"After I told Mr. Caputo I'd like to make syrup for him, he looked at the expression on my face and said, 'What's wrong?'" said Phil. "I told him my mother said I have to get out of her basement. His reply was, 'How much space do you need?'"

"10 by 10," said Phil.

"Done," said Caputo, "I've got a sink and more in a warehouse just up the street from the Rosemont Theatre."

"How much rent do you want?"

"Pay the water bill."

The cold call not only left Phil with warehouse space to make his syrups, but also earned him Caputo's business. Caputo offered to distribute the syrups to Henry's Drive Inn locations from the warehouse and to some other businesses in Kansas City where he was distributing products as well.

Phil's mounting success warranted Sal to leave Liquid Carbonic for good and join the syrup business full time.



1982

**Moves to
Downers Grove**

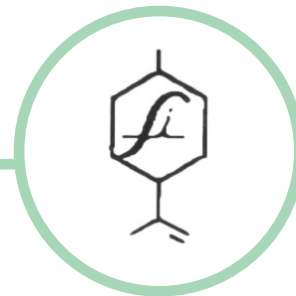
Operations move from Bellwood to Downers Grove, IL, where the global headquarters currently resides.



1983

**Acquires
Orchid Laboratories**

Acquisition of Orchid Laboratories (now Orchidia Fragrances) broadens the scope of operations to fragrance development and manufacturing.



1992

**Acquires
Fluorostat**

Fluorostat acquisition provides Flavorchem with citrus oil processing capabilities.

Becoming an Industry Giant, One Customer at a Time

Sal's entrance into the business catapulted its earning potential. In a new, larger warehouse in Bellwood, IL, and now under the name Flavorchem Incorporated, the Sprovieri brothers cornered the soda bottling and extract market in Chicago.

"Local business owners tasted our product, and they were happy with the price and service. We got their business because they could see in our eyes that we needed it. They stopped buying from the larger flavor houses and gave us a chance instead," says Phil.

From there, Flavorchem quickly transformed into an industry force, yet the Sprovieri brothers never forgot their humble beginnings and the opportunities other business owners afforded them. They paid it forward whenever they could.

The Sydney Carpenter supply house was a case in point. Sydney had contracted to provide most of the downtown Chicago restaurants with food supplies but wasn't actually set up to do so.



(Early 1970s) Sal and Phil Sprovieri at the Flavorchem Bellwood facility



(Early 1970s) Vince Rieck and Sal Sprovieri at the Flavorchem Bellwood facility



1993

Acquires Atmospherix

Acquisition of Atmospherix expands Orchidia Fragrances into the air care industry.



1996

Establishes Flavorchem West

West Coast facility opens in San Clemente, CA, improving Flavorchem's distribution network and manufacturing capacity. This facility also expands competencies to include distillation and spray drying.



2003

Acquires Global Aromatics

Acquisition of Global Aromatics expands fragrance capabilities into the personal care industry.

“My brother told him exactly what he needed to do. He cleaned a room, put washable tiles on the wall, and got some tanks. Then, he got started making his own stuff,” says Phil. “We taught him how to make French dressing and syrups, and we made his beverage flavors. Why did we teach him? Because that’s just what you did. If you had the knowledge, you helped other businesses get off the ground.”

The brothers’ sincerity and commitment to others continued to propel their business forward. An iconic bottling company in St. Louis was customer number four for Flavorchem.

“They wanted my brother to develop a root beer — and he did. A damn good root beer that was. Today, that root beer is now a household name,” remembers Phil. “When the company grew, and eventually wanted to start making their own flavors in house, they needed their root beer flavor recipe. Their attorney asked, ‘How much can we give you

for it?’ Sal said, ‘Give me a buck.’ They gave him \$1,000.”

Sal earned a reputation for solving problems in the beverage industry. He could look at a formula and know what was missing, what needed modification. That’s why the

maker of the first sugar substitute reached out to Sal in 1971. They knew they had a significant scientific breakthrough on their hands but were unsure of how to use it in food. Sal got to work immediately developing formulas for soda using aspartame.

“We made 30 bottles of root beer with aspartame. I took

it all over to the customer and they went gaga. From there, we did formulations for them, and they took the supplies to bottlers and started making millions,” said Phil. “These were the first commercial runs of aspartame diet sweetened beverage. Once they got a handle on how to use it, that laid the groundwork for the future of diet sodas.”

”
They wanted my brother to develop a root beer — and he did. A damn good root beer that was. Today, that root beer is now a household name.

— *Phil Sprovieri, Co-founder
and VP of Sales & Marketing*



2004

Acquires Fragrance Division of U.S. Flavors & Fragrances

Orchidia's customer portfolio expands with the acquisition of U.S. Flavors & Fragrance's fragrance division.



2010

Adds Industrial Packaging Capabilities

High-speed automated packaging line added to Downers Grove operations, expanding capabilities into retail and industrial packaging.



2011

New Applications Center Opens

Flavorchem opens new applications center at their global headquarters in Downers Grove.

At the time, Flavorchem had three employees — Sal, Phil, and Vince Rieck, a colleague of Sal's from Liquid Carbonic. Sales, production, product development, and even answering the phones fell on the trio and family members who pitched in whenever possible. By 1973, it was becoming more difficult to fill customer orders, pay bills, answer calls and even load product onto trucks (a forklift was a luxury back then). Sal hired Betty Ferris who became the “voice” of the business, serving as both the official receptionist and customer service representative for years.

“The business grew because people trusted Sal. He was a difficult negotiator, but suppliers wanted to do business with him. Sal always said we had to ‘look pretty.’ We were a small company, and we always had to pay

our bills. Sal paid them as soon as he received them. No waiting for 10, 30, or 60 days,” says Rieck, retired EVP, and Sal's right-hand man in the early days. “Suppliers knew that we wouldn't always be a little company, and they wanted to grow with us. They also knew Sal was very loyal, and as long as he got the best price and service, he would forsake all others.”

“When we finally got our first big order, I went into shock,” says Rieck. “We had never had an order this big. Sal couldn't believe it either. When I added it up, it came to \$10,002. Most of our orders were in the \$500 to \$1,000 range. I called them up to make sure they hadn't made a mistake. They had not.”



(March 1975) Phil Sprovieri with a large syrup order



(March 1975) Vince Rieck with a large syrup order



2011

Acquires Marnap Industries

Acquisition of Marnap Industries expands reach into the savory and confectionery market.



2012

Liquid Manufacturing Facility Opens

Downers Grove campus expands to include a state-of-the-art liquid manufacturing facility with larger quality control laboratory and regulatory department.



2013

LEED Silver Certified Facility

New liquid manufacturing facility receives LEED Silver Certification by the U.S. Green Building Council (USGBC), recognizing Flavorchem's sustainability achievements.

Breaking Ground at a Chicago Crossroads

The 1980s offered Flavorchem a chance to diversify beyond syrups and soda into confections, baking, dairy, sauces, seasonings, and snacks. Working with local — and soon to be famous — chocolate brands, soda manufacturers, and restaurant supply houses like loyal Sydney's Supply, the business continued to expand.

“More and more businesses came to us, and we outgrew the little 2,400-sq.-ft. building in Bellwood,” says Rieck. “When we would come into the building each morning, we had to pull out the pallets of stock and put them on the driveway so we could work. If it rained, we had to pull everything back in from outside. We sat on the pallets until the rain passed because we couldn't work. Think it was time to move?”

Sal found a business park in nearby Downers Grove where Flavorchem would eventually build their global empire — one building at a time.



(1979) Early construction of the Flavorchem Downers Grove facility



(1982) Completed construction of the Flavorchem Downers Grove facility



2015

**Fragrance Manufacturing
Expands to Asia**

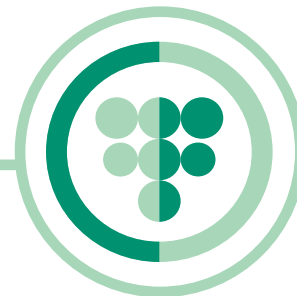
Orchidia Fragrances establishes Tu Lan Trading Ltd. in Shanghai, China, expanding operations to Asia.



2015

**Establishes
Flavorchem Europe**

Flavorchem acquires Hungarian flavor manufacturing facility, expanding flavor operations into European and Middle Eastern markets.



2019

**Brand
Refresh**

Flavorchem refreshes branding to reflect its evolution to better serve client needs. Key elements of the previous logo are maintained in the new brand identity.

“My father bought the lot before anything was there,” says Executive Vice President of Orchidia Fragrances Ross Sprovieri, Sal’s son. “A few years later, they announced they were going to put 355 and I-88 right here. With that announcement, we could now transport products in any direction. That single decision made this area invaluable as a transportation hub. It’s like my father somehow knew that.”

Establishing a new headquarters wasn’t the only way Flavorchem would grow. Acquiring like-minded businesses was another way to accelerate market share.

Flavorchem purchased Orchid Laboratories in 1982, catapulting them into the world of fragrances. The business was immediately rebranded as Orchidia Fragrances, adding half a million dollars in annual revenue to the balance sheet and earning potential.

Becoming a Global Force

With a strong hold in Downers Grove, Flavorchem set their sights beyond the Illinois border, setting up satellite branches around the country and across the globe in the 1990s and into the early 2000s.

Opening the first branch in San Clemente, CA, in 1996 allowed the organization to both expand its distribution and add additional key competencies, like distillation and spray drying. Picking up local clients and national

chains on the West Coast also brought more work back to the Downers Grove HQ.

With Sal nearing retirement in December 2008, he named R&D chemist and long-time employee, Ken Malinowski, as president. Just a year later, Flavorchem mourned the loss of their founder and chief visionary, Sal Sprovieri, whose foresight continues to guide the company today.



2020

SRS Center for Taste Innovation Opens

Flavorchem opens a 25,000-sq.-ft. center for innovation and food technology. New facility includes a 1,300-sq.-ft. show kitchen, 1,700-sq.-ft. pilot plant, four specialty application labs, a sensory room, and three guest suites.



2020

Fragrance Manufacturing Expands to Europe

Flavorchem Europe broadens scope of operations to fragrance manufacturing, expanding into European fragrance market.



2021

Fifty Year Anniversary

Flavorchem proudly celebrates 50 years of providing its customers with innovative, high-quality products and superior service and support.

Success in the expansion to California paved the way for acquisitions abroad in Asia and Europe in 2015. Fragrance manufacturing in China and flavor processing in Hungary established Flavorchem as a player in the global marketplace. *(See Expanding Abroad, page 16.)*

Flavorchem's Salvatore Rudolf Sprovieri (SRS) Center for Taste Innovation opened on the Downers Grove HQ campus in Summer 2020 to directly support this global expansion. The 25,000-sq.-ft. facility features a show kitchen, four specialty application labs, a pilot plant, and three guest suites for visiting customers. *(See Innovation Center, page 19.)*

"Instead of designing and building a traditional lab environment that's sterile with white cabinets, we reinvented our business model, taking more of a concept-to-consumer approach around product development. As a destination experience for our clients, the pilot plant will allow us to create a small-scale prototype for the client to take with them when they leave our campus at the end of the day," says Malinowski. "I think Sal would be amazed at what we're doing today — that we're capable of building something like this and that it's going to have so many different capabilities, be employee friendly, and customer centric. I think this is always what Sal envisioned."



(1995) Phil Sprovieri, Bob Lipnik, Tony Guzzetta, and Rick Degraf at the Flavorchem West construction site in San Clemente, CA



(2020) SRS Center for Taste Innovation

IT'S ALL IN THE FAMILY

Before the business grew to over 350 employees strong, summer picnics and formal holiday parties were a way to bring the “Flavorchem family” together, twice annually.

Year in and year out, Sal’s wife Jackie Sprovieri would distribute her hand-picked Christmas gifts for every employee — and their kids — at the holiday party. She even made homemade cheesecakes, a favorite of all who received them. These special events were cherished by employees, as it was their chance to both personally connect with Sal and Phil and bring their loved ones into the world of Flavorchem.

“Sal loved talking to my dad at the annual picnic about the strong work ethic they shared and how they had both lost their fathers when they were young. Sal told my dad he’d never have to worry about a job because my dad could always come to work for him,” said Director of Customer Relations Cathy Schiro, employee of more than 30 years. “Sure enough, when my dad got laid off, Sal gave him a job on the spot. My dad was 50 years old. He retired from Flavorchem 15 years later at 65. Later on, when my dad had a stroke, Phil called me and said, ‘Don’t worry about it. We’ll see you when we see you.’”



(1976) The Sprovieri family and employees at the Flavorchem summer picnic



(1979) Sal Sprovieri grilling for employees at the Flavorchem summer picnic



(1980s) Sal Sprovieri smiling as Vince Rieck opens a Christmas gift at their annual holiday party, held at the Sprovieri residence

True compassion for employees is something the Sprovieri brothers are known for. It's also one of their keys to employee retention.

"One weekend, I was headed to Canada and my car broke down," says Customer Service

Supervisor Patti Coyne, employee of 25 years. "Phil didn't want me to spend money to rent a car, so he let me borrow his van. When people ask me, 'Where do you work?' I'm always proud to say that I work at Flavorchem!"

Taking Care of Business

Long before work-life balance was a priority for 21st century businesses, Flavorchem championed it. Whether through a robust employee benefits package or a ping pong table, arcade games, and a full on-site tennis court available to employees, the Sprovieri brothers made employees a priority.

"Sal understood that you care for your employees because your employees care for your customers," said Malinowski. "Everyone was part of the Flavorchem family. Sal and Phil proved this to employees with perks like a bonus program, good health coverage, and helping employees save for their retirement."

Investing in employee education is a priority for the business as well. This includes a formal tuition reimbursement program and numerous opportunities for employee

advancement across departments. When admins seek to gain a more advanced skill set in science, they move to the R&D labs. When an employee in production scheduling wants to learn more about finance, they gain the necessary skills to move to accounting.

————— ” —————
Sal understood that you care for your employees because your employees care for your customers. Everyone was part of the Flavorchem family.

— *Ken Malinowski, President*

"When the owners care about you, you can care about your fellow employees, the company, and its success. You care that if you make a mistake, they could lose money. If another department needs help with something, we don't pass the buck or say it's not our responsibility. We try to

support each other in process improvement and process changes as we grow," says Schiro. "Sal, Phil, and the new leadership feel they wouldn't be anywhere without their employees, and they do everything they can to enrich our lives — from benefits to safety to expanding the business."



flavorchem

September 7, 1989

Ms. Cathleen M. Spalla

11000 Harrison Lane
Harrisonville Park, IL 60515

Dear Cathleen,

We would like to make you part of our team at Flavorchem Corporation.

Should you accept the general office position, we would like to offer to you the following:

- I. Your starting date-September 18, 1989
- II. Base pay of \$1,800.00 per month or \$21,600.00 per year.
- III. Bonus (usually 1 month or more of your monthly salary) * \$1,800.00
not mandatory
- IV. Medical coverage - (see attached). *
- V. Tuition Subsidies - (see attached). *
- VI. Vacation - (see attached). *
- VII. Profit sharing 15% annual gross earnings payable by Flavorchem. *

Completion of 2 years	20%	(not mandatory)
" " 3 "	40%	
" " 4 "	60%	
" " 5 "	80%	
" " 6 "	100%	
- VIII. Approximately 10 paid holidays.

We are looking forward to working with you. Should you have any questions, please let me know.

* SUBJECT TO CHANGE

Sincerely,

Patti

Patti Orban

Enclosures.

1525 Brook Drive, Downers Grove, Illinois 60515 • (312) 932-8100

(September 1989) Offer letter to Cathy Schiro.

"When Sal sent this offer, it fell short of my salary at the time. I even had a second offer from another company, but I felt like Flavorchem was the right place for me. It was a real family place, one that felt like home. So, I counter offered. Sal loved that I had the guts to do that, so he met my price and the rest is history. That was more than 30 years ago."

— Cathy Schiro, Director of Customer Relations

MAINTAINING THE SAME FLAVOR INTO THE NEXT GENERATION

In Flavorchem's early years, Sal and Phil Sprovieri did what all successful entrepreneurs do — try to lure the next generation into the business.

Sal's kids Anthony, Peter, Connie, and Ross, as well as Phil's girls, Gina, Nicole, and Valerie all worked in the family business initially for different periods of time. While they filled various roles over the years, including corporate attorney (Connie), customer service (Gina), and sales, most eventually moved on to pursue different careers and interests. Ross and Valerie, however, remain Flavorchem employees to this day.

As young as five years old, Ross Sprovieri would do just about anything he could to help out at the office. As Sal's son, he'd work the production floor, sweep the driveway of rocks so the forklifts wouldn't get stuck, seal cases, and secure tops on bottles. Phil's daughter,

Valerie (Sprovieri) Little, remembers experimenting with her own flavors in the lab and shredding outdated paperwork by hand.

For Ross and Valerie, the family business would become a life-long career. Ross currently serves as the EVP of Orchidia Fragrances, while Valerie is Head of Marketing Relations for the business. Val met her husband, John Little, previously a perfumer, in the business as well. John currently serves as Head of Project Management on the operations side of the organization.

The Sprovieris are unique, though. Family enterprises that outlast generations are unfortunately a dwindling breed in the U.S. Only 30 percent of family-owned businesses make it to a second generation — and just 12 percent to a third. Flavorchem is out to beat the odds.



(1980s) Sal Sprovieri and family at a Flavorchem holiday party (left to right: Peter, Connie, John Barba, Jackie, Sal, Anthony, and Ross)



(2000) Phil Sprovieri and his daughters (left to right: Phil, Gina, Valerie, and Nicole)

Growing Up with Flavorful Roots

“I was 16 years old when my dad asked me to get involved in the business,” said Ross. “I was a high school kid and had no idea what I wanted to do. I thought, ‘Why not?’” Ross went on to study business, with a Chemistry minor at Marquette University, in Milwaukee, WI, where he played competitive tennis. “Although I’m scientifically minded and can see things in black and white, I am a creative at heart and my dad saw that.”

Valerie’s creativity was evident through her early experiments in the lab, where she first got interested in creating flavors for candy with her dad. Today, she channels this creativity by managing customer engagement and marketing projects for the company.

Valerie majored in Graphic Design, with a Studio Art minor at North Central College, in Naperville, IL, not knowing just how relevant and valuable her talent would be to the family business.

“My career and interests have evolved alongside the growth of the company and the industry — it’s an exciting time to be a part of it all.” said Valerie.

Both Ross and Valerie started working in the business just after they finished their degrees. “I graduated on a Sunday afternoon from Marquette,” said Ross. “When I came

downstairs Monday morning, there was a customer list and a phone sitting on the table for me. I thought to myself, ‘Guess Dad is putting me to work.’”

For the next eight years, Ross filled the national sales role for Orchidia Fragrances. With just two employees — Ross and Perfumer Jim Powell — Orchidia Fragrances

was lean and efficient and became more profitable every year. Ross would bring in the projects, and Jim was tasked with the complicated R&D work. When Ross could, he would help out with non-complicated R&D tasks. Over time, Sal began grooming Ross to take over critical segments of the organization.

“My dad mentored me in the business, slowly transitioning me to more of a leadership role by inviting me to meetings with suppliers, then attorneys and the accounting firm,” says Ross. “Little by little, he exposed me to different parts of the business. In those meetings, if someone said something to me, I’d respond, but otherwise I would just observe.”

At the time, Sal was still purchasing raw materials. He showed Ross how to handle all the purchasing — from office supplies to critical R&D supplies.

“At some point, we hired a national sales manager for Orchidia and I slipped out of

”

My career and interests have evolved alongside the growth of the company and the industry — it’s an exciting time to be a part of it all.

— Valerie (Sprovieri) Little,
Head of Marketing Relations

that role and into purchasing,” says Ross. “I listened to my father’s phone calls and sat in when people came to meet with him. He started testing me. He’d ask me questions, talking in parables. Then at the end he’d say: ‘What would you do in that situation?’”

“I always told him exactly what he wanted to hear,” says Ross. “I knew what he would do, and he wasn’t wrong. Still today, I sit in meetings and invoke the philosophies of my dad all the time. To this day, people will regularly hear me say, ‘My dad would have done it this way.’”



(1994) Ross in his national sales role at Orchidia Fragrances

In 2008, Sal was nearing retirement and looking to appoint the next generation of Flavorchem leadership.

“When my dad appointed Ken as President, we all knew it was the right decision,” said Ross. “Ken is very good at running the day-to-day details of the operations, making sure it all runs smoothly. He is a great ambassador to our top accounts. My father felt my role was to continue his legacy as a visionary for the company. As the Executive VP of Orchidia, I could take my creativity and big ideas and use them to move the company forward.”



(June 2017) Valerie and Phil working the IFT17 Food Expo

Continuing the Legacy into the Next Generation

While Valerie’s son is just a toddler, Ross’ sons are already teenagers — just about the age that Ross was when Sal asked him to join the business.

“In the next 20 years, I will try to get my boys, currently 16, 14, and 12 interested, but I won’t force it on them. If one of them does rise to the occasion, then great,” says Ross. “You have to know you have the right people in place. If any of the children are in a position to be good stewards of the business, then the third generation will go on.”

04

EXPANDING OPERATIONS ACROSS THE COUNTRY AND ABROAD

Expanding across the country and abroad was something Sal and Phil Sprovieri only dreamed of when they started Flavorchem in 1971. Today, three global manufacturing satellites are central to all aspects of the business.

California – 1996



Flavorchem's West Coast Facility in San Clemente, CA

By the mid-90s, Flavorchem was seeking to take flight. Expanding to California provided the company with a geographical advantage to serve customers locally on the West Coast. With the amount of food manufacturing that takes place in Southern California, this strategic move quickly became an asset all its own.

Like all good business ventures, Flavorchem has amassed many valuable lessons in the Golden State.

“Running a business in California has taught us a tremendous amount about regulatory compliance. We’ve gone through water treatment, air quality, and other state sustainability requirements. California has their own OSHA that goes above and beyond federal law,” says Malinowski. “When something is happening in California, there’s a good chance it’s going to happen somewhere else in the country soon. Our California office has better prepared us for what’s next both back home at our Downers Grove headquarters and in our other facilities abroad.”

China – 2015



Orchidia Fragrance's manufacturing facility in Shanghai, China

When a high-profile customer was looking to find a manufacturing partner in China for their flavors and fragrances, Flavorchem knew they needed to secure capabilities there if they wanted to be involved beyond R&D in the future.

Simultaneously, for over nine years, Ross

Sprovieri had been traveling to China with the goal of securing a local manufacturing partnership. Finally, the right contract manufacturing partnership presented itself and Tu Lan Trading Ltd. (Orchidia Fragrances China) was established.

“The opportunity to expand globally has been one of my favorite parts of the business,” says Ross. “With two employees and a manufacturing facility, we have a solid, local presence in China that allows us to supply both the Chinese and U.S. markets directly from China. We started from scratch, and now the business there is poised to explode.”

Orchidia Fragrances China has expanded beyond that initial client to personal care products, air care products, industrial products, and more.

Europe – 2015



Flavorchem's European facility in Kerepes, Hungary

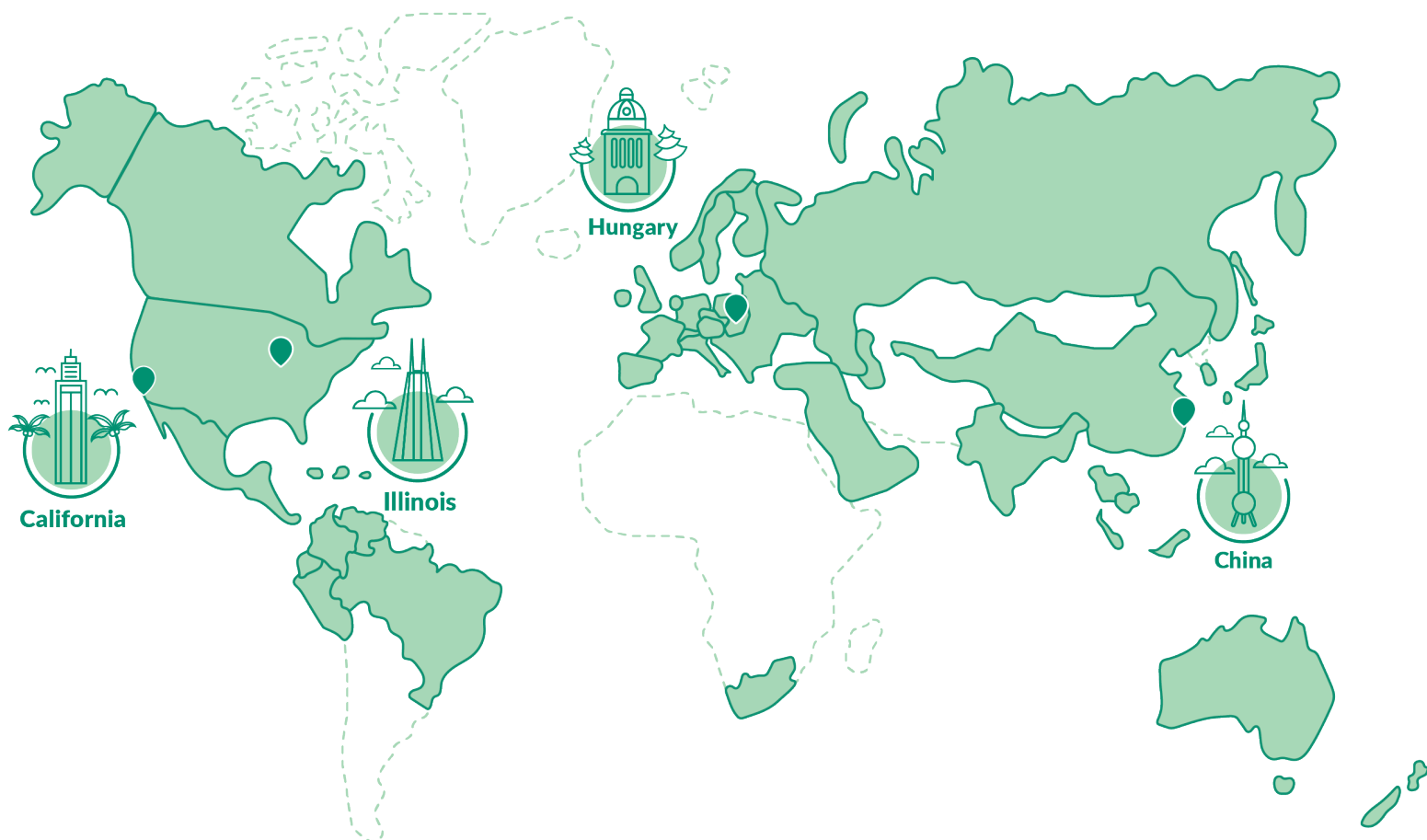
One of Flavorchem's most important customers expanded their operations to Europe and wanted Flavorchem to do the same in order to collaborate locally. When a pilot trip to Europe for Phil and Ken Malinowski failed to bear fruit, they returned to the drawing board. Soon after, Malinowski fortuitously mentioned the business' desire to expand abroad during an unrelated customer meeting. This client had recently acquired a large operation in Europe and was

looking to sell their Hungarian facility — the only flavor operation in their European portfolio.

“This business is about timing and relationships,” says Malinowski. “Because of our strong affiliation with this customer, we agreed to continue producing their flavors out of our Hungarian facility and distribute to their other facilities across Europe.”

Since expanding to Hungary, Flavorchem has been able to meet the local needs of the

customer that first sent them looking abroad — and many more. “This move opened up the doors to more global companies looking to work with businesses that maintain both U.S. and European operations,” says Malinowski. “We can supply them with the exact same flavor from both our U.S. and European facilities, which is the ultimate goal of having a global presence.”



FLAVORCHEM'S NEW INNOVATION CENTER IS THE ULTIMATE CUSTOMER EXPERIENCE

Spreading their wings globally didn't completely satisfy Flavorchem's hunger for advancement. Their new 25,000-sq.-ft. SRS Center for Taste Innovation is located on the company's Downers Grown HQ campus, positioning the company for an R&D explosion in the immediate future.

"The product lifecycle has contracted as regulations and customer demands change. It used to be you'd sell a flavor for 10 years or more. Today, that same flavor lasts only two to three years," says Ross. "Similarly, flavor requirements are constantly in flux. They may need to be GMO free, Halal certified, fair trade, can't have chemicals that originate overseas — and more."

"The palette of the consumer and the social demands are making things so that you can't make macaroni and cheese and sell it for 50

years as the product it's always been. That doesn't happen anymore," says Ross.

Named for Flavorchem's late owner Salvatore Rudolf Sprovieri, the SRS Center for Taste Innovation opened in the summer of 2020. Upon entering the building, guests are immediately welcomed into an open marketplace equipped with a snack station, coffee, and beverage bar, modeled after the trendiest foodhalls that are now popping up across urban centers around the U.S. and globally. The four category-specific application labs and show kitchen each carry their own theme, designed to look like retail storefronts.

To support the commercialization of new products and technologies, the building boasts a 1,700-sq.-ft. pilot plant, including a dedicated lab for aseptic batching and processing and sensory room for blind

"The product lifecycle has contracted as regulations and customer demands change. It used to be you'd sell a flavor for 10 years or more. Today, that same flavor lasts only two to three years."

— Ross Sprovieri, EVP of
Orchidia Fragrances

and controlled testing. The focus of the architectural design was to create an interactive customer experience that encourages innovation and collaboration. Every element within the space was intentional and designed to deliver the most premium experience, from the three guest suites fully equipped with workstations and mini bars to the chic Toto toilets from Japan that provide customers the most intimate comforts. Internally, the facility doubles as a resource enhancement for the Flavorchem team

across divisions and the globe to train together digitally. Flavor and application labs, as well as the corporate marketing team, are now housed in the Innovation Center.

“We need to do more than just be a flavor company going forward,” says Ross. “The SRS Center for Taste Innovation is the next tool for us in finding new and unique ways to innovate and keep the company moving forward.”



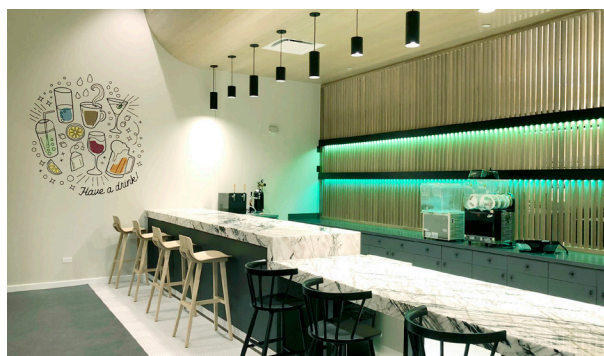
SRS Center for Taste Innovation



The Kitchen Studio, R&D Kitchen



Lobby



Drink-ology, Beverage Applications Center



The Candy Bar, Confectionery Applications Center



The Rolling Pin, Bakery Applications Center



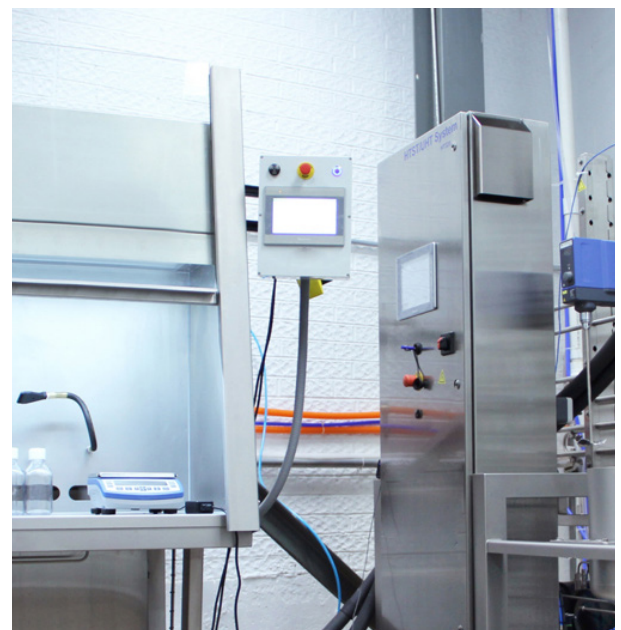
Marketing Office



R&D Lab



Collaboratory, Miscellaneous Applications Center



Pilot Plant

THE TALE OF TWO CUSTOMERS WHO CHANGED FLAVORCHEM FOREVER

With their signature customer-centric mindset, Flavorchem seeks to solve each customer's challenges first, only then looking internally to see how they can make it happen. This ability to keep customers as the business' compass is what brings them back to Flavorchem over and over again.

Serving Up Quality

It was early 2000. Flavorchem was pursuing the contract manufacturing business of a high-profile ice cream retail chain. The executive responsible for outsourcing their flavor manufacturing knew Sal from industry events in California. Once the retail chain discovered that Flavorchem was uniquely positioned in both California and Illinois, where two of their manufacturing facilities were located, Flavorchem was awarded the business. Without even touring the company's facilities, Flavorchem was approved.

"Immediately, we were scrambling," said Malinowski. "This high-profile customer was coming on board with expectations that we

had a comprehensive QA/QC process in place. We were forced to put something together very quickly that significantly elevated the company's regulatory capabilities at that moment in time."

And so began a robust, differentiated quality and regulatory program at Flavorchem — one that the company still counts among its core capabilities today. This focus on compliance that began with the onboarding of a single ice cream store chain has enabled Flavorchem to attract an increasingly sophisticated customer base. It has also ensured the business brings every new product from R&D to delivery while championing quality assurance and quality control.

“We’re no longer talking about basic quality control procedures — today we look at managing risk across all suppliers,” said Malinowski. “We receive supplies from all over the world, and there are different risks associated with each ingredient we receive. Are they sustainable, i.e. are we aligning ourselves with companies that

have ethical standards? Are they the type of vendor we want to partner with, i.e. who are they and what do they represent? It all started with a basic issue of regulatory and quality compliance. Now, this is something we own that actually makes us an industry differentiator.”

Naturally Ahead of the Game

Two brothers knocked on Flavorchem’s door in the late 1980s. They were looking to formulate a protein-based powder with vitamins for performance athletes. The products didn’t taste good, smell good, or look particularly appealing, but Phil has a soft spot for young entrepreneurs — especially two brothers — and gave them a shot.

At first Flavorchem packaged their products, then began to manufacture their powders, whey proteins, and natural performance supplements. Eventually manufacturing and shipping the products globally, Flavorchem became a long-term partner for this growing nutritional supplement manufacturer.

In 2009, the company was sold for \$300M to a major health food business. Soon after, the new owners embarked on a quest to raise the bar on their manufacturing with the goal of ensuring that athletes at all levels of game — including pro competitors — could benefit from their supplements. An audit was scheduled at Flavorchem.

“To put it nicely, we didn’t perform well,” said Malinowski. “We knew if we didn’t make

the necessary changes quickly, we wouldn’t be offered any additional opportunities with the new owners.”

Six weeks later when the auditors returned to Flavorchem, the manufacturing floor was a different place. Flavorchem’s IT and Operations teams worked together to make dramatic and systematic changes across the company, including full ingredient traceability, documentation, expiration dates, and which manufacturing equipment or products came into contact with specific ingredients. This was all traced via a new bar-coding system that is still in place today, as is this client, enabling Flavorchem to pass any audit that comes its way.



(2005) Liquid production mixing tanks at the Flavorchem Downers Grove facility

EVERY STORY HAS ITS OWN FLAVOR

The Smell of Success

When I would come home from a day at work, my wife would make me shower immediately. She couldn't stand all the odors. She asked Jackie Sprovieri once how she stood Sal's odor when he came home. Jackie's answer was, "I love it. It's the smell of success."



Biggest Disaster in Bellwood

Phil and I were in the back of the building loading a truck with a customer order. A storm was coming, and we could feel the pressure change. All of a sudden, we heard a huge "WHOMP," followed by the crash of glass. Phil ran to the front of the building, and I followed. He was faster than I was — almost everyone is. He opened the door to the lab and the entire ceiling was lying on the floor in a crumpled mass. Broken glass was everywhere. What happened to Betty Ferris? We peeked into the office. The ceiling was on the floor in there, too. Betty was crouching under her desk. Ceiling tiles and metal rails were all around her on the floor. But, don't worry, the telephone was still held to her ear with one hand and with the other, she held her pad and paper, still taking an order. She never missed a beat.

— **Vince Rieck, retired EVP**

Photo circa 1970s

Making the Right Choice

There were things my dad was overly conservative about that held the business back, but in the grand scheme of things, he didn't make very many mistakes. He was awfully smart and thought through things really well. If he made a decision, it was between two right things.

— **Ross Sprovieri, EVP of Orchidia Fragrances**

Photo circa 2012





We're There for Each Other

The employees at Flavorchem are like an extension of my family. We create memories, celebrate personal and professional accomplishments, and support each other during difficult times — there's something special here that you just can't find anywhere else.

The Flavorchem Customer Experience

Our company's biggest strength is how personable we are; how we treat our customers. No other company takes the time to build the relationships we do. In my new role, my sole focus is the customer experience. How do we make sure customers are getting what they need? Every experience has to be great.

— **Valerie (Sprovieri) Little, Head of Marketing Relations**

Photo circa 2019



No Mistaking It

I spent my first two weeks at Flavorchem helping out in production. I was allowed to make a batch of product, but in doing so, I added a wrong ingredient. The mistake was caught internally. Phil said to me: "If you were studying to be a pharmacist and you added the wrong ingredient, you could kill someone." This made a great impression on me. As a company, we prioritize quality of work, food safety, and doing the right thing. I tell employees today that we don't want to cut corners. If you make a mistake, tell us. If there's a chance to correct it, we will!

Serving Up Appreciation

When employees would go to the California facility, we would stay at Sal and Jackie's house. Every morning, I'd come downstairs to the kitchen to fresh fruit Jackie had chopped up, all grown on their property. You were working but staying at the owner's house and being catered to. Dinner was the same. They wanted to cook for you and talk about how the day went over the meal. You don't see that today. Sal and Jackie were always gracious with their time.

— **Ken Malinowski, President**

(1995) Ken Malinowski working in the R&D lab at the Flavorchem Downers Grove facility

Brotherly Love

Sal and I always had a brotherly relationship. Did we disagree? Of course we did, but he'd always win. He was the older brother, and that's how it works more or less. What if he was wrong when he won? That was rare. But if he was, he'd say, "OK Phil, you were right."



Customer Wisdom

Make sure that no single customer becomes too important to this company, and yet every customer is most important.

— **Phil Sprovieri, VP Sales and Marketing**

Photo circa 2012

You've Been Smurfed

One summer at the Flavorchem picnic, Phil decided he was going to color the water by the small beach. He brought some blue food dye down with him. He put a little too much in. His own three girls got in first — and they came out blue. He "Smurfed" them! Because it was food-grade dye, it disappeared after a little while.

— **Dean Gendusa, retired Packaging Manager**

Photo circa 1995



There's Nothing Like Family

Everyone was family, everyone was close. The Sprovieris took care of their people. It's not just about dollars and cents. It's a desire to keep the legacy going. As a veteran of 30 plus years, I'd also like to preserve the legacy of the company. I think that still holds true with the current management and the younger Sprovieri generation. That legacy is first and foremost the way we are moving forward.

— **Cathy Schiro, Director of Customer Relations**

(1993) Jackie Sprovieri and Cathy Schiro at a Flavorchem holiday party





Craziest Job

One customer wanted us to make a deer urine fragrance for hunters, who spray it on trees to attract deer. We manufactured this product for years. We used to move the equipment out to the parking lot to fill the orders because it smelled so bad.

The Great Disaster of '91

Pails of fruit punch had been stacked three pallets high before we left for the day. Due to the tremendous weight, they all burst overnight, and the citric acid was really aggressive. When I came to open up the next morning, the janitor said to me, “Boss, we’ve got problems.” In the middle of the night the bottom pails gave way under the weight and they all came down. The liquid was everywhere. It was three inches deep across the floor. The only way to clean it up was to dump salt on it. Sal came in around 9:30 a.m. When he saw the mess he said a curse word, made a face, and turned around to go home for the day. It took a group of us almost the entire shift to clean it up. We had to dump it into different garbage cans and then remake all the fruit punch.

— **Ken Spalla, Production Manager, Orchidia Fragrances**

Photo circa 2012



Guess who?

The first week I was at Flavorchem I was in the lab making samples. A man came up to me and started asking questions about what I was doing. I had no idea who he was at the time, but he was very friendly and interested in my work. I later found out this was the president of Flavorchem — Sal Sprovieri! Sal made a point of walking through the labs and asking how everyone was doing and what we were working on.

— **Jim Hamernik, Director of Flavor R&D**

Photo circa 1995

Flavorchem by Numbers



50
YEARS
IN BUSINESS

NEW FORMULATIONS ANNUALLY

2,519 FLAVORS
2,890 FRAGRANCES

ACTIVE CUSTOMERS

1,800 DOMESTIC
2,000+
200 INTERNATIONAL

NUMBER OF SAMPLES SHIPPED ANNUALLY

22,165
FLAVORS: **13,143**
FRAGRANCES: **9,022**

POUNDS OF PRODUCT PRODUCED ANNUALLY AT EACH FACILITY



ILLINOIS
24,983,645 lbs
22,678,338 lbs
● FLAVORS
2,305,307 lbs
● FRAGRANCES

CALIFORNIA
6,381,745 lbs

EUROPE
1,890,000 lbs

25,563
ORDERS SHIPPED
WORLDWIDE
ANNUALLY

20,000
KOSHER CERTIFIED
PRODUCTS
ANNUALLY

6,460
FLAVOR
PRODUCTS SOLD
ANNUALLY

+
2,527
FRAGRANCE
PRODUCTS SOLD
ANNUALLY

LOCATIONS

312 **60** **2+** **39**
Illinois California China Hungary
EMPLOYEES AT EACH OFFICE

*All figures are based on 2019 data.

“Progress and change are important to the evolution of any business. The world is ever evolving so we have to be, too. We must maintain connections to the past – to never lose sight of the fact that once upon a time, we were in one building. We all worked the same shift. There were just 50 of us, and everything we did was noticed. It’s true, we can only survive if we change. But we must always strive to keep the ‘flavor’ of our legacy with us.”

— Ken Malinowski, President

“When I was 16 years old, my father asked me if I wanted to be involved in the business. At that time, I don’t think I realized what I was committing to. I was underpaid and overworked but I have never looked back. I love this place and its more a part of me than anything. I will do everything I can to continue my father’s legacy and see this business into the third generation.”

— Ross Sprovieri, EVP of Orchidia Fragrances



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