2018 Integrated Annual Report
Delivering with excellence

Givaudan

engage your senses

Key figures
Strong business momentum – investing for the future

Performance review

For the year ended 31 December, in millions of Swiss francs, except for capital markets and employee data	2018	2017	Percentage change
Sales and results			
Group Sales	**5,527**	**5,051**	**9.4%**
Like-for-like sales growth	**5.6%**	**4.9%**	
Gross profit	**2,329**	**2,250**	**3.5%**
as % of sales	42.1%	44.5%	
EBITDA [1]	**1,145**	**1,089**	**5.2%**
as % of sales	20.7%	21.6%	
Operating income	**883**	**869**	**1.7%**
as % of sales	16.0%	17.2%	
Income attributable to equity holders of the parent	**663**	**720**	**(7.9%)**
as % of sales	12.0%	14.2%	
Balance sheet and cash flows			
Operating cash flow	**916**	**861**	**6.4%**
as % of sales	16.6%	17.0%	
Free cash flow	**703**	**594**	**18.4%**
as % of sales	12.7%	11.8%	
Net debt	**2,847**	**1,074**	**165.1%**
Leverage ratio	**41%**	**21%**	
Capital Markets			
Market capitalisation	21,016	20,794	1.1%
Share price as of last trading day of December	2,276	2,252	1.1%
Cash dividend [2]	60	58	3.4%
Earnings per share – basic (CHF)	71.92	78.18	(8.0%)
Employees			
Number of employees as at 31 December	13,598	11,170	21.7%
Lost time injury rate	0.25	0.33	(24.2%)

1. EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.
2. 2018 dividend subject to shareholder approval at the AGM on 28 March 2019.

Note: Like-for-like excludes the impact of currency, acquisitions and disposals.

page 40, Performance review
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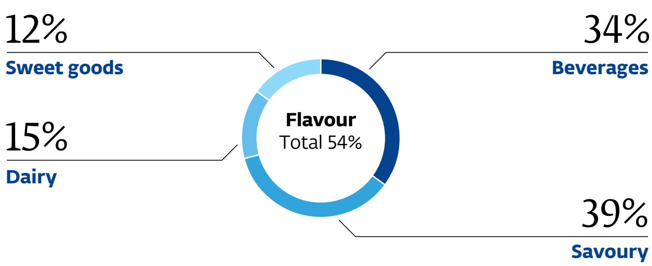
Givaudan at a glance
Global industry leader in flavours and fragrances

5,527 million	477 million	60.00	21,016 million
Group sales (in CHF)	R&D spend (in CHF)	Proposed dividend per share (in CHF)	Market capitalisation (in CHF)

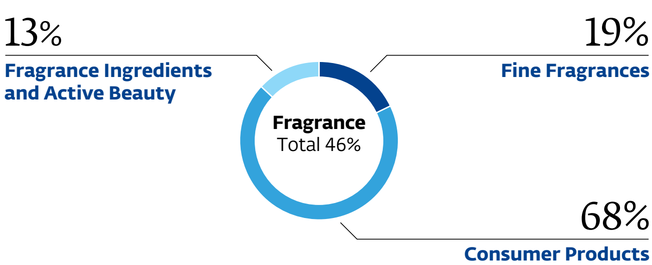
Sales by division



Flavour Division

We make life taste delicious

We are dedicated to expanding the world's expression through flavours by bringing moments of delight with delicious flavour and taste experiences. Our customers – global, international, regional and local – are in the food and beverage industry and span key segments including beverages, sweet goods, savoury, snacks and dairy. We explore the globe for ingredients, innovate to bring our customers unique propositions, and delight millions of consumers around the world.



Fragrance Division

We live to perfume life

The artistry of our perfumers encompasses a myriad of scented stories for brands everywhere. Our customers – global, international, regional and local – serve end-consumer markets with fragrances for personal, home and laundry care brands as well as prestige perfumes, creating memorable scents and fragrances used daily the world over. And for nature-derived beauty performance, our Active Beauty business offers an extensive portfolio of award-winning active cosmetic ingredients designed by teams that harness the power of nature for cutting-edge cosmetics.

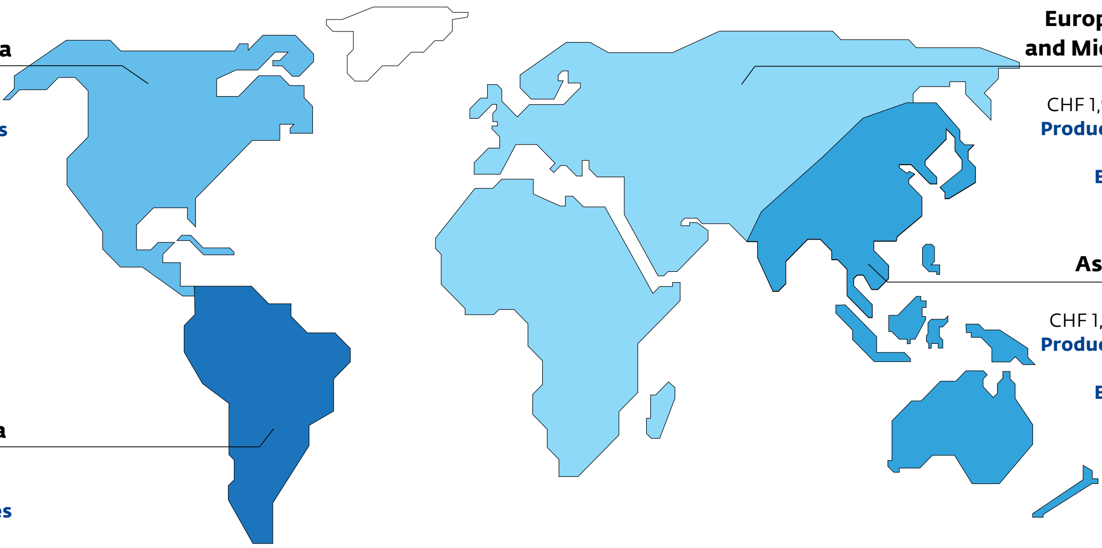
Markets

57% of annual sales in mature markets,
43% of sales in high growth markets.

We are a global company with subsidiaries and branches in 50 countries. High growth markets continue to be an important contributor to our future growth, with sales driven by the growing population and expanding middle class. In both these markets, increasing demand for health and well-being products – examples of which include lower salt and fat in food and anti-ageing effects in cosmetics – is a stimulating potential for growth.

148	64	over 74,000	13,598	19.5 million
Locations worldwide	Production sites	Products sold per year	Employees	Hours worked safely

Global footprint



North America
Sales
CHF 1,441 million
Production sites
13
Employees
2,518

Europe, Africa and Middle East
Sales
CHF 1,982 million
Production sites
28
Employees
6,363

Asia Pacific
Sales
CHF 1,475 million
Production sites
14
Employees
2,877

Latin America
Sales
CHF 629 million
Production sites
9
Employees
1,840

Sustainability leadership

A Sense of Tomorrow

Meeting needs today, defining what's next

As a responsible company, we understand the exciting opportunities that sustainability offers to add value to our business and society at large. Our sustainability approach, 'A Sense of Tomorrow', transforms challenges into new possibilities in sourcing, innovation and the environment – for the Company, the surrounding communities, our customers and consumers.

CDP
DRIVING SUSTAINABLE ECONOMIES

Givaudan has earned CDP leadership scores with an A- grade in both climate change and water security scoring.

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2018 Integrated Annual Report
Delivering with excellence

Our 2018 Annual Report focuses on 'Delivering with Excellence' and highlights our continuous efforts to achieve this across our value chain.

We strive for excellence at every touch point with our customers, and in today's competitive and fast-moving market, this demands that we are agile and efficient.

We focus our investments on areas that bring most value to our customers while seeking to enhance our operational excellence and efficiency across the organisation to further streamline our costs and deliver a strong financial performance.

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Creating value through an integrated approach

Integrated Reporting offers a platform for the concise presentation of how our financial and non-financial capitals contribute to the Company's responsible growth and shared value for internal and external stakeholders.

Gilles Andrier, CEO

As we continue our journey towards Integrated Reporting, based on the framework of the International Integrated Reporting Council (IIRC), we focus on how our Company creates new opportunities for responsible growth and shared success by transforming our financial and non-financial capitals into value for not only the Company, but our key stakeholders and the environment. And in this year's integrated report, we highlight how we continue to drive excellence across our value chain.

About this report

Givaudan adheres to legal requirements, good corporate governance and follows best practices consistent with those of leading international companies. This report complies with Swiss law, IFRS, the SIX Exchange Regulation's Directive on Information relating to Corporate Governance, the Swiss Code of Best Practice for Corporate Governance and addresses the main elements of the Integrated Reporting Framework issued by the IIRC.

Our sustainability reporting is based on the Global Reporting Initiative (GRI) Standards.

We select the report's topics based on an internal strategic evaluation defining focus areas along the value chain, operational key achievements, our sustainability context and materiality matrix, completeness, balance and stakeholder inclusion.

Our reporting suite

Readers are advised to consult our entire reporting suite to get a complete overview:

- The **2018 Integrated Annual Report** offers a holistic explanation of our value creation, financial and non-financial capitals and performance, including our Governance, Compensation and Financial reports.
- The **2018 Sustainability Progress Review** offers case studies and progress data for the three focus areas of our sustainability approach as well as eco-efficiency targets versus progress. The GRI Content Index is included in this report.
- **Our Sustainability Approach** offers a strategic overview of A Sense of Tomorrow, the approach for each of the three sustainability focus areas, and related issues such as stakeholder engagement and material topics.

Cross-references help readers navigate through the reports: a GRI icon signals information related to GRI Disclosures; SDG icons are used to show which content contributes to the ten United Nations Sustainable Development Goals (SDG) we believe we can have the most impact on; and the magnifying glass icon refers the reader to a specific page in the report or to the website or to another publication for further information.

References used

References to other pages in this report, other reports, documents or our websites for more information

Indicates GRI Standards disclosures

GRI

Indicates UN Sustainable Development Goals Givaudan contributes to

SUSTAINABLE DEVELOPMENT GOALS

Chairman's introduction
Fostering a culture of excellence

In a challenging environment, we concluded a successful third year of our 2020 strategy with strong business momentum. I would like to thank you all for your commitment and investment in Givaudan.

In 2018, we delivered solid topline growth and free cash flow generation in line with our 2020 financial targets. On the basis of Givaudan's strong performance in 2018, and its continued solid financial position, the Board of Directors will propose an increase in the dividend to CHF 60.00 at the Annual General Meeting on 28 March 2019. This is the eighteenth increase since our listing on the Swiss stock exchange.

I am proud of the achievements we made in delivering a strong financial performance as well as continuing to invest into new businesses to create long term value. Powered by our vision 'to inspire emotion through our creations every day, everywhere, as we strive for a better tomorrow', we made great progress in many areas. Our strategic focus areas, driven by global megatrends and rapidly changing consumer desires have seen us continue to expand our global presence. We joined forces with companies that strengthen our existing capabilities, and evolved our business to ensure a superior customer experience and increased agility.

The shift to more natural products continues to present us with many exciting opportunities to provide solutions to our customers that meet this growing need. Consumers around the world are increasingly demanding more natural and organic products from food and beverage companies, and our role is to help our customers develop great tasting solutions that consumers will also feel good about. We invested in new commercial and creative centres to evolve our customer offering and ensure we deliver winning solutions. With the latest acquisitions we made in 2018, including Naturex, we have now become the undisputed leader in natural flavours and natural ingredients.

In 2019, the global economy will continue to face challenges from rising economic and political uncertainty in many parts of the world. Despite these challenges, we remain very optimistic about the outlook for our business. We are well positioned to take advantage of the trends of growing populations, people living longer and more responsibly, and accelerating urbanisation. Our broad business and 2020 strategic focus areas are fully aligned to these opportunities, and we continue to evolve our business to increase our agility to deliver to our customers, and respond to changing customer and consumer needs quickly.

Innovation, particularly in the areas of naturals and biotechnology remains an important focus. In striving for a better tomorrow, we will develop alternative sources of key natural raw materials, helping to protect these precious natural sources. We also see a strengthening of the role of biotechnology to offer our customers the ingredients palette of the future through the use of new, innovative processes. Digitalisation is opening up exciting opportunities to change the way we do business, either to provide new products and new engaging experiences or to design simpler, more agile business services. In January 2019, we opened our Digital Factory in Paris bringing together experts, partners and customers to accelerate digital transformation and innovation.

We also anticipate the impact of a changing workplace. Changing demographics means millennials and Generation Z will comprise half the workforce by 2020, as well as a greater participation of older age groups, with each group bringing new sets of requirements and expectations. Givaudan seeks a diverse organisation to meet our business goals, to drive innovation and create an inclusive culture where all its people can grow and succeed.

I thank you all for your commitment and investment in Givaudan.

Calvin Grieder, Chairman

Succession planning for the Board of Directors and the senior management continues to be important for our future success. In 2018, Chris Thoen, Head of Global Science & Technology, retired from the Executive Committee. I would like to extend my warmest thanks to Chris for his contribution and many achievements at Givaudan. We have an experienced team in place at the Board level, and at all levels, we continue to ensure we have the necessary competencies, and the right blend of expertise and experience.

Ethics and integrity are vital values for us, as they inspire the trust we need to excel. To uphold these values, in 2018 we updated our Principles of Conduct, which enshrine our way of doing business in an ethical way and are shared with all employees worldwide. Ethics and compliance also form the basis for our successful sustainability efforts, which again has been recognised by CDP, the non-profit global environmental disclosure platform, awarding us an A- for climate change and water security.

As we look forward, I have every confidence that Givaudan will continue along its successful path, creating further shareholder value through profitable, responsible growth complemented with acquisitions. Drawing on our 250-year heritage, we will continue to demonstrate our resilience and ability to turn challenges into opportunities to deliver solid business performance.

My thanks and gratitude goes to my fellow members of the Board of Directors, the Executive Committee and all our employees worldwide, for their hard work and support. Their commitment and passion makes Givaudan a unique place to work.

Finally, I would like to express my thanks to our shareholders for your trust and continuing support. I remain confident Givaudan is well positioned for the future and long term success, and will continue its path of value creation and drive for excellence in the years to come.

Calvin Grieder
Chairman

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Chief Executive Officer's review
Delivering with excellence

I am pleased to report we delivered a strong performance in 2018, demonstrating our continued ability to deliver on our short-term objectives whilst also continuing to invest for the long-term future success of our business.

The positive results are testament to the strength of the partnerships we have with our customers, the resilience of our business and the hard work and dedication of all of our employees.

Strong financial performance
In 2018, the third year of our 2020 strategy, we continued to maintain good business momentum. Our topline growth, with sales of CHF 5,527 million, an increase of 5.6% on a like-for-like basis, and 9.4% in Swiss francs, as well as our free cash flow of 12.7% of sales, are both in line with our 2020 financial targets. Our growth was well balanced between our Flavour and Fragrance divisions and was fuelled by the strong operational progress we made across all areas of the strategic pillars of our 2020 strategy.

Adapting to the external environment
While 2018 was a year of good progress against all our strategic pillars, we also faced some challenges. Raw materials prices increased significantly in all categories and we continued to implement price increases in collaboration with our customers to compensate for the increases in input costs. In addition, Givaudan and the whole industry were impacted by a significant supply disruption of a major supplier of fragrance ingredients. Our strong teamwork and collaboration allowed Givaudan to avoid customer disruption.

We continue to see the global megatrends, and rapidly changing consumer behaviours bring much change to our business and our industry. Consumer demand for more natural and organic products is a key opportunity, and we continued to respond to this shift by joining forces with companies that allow us to provide a strengthened offering to our customers and become the market leader in naturals.

Expanding our capabilities
In 2018, we welcomed the addition of Naturex, Centroflora Nutra and Expressions Parfumées to the Givaudan Group, and announced our intention to acquire Albert Vieille SAS. Since 2014, we have made nine acquisitions which represent an additional CHF 1 billion of annualised sales.

In our Flavour Division we completed the acquisition of Centroflora Nutra, supporting our commitment to provide customers with a broader range of flavour and taste solutions that match consumer demands for clean label, organic and natural ingredients. This was further enhanced with the acquisition of Naturex, with its strong portfolio of plant extracts and natural ingredients across the food and beverage, nutrition and health and personal care sectors. Combining our joint portfolios makes us the undisputed leader in natural flavours and natural ingredients, and provides an entry into natural colours, preservatives and phytoactives.

To expand the capabilities of our fragrance business, we completed the acquisition of Expressions Parfumées, a French fragrance creation house with a strong portfolio of local and regional customers. We further reinforced our presence in Grasse by announcing our intention to acquire Albert Vieille SAS, a French company specialised in natural ingredients used in the fragrance and aromatherapy markets. We expect to close this acquisition in the first quarter of 2019. Finally, we entered into a strategic partnership with Synthite, a global player in the supply of high quality botanical extract ingredients. We will jointly work on research and development of exceptional qualities of floral and spicy natural ingredients such as jasmine, tuberose, ginger and cardamom, to enrich our palette of ingredients.

We are making good progress with the integration of these companies to bring our complementary strengths to our customers. With each of these acquisitions we are not only combining our expertise and product portfolios,

> We constantly challenge ourselves to deliver with excellence across our value chain.
>
> **Gilles Andrier, CEO**

but enriching and evolving our culture. Our integration approach is to preserve and enhance the strengths of these acquired companies, and incorporate their values into our DNA.

Delivering with excellence

We are constantly challenging ourselves to deliver with excellence across our value chain, always taking our customers' needs and perspectives into account. We focus our investments on the areas that bring most value to our customers, while continuously looking at the way we can improve the efficiency of our operational and business processes. Today, our recently launched Givaudan Business Solutions organisation integrates a range of core business solutions to improve our agility, reduce the complexity of our internal processes and focus entirely on delivering a superior customer experience.

Being close to our customers is also an important part of offering a 'superior customer experience'. Our global footprint offers a key competitive advantage in being able to build closer partnerships with customers, and provide a faster response to the needs of the local market. We continued to invest in new facilities with the opening of a new commercial and development centre in Jakarta, Indonesia demonstrating our ongoing commitment to the Asia Pacific region. We also made new strategic investments in our Applied Microbiomics Centre of Excellence in Toulouse, France to support further scientific innovation in microbiomes. In early 2019, we will open a world-class flavour manufacturing facility in Pune, India, cementing our 50-year heritage of investment in India.

We set a target of reducing our global water consumption per tonne of production by 15% by 2020, and we have reached this target three years ahead of schedule. This demonstrates our ability to innovate and implement the most efficient and sustainable processes, as part of our commitment to take action for the environment across our operations and beyond. We have a target of 100% renewable electricity for our operations by 2025, and are on track with 20 sites using renewable electricity at the end of 2018. To further advance our goals, we joined a consortium of 16 partners who are participating in HyCool, an innovative energy technology project funded by the European Union which aims to develop cost-effective solutions using solar heat for industrial purposes.

DELIVERING WITH EXCELLENCE

We constantly challenge ourselves to deliver with excellence across our value chain and strive for excellence at every touch point with our customers. We look for ways to improve the efficiency of our operations and business processes and focus our investments on the areas that bring most value to our customers.

Givaudan Business Solutions implementation

GBS is the foundation of our 2020 strategy pillar, 'Delivering with excellence'. It is a large transformation for us, and is unique to our industry. It will provide best-in-class business services and solutions that support the Company to further improve our operational efficiency, and increase our agility. Building on the achievements in 2017, the implementation of GBS continues to progress very well against the plan. The first financial benefits of CHF 20 million were also delivered in 2018.

Our three regional delivery centres in Budapest, Buenos Aires and Kuala Lumpur are fully operational. Importantly, these teams all receive onboarding to ensure they feel part of Givaudan, our unique culture and DNA, but also so they understand the role GBS plays to make us more agile and efficient. All global functions have successfully transitioned to the new ways of working, with many improved internal efficiencies. Those areas of the business that are being transitioned country by country, including some supply chain activities, are also progressing as planned, having completed the transformation in Europe. In addition, we're on track with building our digital capabilities that will help us to deliver new solutions to support the business.

The success to date of this project has been down to the great collaboration of the teams in the centres, working in partnership with the functions and sites to deliver for our customers. Going forward, the scope of GBS has been expanded, as we continue to leverage the best practices from our divisions to define a common way forward for our engineering activities.

Strength of our partnerships

Being a 'partner of choice' is embedded in our 2020 strategy, and our partnerships are crucial to driving responsible and sustainable growth.

We continue to foster a culture of innovation, looking beyond our internal capabilities to develop strategic innovation partnerships with external players such as academia, start-ups, technology providers and research institutions. We launched MISTA, a new innovation platform for the food industry, focused on product innovation and development. Opening in early 2019, the MISTA Optimisation Center (MOC) will provide start-ups and companies access to a product development facility, equipment for pasteurisation and fermentation, experts providing market and leadership development strategies, as well as input from world renowned culinary and food scientists.

How we partner with our suppliers is also a key part of our 2020 ambition. Our 'Sourcing for Shared Value' approach to sustainable procurement practices covers three core areas of Responsible Sourcing, Sourcing at Origin and Communities at Source. In 2018, we strengthened our sustainable patchouli oil sourcing in Indonesia. In cooperation with international NGO Swisscontact, we are supporting patchouli producers to develop their smallholder businesses in a way that is respectful of the environment.

One of our most valuable assets is our people. We place great emphasis on developing their skills, promoting a diverse workforce and building a pipeline of future leaders. Our ambition is to create a great place to work where every employee feels able to contribute to the success of the Company. This year we also launched a Company-wide programme, the Givaudan Awards, to celebrate and share success and recognise teams and individuals who go 'above and beyond' to deliver outstanding results and make exceptional contributions to our business.

Our role as a responsible and sustainable business

Being a responsible and sustainable business means we embrace our role as a corporate leader in the global effort to safeguard the future of the planet. Companies must be prepared to put sustainability at the forefront of their strategies, and at Givaudan we want to secure our business while making a positive impact on the environment and society as a whole. Meeting today's needs without compromising the interests of future generations is fundamental to our business model.

CLIMATE CHANGE LEADERSHIP

Our leadership on climate change action continued to be recognised by CDP. We received an A- grade for reducing greenhouse gas (GHG) emissions and for outstanding water security. This was the fourth consecutive year on the leadership level for the Company.

Our guiding framework is 'A Sense of Tomorrow', a consolidation of all our global sustainability activities around three key areas of sourcing, innovation and the environment. Initiatives within each area look at the way we source materials, develop products and reduce our environmental footprint. This allows us to better meet our customers' needs, but also anticipate ever-evolving challenges for our industry, our environment and society as a whole. Importantly, these initiatives not only support our objectives but address the United Nations' Sustainable Development Goals. Aligning our own priorities on global aspirations such as dietary shifts, health and well-being and environmental protection shows our commitment to sustainability.

Our leadership on climate change continued to be recognised by CDP, the non-profit global environmental disclosure platform. We received an A- grade for both climate change and water security. This was the fourth consecutive year on the leadership level for the Company, which has been disclosing GHG emissions through its participation in CDP since 2007.

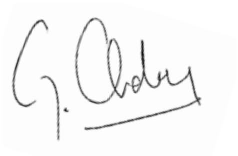
Key priorities for 2019

For the year ahead, we will continue along the path of delivering our 2020 strategy, staying alert to the evolving market environment and adapting as needed.

We will continue to leverage the acquisitions we have made, maximising the unique set of talents, creativity, products and technology that each company brings. Where we see opportunities, we will continue to acquire companies that further strengthen our capabilities and allow us to bring even greater value to our customers. Our focus on delivering with excellence remains, with the continued implementation of GBS helping us to create the additional financial resources needed to continue growing with our customers in the years to come.

Critical to our future success will be the areas of innovation, biotechnology, digitalisation and sustainability. We see many opportunities to leverage these to create differentiated services, new ways of working and develop new ingredients and creations that delight our customers.

In 2018 we marked our 250-year heritage of engaging people's senses, and inspiring emotion through our creations every day, everywhere, as we strive for a better tomorrow. It was fantastic to share so many inspiring stories with our employees, partners, customers and shareholders. I am excited about the year ahead, and the next chapter of our journey to deliver our 2020 strategy.



Gilles Andrier
Chief Executive Officer

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Strategic value creation

In this section

Value creation at Givaudan
Introducing our business model

Givaudan's presentation of its value creation process, which follows the International Integrated Reporting Framework, shows how the Company draws on its various resources called capital inputs, and translates them into outcomes. These outcomes are the internal and external consequences of its business activities that impact the Company and its stakeholders.

This approach shows that through our value chain we generate innovative products and solutions created in a sustainable way for our customers. It also demonstrates how we seek to deliver with excellence and share our success with stakeholders while shaping a better tomorrow for all.

Value creation for Givaudan and its stakeholders

Our Sustainability Approach – Stakeholder engagement
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Our value creation process

The goal of our value creation process is to ultimately engage consumers' senses. We aim to inspire emotions and craft memorable experiences through our creations. To do this, we draw on our unique positioning and our three-pillar strategy 'Responsible Growth. Shared Success.' with ambitious targets to create value for our key stakeholders, both internal and external. Additional value is created through strategic acquisitions that complement our existing operations. We have implemented sustainable business practices throughout our processes, which is founded by our sustainability approach 'A Sense of Tomorrow'. Megatrends set the context within which we operate and shape the way we do business.

Our capitals

We have identified five kinds of capitals that feed Givaudan's value chain: Financial capital, Our innovative capabilities (Intellectual capital), People & culture (Human capital), Sourcing & operations (Natural and manufactured capital) and Good governance (Social and relationship capital).

Our business model uses these capital inputs for the realisation of our business activities. The corresponding outcomes create value for the Company and our stakeholders such as customers, employees, shareholders and local communities.

The following double page spread offers an overview of value creation at Givaudan. Different elements are subsequently explained in more detail, and the five chapters following 'Strategic value creation' are structured along our five capitals, to show Givaudan's performance with respect to each of them.

Value creation at Givaudan
Through our sustainable business model

Engage your senses

Our vision
To inspire emotion through our creations every day, everywhere, as we strive for a better tomorrow.

Our mission
Together with our customers, we craft memorable experiences that bring moments of delight to consumers.

Our culture
We impact the world as we inspire, challenge and act with heart and soul.

Our ethics
We are committed to adhering to high ethical standards in the way we interact with all our stakeholders: open, transparent and honest.

Our unique positioning

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Diversification across four axes
- Geographic expansion
- Customer diversification
- Scaling up
- Expanding beyond flavours and fragrances

Enhancing operations
- Through business optimisation and excellence: from SAP implementation to Givaudan Business Solutions

Our unique capabilities
- Leadership in R&D and innovation
- Broad diversification
- Operational excellence
- Best-in-class customer services
- Unparalleled consumer insight
- Leadership in naturals and sustainability

Capital inputs 2018

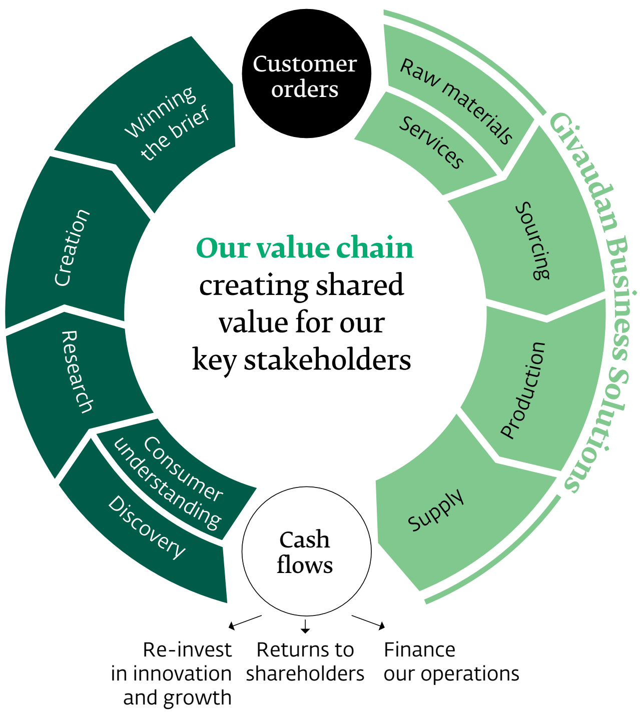
Financial capital
- CHF 3,723 million equity
- CHF 129 million invested in property, plant and equipment

Our innovative capabilities
- CHF 477 million invested in R&D
- Over 495 employees working in Science & Technology
- Selected partnerships with innovators, accelerators and with academia

Our people & culture
- 13,598 employees working in over 50 countries
- Unique global onboarding programme ensuring new joiners get a strong unified sense of Givaudan
- Leadership development at all levels

Sourcing & operations
- Over 10,000 different raw materials sourced
- 64 production sites in 26 countries
- Responsible Sourcing Policy driving compliance to high ethical standards in our supply chains

Good governance
- Commitment to highest ethical standards
- Compliance Helpline open in all sites and available in the 15 major languages
- 39 Givaudan sites have been audited according to SMETA standards



Megatrends

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Our strategy

page 18

Responsible growth. Shared success.

4–5% Average organic sales growth	12–17% Average free cash flow as % of sales	Partner of choice
Growing with our customers	Delivering with excellence	Partnering for shared success

Creating additional value through acquisitions

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Shaping a sustainable future through A Sense of Tomorrow

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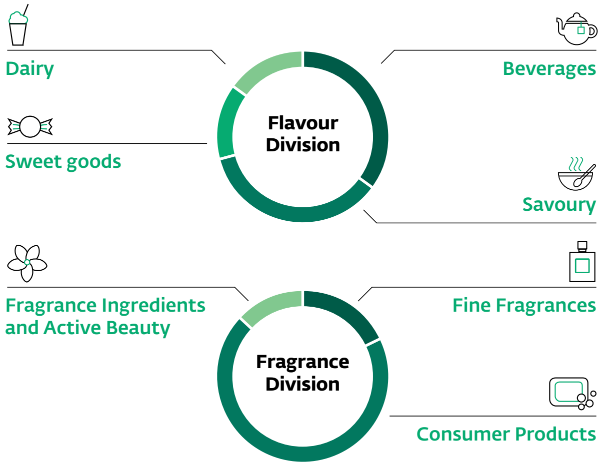
Our business divisions



Capital outcomes 2018

Financial capital

page 39

- CHF 5,527 million Group sales
- Free cash flow 12.7% of sales
- CHF 60.00 proposed dividend[1]

Our innovative capabilities

page 47

- Over 3,600 active patents
- Over 74,000 products sold

Our people & culture

page 53

- 0.25 Lost Time Injury rate, down 76% since 2009
- 24% of women in senior management positions
- 304 leaders nurtured through the Leadership Senses programme
- 556 employees attended ONE Givaudan onboarding events

Sourcing & operations

page 61

- 20 sites working with 100% renewable electricity
- Active Green Teams on 64 Givaudan sites
- Earned CDP leadership scores with an A- grade in both climate change and water security scoring

Good governance

page 71

- Total of CHF 1.8 million directed to charitable spending for local communities
- 85% of all employees completed up-to-date training on our Principles of Conduct
- Global Data Protection programme in Givaudan fully deployed in 2018, ensuring that Givaudan collects and processes data in compliance with all applicable legislation, in particular with the new EU General Data Protection Regulation

GRI Disclosure 102-15

1. Subject to shareholder approval at the AGM on 28 March 2019.

Our unique positioning
Bringing together our capabilities

We have diversified and grown across four axes:

1

Geographic expansion into high growth markets

- 1990s: expansion from mature to high-growth markets, matching the growth of our multinational clients
- Entry into India and China in 1993 – 94, Middle East in 1999

2

Customer diversification

- Early 2000s: diversifying into the local and regional customer base
- This continues today, and GBS will further enhance our flexibility in serving all our clients

We have enhanced our operations through business optimisation and excellence:

SAP implementation
Managing the business more consistently

We have unique capabilities to service our customers:

Leadership in R&D and innovation

- Largest talent pool and investment in R&D in the industry
- Uniquely placed to fill the gap of large FMCG players outsourcing innovation and supporting local and regional champions
- Leading presence with industry bodies and regulators

Broad diversification

- Market leading position in all sub-segments
- Global footprint with scale to service local market needs
- Global capabilities to manage complex regulatory landscape

Operational excellence

- Proximity to customers ensuring rapid speed to market
- Best-in-class technologies to reduce our environmental impact from production
- On-going commitment to improving environmental performance

3

Scaling up

- Flavour and fragrance market leadership secured with Quest acquisition in 2007
- Further growth on geographic and customer axes
- Expansion across applications e.g. oral care, fine fragrances, snacks

4

Expanding beyond flavours & fragrances

- Moving more into active cosmetic ingredients, naturals extracts and integrated solutions
- Executing our focused merger and acquisition strategy in adjacent areas

Givaudan Business Solutions (GBS)

Optimised processes and enhanced customer experience

Best-in-class customer service

- Mastering complexity in the supply chain
- GBS to enhance the overall customer experience
- Investments in resources and systems to assure innovation and regulatory compliance

Unparalleled customer insight

- Industry-leading preference discovery platforms and consumer insight programmes for consumer understanding, cultural insights and sensorial decoding
- Leveraging digital capabilities to enhance insights in consumer trends

Leadership in naturals and sustainability

- Broad naturals portfolio strengthened through recent acquisitions
- A holistic approach to naturals grounded in an understanding of sourcing, natural extraction and cooking techniques
- Strategic partnerships in sourcing for shared value
- Sustainability approach embedded in the business

Our 2020 strategy
Responsible growth. Shared success.

4 – 5%
Average organic sales growth[1]

Growing with our customers

High growth markets

Health and well-being

Consumer preferred products

Integrated solutions

12 – 17%
Average free cash flow as % of sales[1]

Delivering with excellence

Excellence in execution

Partner of choice

Partnering for shared success

Innovators

Suppliers

People

Communities

Creating additional value through acquisitions
Shaping a sustainable future through A Sense of Tomorrow

1. Over a five-year period by 2020.

Our three-pillar strategy – growing with our customers, delivering with excellence, and partnering for shared success – together with ambitious financial targets, guide the business in transforming resources into value for our stakeholders through sustainable and responsible growth.

In 2018, we remain on track to achieve our financial targets and continue to make strong progress in each of the three pillars.

Growing with our customers

With sales of CHF 5,527 million in 2018, an increase of 5.6% on a like-for-like basis, we are well on track to achieving our ambitious financial target of 4 – 5% average organic sales growth over the five-year period by 2020.

▶ **PERFORMANCE 2018**

5.6%

Organic sales growth

▶ **TARGET 2020**

4 – 5%

Average organic sales growth[1]

High growth markets

High growth markets represent the largest growth opportunity and we focus our resources on further building our presence where we see high growth opportunities and can accompany our customers in growing their business.

Key achievements in 2018:

- **China fragrance production hub** on track for opening in 2020. The new facility in Changzhou, Jiangsu province will substantially increase Givaudan's manufacturing capacity in China while maintaining best-in-class service levels.

- **New Flavour and Fragrance commercial and development centre opens in Jakarta.** The CHF 2.9 million investment creates a closer partnership with customers and demonstrates Givaudan's continued commitment to Indonesia.

1. Over a five-year period by 2020.

Success stories

Expressions Parfumées - Bringing expertise in naturals

The acquisition of Expressions Parfumées is in line with our ambition to strengthen our reach to local and regional customers and offers our customers a wider range of customised solutions. The French fragrance creation house, founded in Grasse in 1982, is a pioneer of natural fragrance compounds and offers its NATCO® range of perfumes designed to adapt to any production labelled 'organic'.

Expressions Parfumées will be managed as an independent entity within the Fragrance Division, maintaining the brand while benefiting from Givaudan's unique ingredients and sourcing network. A few months after the deal was completed, Givaudan announced a CHF 20 million investment in Expressions Parfumées' facilities in Grasse to expand and modernise the R&D laboratories as well as the production facilities with new robotics and digitalisation of operations. The investment will support the strong growth ambitions with local and regional customers as well as expanding the NATCO® range of fully natural fragrance compounds.

Givaudan's heritage is deeply rooted in Grasse with distinguished perfumery dynasties such as Roure and Chiris, and so the acquisition of Grasse-based Expressions Parfumées neatly takes us back to our origins, 250 years on.

India: sustainability excellence by design

Our new manufacturing facility at Pune in India, opening in early 2019, is being constructed with a raft of actions that focus on the environment with, for example, innovative water and energy consumption actions being put in place.

The greenfield site will re-use/recycle all treated waste water to significantly reduce consumption of fresh water. To reduce energy consumption, the entire plant will be equipped with LED lighting and a rooftop solar system that will help reduce CO_2 emissions, and over 1,100 trees are being planted at the site.

We have also ensured the highest standard of sustainability during construction. EHS is the top priority in day-to-day operations and more than four million working hours were achieved with no lost time incidents after 900 calendar days.

Health and well-being

There are many opportunities for us to provide customers with solutions to help them meet the increased demands of consumers around nutrition and healthier lifestyles.

Key achievements in 2018:

- **Centroflora Nutra and Naturex acquisitions completed.** With increasing demand for more natural and organic products, these acquisitions enable us to expand our offering to deliver natural products to our customers.
- **Vetivyne™ launched by Active Beauty.** This new patent-pending powerful active ingredient has both anti-ageing benefits and long-lasting properties to enhance fragrance wear. Upcycled vetiver roots from fragrance raw materials were used to create a fully natural and sustainable ingredient.
- **Givaudan Active Beauty reverses hair ageing with Darkenyl™.** An advanced hair pigmentation recovery ingredient that offers an effective solution to regenerate hair colour and is inspired by the latest stem cell research.
- **A new approach to sugar reduction.** Our differentiated approach helps customers create less-sweet products: up to 50% sugar reduction with no added sweeteners while remaining fully satisfying.

Consumer preferred products

We put customers at the heart of what we do, making them feel valued, confident and understood. We are a true partner at each step of the creation and value chain.

Key achievements in 2018:

- **Introduced next generation of VAS technology,** providing a competitive advantage to understand consumer preferences, speed up the process of flavour and fragrance creation and engage customers by overcoming the sensory language barrier.
- **New interactive tool supports plant protein creation.** We launched a new interactive tool Compendium 1.0 which helps to design cost-competitive and consumer preferred flavours for meat analogues.
- **Innovative protein masking technology increases authenticity of flavours in meat analogues and enhances flavour in high protein drinks.** Our expertise helps solve challenges customers face in developing nutritional food and drink products.
- **We completed our acquisition of Expressions Parfumées,** a pioneer of natural fragrance compounds and they offer their NATCO® range of perfumes designed to adapt to any production labelled ‘organic’.

Microbiomics: pioneering studies for skin health and well-being

Our aim is to delight customers and consumers with an ever-evolving, state-of-the-art product offering. In one particular area of scientific research, Givaudan Active Beauty leads the way.

Active Beauty experts have been studying the human microbiome and its links with health, beauty and well-being for over 15 years and continue to develop active cosmetic ingredients designed to activate, protect or balance the skin microbiota.

We are the only fragrance company with in-house microbiome research capabilities and remain committed to making strategic investments that will push the boundaries of scientific innovation in this area.

In 2018, we underlined this commitment with new strategic investments at our Applied Microbiomics Centre of Excellence in Toulouse, France. Following the installation of state-of-the-art automation equipment at the centre, high throughput screenings are being accelerated to offer more disruptive solutions for customers.

Understanding how microbes can interact with fragrance molecules is fundamental in crafting formulas to design new active ingredients and drive the future of our industry.

Showing leadership with Plant Attitude

Avoiding meat and dairy is recognised as a way of reducing our impact on the planet – but people will not buy a product that is not tasty, however sustainable and healthy it may be.

Enter Givaudan, the most advanced company in the industry with such a deep and profound knowledge of consumer tastes which can be used to help guide customers in the development of successful products. In 2018, we launched Plant Attitude, a holistic multi-functional and cross-category innovation platform developed in response to the meat-free protein market space. Two days of multidisciplinary workshops in Kemptthal, Switzerland brought together the latest developments in what is currently the biggest area of growth in the food and beverage industry.

- **PrimalHyal™ Ultrafiller wins gold at in-cosmetics LATAM.** The award was for 'Best Innovation Ingredients' and the new product adds to our range of materials to help customers in the dynamic anti-ageing market.

- **Creation of strategic partnership with Synthite.** This partnership will enrich our palette with exclusive innovative floral and spicy natural fragrance ingredients for our fragrance business.

- **Enriching our palette with novel in-house natural ingredients.** We entered into exclusive negotiations to acquire Albert Vieille SAS, a French company specialised in natural ingredients used in the fragrance and aromatherapy markets.

- **Launch of 2018 FlavourVision® edition.** This novel digital platform allows Givaudan to conduct virtual TrendTreks™ with customers so they can find out about the latest trends in each market.

- **Commercialisation of Mechadry, an innovative Mechacap format.** Revolutionising the laundry detergent market, Mechadry offers superior performance in all stages of the washing process.

Integrated solutions

We look at opportunities to grow our business through ways that go beyond our core flavour and fragrance capabilities, enhancing the Company's value proposition to customers and creating new avenues for growth.

Key achievements in 2018:

- **Expanding beyond flavours.** Our Kitchen Ingredients portfolio now includes ingredients and capabilities from our newly acquired companies, providing recognisable, great tasting natural ingredients for our customers.

- **Our delivery systems assure that flavours perform correctly in foods and beverages.** Our new, fully natural delivery system provides both great taste and a clean label.

- **Designing the future of cheese and dairy together with Vika.** We are now equipped with a consolidated, cost efficient and versatile toolbox which allows us to generate dairy and cheese blocks using locally sourced starting materials.

- **Integrated solutions succeeds in Mexico.** The creation team in Mexico developed an integrated solution for a beverage product with savoury, spice components that helped our customer bring a winner to the market.

Success stories

Delight in a collaborative project, creating value across business divisions

What happens when a flavourist and a perfumer are invited to work together in the creation of a fragrance? And what if the dimension of body language is added to help understand how consumers respond to new products?

This is the idea behind Project Delight, a collaboration that brought together the talents of our perfumers and flavourists to create a ground-breaking collection of accords. They incorporated new technical and creative approaches to their creations that could enhance the reality and instinctive pleasure of their fragrance accords. For the first time in the perfume industry, Givaudan partnered in exclusivity with an expert in body language whose research guided our perfumers to craft this collection of bases inspired by food. "Project Delight took a daring approach to fragrance development. Not only did we use the expertise of our flavourists, but we turned to non-verbal research to seek consumer opinions by observing body language and facial expressions. The research helped in finalising this exclusive new fragrance palette of accords which are also proven to trigger observable pleasure in consumers," said Arnaud Guggenbuhl, Givaudan's Head of Marketing Europe Fine Fragrances.

The new collection was introduced to customers at our creative centres in Paris, New York, and São Paulo in early 2018, when they experienced for themselves the results of our focus on the exploration of tastes such as hyper-realistic fruitiness, new sweetness frontiers, juiciness, as well as delicate savoury or mixology notes.

The daring of Project Delight reflects the spirit of pioneering innovation characteristic of our 250-year odyssey: the creation of new flavours and fragrances by exploring questions in sensory experiences.

Delivering with excellence

With 12.7% free cash flow, we are well on track to achieving our financial targets of 12 – 17% average free cash flow as a percentage of sales.

PERFORMANCE 2018

12.7%

Free cash flow as % of sales

TARGET 2020

12 – 17%

Average free cash flow as % of sales[1]

1. Over a five-year period by 2020.

Excellence in execution

Givaudan Business Solutions

The foundation of our commitment to deliver with excellence is Givaudan Business Solutions (GBS), which is about delivering value to our customers through innovative and efficient solutions and services.

The following achievements underline our success in improving internal efficiencies, leveraging best practices from across the organisation and increasing our agility.

Key achievements in 2018:

– **GBS implementation progressing according to plan.** GBS is well on track with previously announced transition timeline, processes enhancement and deliverables. Cost and benefits outlook fully confirmed.

– **GBS delivered first financial benefits in 2018 of CHF 20 million.**

Givaudan Business Solutions

Focusing on people for future growth

When we decided to create a platform for future growth in line with our strategic focus to 'deliver with excellence', we were ambitious with the size and scope of activities we decided to implement. Today we are proud that we are well on track with the implementation of GBS in all areas. The organisation is being purpose-built to integrate a range of core business solutions to increase agility, reduce complexity of our internal processes and focus entirely on delivering a superior customer experience.

From the outset of our journey, the focus has been on the impact on people as well as the crucial collaboration with all functions and sites. In our three regional delivery centres, the teams receive onboarding to ensure they have a true sense of being part of Givaudan, its unique culture and DNA. Furthermore, we help them to see the importance of a customer- and solution-oriented focus. We want each and every employee to understand our business, why we are implementing GBS and the role they play in making Givaudan more agile and efficient. We are convinced that passionate, high-performing teams are the secret to successfully delivering innovative solutions to customers.

What's next? Implementation continues towards 2020 in collaboration with our sites as we transfer more activities into the hands of our GBS colleagues in the centres. Our GBS solutions continue to evolve to leverage big data, mobile

technology and robotics process automation (RPA) with the goal of simplifying our processes and improving user experience. GBS is set to continuously add value with a strong focus on people, both customers and employees, to ensure future growth.

- **GBS regional delivery centres established.** The three centres, in Budapest, Buenos Aires and Kuala Lumpur, have teams that embrace the Givaudan DNA and work in partnership with site teams to deliver excellence for our customers.

- **Global functions transitioned to GBS.** Continuous Improvement, EHS and Sustainability and Controlling have successfully transitioned, improving internal efficiencies.

- **GBS implementation complete in Europe.** In addition to the global functions, GBS Demand to Cash, Source to Pay and HR have been fully implemented and stabilised in Europe.

- **First wave of GBS complete in APAC.** Transition of finance and indirect materials and services completed and activities centralised in our newly opened GBS Kuala Lumpur centre.

- **Expanding the scope of GBS.** A Centre of Excellence for Engineering within GBS is to be established to leverage best practices from both business divisions and to define a common way forward with respect to capital expenditures, maintenance, utilities and technical services.

- **Bringing innovative solutions to the forefront.** Our GBS solutions continue to leverage continuous improvement (CI), big data, mobile technology, and robotics process automation (RPA) to simplify our processes and improve user experience.

Success stories

Naturex acquisition fits all dimensions of our strategy

Consumers around the world are increasingly demanding more natural and organic products from food and beverage companies, and so our acquisition of Naturex in 2018 fully fits with our 2020 strategy to expand our offering to deliver natural products to our customers.

Naturex further complements our capabilities with its strong portfolio of plant extracts and natural ingredients across the food and beverage, nutrition and health and personal care sectors. As well as its strong strategic rationale, the acquisition of Naturex creates a leading position for Givaudan in natural ingredients.

With its headquarters in Avignon, France, Naturex is an international leader in plant extraction and the development of natural ingredients and solutions for the food, health and beauty sectors. As the acquisition reached completion in September 2018, Naturex operated its business through three business units: food and beverage, health and nutrition, and personal care. The company had 16 production locations around the world and employed 1,700 people. It was created in 1992 and was listed on the Paris stock exchange in 1996.

Naturex contributes to all dimensions of our 2020 strategy and complements acquisitions in recent years such as Spicetec, Activ International, Vika and Centroflora Nutra. A dedicated team is in place to ensure a seamless integration to bring value to our customers.

Excellence in operations

As the cornerstone of our commitment to our customers, we are committed to excellence at all our production sites and to take action for the environment across our operations and beyond.

Key achievements in 2018:

- **LEAN Silver-Gold certification at Japan plant.** Operations in Japan continue to deliver excellence at its Fukuroi plant, which has celebrated the achievement of its LEAN Silver-Gold certification.
- **GPS and LEAN Silver certification at Indonesia's Cimanggis sites.** The site benchmarked itself against key global standards and successfully attained both Global Productivity Solutions (GPS) and LEAN Silver certifications, a testament to strong teamwork and a passion for continuous improvement.
- **ISO accreditation.** The quality department at Cuernavaca site in Mexico received the ISO 17025 accreditation for its microbiology laboratory, becoming the first site in Latin America to achieve this important goal.
- **20 sites are working with renewable electricity.** We are well on track to achieve our target of 100% of our operations in 2025.
- **HyCool consortium of 16 partners.** We have joined this partnership, giving us a unique opportunity to work with leading innovation and technology experts to develop cost-effective solutions using solar heat for industrial purposes. Our site in Sant Celoni, Spain was selected as the HyCool project test site for the chemical industry.

Playing our part in the global search for renewable energy solutions

Environmental challenges cannot be solved by companies or other organisations operating in isolation. Collaborations are central to finding solutions and while we can be effective in addressing a range of internal issues, we know we must go beyond our own boundaries in helping make an impact in mitigating climate change.

Renewable energy is one area where collaboration can be fruitful. We are proud to be a member of RE100, a collaborative, global initiative that unites more than 100 influential businesses committed to 100% renewable electricity. RE100 is organised by the Climate Group in partnership with CDP.

At Climate Week NYC 2018, RE100 members, including Givaudan, took part in an exclusive forum to discuss collectively how actions can go further and faster on renewables. The New York forum aimed to update RE100 members on the campaign's activities and successes to date, share future plans, gather member feedback and ideas to contribute to the campaign strategy, and provide a key networking opportunity.

Over 40 participants attended from a variety of different sectors and countries, providing a global insight from companies leading the transition to clean energy. Discussions focused on how to show leadership on the corporate sourcing of renewables through peer collaboration, policy influencing and growing the RE100 movement.

Givaudan's involvement in RE100 and Climate Week NYC 2018 demonstrated its ambition to help mitigate climate change and its desire to work in a broad global partnership of proactive companies dedicated to making a positive difference.

Information Management & Technology (IM&T)

By optimally leveraging digital trends and technology, our IM&T teams develop differentiating services and new ways of working with our customers, partners and employees. This is achieved by delivering state-of-the-art solutions in processes such as flavour and fragrance creation, supply chain and procurement to make them faster and smarter.

Key achievements in 2018:

- **Upscaling critical IT infrastructure,** including the move to a new data centre, bringing resilience and performance to accompany our business growth.
- **Building an ecosystem of digital partners and experimenting with digital opportunities.** We continued our search for innovation partners, including from academia and start-ups, as we look to a digital future.
- **Continuously improving our flavours and fragrances creation and evaluation apps** with new, differentiating and mobile features.
- **Enabling GBS transformation** through the delivery of process automations in areas such as customer care, advanced planning, EHS, reporting and HR.
- **Completing the migration of Active Beauty to our global SAP platform,** leveraging our integrated supply chain and manufacturing processes and tools to this business.

Superior customer experience (SCE)

Becoming a truly customer-centric organisation means driving initiatives hand-in-hand with our customers, creating value and responding to market demands faster and better to help them succeed.

Key achievements in 2018:

- **SCE initiatives throughout the regions.** While constantly improving end-to-end agility and reliability we have been able to create experiences at all touchpoints of the customer journey. We are in the process of general adoption across the Flavour Division to generate great experiences and build differentiation in a consistent and systematic way.

Success stories

Towards a digital future of exciting possibilities

Givaudan's new academic chair at CentraleSupélec

Givaudan has 250 years of rich heritage, but its eyes are very much on the future – a future in which the tools of data science and artificial intelligence will play a central role.

Imagine what such a world might hold for us: one in which we can understand what is going on in perfumer's head during the creative process, perhaps; a world where, thanks to Artificial Intelligence, we might emulate and in a way inspire perfumers and give them the keys to new olfactory spaces.

It may be a world in which we are able to better understand the relationship between ingredients, their combination, and olfaction; where we can predict the smell of a composition, and describe it.

We could, for example, measure the olfactory distance between two fragrances and predict which one will be the most effective in a given market.

The possibilities of this exciting future led to the creation in early 2018 of a Givaudan-supported academic chair at CentraleSupélec, one of France's top higher education institutions. Our experts had been collaborating with researchers at the Paris institution for more than a year, and the success of that process has now been extended with the creation of a chair that will involve several PhD students focusing on flavours and fragrances in the world of data science.

CentraleSupélec

The digital arena is increasingly important to our business and to our customers around the world. In a digital age, we will be better able to discover new business insights and understand customers and consumers. We are at the beginning of a new chapter in our industry, a digital future that will see us increasingly embrace data science and Artificial Intelligence to push the boundaries of our industry to the benefit of our customers and ultimately consumers.

Partnering for shared success

Our strong partnerships enable value creation for the Company and our key stakeholders. We have forged new partnerships with innovators, employees and suppliers, and with communities in which we operate, positioning ourselves as partner of choice.

▶ PERFORMANCE 2018

↗ New innovative partnerships
↗ Increased strategic networks

▶ TARGET 2020

Partner of Choice

Innovators

Driven by a culture of innovation we seek to go beyond our internal capabilities, increasing strategic innovation partnerships with external players such as academia, start-ups, technology providers and research institutions.

Key partnerships in 2018:

– **MassChallenge Partnering initiative.** We developed an inspiring programme including external speakers on disruptive innovation.

– **Collaboration with Bits x Bites, the first food tech accelerator based in China.** Bits x Bites will accompany us on our journey to discover new disruptive technologies in food processing, digitalisation and artificial intelligence.

– **Collaboration agreement with Mixfit.** We have signed an agreement with this personalised nutrition start-up to provide taste and flavour solutions for its innovative Intelligent Nutrition Assistant drinks system.

– **Launch of MISTA,** a new innovation platform for the food industry. More encompassing than an incubator or accelerator, MISTA is an optimiser, enabling start-ups and established corporations to optimise ideas, products, people and investments.

Creating new horizons for our business and customers: innovating for tomorrow's business

A strong innovation culture is central to a sustainable competitive advantage and to guarantee differentiated solutions for our customers.

In every innovation journey, from concept to market success, we continuously strive to strengthen our learning, challenge our thought processes and enrich the outcome. Being surrounded by a global strategic community, from corporate peers to academia, start-ups, and technology and solution providers, is a fundamental pillar of such a journey.

In this context, one partnership has been with MassChallenge. Headquartered in the US with locations also in Boston, Israel, and Mexico. MassChallenge accelerates high-potential start-ups anywhere in the world that can have an impact on either of our business divisions and across disciplines.

At our MassChallenge Partnering initiative in 2018, we developed an inspiring programme that included external speakers on disruptive innovation and testimonials from successful mature businesses that were once start-ups. The day was also dedicated to giving start-ups the opportunity to pitch ideas that were close to our business needs.

A further feature of the event was the participation of some of our Executive Committee members who together with a diverse group of employees from across disciplines continue shaping Givaudan's entrepreneurial spirit.

In a similar atmosphere, but this time at FoodTech in Israel, and for the continuous strengthening of our community, one of our senior executives spoke to a large audience of entrepreneurs: "Working with Givaudan is a way to ensure that great new ideas don't just remain as ideas but have a real impact on the world. Partnering for shared success is a key part of our 2020 strategy. We live for innovation and are keen to work with the brightest and the best to create solutions for our customers that meet the changing desires of their consumers."

We will continue our strong innovation journey with such a spirit, always aligned with our strategy and reaching beyond our ambition.

Suppliers

Generating maximum value with suppliers is achieved through long-term and sustainable partnerships. These collaborations aim to create mutual value in supply continuity, quality, cost, innovation, responsibility and our ability to deliver the best ingredients. As a result, they enable us to differentiate our product offering to customers.

Key achievements in 2018:

- **Strengthening sustainable patchouli supply chain.** A multi-year project in cooperation with international NGO Swisscontact is improving patchouli oil sourcing and conditions for smallholder producers in our collection network on the Indonesian island of Sulawesi.

- **Safeguarding our supply of high quality citrus raw materials.** In our continued efforts to safeguard best quality and stability in supply, we have increased the number of long-term partnerships in our portfolio of lemon and lime oils.

- **Supplier-enabled innovation.** Enhanced collaboration between procurement teams and our business divisions has led to solid and open partnerships with suppliers to address our current and future business challenges.

- **Raw material procurement supported through upgraded contract management tool.** Providing a central point for information with better usability, this tool improves the links between our procurement category managers of raw materials, the local requesters and GBS operational buyers.

- **Collaboration with packaging suppliers for improved quality and cost reduction.** Through this collaboration we have reduced the number of different specifications used for Intermediate Bulk Containers within Europe, resulting in a reduction of 45% in the number of Stock Keeping Units. While opting for lighter packaging, we also improved quality and reduced our own costs as well as those of the supplier.

- **Innovative collaboration drives down costs.** After more than 10 years of successful collaboration, Givaudan has confirmed its partner of choice for Global Network Services. The fruitful collaboration brings innovative technologies to drive down network costs while responding to the increasing bandwidth and security needs of our growing organisation.

Success stories

Strengthening sustainable patchouli oil sourcing

For one kilogram of patchouli oil, 200 times that amount of fresh leaves from patchouli plants need to be collected in the fields of the island of Sulawesi in Indonesia. This precious ingredient is hard won, but the resulting essential oil is prized by perfumers for its powerful, earthy and long-lasting character.

To secure its supply, Givaudan has invested in a collection network of hundreds of individual smallholder producers on Sulawesi since 2013. Our approach focuses on being present at the origin of the raw material, building strong relationships with smallholder producers and supporting them in developing their business in a sustainable way.

In 2018, we started a collaboration with NGO Swisscontact to further strengthen the collection network. With funding from the Givaudan Foundation, and in partnership with the producers and local government, the project aims to improve the livelihoods of producer families while protecting Sulawesi's natural resources. Training programmes are also offered to promote environmentally friendly production methods, along with education on nutrition and household income management.

Growing success for Madagascar partnership

Our NATEMA (Natural Extracts Madagascar) joint venture processes raw materials in the country of origin and this in turn supports the wider local economy.

Rather than export clove leaf oil from Madagascar for processing, we foster local value creation by transforming clove leaf oil at the NATEMA facility.

Production at the facility has grown since sales started in 2017: the output of this key ingredient for our creations has increased from less than 50 tons to 300 tons, which means NATEMA is now Givaudan's main supplier of clove leaf oil derivatives.

Our NATEMA joint venture is an excellent example of a successful and growing partnership.

People

We are committed to fostering a great place to work where our people are motivated to perform at their best, impact their world and contribute to the Company's success. This success is achieved by developing the skills of our people and nurturing a pipeline of industry experts and future leaders. It is also necessary to promote a diverse workforce that performs in an agile and collaborative way, bringing our values to life and achieving the full potential for Givaudan.

Key achievements in 2018:

- **Continued success of global onboarding programme.** 556 people attended the ONE Givaudan onboarding events; eight were conducted in the regions and 13 were organised in the GBS hubs.
- **Equipping our people with leadership skills for today and the future.** 304 participants followed our Leadership Senses programmes across all regions in 2018, bringing the total number of leaders trained to 1,001 since the launch of the programme. In addition, we further evolved our Leadership Senses programmes by piloting 'Discover', a new programme targeting our first-line managers and supervisors.
- **Hiring initiatives to support business growth.** To further develop the skills of our recruiting managers, more than 700 managers to date have been trained in 'Selecting the best', a one-day training session to familiarise them with the Company's recruiting process and develop their interview skills to help them make better hiring decisions.
- **Talent acquisition teams meet the challenges of an unprecedented year.** Our talent acquisition teams not only managed to hire a large number of people in 2018, but also maintained and even increased some of the key measures of talent acquisition performance, notably candidate satisfaction, hiring on time and manager satisfaction.
- **Continued focus on strengthening positive and authentic conversations.** 222 managers have undertaken our 'Quality Conversations' training to help them build trusting and productive relationships with their teams, and two new training 'toolkits' were introduced, focusing on feedback and developmental discussions.
- **Better Balance roadmap.** We have started to implement this programme, which is aimed at aligning all of our senior leadership teams on the case for change.

Celebrating and sharing success for 'going above and beyond'

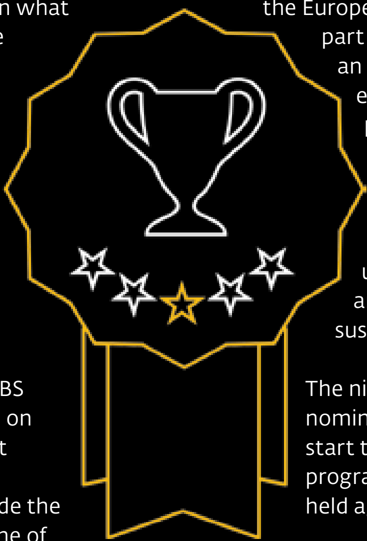
The individual efforts of our employees, on a daily basis, make an impact on their world and contribute to the success of our Company.

To celebrate and share this success and recognise teams and individuals who go 'above and beyond' to deliver outstanding results and make exceptional contributions to our business, we launched a Company-wide programme in 2018, the Givaudan Awards.

The awards, sponsored by the Executive Committee, are made up of three categories aligned to our 2020 strategy: Growing with customers, Excellence in execution, and Partnering for shared success. More than 100 nominations were received in total, and three winners were chosen for each category.

One of the winners in the Growing with customers section was from our fragrance team in Japan, who made great efforts in driving exceptional growth in what is a mature fragrance market.

A significant effort by Givaudan Business Solutions (GBS) to hire over 300 people was among the winners in the Excellence in execution category. The successful implementation of GBS very much depended on hiring the right talent to the organisation. And a 'thinking outside the box' approach was one of the winners in the Partnering for shared success category. Our Sant Celoni site in Spain was selected as a pilot site for a funding initiative by the European Commission as part of its HyCool project, an innovative renewable energy project to promote the use of solar heat in industrial processes. For Givaudan, the project will lead to better utilities consumption and cost reductions in a sustainable way.



The nine winners and all the nominations were a great start to the Givaudan Awards programme, which will be held again in 2019.

Communities

We believe that each and every employee has the potential to make a change for the future of our planet and the well-being of the communities in which we work and live. The opportunity to make such contributions is available through our site Green Teams, which organise voluntary sustainability projects, and the Givaudan Foundation, which funds new projects around the world.

Key achievements in 2018:

- **Marathon run to raise malnutrition awareness.** Employees took part in the Mumbai Marathon to raise funds for a hunger charity and to increase awareness of malnutrition and hunger. Money raised by the employees was matched by Givaudan India.
- **East Hanover Green Team helps Volunteers of America's Operation Backpack.** Much-needed school supplies and extra Givaudan goodies were donated and packed in 40 bookbags for students aged 10-13 years as part of the annual school supply drive.
- **Healthy eye programmes.** Employees at our Jigani site in India continued their support for healthy eye programmes, in partnership with the Vittala International Institute of Ophthalmology (VIIO) of Bangalore.
- **China shuttle buses go electric.** Givaudan's diesel shuttle buses are being replaced by electric vehicles in Shanghai, where air quality is a problem. The replacement programme has already resulted in significant cost savings and benefited the environment.
- **Rainwater harvesting in Mexico.** With the target of using less water from municipal sources, our manufacturing site at Cuernavaca has installed a 1,000 sq m rooftop system to harvest rainfall for various uses at the site.
- **Replacing metal drums with cardboard fibre containers.** Metal drums have been replaced by cardboard fibre containers for the packaging of certain products at our Vernier site in Switzerland. They are more environmentally friendly, reliable, easier to use, and also have cost benefits.
- **Givaudan hosted a 3-day fragrance training programme for women at the Zaatari refugee camp in Jordan.** As part of a joint project with the London College of Fashion, UNHCR, UN Women, the ICRC and other NGOs, this soap and fragrance workshop was the first in a series of initiatives that has provided women with the technical expertise to begin small-scale manufacturing, a voice in their community and the confidence to train others.

GRI Disclosure 413 – 1

Success stories

Plastic: global challenge, local action

We want to make a positive impact in the communities where we operate, and the range of our activities includes tackling global challenges such as environmental issues with local actions. Plastic, for example, has become an epidemic. We throw away each year enough plastic to circle the earth four times, with much of this waste ending up in our oceans, according to UN Environment. India was the host nation for World Environment Day 2018, and with its theme of 'Beat Plastic Pollution – if you can't reuse it, refuse it', our employees in India embraced the awareness-raising event with particular enthusiasm.

They have been marking World Environment Day for some years and this time, with India committing to abolishing single-use plastic by 2022, our Green Team at Jigani focused on engaging their colleagues and their families in making contributions through drawings and essays on how to beat plastic pollution. In global terms, Jigani's pledge to reduce the use of plastic disposables is modest, but raising awareness of the consequences of plastic among employees and a wider community must be a good start.

Providing water and sanitation for Haiti villages

Access to drinking water and sanitation installations is still one of the main challenges in many parts of the world. This is particularly true in Haiti, where the Givaudan Foundation has helped local communities. Givaudan has collaborated for some years with a cooperative of vetiver root farmers in three villages in South Haiti to source organic and fair trade vetiver essential oil. With the support of the Givaudan Foundation, a water and sanitation facility has now been built for villagers. The initiative, led by a group of village women, improves access to drinking water and provides access to sanitation facilities, contributing to the reduction of waterborne diseases within the community.

Women from a cooperative in the region of Les Cayes, South Haiti.

Acquisitions
Expanding our capabilities, creating additional value

Acquisitions have always been a part of Givaudan's strategy to create value. Our 250-year heritage of growth and expansion is rooted in a drive to innovate products and solutions that 'engage your senses'.

Today, an increasing emphasis on more natural products that promote health and well-being shapes our approach to expansion through acquisitions, strategic partnerships and investments.

Tom Hallam, Chief Financial Officer: "Key to our strategy of value creation is a particular focus on areas where we can deliver winning solutions for our customers. In the last four years and fully aligned with our 2020 strategy, Givaudan has announced the acquisition of nine companies, each of which supports our strategic priorities of expanding our offer in Naturals, Active Beauty and Integrated Solutions."

Givaudan's recent acquisitions support the 2020 strategy in multiple ways: expanding upon existing capabilities, adding to our ability to offer more natural and integrated solutions, opening access to new channels and technologies, and bringing us closer to local and regional customers.

Acquisition update: 2020 Strategy in motion

2014
Soliance
Active Beauty

2015
Induchem
Active Beauty

2016
Spicetec
Naturals
Integrated Solutions

2017
Activ International
Natural flavours

Vika B.V.
Natural flavours

2018
Centroflora Nutra
Naturals

Expressions Parfumées
L&R Fragrances

Naturex
Naturals
H&W
Active Beauty

Albert Vieille[1]
Naturals
Aromatherapy

Approx. CHF 1 billion of incremental revenues[2]

CHF 2.5 billion invested in acquisitions

1. Not yet completed.
2. Proforma 2018, including Naturex.

In both divisions, our acquisitions are fully aligned with our 2020 strategic priorities:
Naturals, Health and well-being, Active Beauty, Integrated solutions, local & regional customers

Building Active Beauty to become a key player in cosmetics ingredients

In 2014, we began our strategic growth journey by acquiring Soliance to enter the active cosmetics ingredients business. The acquisition gave us access to two sites in France providing innovative cosmetic solutions and developing high added-value ingredients derived from vegetable sources, microorganisms and microalgae. Soliance also boosted our broader process development and research capabilities with a centre of excellence in 'white biotechnology', the branch of biotechnology that combines living cells from yeast, moulds, bacteria and plants with enzymes to synthesise products that are more easily biodegraded, require less energy and create less waste.

The following year Givaudan went a step further by acquiring the Swiss-based Induchem, adding complementary capabilities including a range of innovative and highly functional active ingredients with proven efficacy results, as well as research expertise in biocatalysis, metagenomics and biochemical synthesis. Induchem helped Givaudan build a science-based portfolio of active cosmetics ingredients backed by professional expertise and access to the latest technologies.

In September, with the acquisition of Naturex, the international leader in plant extraction and the development of natural ingredients and solutions for the food, health and beauty sectors, we are enhancing our portfolio of active cosmetic ingredients with the Naturex's botanical extracts and oils. Today, our customers appreciate the fusing of science and nature for innovative cosmetic solutions and our Active Beauty business is well on track to achieve the sales target of CHF 100 million announced in our 2020 strategy.

Strengthening integrated solutions and natural flavours

2016 saw Givaudan take a major step forward in offering customers integrated savoury solutions with the acquisition of Spicetec Flavours & Seasonings. With Spicetec's strong portfolio of spices, seasoning blends and natural solutions, we can now offer a tailored combination of flavour and functional ingredients that provide optimal performance to meet our customers' needs. By combining the synergies of flavours and taste with herbs and spices and other functional ingredients, we ensure differentiating performance in finished food applications.

Activ International, acquired early in 2017, further strengthened our capabilities for natural flavour solutions. Activ built its business on cutting-edge ingredient technology, delivering optimal natural extract, flavour and culinary solutions, serving the most discernible customers worldwide. In North America it was a key leader manufacturing organic certified natural flavours, culinary flavours and enhanced savoury flavours designed to deliver the authentic flavour profile of their characteristic raw material: meat, poultry, seafood, vegetable or vegetarian.

Later that same year, Givaudan expanded its flavour and taste solutions with the acquisition of Netherlands-based Vika B.V. Their complementary portfolio of natural dairy ingredients, fonds and stocks as well as meat and plant-based extracts helps us to meet consumer demands for clean label, organic

Broadening our naturals portfolio in Flavours through acquisitions

Spicetec	Activ International	Vika	Centroflora Nutra	Naturex
Extends our portfolio of spices, seasoning blends, natural solutions and organic ingredients.	Broadens our extract offering, particularly with a portfolio of marine extracts and natural seafood solutions.	Strengthens our capabilities in culinary fonds and stocks, made from natural ingredients. Expands our cheese natural capabilities with a new range of cheese powders.	Expands our botanical extract and dehydrated fruit juice offering under the management of a comprehensive sustainability programme.	Significantly enhances our capabilities and portfolio in botanical extracts and natural solutions, and provides access to natural colours, preservatives and phyto actives.

and natural ingredients while strengthening our creation capabilities in natural solutions for dairy and savoury.

Accelerating growth to gain leadership in Naturals

Givaudan accelerated its growth journey in 2018 with key acquisitions to add agility, strengthen our global offerings, and secure market leadership in the naturals space.

Our acquisition of the nutrition division of Centroflora Group, initiated in 2017, strengthens our global offering of natural extracts and further develops our presence in Brazil. Centroflora Nutra manufactures botanical extracts and dehydrated fruits from around the world with a particular focus on the great biodiversity of Brazil. While strengthening Givaudan's naturals sourcing platform for our flavours, fragrances and cosmetics businesses, the acquisition also reinforces our contribution to preserving the environment and safeguarding resources for the long-term through Centroflora's sustainability leadership.

Naturex, also acquired this year, is a significant step forward in creating a position of clear market leadership in natural extracts and ingredients. With its strong portfolio of plant extracts and natural ingredients for taste further complementing our capabilities, Naturex enables our entry into the adjacent spaces of natural colours, natural preservatives and natural phytoactives, hence further expanding Givaudan's access to the nutrition, health and personal care sectors. The combination of our industry leadership and scale with the expertise of the leading player in natural ingredients will create even greater value for our customers and stakeholders.

page 24, Our 2020 Strategy

Marking our presence in Grasse

In 2018, Givaudan announced the acquisition of two renowned fragrance houses in Grasse, France.

With Expressions Parfumées, we are adding highly complementary capabilities in naturals and expanding our reach to local and regional customers. A pioneer in natural fragrance compounds, the company offers a range of perfumes designed to adapt to any production labelled 'organic'. In December Givaudan announced our intention to acquire Albert Vieille, a French company specialising in natural ingredients for both fragrance and aromatherapy applications. With origins in Grasse dating back to 1920, Albert Vieille will bring unique know-how in the area of aromatic plants, pure essential oils and speciality natural ingredients. Both acquisitions will significantly enrich our fragrance palette of natural ingredients to satisfy growing consumer demand. They also mark our presence in Grasse, a region famous for its 'savoir-faire' in perfume making, and the home of our historic roots, where two of the most distinguished dynasties of perfumers started to shape the foundation for today's industry: the Chiris and the Roure families.

pages 20 & 22, Our 2020 Strategy

UNESCO CULTURAL HERITAGE

On 28 November 2018, UNESCO, the United Nation's cultural agency, declared the skills related to perfume making in Grasse, including the cultivation of fragrant plants, the knowledge and processing of natural raw materials, and the art of perfume composition, to be inscribed on its protected list, 'Intangible Cultural Heritage of Humanity'.

Evolving and enriching our unique culture

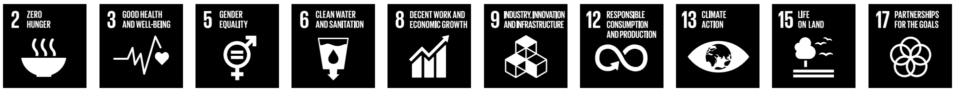
Givaudan views each acquisition as an opportunity to grow in many different ways. Above and beyond the business case for expanding our existing capabilities and customer base, acquisitions bring a strong, synergistic cultural dimension: new ways of working, an increased sense of entrepreneurship, greater agility and customer focus. We are equally committed to ensuring that all new employees quickly understand Givaudan's unique culture and DNA while enriching it in new ways that nurture our success.

As we continue our journey towards 2020, acquisitions and investments will quite naturally continue to play a role in our strategy of value creation for customers, employees and shareholders.

Givaudan today: shaped by historic acquisitions

Our historic buyout of Esrolko in 1948 created the two main pillars of flavours and fragrances upon which Givaudan continues to thrive today. Our own acquisition by the Swiss multinational Hoffmann La Roche in the 1960s led to the 1992 merger combining Roure's legendary success in luxury perfumes and naturals with Givaudan's expertise in functional fragrances, synthetics and flavours. Our journey then led us to acquire TasteMaker in 1997, securing our US expansion, and to our transformative acquisition of Quest International in 2007, bringing Givaudan to the fore of the flavour and fragrance industry by adding expertise, scale and global reach.

A Sense of Tomorrow
Building a sustainable future



Our approach engages customers on sustainability and helps them meet their goals.

Meeting today's needs without compromising the interests of future generations has long been key to our business model. Mounting challenges, particularly in terms of climate change, have driven us to intensify our efforts. We are working hard to identify longer-term risks, opportunities and ways to measure and quantify the difference we're making.

Consumers are increasingly aware of the unprecedented social and environmental challenges created by climate change, population growth, resource scarcity and poverty. They are concerned about the future of the planet and their own well-being, and demand that companies be more transparent about how they operate. Business performance is now inextricably linked to sustainability. Our approach helps customers create products that set them apart, addressing consumer demand.

'A Sense of Tomorrow' is a framework that extends our vision to 2030 and beyond. It sets new performance targets and provides structures for designing innovative products that contribute to a sustainable world. Its initiatives will help us secure the longevity of our business while supporting the rural communities that grow the over 10,000 raw materials essential to our work. We strive to go beyond responsible growth and benefits for our shareholders: we target long-term success for our customers, consumers, society and the planet.

Sourcing for Shared Value

Givaudan depends on natural resources and the people who grow them, and producing raw materials should promote stability for both humans and the environment. Our approach to meeting our goal of sourcing all natural raw ingredients responsibly brings new value to those involved and is based on three practices:

Responsible Sourcing means working with and auditing suppliers and assessing supply chains to drive compliance and continuous improvements in health and safety, social, environmental and business integrity practices as defined in our Responsible Sourcing Policy.

Sourcing at Origin focuses on direct collection networks and partnerships with farmers, distillers and producer groups to secure the long-term supply of ingredients while boosting the local economy with stable incomes. Social and environmental projects help build more secure futures for the **Communities at Source** and their environments.

Innovating Responsibly

Givaudan has always pursued a culture of innovation, exploring timely questions in sensory experience. Today's most pertinent questions surround sustainability: the curiosity that has always driven us is helping us to find answers. We look to make sustainability part of every breakthrough and add value by enhancing research and developing products that benefit both society and the environment.

With **Naturals**, we develop alternative sources of key raw materials, helping protect fragile natural resources. Enabling dietary shifts towards plant-based foods and promoting odour's positive impact can help promote **Health and well-being**. Efforts in **Sustainable Processes** evaluate and improve the sustainability of our production methods.

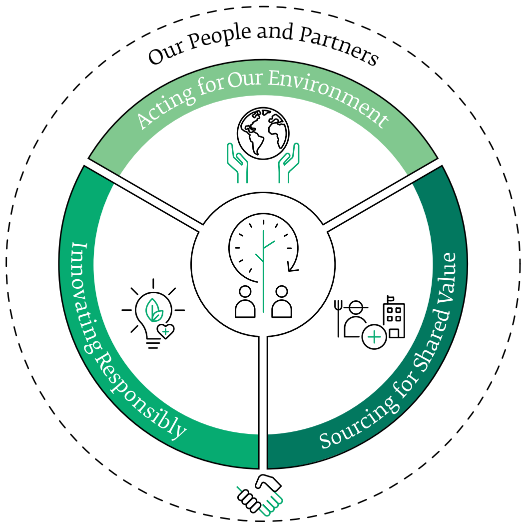
Innovating Responsibly means considering the impact of our products and services on society and the environment and leading change for the better by working to benefit both.

'A Sense of Tomorrow' rests on the three pillars of Sourcing for Shared Value, Innovating Responsibly and Acting for Our Environment. Initiatives target our supply chains, investment in innovative new products, a reduction of our carbon footprint and climate change mitigation. But we cannot do this alone. It would not be possible without a focus on our people and partners, both internal and external to Givaudan: managing the talent of those who are passionate about their work and committed to creating a sustainable society is key to meeting our goals. Choosing like-minded partners is essential.

This drive supports our own objectives, but also addresses the United Nations Sustainable Development Goals. In focusing our own priorities on global aspirations such as dietary shifts, health and well-being and environmental protection, we show our commitment to sustainability and our creativity and innovation in achieving it. Customers can be confident that our products are produced responsibly.

A 'Sense of Tomorrow' is another step in our long history of high ethical standards in our interaction with all stakeholders. The approach helps make Givaudan the most trusted partner in taste and scent, ensuring that our 250-year journey of passion and performance continues, delighting people with unique sensory experiences they can feel good about.

Our Sustainability Approach
2018 Sustainability Progress Review



Meeting needs today. Defining what's next.

Acting for Our Environment

We are improving operational processes to reduce our environmental footprint and contribute to climate change mitigation: our targets support the drive to limit an increase in temperature.

We will reduce absolute Scope 1 and 2 **greenhouse gas emissions** by 30% and target a 20% drop in Scope 3 emissions 2015 – 2030. We aim for 100% **renewable electricity** by 2025 and a 4% year-on-year average reduction in **waste**. We are reviewing **water** reduction targets after reaching one of them three years early.

Since a product's real footprint includes every step in the supply chain, we also help suppliers reduce their impact, minimising the overall environmental effect. This has a direct, positive impact on local producer communities and the supply of the natural ingredients we rely on. All these efforts help cut our GHG emissions, waste production, water consumption and support our shift to renewable electricity.

Our People and Partners

Our goals can only be met with the help of employees and partners who are dedicated to sustainability.

That is why we support people of all backgrounds, gender and origin, making sure our staff reflects the world in which we operate. We target a gradual shift in the mix of nationalities and genders in our management teams, thus leading to steady, sustainable change, reinforcing our inclusivity and supporting our business goals.

Safety, health and well-being are targeted through awareness campaigns and training, while talent is developed through an approach embedded in a culture of continuous learning and curiosity.

Meeting sustainability goals is complicated by diverse challenges and effective solutions can only be found by working with partners. Cooperation with suppliers, associations and non-profit organisations helps us move ahead in an efficient, mutually beneficial way.

Megatrends
Positioned well in a fast-changing environment

Global megatrends express society shifts and rapidly changing consumer behaviours.

Givaudan is embracing these global shifts as opportunities to ensure business resilience and create additional value for our customers.

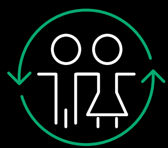
Global trends

A growing customer base …

- Growing population and wealth in high growth markets
- Shift from rural to urban areas
- Increased disposable incomes

… living longer and more responsible lives …

- Ageing population
- Overweight and obesity more widespread
- Consumers demanding transparency



… in an increasingly interconnected world

- Rising interconnectivity and faster exchange of information
- Social media transports new trends faster and wider

GRI Disclosure 102 – 15, pages 36 – 37

Impact on Flavours	Impact on Fragrances	Givaudan's positioning
– Rise in spending on processed and ready-made foods with increase in disposable incomes – Local and regional brands gaining relevance	– Expanding middle class driving demand for premium and exclusive products – Increased spending in personal care and household products – Development of speciality retailers	– Focus on key targeted areas with highest growth – Local strategy adapted to high growth markets – Targeted talent and capital expenditure investments
– Demand for good tasting products with reduced content of fat, sugar and salt – Increased focus on organic, natural ingredients, natural flavours – Consumer demand for clean and clear labels	– Increasing demand for unique, sensorial and visual experiences – Growing demand for cosmetics in high growth markets – Higher demand for natural and sustainably sourced raw materials	– Innovative resources dedicated to research in naturals – Targeted acquisitions in Naturals, Health and well-being and Integrated solutions[1]
– Increased consumer empowerment – Reduced time-to-market for new products – Increased demand for convenience food	– Bloggers play important role in shaping opinions – Rising power of consumers who are dictating trends – Increased demand for new products, quicker	– Digitalisation to identify and exploit consumer insights – Product innovation to capture freshness, e.g. FreezeFrame® – Innovation and research in ingredients and encapsulation

1. Relevant acquisitions comprise Spicetec, Activ International, Vika B.V., Centroflora Nutra, and Naturex.

Financial capital

In this section

Performance review

Strong business momentum – investing for the future

Business performance – Group

Givaudan completed the year with good business momentum and with the project pipeline and win rates being sustained at high levels. This good growth was achieved across all product segments and geographies, with our key strategic focus areas of Naturals, Health and well-being, Active Beauty, Integrated solutions and local and regional customers delivering strong growth, complemented by the recent acquisitions.

The Company continues to implement price increases in collaboration with its customers to fully compensate for the increase in input costs.

Group sales

Givaudan Group full year sales were CHF 5,527 million, an increase of 5.6% on a like-for-like basis and 9.4% in Swiss francs when compared to 2017.

Gross margin

The Gross profit increased by 3.5% from CHF 2,250 million in 2017 to CHF 2,329 million in 2018. Despite continued productivity gains and cost discipline, the Gross Margin declined to 42.1% in 2018 compared to 44.5% in 2017, as a result of the lower gross margin in the Fragrance Division, which was impacted by a sharp and broad based increase in raw material costs.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

The EBITDA was CHF 1,145 million in 2018 compared to CHF 1,089 million in 2017, an increase of 5.2% in Swiss francs and 4.3% in local currency. The EBITDA margin was 20.7% in 2018 compared to 21.6% in 2017. On a comparable basis, the EBITDA margin was 21.0% in 2018 compared to 23.3% in 2017.

Operating income

The operating income was CHF 883 million compared to CHF 869 million, an increase of 1.7% versus 2017. When measured in local currency terms, the operating income increased by 0.1%. The operating margin was 16.0% in 2018 compared to 17.2% in 2017.

Financial performance

Financing costs in 2018 were CHF 55 million versus CHF 42 million in 2017, largely related to the increase in the net debt of the Group in connection with the Naturex acquisition. Other financial expense, net of income, was CHF 56 million in 2018 compared with CHF 32 million in 2017, mainly as a result of increased foreign currency losses in markets where currencies could not be hedged, most notably in Argentina.

The income tax expense as a percentage of income before taxes was 14%, compared to 9% in 2017, which was impacted by lower tax expenses in the United States. Excluding items of a non-recurring nature, the income tax expense as a percentage of income before taxes for 2017 was 15%.

Net income

The net income decreased to CHF 663 million in 2018 from CHF 720 million in 2017. This results in a net profit margin of 12.0%, versus 14.2% in 2017. Basic earnings per share were CHF 71.92 compared to CHF 78.18 for the same period in 2017.

Cash flow

Givaudan delivered an operating cash flow of CHF 916 million in 2018, compared to CHF 861 million in 2017.

Working capital was 26.3% of sales compared to 24.5% in 2017, mainly as a result of the higher inventory levels in Naturex.

Total net investments in property, plant and equipment were CHF 129 million, compared to CHF 189 million in 2017. During 2018 the Group continued its investment programme to support growth in high growth markets, most notably with investments in India, Singapore and China. The Group completed an agreement to sell and leaseback the Zurich Innovation Centre for a total consideration of CHF 173 million, of which CHF 100 million has been received in 2018, with the balance to be received in 2019.

Intangible asset additions were CHF 55 million in 2018, compared to CHF 53 million in 2017 as the Company continued to invest in its IT platform capabilities, including those to support the introduction of the Givaudan Business Solutions organisation.

Total net investments in tangible and intangible assets were 3.3% of sales in 2018, compared to 4.8% in 2017. Excluding the impact of the ZIC transaction, total net investments in tangible and intangible assets would have been 4.2% of sales.

Operating cash flow after net investments was CHF 732 million in 2018, versus the CHF 619 million recorded in 2017. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 703 million in 2018, versus CHF 594 million for the comparable period in 2017. As a percentage of sales, free cash flow in 2018 was 12.7%, compared to 11.8% in 2017.

Financial position

Givaudan's financial position remained solid at the end of the year. Net debt at December 2018 was CHF 2,847 million, compared to CHF 1,074 million at December 2017, with the increase driven by the Group's acquisitions and investment programme, including Naturex. At the end of December 2018 the leverage ratio was 41%, compared to 21% at the end of 2017.

During 2018, Givaudan received strong investment grade credit ratings from S&P Global Ratings (A- with stable outlook) and from Moody's Investors Service (Baa1 with stable outlook).

Givaudan Business Solutions

The Company is now in the implementation phase of Givaudan Business Solutions (GBS), a global organisation providing best-in-class processes and services.

The progressive implementation of Givaudan Business Solutions is fully in line with the plan and has delivered the first financial benefits of CHF 20 million in 2018.

In 2018 the Group incurred costs of CHF 32 million (Cash impact: CHF 64 million) in relation to the implementation of the Givaudan Business Solutions organisation, compared with CHF 107 million in 2017 (Cash impact: CHF 47 million).

Naturex

Givaudan completed the acquisition of Naturex in September 2018 and has consolidated the financial results of Naturex from 1 September 2018. Naturex is an international leader in plant extraction and the development of natural ingredients and solutions for the food, health and beauty sectors.

In 2018, Naturex contributed CHF 150 million of sales, CHF 146 million in the Flavour division and CHF 4 million in the Fragrance division. Givaudan aims to achieve sales growth of the Naturex portfolio of 10% per annum from 2021 and at the same time return the profitability and other key financial indicators of the combined business to pre-acquisition levels by 2021 for the Flavour Division.

Dividend proposal

At the Annual General Meeting on 28 March 2019, Givaudan's Board of Directors will propose a cash dividend of CHF 60.00 per share for the financial year 2018, an increase of 3.4% versus 2017. This is the eighteenth consecutive dividend increase following Givaudan's listing at the Swiss stock exchange in 2000.

Value added statement

The value added is defined as the value created by the activities of our business and its employees. Givaudan's economic value retained of CHF 173 million is the sum of the elements disclosed in the table below:

Direct economic value generated and distributed

For the year ended 31 December, in millions of Swiss francs	**2018**	2017	Percentage change
Revenues	5,590	5,093	9.8%
Operating costs	(3,408)	(3,073)	10.9%
Payments to governments	(131)	(79)	65.8%
Payments to providers of capital	(589)	(557)	5.7%
Employee wages and benefits	(1,289)	(1,141)	13.0%
Economic value retained	**173**	**243**	**(28.8%)**

GRI Disclosure 201 – 1

2020 Guidance – Responsible growth. Shared success.

The Company's 2020 ambition is to create further value through profitable, responsible growth. Building on the first two years of this strategic cycle in 2016 and 2017, Givaudan's 2020 ambition is built on the three strategic pillars of 'growing with our customers', 'delivering with excellence', and 'partnering for shared success'.

As part of the Company's 2020 strategy, Givaudan also seeks to create value through targeted acquisitions, which complement existing capabilities in providing winning solutions for its customers. Since 2014 Givaudan has announced nine acquisitions, which are fully in line with the growth pillars within the Company's 2020 strategy.

Ambitious financial targets are a fundamental part of Givaudan's strategy. We aim to outpace the market with 4-5% sales growth and a free cash flow of 12-17% of sales, both measured as an average over the five-year period of our strategy cycle. It is Givaudan's intention to maintain its current dividend practice as part of this ambition.

Business performance – Flavour Division

Sales

Flavour Division sales were CHF 3,002 million, an increase of 4.6% on a like-for-like basis and 10.8% in Swiss francs. The sales of the Flavour Division include CHF 9 million from Centroflora Nutra, acquired in May 2018, and CHF 146 million from Naturex, acquired in September 2018.

The sales performance was driven by new wins and strong business momentum across all regions. The key strategic focus areas of the 2020 strategy, namely Health and well-being and Naturals grew at double-digit and high single-digit levels respectively.

From a segment perspective, Beverages, Dairy, Sweet Goods and Snacks were the main contributors to the division growth.

The EBITDA increased to CHF 637 million from CHF 603 million in 2017, an increase of 5.7%, with continuing productivity gains and cost discipline contributing to the increase. The EBITDA margin was 21.2% in 2018, down from 22.3% in 2017, largely due to the impact of the lower margin on the acquired Naturex business. On a comparable basis the EBITDA margin of the Flavour Division was 21.2% in 2018 compared to 22.2% in 2017.

The operating income decreased to CHF 470 million in 2018 from CHF 473 million in 2017, a decrease of 0.6%. The operating margin was 15.7% in 2018 compared to 17.5% in 2017.

Asia Pacific

Sales in Asia Pacific grew by 6.2% on a like-for-like basis. In the high growth markets, India delivered double-digit performance, whilst China, Indonesia and Thailand delivered a strong single-digit increase.

Flavour Division – Division sales
in millions of Swiss francs

Flavour Division – EBITDA
in millions of Swiss francs

Flavour Division – Operating income
in millions of Swiss francs

In the mature markets, growth was driven by strong double-digit growth in Singapore and positive momentum in Japan.

Local and regional customers continued to grow strongly across the region, whilst from a segment perspective, Beverages, Dairy, Snacks and Sweet goods all contributed significantly to the growth.

Europe, Africa and Middle East

Sales in Europe, Africa and Middle East increased by 3.0% on a like-for-like basis. In the high growth markets of Africa and the Middle East, strong double-digit growth was achieved in Egypt and South Africa, which was offset by the challenging market conditions in Central & Eastern Africa, Maghreb and the Middle East. Growth in Central and Eastern Europe was led by double-digit growth in the Ukraine and high single-digit performance in Turkey and Russia.

In the mature markets of Western Europe, double-digit growth was achieved in Sweden and high single-digit growth performance in the UK and Spain.

Within the segments there was good growth in Beverages, Snacks, Dairy and Sweet Goods.

North America

On a like-for-like basis, sales in North America grew by 1.8% against a strong comparable growth of 8.5% in 2017. The performance was a result of new wins and growth of existing business in the area of Beverages and Sweet Goods.

Latin America

Sales in Latin America increased by 14.7% on a like-for-like basis across all markets and segments in the region. There was strong double-digit growth led by Brazil and Colombia supported by the improved economic situation, as well as continued good sales momentum in Argentina.

Business performance – Fragrance Division

Sales

Fragrance Division sales were CHF 2,525 million, an increase of 6.6% on a like-for-like basis and 7.8% in Swiss francs. The sales of the Fragrance Division include CHF 46 million from Expressions Parfumées, acquired in June 2018 and CHF 4 million from Naturex, acquired in September 2018.

Total sales for Fragrance Compounds (Fine Fragrances and Consumer Products combined) increased by 7.0% on a like-for-like basis. In Swiss francs, sales of compounds increased to CHF 2,199 million from CHF 2,036 million in 2017.

Fine Fragrances sales grew by 10.7% on a like-for-like basis against a strong prior year comparable of 7.2% in 2017, with growth achieved across all geographies and customer groups.

Consumer Products sales increased by 6.1% on a like-for-like basis, with good growth across all customer groups and geographies, with particularly strong performance in Asia and the Middle East.

Sales of Fragrance Ingredients and Active Beauty increased by 4.0% on a like-for-like basis, with high single-digit growth in Active Beauty, against a high comparable from 2017 and positive growth in Fragrance Ingredients, supported by price increases.

The EBITDA of the Fragrance Division was CHF 508 million in 2018 compared to CHF 486 million in 2017. Key drivers of this increase are the reduction of the costs of the Givaudan Business Solutions (GBS) program which were CHF 32 million in 2018 versus CHF 107 million in 2017, as well as insurance proceeds of CHF 20 million in relation to environmental expenses. These positive impacts more than compensated the impact of a single significant supply disruption of a major supplier of fragrance ingredients, which has impacted the fragrance industry during the year as well as a sharp and broad based increase in raw material costs.

As a result, the EBITDA margin was 20.1% in 2018 compared to 20.7% in 2017. On a comparable basis the EBITDA margin of the Fragrance Division was 20.7% in 2018 compared to 24.5% in 2017, driven by the elements mentioned above.

The operating income was CHF 413 million in 2018, versus CHF 396 million for the same period in 2017. The operating margin was 16.4% in 2018 compared to 16.9% in 2017.

As part of the Group's 2020 strategy to expand the capabilities of its fragrance business, Givaudan completed the acquisition of Expressions Parfumées, a French fragrance creation house, in June 2018 and announced in December 2018 that it has entered into exclusive negotiations to acquire Albert Vieille SAS, a French natural ingredients company specialised in natural ingredients used in the fragrance and aromatherapy markets.

Fine Fragrances

Fine Fragrances sales grew 10.7% on a like-for-like basis against a strong prior year comparable of 7.2%, with growth achieved across all geographies and customer groups. These results were driven by sustained high levels of new business wins, market performance of recent launches and volume growth on established business at key customers.

Based on strong market share gains over the past three years, acquisitions and continued growth in high growth markets, Givaudan is now the global market leader in the Fine Fragrance segment.

Givaudan's perfumes continued to be recognised at major award ceremonies in Latin America, the USA and Europe across men and women's categories, recognising the excellence of our teams in crafting products that consumers love.

Fragrance Division – Division sales
in millions of Swiss francs

Fragrance Division – EBITDA
in millions of Swiss francs

Fragrance Division – Operating income
in millions of Swiss francs

Consumer Products

Consumer Products sales increased by 6.1% on a like-for-like basis with growth across all customer groups and geographies.

In Latin America all customer groups contributed to the growth against a strong prior year comparable, with local and regional customers recording double-digit growth. Asia recorded a strong increase with balanced growth across all customer groups and double-digit growth in the South Asia sub-region.

In Europe, Africa and Middle East, the sales increase was spread across all customer groups and sub-regions, with strong double-digit growth achieved in the African and Middle East sub-region. Sales in North America increased slightly, against a strong prior year comparable as a result of the performance of local and regional customers.

On a product segment basis, all segments contributed to the sales growth, led by Homecare, Oral Care, Personal Care and Fabric Care.

Fragrance Ingredients and Active Beauty

Sales of Fragrance Ingredients and Active Beauty increased by 4.0% on a like-for-like basis. Sales of Active Beauty increased at high single-digit levels, against a strong double-digit comparable, driven by local and regional customers and Active Ingredient products. Sales of Fragrance ingredients recorded positive growth in 2018, supported by price increases.

GRI Management Approach (103 – 2, 103 – 3): Topic 201, pages 40 – 43

Shareholder value creation
Strong share price development combined with sustained dividend increase

Givaudan's history of delivering with excellence is supported by strong financial performance and the creation of significant value for shareholders.

We have a long track record of delivering on our financial ambition which has created shareholder value through a year-on-year increase in the dividend paid to shareholders, as well as through positive share price development and share repurchase programmes.

We are proud of the value we have created for our shareholders since our Company was listed on the Swiss stock exchange in 2000. By delivering our 2020 strategy and through investing in our future long-term growth, we can go on creating value and building on this heritage of success.

Shares
Our strong financial performance since 2000 has resulted in significant value creation for shareholders in terms of 'Total Shareholder Return'. Over CHF 20 billion in value has been created for shareholders in the form of dividend payments, share repurchase programmes and share price appreciation since the Company's spin-off in 2000.

At the end of 2018, Givaudan had approximately 29,611 registered shareholders owning 62% of the capital. The top 20 registered and non-registered shareholders owned 60% of the capital. Swiss and US shareholders held approximately 58% of all shares.

Market capitalisation
Givaudan's market capitalisation amounted to CHF 21,015,641,736 on 28 December 2018 which was the last trading day of the year.

Dividend policy and dividend proposal
Givaudan is strongly committed to return surplus cash to shareholders. The dividend has risen year on year since 2000, when the Company was listed on the Swiss stock exchange. In 2018, Givaudan's free cash flow was CHF 703 million.

At the Annual General Meeting on 28 March 2019, Givaudan's Board of Directors will propose a cash dividend of CHF 60.00 per share for the financial year 2018, an increase of 3.4% compared to 2017. If approved, this will be the 18th consecutive dividend increase following Givaudan's listing on the Swiss stock exchange.

Investor Relations
Timely and responsible information is important in partnering with our stakeholders to ensure transparency and continuously raise awareness about our Company.

Members of our Executive Committee, together with our Investor Relations team, hold regular roadshows and conferences during the year to meet existing and potential shareholders. Site visits, annual conferences and global presentations help to further increase awareness and give information on the value we create for all our stakeholders.

Details of these meetings and roadshows can be found on our website.

www.givaudan.com – investors – shareholder information – investor calendar – showcasing investor events

CREDIT RATING

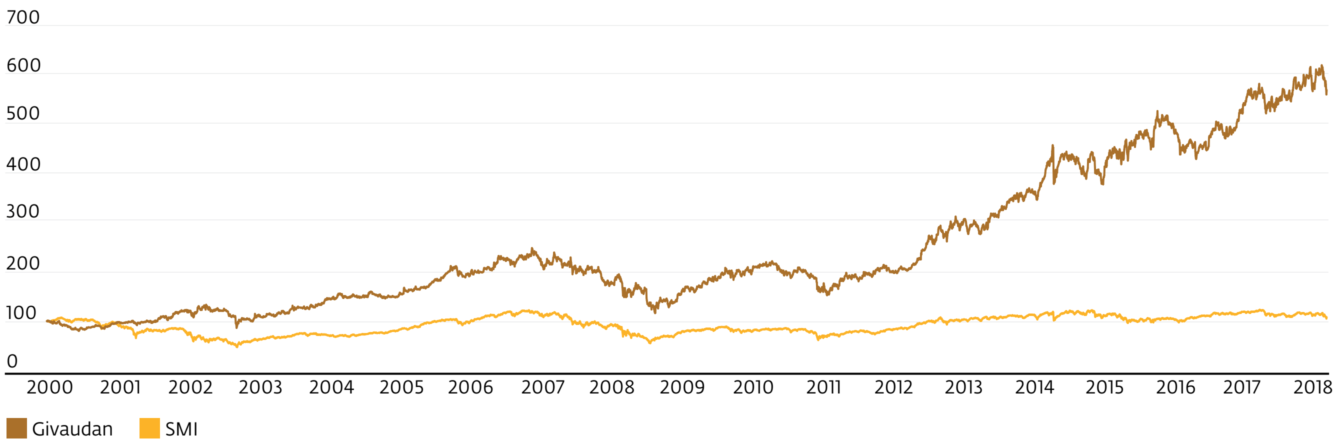
Givaudan has received the first credit ratings in 2018: A- credit rating, with a stable outlook, from S&P Global Ratings and Baa1 rating, with stable outlook, from Moody's Investors Service.

Key share figures

For the year ended 31 December. In Swiss francs except for number of shares	**2018**	2017	2016	2015	2014
Market capitalisation (in millions)	21,016	20,794	17,230	16,437	15,730
Number of issued shares	9,233,586	9,233,586	9,233,586	9,233,586	9,233,586
Share price as at last trading day	2,276	2,252	1,866	1,780	1,704
Share price, highest	2,478	2,289	2,106	1,829	1,716
Share price, lowest	2,087	1,716	1,674	1,511	1,141
Earnings per share – basic	71.92	78.18	69.95	67.89	61.18
Total shareholder return (in %)	3.64	23.69	7.86	7.42	49.80

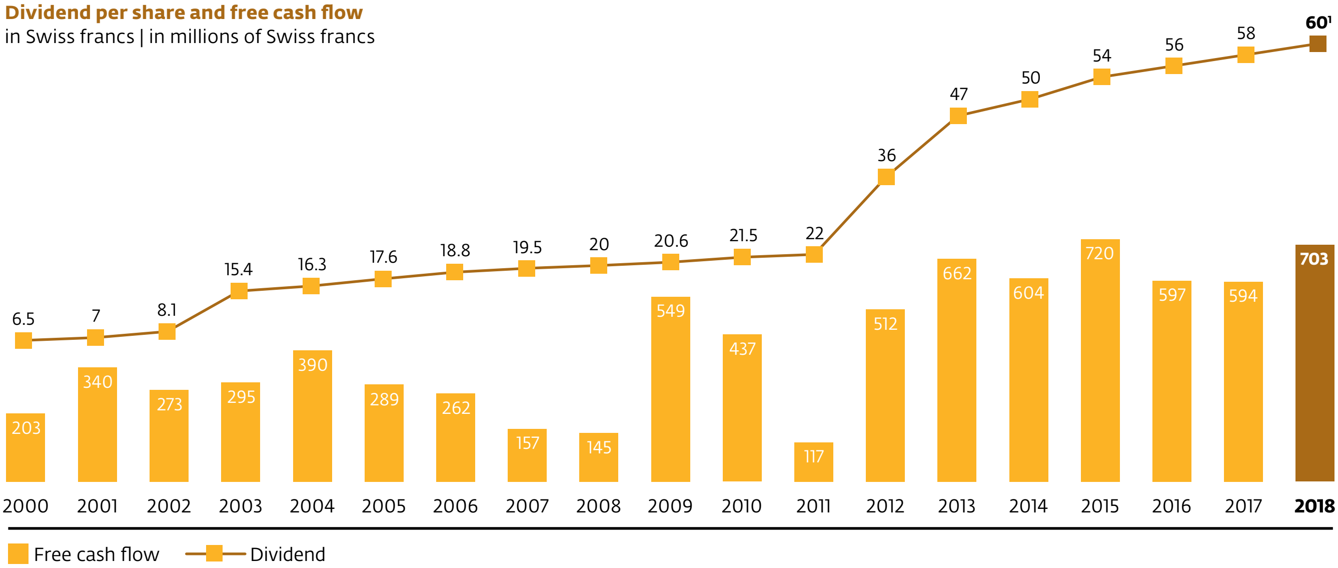
Share price development

in %



Dividend per share and free cash flow

in Swiss francs | in millions of Swiss francs



1. Subject to shareholder approval at the AGM on 28 March 2019.

Our innovative capabilities

In this section

Driven by a culture of innovation
To create differentiated solutions for our customers

A strong culture of innovation is vital in driving the long-term development of cost-effective and long-lasting differentiating solutions.

By being at the forefront of the innovation stage we can be the partner of choice in creating cutting-edge, sustainable solutions for our customers. Value creation comes by spreading a culture of innovation beyond our walls and, within the Company, across our functions and business divisions.

A culture of innovation

In every innovation journey, from concept to market success, we continuously strive to strengthen our learning, challenge our thought processes and enrich the outcome. To be openly engaged with a global strategic community – from corporate peers to academia, start-ups, and technology and solution providers – is a fundamental pillar of such a journey.

In this context, one key partnership has been with MassChallenge, of which we became a founding member in 2016. MassChallenge accelerates high-potential start-ups from anywhere in the world that can have an impact on either of our divisions and across disciplines. Our MassChallenge Partnering initiative was held in 2018 with an inspiring programme that included external speakers on disruptive innovation and testimonials from successful mature businesses that were also once start-ups. It also allowed start-ups close to our business needs with the opportunity to pitch their ideas.

One of the finalists in the 2017 MassChallenge Switzerland accelerator programme was Mixfit, a US-based personalised health company that designs nutritional experiences to encourage lasting, positive changes in health behaviour. In 2018, we established a partnership with Mixfit and set up a cross-functional flavours team to develop taste and flavour solutions to create delicious, customisable nutritional drinks in collaboration with DSM.

To extend our geographical coverage, we formed a partnership with Bits x Bites, the first food tech accelerator to be based in China. Its mission is to shape the future of good food and invest in people and technology to create more sustainable food systems. Our collaboration with Bits x Bites will help us discover new disruptive technologies in food processing, digitalisation and artificial intelligence.

Similarly in the US in 2017, Givaudan piloted MISTA, which is an optimiser – enabling start-ups and established corporations to optimise ideas, products, people and investments. The official go-live was in 2018 and the MISTA Optimisation Center will open in 2019 in San Francisco.

We know that our suppliers offer significant potential to foster innovation. Through collaboration we can meet our current and future business challenges and accelerate the creation of mutual value. With selected suppliers from our base of 3,000 raw material suppliers and over 12,000 suppliers of indirect materials and services, the Procurement Innovation team seeks to accelerate the creation of mutual value. This team sets out to drive supplier engagement in innovation, leverage solutions, support to open new commercial lines and tap into our suppliers' resources to accelerate our own project pipeline.

One example of work with external collaborators is our continued partnership with the industrial bioscience company Amyris in the research, development and production of active cosmetic ingredients. This partnership, which was established some years ago, has been strengthened more recently: Givaudan and Amyris anticipate that the launch of target products in the coming years will demonstrate significant performance, cost and sustainability advantages over existing ingredients.

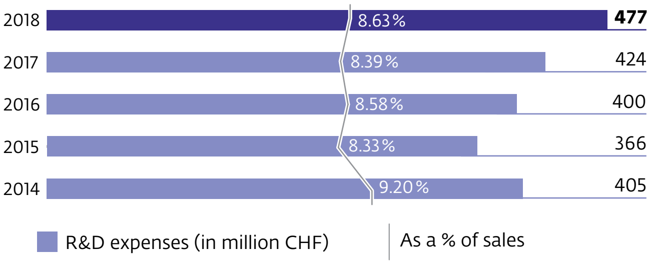
With Synthite, a global supplier of quality botanical and spices extract ingredients for flavours and fragrances, we established a strategic partnership in 2018 for the development of exclusive innovative natural ingredients for our business. Joint R&D on unique natural ingredients will enrich Givaudan's palette for its perfumers and contribute to our olfactive vision for naturals in perfumery.

page 27, Our 2020 strategy

2018 Innovation by numbers

Spend Analysis	Patents	People	Innovation Ecosystems
CHF 477 million invested in R&D.	We have over 3,600 active patents. We filed 46 new patent filings.	over 495 employees working in Science & Technology.	Selected partnerships in innovators, accelerators and with academia. Plugged into disruptive and digital trends.

Five-year average R&D as % of sales (2014-2018)



Technologies and products

The surprises that delight consumers in new and different ways originate from the inspirations of our Science & Technology teams, whose research and development is the starting point for our flavour and fragrance creations. Our scientists, technologists, flavourists and perfumers are central in the process of creating the engaging tastes or smells that consumers love.

In exploring ways of offering customers these new products and solutions, our strategy of growth through mergers and acquisitions enables us to innovate beyond our core expertise in flavours and fragrances in the areas of active cosmetic ingredients, integrated solutions and naturals. These new areas of innovation build on our existing capabilities and are supported by our commitment to invest a significant amount of our sales back into R&D – each year, this is approximately between 8-9%. The investment allows us to maintain and extend our offering of breakthrough science and technology and the best palette of ingredients.

Strategic investments were announced in 2018 in R&D and technology at our Applied Microbiomics Centre of Excellence in Toulouse, France. The investments will boost the work of our Active Beauty teams to lead the way in skin microbiome research. The teams' innovation and leadership in microbiomics was recognised during the year when Revivyl™ was voted best skin care ingredient at the Beauty Industry Awards.

We also introduced a new product development assistant called EVE, an app that handles a product brief clearly and effectively from the moment it arrives. EVE rapidly identifies the perfect match between a brief and a wide range of active cosmetic ingredients, and gives our developers and marketing teams a simpler way to follow and track projects.

For two decades our VAS technology has provided a unique competitive advantage in understanding consumer preferences, speeding the process of flavour and fragrance creation and engaging customers by overcoming the sensory language barrier. In 2018, we introduced the next generation of MiniVAS – the VAS-Air, which uses the latest technologies, is significantly lighter and has an all-new design.

Selected innovation initiatives

Consumer Sensory Insights

- Consumer insights throughout the creation cycle
- Agile consumer testing network - survey, panels, big data, etc
- Global team experts in category understanding, cultural insights and sensorial decoding.

Innovation Centres

- From molecular research to application expertise
- New technologies in delivery systems (e.g. encapsulation)
- Market-specific capabilities around the globe.

Innovators and Partnerships

- Extended innovation ecosystem globally
- Selected partnerships with innovators, accelerators and with academia
- Plugged into disruptive and digital trends.

Supplier Enabled Innovation

- Strategic partnerships with key suppliers
- Focus on bio-technology / bio-transformation
- Sustainable sourcing philosophy.

The vision of a global team of beverage flavour emulsion experts became a reality with the launch of our new emulsion creation tool during the year. This novel tool helps flavourists with limited experience become confident in creating flavour emulsions providing stable and cost effective solutions to customer briefs.

In Fragrances, our latest technology to combat malodour is able to enhance the well-being of millions of people in the growing adult urinary incontinence market. A range of scented NeutraZap™ solutions for this common problem has been developed, providing an odour-neutralising effect which can be used across a range of incontinence products.

Innovating responsibly

Sustainability is central in developing our new products. We ask if they improve access to safe, nutritious and sufficient food, promote health and well-being, and are sourced in a responsible way, making efficient use of resources and reducing the generation of waste. We also explore how we can best meet demand for natural products and improve processes to make them more sustainable.

In the area of health and well-being, for example, more and more people are reducing their consumption of meat and adopting vegetarian, vegan or flexitarian diets. As part of this trend, more consumers are seeking meat substitutes, and we are well placed to make the most of this opportunity. We are investing in new technologies to address some of the most difficult textural and flavour challenges involved. Our pioneering processes and technologies allow customers to introduce exciting, great-tasting plant-based foods and meat analogues, enabling the dietary shifts that will help promote consumer health and protect the environment.

We are involved with the Plant Meat Matters project and are in a partnership with the Sutardja Center for Entrepreneurship & Technology (SCET) at the University of California, Berkeley, through which we are providing help and support to students working on plant-based meat substitutes. We also launched Plant Attitude, a holistic multi-functional and cross-category innovation platform developed in response to the meat-free protein market space. Our multidisciplinary workshops in Kemptthal, Switzerland showcased the latest developments in the biggest growth area in the food and beverage industry.

Another new and interactive tool to support plant protein creation was launched by Flavours in Europe during the year. Compendium 1.0 was two years in development, work which included over 150 experiments aimed at understanding how to design cost-competitive and consumer preferred flavours for meat analogues. Compendium 1.0 compiles a list of the most relevant ingredients from the savoury creation toolbox, mapped for their effect, performance and cost impact into a real analogue matrix. It will enable creators to explore different scenarios, accelerate development work and improve speed to the customer.

As part of our focus on health and well-being we are responding to the global drive towards sugar reduction. We launched a new unique approach in 2018 that delivers fully satisfying, reduced-sugar products without added sweeteners. The approach combines the use of a new proprietary sensory language, novel ingredients, and deep understanding of sweetness and satisfaction to deliver up to 50% reduction in sugar while maintaining consumer preference.

In Flavours, we seek to use as few resources as possible so as to reduce the impact on the environment. We incorporate circular thinking while using our scientific knowledge to replicate traditional natural processes on a large scale to produce desirable flavour ingredients. We continue to innovate in this area, using natural technologies such as bio-fermentation to produce natural complex flavour blocks that satisfy requirements for clean labels.

An example was the launch of our fully natural delivery systems inspired by how nature encapsulates flavours to meet these clean label needs. The new holistic capabilities in Kitchen Ingredients – a toolbox that helps customers provide consumers with great tastes from natural ingredients they recognise from their own kitchens – reflect the changing consumer demands for more natural ingredients and transparent food labelling. Our initiatives were highlighted in a video that won a Silver Dolphin award at the 2018 Cannes Corporate Media and TV Awards.

In Fragrances, consumers seek and trust products from recognised natural sources. We look to respond to these demands by maximising the value from nature and increasing the use of biotechnology. This will allow us to offer fragrance ingredients and design solutions that meet this consumer demand and which are constantly sought by our S&T experts in the Fragrance Division and Active Beauty business.

For example, pioneering, sustainable products have been developed by Active Beauty through processes including upcycling or through cutting-edge innovation. For example, Vetivyne™, our patent-pending active ingredient with active anti-ageing benefits, meets our commitment to offer natural and sustainable products. It was developed by using water-soluble extract from exhausted Haitian vetiver roots, a by-product of the extraction procedure used to produce vetiver oil for fragrances. At In-cosmetics, Vetivyne™ received the first European BSB Innovation Prize for its natural and sustainable quality.

We have also developed PrimalHyal™ Ultrafiller, a new topical hyaluronic acid that acts like an aesthetic filler by penetrating deeply into the skin and filling wrinkles while stimulating the skin's anti-pollution defences. The patent-pending active ingredient was obtained by combining our white biotechnology capabilities. This is the production of a specific hyaluronic acid through a fermentation process, followed by its full acetylation achieved by experts at our site in Dübendorf, Switzerland. PrimalHyal™ Ultrafiller is 100% safe, worldwide compliant, and produced from renewable raw materials.

New alternatives to animal testing have been developed through our Safe by Design™ fragrance molecule research approach. New test regimes measuring the metabolism of molecules have been invented by a team of academics to replace testing in living fish. Givaudan has been deeply involved supporting their validation and the new global standards have now been adopted. We began exploring alternatives to animal testing in 2006, which led to the development of the KeratinoSens® assay for skin sensitisation. We made this in-vitro assay openly available, working with the Organisation for Economic Co-operation and Development (OECD), to adopt and promote the solution.

PIONEERING TEAMS

Over 495 people work directly in Science & Technology. Joining them are over 165 perfumers and flavourists. All help in creating innovative and engaging tastes and smells consumers love.

Leading the industry's digital innovation

Our industry, along with our customers and suppliers, is moving to digital transformation as core processes as well as customer services are challenged by new opportunities offered by technology.

To anticipate this disruption and lead our industry's digital transformation, a dedicated digital innovation team works with the business divisions and functions, exploring transformative opportunities to enable and inspire our strategy.

This work is organised around three pillars: inspiring the organisation by stimulating new ideas and giving a space for these ideas; Executive Committee-level governance to set the priority on topics; and a 'digital factory', an internal incubator for fast-paced experimentation of the most promising ideas.

Some of the strategic areas we are exploring include how Artificial Intelligence and Big Data can transform our flavour and fragrance creations, what new value-added services can be provided to our customers through digital platforms, and how to push the boundaries of our current industry and explore new, digital-enabled business models.

Our Sustainability Approach – Innovating Responsibly
2018 Sustainability Progress Review – Innovating Responsibly

Our people & culture

In this section

A culture of performance and appreciation
Delivering with excellence across the regions

2 ZERO HUNGER | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 17 PARTNERSHIPS FOR THE GOALS

Our business is about our people and their talent. It is their passion that continues the Company's long history of delivering with excellence and ensures the best possible customer experience.

Givaudan is the leading employer in the flavour and fragrance industry with a global workforce of around 13,600. It is our people, working in a wide variety of roles, who help transform the original creations of Givaudan's talented perfumers and flavourists into products that are designed to satisfy the most demanding requirements. These innovative, creative professionals are fundamental to our success.

The number of our employees increased significantly in 2018 due to new hires required for the implementation of Givaudan Business Solutions (GBS) and our recent acquisitions of Naturex and Expressions Parfumées. This additional talent pool enriches our Givaudan culture and joins an already global and diversified workforce. Our strength and success comes from this diversity, giving us the Better Balance in the workforce needed to meet future business imperatives.

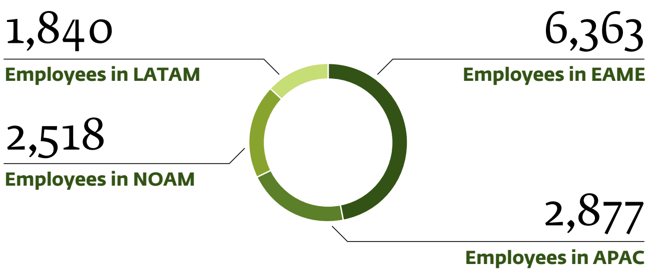
Our new employees have been welcomed into the Company and our unique culture through our 'ONE Givaudan' global onboarding programme, launched in 2017. This programme ensures that new joiners acquire a fundamental knowledge about our Company and its rich heritage, our business and our culture. In 2018, 556 people attended ONE Givaudan onboarding events: eight were conducted in the regions and thirteen were organised specifically in the GBS centres. In addition, the onboarding events were complemented by new interactive e-learning sessions, followed by 114 participants, which will be further developed and extended during 2019.

This global workforce is spread across geographical locations, yet is closely connected with colleagues and the business around the world through a strong digital platform. The introduction of a 'self-service' digital platform enables employees to obtain single-source and consistent Human Resources (HR) information accessible at all hours. This facilitates an interconnectivity that creates an environment where our multinational, global workforce can work more closely together without geographical boundaries. In addition, the introduction of GBS has further enabled improvements such as speed and accuracy relating to HR information and services.

BETTER BALANCE

A diversified workforce across the regions with 13,598 employees working in 148 sites in 50 countries.

Full time employees[1] by region



1. This is defined as the equivalent full time employees and includes aquisitions. In 2018 the number includes employees from Activ International, Vika B.V., Centroflora Nutra, Expressions Parfumées and Naturex.

Givaudan employees

	2018	2017
Total number of full time employees[1]	**13,598**	**11,170**
Total headcount[2]	**11,725**	**11,313**
Total number of employees (headcount)[2]	**11,725**	**11,313**
Women	4,474	4,313
Men	7,251	7,000
New Employee hires	**1,815**	**1,553**
Women	745	634
Men	1,070	919
Turnover rate	**12%**	**10%**
Women	13%	10%
Men	11%	10%

1. This is defined as the equivalent full time employees and includes aquisitions. In 2017 employees from Activ International and Vika B.V. are included. In 2018 the number includes employees from Activ International, Vika B.V., Centroflora Nutra, Expressions Parfumées and Naturex.
2. This is defined as the head count: Givaudan employees, internal temporary employees, and employees from Activ International, all other acquisitions excluded.

GRI Management Approach (103 – 2, 103 – 3): Topic 401, pages 54 – 55

Talent, performance and culture

Our approach to value creation for our employees and a key driver of growth is in creating an environment where people impact their world and contribute to the Company's success. This is supported by an HR strategy which focuses on three areas: **Talent** – developing leadership capabilities and ensuring we have the talent that can deliver on the needs of tomorrow; **Performance** – including strengthening the way we have conversations in the organisation, and reinforcing the link between pay and performance; and **Culture** – including establishing our unique offering as an employer, what we stand for and how to make Givaudan a great place to work. GBS is a fundamental enabler of our HR strategy allowing all our HR people to focus on where they can bring the most value relating to Talent, Performance and Culture.

Our suite of internal programmes focuses on proactive talent development and nurturing a well-balanced workforce of talented professionals. All programmes offer both a challenging and inspiring learning environment. We encourage our employees to explore and experience new ways of thinking and working. This often means a blend of digital tools, self-reflection, coaching, classroom sessions and virtual team work, providing a safe environment to apply and test what employees learn with a strong focus on transferring learning back into the work environment.

Our key achievements in this area were:

- In continuing to build our leadership capabilities and in promoting a culture of continuous learning and curiosity, we undertook a further round of our Leadership Senses programmes in all regions during the year. 304 participants followed our customised programmes that aim to equip them with the necessary leadership skills for today and for the future. In addition to the existing programmes of Begin, Grow, Evolve and Enhance, we have piloted a new programme called Discover. This programme targets our first-line managers and supervisors with a special focus on the qualities expected of a leader, coaching and feedback. Discover includes an interactive, practical section that focuses on safety and quality.

- More than 700 managers to date have been trained in 'Selecting the best', a one-day training session to familiarise our recruiting managers with the Company's recruiting process and develop their interview skills to help them make better hiring decisions.

- We have rolled out our 'Quality Conversations' training, which helps managers build trusting and productive relationships with their team members that result in stronger employee engagement and transforms individual and business performance. 222 managers have now been trained in Quality Conversations.

- In the 2018 performance cycle, we introduced two new training 'toolkits' (including interactive virtual 'books') focusing on feedback and developmental discussions. All managers were offered training and toolkit materials to prepare for their developmental discussions and share with their teams. We plan to roll out additional toolkits in 2019.

Our mentoring programmes aim at matching employees with mentors who have the expertise relevant to their individual development areas. The aim of the mentoring programme is to help employees develop their leadership or technical skills, support them to navigate across the organisation and provide them with greater visibility while promoting knowledge sharing. In 2018, there were 34 participants across all the regions in the Flavour Division's programme. The Fragrance Division prepared its next launch which will occur early 2019, and is planning to add a 'reversed mentoring' segment to the programme. This means the 'junior' will have the opportunity to coach their 'senior' mentor in one specific topic such as social media. The first mentoring programme in the Fragrance Division began in 2016 and ended in 2017. This first phase was implemented in five regions with 130 participants.

Employees receiving regular performance and career development reviews[1]

	2018	2017
Women	93%	91%
Men	67%	63%

1. Refering to actual head count: Givaudan employees, internal temporary employees, and employees from Activ International, all other acquisitions excluded.

The discrepancy between ratios for male and female employees is due to the fact that more men are under collective agreements.

GRI Disclosure 404 – 3

Employee engagement is also related to compensation. Our compensation packages are competitive and enable us to attract, retain and motivate qualified employees. Benchmarking studies are conducted annually and salaries are reviewed, taking into account macroeconomic data such as cost of living and market evolution. In high inflation countries, salaries may be reviewed more frequently than once a year. In 2018, this was the case in Argentina, Turkey and Iran. In addition, our profit sharing scheme allows non-management employees to share in Company profits.

page 88, 2018 Compensation report

Related to this topic is the ratio of remuneration of women to men, a priority topic at Givaudan. Studies are conducted every year on a global basis and in each of the key markets where we operate to monitor gender pay equity, identify any outstanding pay gaps and ensure they are promptly addressed. The studies are conducted according to the methodology developed by the Swiss Federal Office for Gender Equality with a view to ensuring equal pay for equal responsibilities. For the Givaudan Group globally, our results show that the average base salary difference between men and women is 1.2% for equivalent roles and skills sets. For total cash compensation (fixed and variable pay) the difference is 1.3%. The results for our headquarters in Switzerland are similar, showing differences in the order of 1% for base salary and total cash compensation. The inclusion of Givaudan in Equileap's[1] 2018 Top 200 companies for gender equality, based on comprehensive research of 3,206 listed companies, illustrates the Company's continuing efforts in this area.

1. Equileap is a Netherlands- and UK-based organisation that aims to accelerate progress in gender equality in the workplace.

GRI Disclosure 405 – 2

Engaging the voice of employees is important at Givaudan to make sure we are on the right path in creating a great place to work. Our Engagement Survey of employees' views was last carried out in 2016 and we continue to track the results of these surveys and have implemented many initiatives that arise from the survey findings at a local level.

In Brazil, for example, lunchtime interest groups among employees are being created for people to exchange ideas and experiences, learn from others, and get to know each other beyond business and work. Each group, created by employees themselves, has an 'owner' who is responsible for connecting people from different departments with similar interests. A group to exchange recipes via WhatsApp, a women's network for career development, and an English class centred on movies, music and literature are included.

An initiative in Australia offers employees the opportunity to improve their health and well-being in areas such as mental health, energy levels, weight management, blood pressure, sleep patterns and nutrition. A baseline measure has been developed which can be used against annual checks. The programme, which benefits the business as well as individual employees, is being extended to include topics such as physical vitality, mental and emotional agility, and positive relationships.

GRI Management Approach (103 – 2, 103 – 3): Topic 202, 404, pages 55 – 56

Towards a Better Balance

We are committed to a balanced and inclusive workforce. In reflecting the societies and cultures in which we operate, we aim to strengthen our teams by providing opportunities for people of all backgrounds, gender and locations without discrimination. A diverse organisation is essential to meet our business goals, to reflect better the customers and consumers we serve, to drive innovation and to create an inclusive culture where all our people grow and succeed. Our Diversity Position Statement outlines our commitment to ensuring a representative workforce that reflects the diverse communities in which we operate.

As an international business, we need the right people in the right geographies. We particularly aim to increase our representation of nationalities in high growth markets and women in managerial positions.

In 2018, we started to implement our Better Balance roadmap, the aligning of all our senior leadership teams on the case for change. We reviewed our talent management processes and introduced more transparency into senior leader appointments. In addition, we have created guidelines to ensure we interview a wider range of profiles for senior leader roles,

www.givaudan.com – our company – corporate governance – position statements – diversity

GRI Management Approach (103 – 2, 103 – 3): Topic 405, 406

Employee relations

Our global workforce operates in an international market and must be capable of adapting to a rapidly changing market. We try to cultivate an environment where the employer and the employee can better understand each other's challenges and find ways of resolving them. This is done by establishing genuine dialogue with freely chosen workers' representatives.

We strive for harmony in our labour and management relations and follow commonly recognised best practices. We pride ourselves on our history of constructive dialogue with employee representatives and we support the freedom of individuals to join trade unions or other employee representative bodies.

Regular European Works Council consultations are held with a group of employees representing Works Council members from all European Union member states where we operate. The purpose is to inform and consult employees about significant changes in the organisation, ensure the right to freedom of association and collective bargaining is not put at risk, and to report any feedback to the Executive Committee. The last European Works Council was held on 27 September 2018.

We respect legal local notice periods prior to the implementation of changes that could substantially affect our employees, either through direct communication to these employees or through their elected representatives, works councils or other groups. In countries where there are collective agreements and where it is mandatory, minimum notice periods regarding operational changes are specified. These range from no notice to three months, depending on the country and based on local laws and practices.

In all our locations worldwide, there are no sites where the right to freedom of association and collective bargaining has been violated or is at risk.

GRI Management Approach (103 – 2, 103 – 3): 402, 407
Disclosure 402 – 1, 407 – 1

BARGAINING AGREEMENTS

29% of employees are covered by collective bargaining agreements.

GRI Disclosure 102 – 41

Composition of governance (Executive Committee and Board of Directors)

	Women	Men	<30	30–50	>50	Total
Headcount	3	11	0	2	12	14
– in %	21%	79%	–	14%	86%	100%

Employees[1] categories and composition of governance bodies

	Women	Men	<30	30–50	>50	Total
Senior management	45	145	–	108	82	190
– in %	24%	76%	0%	57%	43%	
Middle management	1,532	1,733	126	2,435	704	3,265
– in %	47%	53%	4%	75%	22%	
Associates	2,897	5,373	1,972	4,732	1,566	8,270
– in %	35%	65%	24%	57%	19%	
Total	**4,474**	**7,251**	**2,098**	**7,275**	**2,352**	**11,725**
– in %	**38%**	**62%**	**18%**	**62%**	**20%**	**100%**

1. Including the Executive Committee, and excluding acquisitions except Activ International and Vika B.V.

GRI Disclosure 405 – 1

Embracing our culture of safety
Ensuring 'Everyone gets Home Safe everyday'.

We are committed to ensuring the safety of our employees and have set ambitious targets and clear strategies aimed at eliminating accidents in the workplace.

Our Lost Time Injury Rate (LTIR), the measure of the number of occupational incidents with at least one day of work lost relative to 200,000 hours of work, has fallen from 1.03 in 2009 to 0.25 in 2018, with no fatal injuries. Since 2009 we have achieved a 76% reduction and, looking at the performance from 2017, we have reduced the rate of injuries by 24%.

This good performance is possible only through continued nurturing, attention and leadership. However, we know that a past safety record does not guarantee future excellence. To ensure we maintain and further improve our safety performance towards such excellence, we focus on a range of activities and programmes that encourage a mindset and culture of safety. For example, investing in technical safety aspects is fundamental to prevent industrial accidents, but injuries are not exclusive to dangerous environments and so awareness and training is key. Almost all incidents that result in lost time at work are the result of unsafe behaviours, and it is through our culture of safety that incidents can be avoided and employees protected.

Another example of our initiatives is our Safety Ground Rules, which address common situations that are encountered by most of us on a daily basis when at work. In our analysis of incidents on our sites, the link between accidents and behaviours became clear. By following these 12 ground rules, the number of accidents could be decreased to almost zero. We have concentrated in the past on our manufacturing sites, but from 2019 the scope will extend to non-manufacturing sites.

Focusing on building the skill set in our people, our facilitator programme is an approach that departs from the traditional 'centre outwards' approach: EHS facilitators train their peers in day-to-day hazard identification and risk avoidance. In 2018, six sites in three regions were involved.

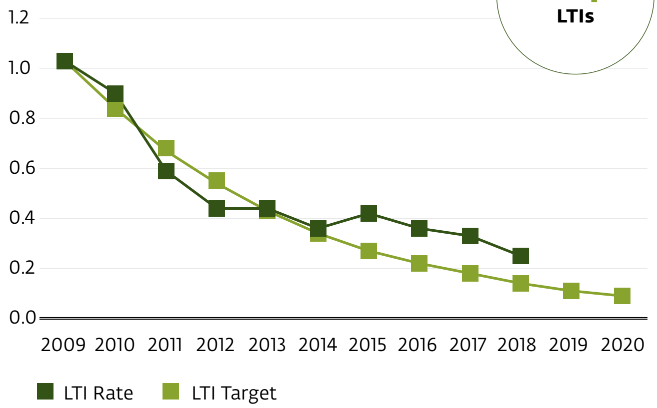
In addition, to raise the visibility and impact of our safety culture, our EHS Excellence model, introduced in 2018, uses a workshop approach and enables leadership teams to assess their site against a set standard of desired behaviours/results and define actions for improvements. Excluding recent acquisitions, the EHS Excellence model was completed on 90% of our sites by the end of 2018.

Reducing injury is also achieved through risk management. Working with site management we have obtained comprehensive risk profiles per production site, identified corrective actions to reduce risks and implemented controls. In 2018, 90% of our sites, excluding recent acquisitions, were assessed. In 2018 we also completed our first five-year audit cycle since we introduced our renewed management system.

19.5M
Hours worked safely

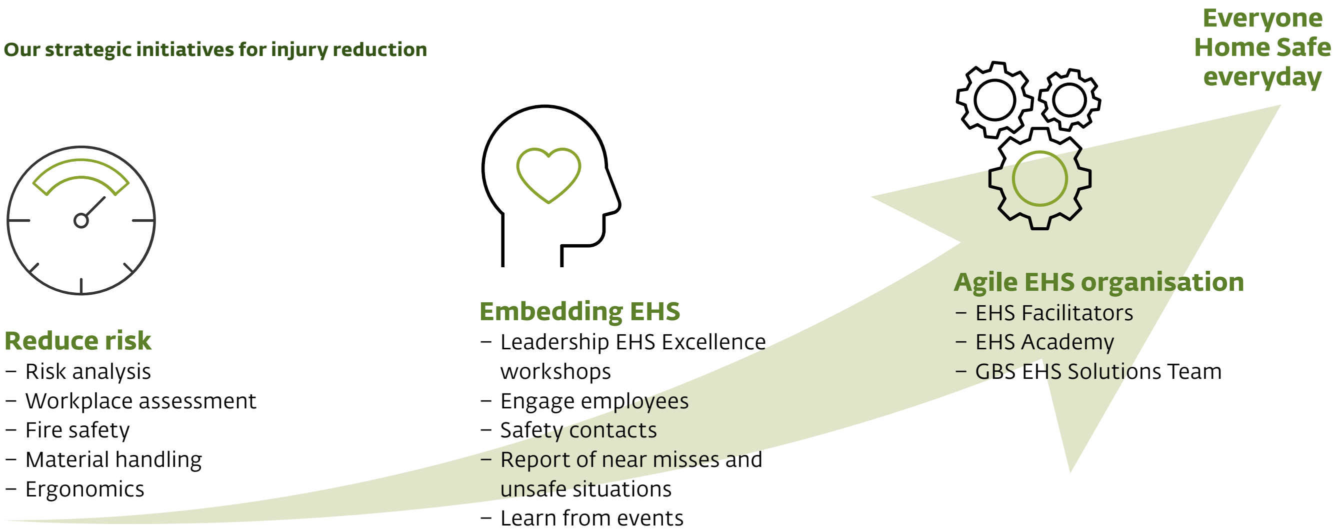
24
LTIs

2018 Safety performance – 'Everyone Home Safe everyday'



Lost Time Injury Rate (LTIR) = the number of lost time injuries per 100 employees, per year.

Our strategic initiatives for injury reduction



We have a wide range of programmes to help employees take responsibility for their own safe behaviour in their daily activities, at work and at home. For example, Givaudan EHS Events engage employees through site activities that help them feel proud to be part of an organisation that cares for their health & safety and that of their colleagues. These activities are publicised globally through regular EHS 'Postcards'. We make particular efforts to involve those who join the Company through acquisitions. In addition to these events, dedicated awareness campaigns are taking place, as in our Fragrance Division in Asia Pacific. These were particularly successful with measurable improvements.

Another initiative is our EHS Academy, which trains EHS employees to be more effective in their roles, building on their business knowledge and strengthening collaboration within the EHS team. The last EHS Academy, conducted in 2018, brought together field EHS managers and EHS Centre of Expertise representatives to help further improve business partnering and continue embedding an EHS culture in employees' day-to-day work.

Our ambitious 2020 target is to be below 0.1 LTIR, which corresponds to a 90% reduction versus 2009. This is challenging as the demand for EHS support grows with acquisitions, yet we believe it is possible to achieve it by continuing our approach of going beyond rules and processes and working with leaders and employees to ensure a safety mindset and culture in the workplace.

GRI Management Approach (103 – 2, 103 – 3): Topic 403, pages 58 – 59

Sourcing & operations

In this section

From sourcing to supply
Driving excellence through procurement and sourcing practices

Value creation comes from strong internal and external collaboration. We seek to maximise value with our suppliers of materials and services to create a differentiating and profitable business.

With an annual spend of around CHF 3.0 billion in raw materials and indirect materials and services, procurement is a strategic value creator that impacts Givaudan's responsible and shared growth.

Procurement's role is to ensure the continuous supply of purchased materials and services at the most competitive and predictable cost, while ensuring optimal quality. The teams aim to be trusted advisors, involved in the Company's markets and capable of adapting to rapidly changing environments. A procurement business partner liaises with each division to optimise the sourcing processes in line with business requirements and within given constraints.

Raw Materials (RM)

Our RM team is responsible for purchasing all our raw materials globally – whether synthetics or naturals – to produce our flavours and fragrances. In order to increase our geographical footprint and spend control over time, we have integrated the locally sourced raw material activities into the global RM procurement function. This integration, in line with the GBS roll-out schedule, has been fully executed in Europe, the Middle East and Africa, and in North America Flavours.

Further changes are the expansion of our global RM category management team to increase our sourcing coverage to the entire raw material portfolio, and the transfer of 'purchase to

Procurement by numbers

Spend Analysis	Raw Materials	Supplier Management	Contract Management
We manage CHF 3.0 billion spend per year	We source > 10,000 different raw materials in > 100 countries	3,000 raw material suppliers ~12,000 Indirect Materials and Services	We manage > 25,000 contracts

Materials used by weight

Disclosure 301–1

pay' transactional activities to the GBS centres. The GBS organisation delivers enhanced support and market insight to the global procurement team.

Events that could threaten the supply of raw materials are risks we must manage daily. If we do not receive the goods we need for our manufacturing processes, we cannot supply our customers, so risk management is as important as buying at the right price. We are limiting our exposure to raw material supply risks by adopting different approaches, which include reducing our dependency on single-source suppliers and strengthening our risk management governance, reassessing certain geographical risks.

We believe that our raw materials should be produced in a way that respects people and the environment. We work in partnership with local producers and suppliers to transform the way we source and create new value to be shared by all. This is the essence of the Givaudan 'Sourcing for Shared Value'.

Management Approach (103–2, 103–3): Topic 301, pages 62–63

Indirect materials and services (IM&S)

The IM&S team engages with internal customers at all sites to understand their business needs. This is a key element to success. Close collaboration at the early stage is fundamental in determining the right focus on strategic initiatives, negotiations and supplier management.

The allocation of resources between global, regional and local teams has been optimised in response to the latest developments in our supply markets as well as within the Company. As a result, we have introduced regional category management in all regions. These changes bring an increased focus on strategic procurement activities at a regional and global level while still having site proximity. With this approach, we will strengthen our internal business connections while providing the best geographical distribution of buying power.

The latest purchasing support unit has been established in Kuala Lumpur, Malaysia, at the new Givaudan Business Centre for the Asia Pacific region, which opened in late 2017. By bringing in-house our outsourced support centres in Europe as well as North America, all vendor-related transactional activities are now processed within GBS for all regions. These moves allow our procurement organisation to focus on value creation through more efficient and strategic sourcing activities.

In addition to the focus on the right materials and services at the right cost, the IM&S team delivers benefits beyond cost and cash. Our IM&S organisation is embracing a continuous improvement mindset and methodology in its daily business in all regions. With an ever-changing environment, managing supply risks has also become a focus area.

Procurement innovation

We have a well-established innovation team in procurement that works closely with category managers to foster supplier-enabled innovation and generate new business opportunities.

Together with the Science & Technology organisation, we have built a project pipeline of supplier-enabled innovation opportunities, presenting a busy agenda with a high potential for differentiation. The team responsible for this pipeline of innovation keeps abreast of new technologies and works to align the needs of the business with the capabilities of the supplier base.

Our suppliers have many innovative ideas and we are keen to capitalise on the opportunities they may have for mutual benefit. To read more about accelerating the creation of mutual value through supplier-enabled innovation, see the chapter on our innovative capabilities.

page 48, A culture of innovation

Sourcing for Shared Value

Sourcing for Shared Value covers all the different sustainability practices in procurement. We embed a sustainability purpose in all our sourcing activities and have a comprehensive approach that builds on and further strengthens the long-term commitment to sustainable procurement practices based on the principles of Responsible Sourcing, Sourcing at Origin and Communities at Source:

Our **Responsible Sourcing** programme drives compliance and continuous improvements in the way that products are produced. It encourages suppliers to achieve high standards in health and safety, and in social, environmental and business integrity as included in our Responsible Sourcing policy.

The programme is the blueprint for how we work with our partners and suppliers and drives compliance to high ethical standards in our supply chains. We audit our key first-tier suppliers against sustainability criteria and assess entire supply chains of our key raw materials of natural origin. We then work hand-in-hand with our suppliers to ensure that improvements in their supply chains are made where necessary.

We are committed to sourcing raw materials in a way that respects people and the environment. We work together with our partners and suppliers, to increase transparency in our supply chains and to improve their sustainability practices. We have created supply chain transparency for 32 of our raw material categories and 24 are being sourced in a responsible way.

Ultimately, we strive to be our customers' partner of choice and to meet Givaudan's values by building a portfolio of materials and services that are part of our Responsible Sourcing programme.

Sourcing at Origin initiatives secure the traceability, supply and quality of key natural ingredients in countries of origin by working directly with producers and suppliers while fostering local value creation. We have invested in direct collection networks and exclusive farming partnerships in China, Indonesia, and Madagascar, strengthening the local economic fabric in countries of origin and contributing to more stable incomes for thousands of smallholder producer families.

In Madagascar, for example, NATEMA (Natural Extracts Madagascar) is our processing plant that transforms clove leaf oil directly into derivatives used for our flavour and fragrance creations. Rather than export clove leaf oil for processing from Madagascar, the clove leaf is collected through a network of farmers supported by Givaudan. The joint venture is between Givaudan and Henri Fraise Fils, a longstanding business partner and well-established local company.

Our **Communities at Source** approach shows how we support smallholder producers and their communities in our raw material supply chains. We work together with local communities on projects and causes that benefit the communities where we work. We build partnerships with non-profit organisations and support local communities.

Many of our most precious natural ingredients come from places that are vulnerable to political, economic and natural upheavals. So we recognise that we have a role to play in helping producer communities build stable and secure lives. We run a range of projects, from building schools and health centres to providing training and advice; we partner with local communities in this way to work for a better tomorrow. We further support local producer communities through a variety of social and environmental projects, from working with farmers on reforestation in Indonesia to supporting schools in Madagascar, Laos, the Comoros islands and Haiti.

Many of these initiatives receive funding from the Givaudan Foundation, a not-for-profit organisation working in collaboration with NGOs, other local partners and the communities themselves. For example, patchouli is a key natural ingredient prized by perfumers for its powerful, earthy and long-lasting character. To secure the supply of this precious natural ingredient, Givaudan has invested since 2013 in a collection network comprising hundreds of individual smallholder producers on the island of Sulawesi. The holistic approach to sourcing focuses on being present at the origin of the raw material, building strong relationships with smallholder producers and supporting them in developing their business in a sustainable way.

To further strengthen this collection network, Givaudan is collaborating with the international non-governmental organisation Swisscontact. With funding from the Givaudan Foundation, and in partnership with the producers, their families and local government, the team is working on a multi-year project. The goal is to improve the livelihoods of individual producer families while protecting precious natural resources. Training programmes are offered to patchouli producers and their families to promote environmentally friendly production methods, along with education on nutrition and household income management. To date, 927 households have received training on good agricultural practices and 276 operators on good distillation practices. The project will also involve the renovation of smallholder patchouli distillation units to improve energy efficiency and reduce firewood consumption.

www.givaudan.com – sustainability – sourcing for shared value
Our Sustainability Approach

GRI Management Approach (103 – 2): Topic 204, Disclosure 102 – 9, pages 62 – 64

Excellence in operations
Driving customer success

Excellence in operations is the cornerstone of Givaudan's commitment to its customers.

Our commitment to customers

It is a commitment that drives a culture of agility, innovation and continuous improvement across all our 64 production sites around the world. Each day, our dedicated teams transform the original creations of our talented perfumers and flavourists into products that meet customer demands and changing consumer preferences along with increasingly stringent standards for quality, speed and agility.

Our expanding global footprint ensures that we are close to our customers and their markets, no matter where they are in the world. It enables us to source our precious natural ingredients in remote areas with a focus on quality and traceability, to bring value-added flavour solutions to market faster and to deliver our custom-designed perfume products with ever-shorter lead times.

John Vernieri, Head of Global Fragrance Operations at Givaudan, says the Company has always had a culture of continuous improvement: "We constantly aspire to do better for our customers. And history proves that we're pretty good at it – Givaudan has flourished for 250 years by constantly adapting. Today our global footprint offers a key competitive advantage by allowing us to be close to our customers and markets. It enables us to custom design our perfume products with increasingly short lead times."

Rudy Niquille, Head of Global Flavour Operations, has witnessed first-hand the sweeping transformations of technology and innovations such as SAP on operations. And regardless of the technology, he considers excellence in execution as critical to supporting customer demand for speed, agility and quality – along with consumers' changing preferences. No matter what the process or technology, our focus is on satisfying our customers' requirements along with the increasingly demanding standards of our industry and our own commitments to safety, quality, service, cost and sustainability.

Givaudan Business Solutions (GBS) is the latest pioneering initiative in a continually evolving global operations performance. While integrating a range of core business solutions to bring agility, reduce complexity of our internal processes and focus entirely on delivering a superior customer experience, GBS also enables Givaudan to explore future-forward initiatives including robotics, digitalisation and the use of big data. The platform goes beyond transactional activities to streamline processes and integrate shared solutions serving operations in key cross-functional areas such as supply chain, EHS and sustainability, and Continuous Improvement (CI) and engineering.

Since early 2018, GBS has centralised continuous improvement expertise across Givaudan's divisions and regions with a new CI Centre of Excellence (CoE). Its mission is to leverage knowledge and best practices across Flavours and Fragrances operations to optimally support management teams and sites with improvement programmes, deliver training and harmonise ways of working across Givaudan globally. Ultimately, the CI CoE will serve all of Givaudan and its customers in operations and beyond by continually improving performance, efficiency, product quality, with all these factors contributing to higher customer satisfaction.

Quality and continuous improvement in delivering with excellence

Our Flavour Division is focused on further evolving its strong quality foundation by engraining a culture of quality and continuous improvement. Visible progress has been made in our quality excellence development programmes through the deployment of structured assessments determining both the degree of maturity of our implemented processes and our collaborative, problem-solving capabilities.

To ensure the highest quality and food safety of our products, we have further strengthened our capabilities by increasing training in enhanced food safety and visibility of our food safety performance globally. We further progressed the integration of our recent acquisitions into Givaudan's quality and food safety systems.

We have also invested and applied latest hygienic design and food safety standards in our new facilities in India and China. Evidence of our efforts in continuous improvement can be seen in the good results of our own risk-based quality metrics across the value chain.

In partnering with customers, we have worked on ways of further improving our processes of exactly addressing customer requirements. We have refined our end to end product introduction processes with features that demonstrate a customer-centric mindset and agility.

Firstly, we assess the complexity of the formula before industrialisation, lowering supply and quality defects. Secondly, we assess the supply risk at an early stage, improving the preparedness for the first production at a site.

At Givaudan, we continue to reduce the number of supplier defects and quality risks through our global vendor audit programme, for which we have commissioned a new ingredient and vendor approval system. In enhancing our quality control capabilities to protect customers' brands, our sensory and analytical capabilities have been further standardised and strengthened.

Guaranteeing continuity of supply to our customers

Our Fragrance Division supplies about 23,000 exclusive fragrance references on a make-to-order basis with customer forecast accuracy that can vary from 25-50%. The ability to deliver on time and at 99% service and quality levels is one of our greatest strengths. Put simply, managing complexity at world-class levels is a core competency and a competitive advantage at Givaudan.

In the second half of 2017 and into 2018, the global fragrance industry faced an unforeseeable adverse event that created significant supply shortages on key strategic raw materials used to produce fragrances.

To help meet the challenges of these sorts of events, Givaudan has built a unique capability to manage a diverse portfolio of fragrances sold to customers around the world. This was achieved through a continued focus on system architecture, resulting in a platform that enables Procurement, Fragrance Ingredients management and Operations to see where ingredients are used in real time and provides the ability to make mass substitutions without endangering supply or product quality.

TESTIMONIAL

"Through one of the most disruptive supply environments we have seen in three decades, Givaudan did not have any meaningful supply disruption or consumer complaint about product quality. You were the only supplier in the industry for which this was the case and you should be uniquely proud of the people who manage your supply chain."

One of our customers, a large multinational, commenting on Givaudan's performance

As customers push the industry for more versatile ingredient sourcing alternatives and robust business continuity plans, our differentiating value as a partner was made clear by the confidence placed in us to help our customers through the most difficult times.

Driving excellence across the supply chain

In 2018, we continued the implementation of our 2020 operational plan, aimed at bringing more agility to meet fast-changing customer needs while continuing to reduce our supply chain costs. The divisional supply chain functions worked closely together in the design and implementation of Givaudan Business Solution (GBS), the new organisational entity that works in partnership with the divisions to ensure end to end supply chain solutions.

In a context of strong sales and an adverse event with raw materials, both divisions continued to serve our customers by coping with challenging requirements and to work on further improving cost ratios while integrating recent acquisitions. The fully deployed SAP platform and the tools and processes developed by the supply chain excellence programme continue to provide a solid foundation for more advanced supply chain improvement opportunities.

The strong collaboration between the divisional supply chain organisations and procurement is resulting in valuable synergies in risk management, supplier inbound optimisation and transport costs transparency. Collaboration with sales teams and customers is vital in collecting reliable forecast information as part of the sales and operations process that is now a key pillar.

Agility and a customer-centric mindset are central themes to our supply chain journey. Our shared mission is to deliver superior value to our customers through agile, reliable service and continuity of supply at optimised cost and with minimal environmental impact.

Acting for our environment

We believe business has an important role to play in leading climate action as their operations have a direct effect on a global ecosystem that underpins human prosperity and quality of life. At Givaudan, we are determined to continue playing our part in leading the flavour and fragrance industry with actions that contribute to safeguarding the environment, and we are making good progress in our environmental performance.

To this end, we are committed to an ambitious climate action agenda across our operations and those of our suppliers. We assess every aspect of our activities and those of our suppliers to find opportunities to limit our environmental impact, from purchasing 100% renewable electricity to encouraging zero deforestation.

Targets

Green house gas emissions
Reduce absolute Scope 1 and 2 GHG emissions by 30% between 2015 and 2030. Reduce Scope 3 GHG emissions by 20% over the same time period.

Renewable electricity
100% renewable electricity by 2025.

Water
15% reduction, per tonne of product, by 2020 (use of municipal and groundwater; baseline 2009).

Waste
4% reduction in weight of incinerated and land-filled waste per tonne of product, year on year on average (baseline 2015).

Greenhouse gas emissions

Our targets to reduce greenhouse gas (GHG) emissions are approved by the Science Based Targets initiative and are aligned with the global effort to limit climate change.

The international Science Based Targets initiative works to support and promote corporate best practice in setting targets in alignment with the 2015 Paris Climate Change conference agreement. We have publicly committed to the initiative and believe this is a way of demonstrating our industry leadership in climate action and transition to a low-carbon economy.

As GHG emissions come from our own operations and from our value chain, we have set a 2030 target of reducing by 30% emissions generated by our production processes (Scope 1) and emissions produced from the electricity and steam we purchase (Scope 2) compared to 2015 levels. We also aim to reduce indirect emissions (Scope 3) by 20% compared to 2015 levels. Scope 3 emissions are all indirect upstream and downstream emissions (not included in Scope 2) that occur in the value chain, hence, we are engaging with our suppliers, for example, to reduce the carbon footprint of our purchased goods and services.

Our actions concerning **Scope 1** focus on reducing emissions from the combustion of fossil fuels consumed to produce heat and steam at our facilities as well as in the operation of our vehicles. We have in place a range of actions through which we can ensure that our targets are met, including site-specific goals, dedicated employee teams, and educational workshops.

All production sites have site eco-efficiency plans (SEEP), which set individual eco-efficiency targets to be achieved over a period of two to three years. This work is supported by Green Teams, cross-functional groups of volunteer employees at each site who identify additional eco-efficiency projects or seek to improve existing ones. The most successful of these projects are recognised by the Executive Committee each year and given an award. In addition, we organise energy saving workshops, which heighten employee awareness on ways to save electricity and on how we can improve performance in terms of emissions, water and waste, and have also had a significant impact on site performance and efficiency.

We have also implemented the 'Green Chapter' for capital expenditure project proposals. The Green Chapter must include an outline of the eco-efficiency aspects, a cost/benefit analysis and elements related to a 'price on carbon' concept of the proposed investment. The implementation of a Green Chapter is part of every major capital expenditure project. For example, our new Fragrance Creative Centre and compounding site in Singapore was designed to meet the highest environmental, health and safety standards and the Singapore Gold standard for Greenmark.

In our efforts to reduce **Scope 2** emissions, we are committed to ensure that all of the electricity we buy will come from renewable sources by 2025. The RE100 initiative to convert our entire electricity supply to fully renewable sources by this time is a fundamental element of our comprehensive plan for our Science Based Target.

As part of this plan, we are investigating various means of achieving this goal, including the possibility of investing directly into self-generation of renewable power, power purchase agreements or purchase of certificates. We are also introducing significant energy consumption reduction projects across our operations and making improvements through the investment and effort that goes into energy saving workshops and site eco-efficiency plans.

A specific innovative partnership was created in 2018 aiming at finding new sources of energy. Givaudan joined the consortium participating in HyCool, an innovative energy technology project funded by the European Union with the aim of developing cost-effective solutions using solar heat for industrial purposes. Our site in Sant Celoni, Spain, which is equipped with sophisticated technology for the production of fragrance ingredients with a strong focus on sustainability, was selected as the HyCool project test site for the chemical industry. For Givaudan, the project is a unique opportunity to work with leading innovation and technology experts to further advance its goal of 100% renewable electricity for its operations by 2025.

ENVIRONMENTAL STEWARDSHIP

Givaudan is a signatory to the International Council of Chemical Associations Responsible Care Global Charter. As a signatory, Givaudan commits to drive continuous improvement and achieve excellence in environmental, health and safety performance.

Scope 3 GHG emissions are the biggest source of our Company's overall emissions and represent more than 80% of our whole footprint, with the category 'Purchased goods and services' being the most important one. It is clear that we need to address this and we are engaging with our suppliers to reduce the carbon footprint of our purchased goods and services.

In 2018, we participated for the second year in the CDP Supply Chain Programme, an effective supplier engagement initiative that asks our key suppliers to provide data on climate change. It is a platform that facilitates the data collection and engagement of suppliers. CDP's Climate Change Questionnaire asks suppliers to identify risks and opportunities associated with climate change, what their emissions are, details on their emissions management strategy such as targets, and actions to reduce emissions. All the data collected will help us create partnership with our suppliers to put in place collaborative measures to reduce our emissions, aligned and contributing to our Scope 3 Science Based Target. An example of action proposal by a supplier is GHG emissions reduction by changing the delivery volume and packing type for delivery to larger volumes.

Water and effluents

We strive to be an industry leader in the conservation and stewardship of water, an essential part of our manufacturing activities as well as in our entire value chain. We seek to consume and discharge this increasingly precious natural resource in a socially equitable, environmentally sustainable and economically beneficial manner.

Our Water Stewardship Programme ensures water risks are managed and monitored, and we are placing priority on places where challenges concerning water are expected. In these areas we carry out risk assessments to develop water mitigation action plans, including efficiency improvements and water reuse opportunities.

Water is a global challenge but a local issue. At the site level, we strive to achieve environmental protection that translates to environmental sustainability on a global basis. Effective water reduction programmes implemented at our production sites have enabled us to achieve our 2020 water reduction target three years in advance, and we are currently assessing a new target.

Givaudan also carries out corporate water risk assessments periodically that allow detailed identification of the water risks and a specific analysis related to the context at watershed level. This process applies for operations as well as the supply chain as they are the most material stages of our value chain in terms of water consumption. All Givaudan manufacturing facilities are included in the water risk assessment and our most important suppliers are annually evaluated through the SEDEX platform and SMETA audits to assess water risks in our supply chain.

In addition, a corporate water footprint based on ISO 14046 and using a metric-based methodology, has been undertaken to identify hot spots in terms of country and product, and a mitigation plan is under development. The project aimed to quantify the total water consumption of Givaudan's activities; consider the whole value chain from raw materials growth to a product's use and end-of-life; quantify the water scarcity footprint to highlight water consumption located in water stressed areas along the value chain; provide a detailed breakdown of the water footprint to identify main contributors; and identify water hotspots and physical water risks along the value chain to set priorities.

Materials and waste

We work to limit the impact of waste we produce through four approaches: reduce, reuse, recycle and recover. We are reducing the amount we create as a by-product of our processes. We then reuse where possible and recycle to move away from disposal in landfill or by incineration. Where waste is incinerated, we recapture the energy. Our target is to reduce incinerated and landfilled waste production per tonne of product by an average of 4% year on year against the 2015 baseline figure. We are working to meet this objective, and have made good progress as more than 70% of our waste is recycled.

Our Sustainability Approach
2018 Sustainability Progress Review

GRI Management Approach (103 – 2): Topic 301, 302, 303, 305, 306, pages 67 – 69.

Good governance

In this section

Risk management
Taking the right risks knowingly

We have robust structures and processes in place to ensure the effective management of risks to our business, and are committed to the highest ethical standards in the conduct of our business.

The pace of change has increased markedly in our industry in recent years, and it is critical that our efforts in risk management and compliance keep up with and even anticipate these changes. However, efficiency and effectiveness in these areas also allows us to identify business opportunities to the benefit of all stakeholders.

Enterprise Risk Management

Risk taking is core to our innovation capacity, our entrepreneurial success and ultimately our sustained value creation.

Enterprise Risk Management (ERM) is the process of assessing, treating and monitoring the effects of uncertainty that may affect the attainment of Givaudan's objectives, especially its publicly stated strategic objectives, or jeopardise Givaudan's long-term business success. Managing risk is an integral part of Givaudan's business. We operate a structured system of identifying, assessing and deciding on responses to mitigate key risks. Givaudan seeks to consciously take the appropriate amount of risk, to manage these risks competently at the right level of the organisation, and to seize related business opportunities.

The Board of Directors is responsible for defining and approving the ERM approach. Execution of the overall ERM process is delegated to the Executive Committee.

Principles and responsibilities

Our ERM approach is based on our Enterprise Risk Management Charter, which was updated by the Board of Directors in 2017. The approach is compliant with applicable laws, SIX Directives, the Swiss Code of Best Practice for Corporate Governance and in line with best practice. Givaudan uses the COSO ERM: 2016 framework and ISO 31000 as references.

The ERM Charter describes the ERM principles, framework, process and methodology and governance and defines the associated roles and responsibilities and corresponding delegated authorities. It also lays down the framework for the reporting mechanism.

The chart outlined on the next page describes the respective roles and responsibilities of each function.

ERM applies to the Flavour and Fragrance businesses, as well as to support functions. It reviews all types of risks (threats and opportunities) in terms of their nature, their source and their consequences. For the top Company risks, the consequences are stated in terms of impact on the EBITDA of the Group.

Givaudan's principle-based approach to risk management:
Pragmatic and tailored to the Company
Aims at value creation and protection
Integral part of processes and decision making
Addresses uncertainty explicitly
Structured, dynamic, iterative and responsive to change
Based on the best available information

Givaudan's ERM contributes to:

– safeguarding Company value and assets and a protection of shareholder interests

– exploiting strategic opportunities to further create Company value

– improving awareness amongst all key internal stakeholders of the nature and magnitude of the Company's risks

– providing risk-based management information for effective decision making

– improving compliance with good corporate governance guidelines and practices as well as applicable laws and regulations.

The annual ERM process includes the following steps:

– a structured and comprehensive identification and compilation of essential threats and opportunities on the basis of an overall risk universe, which includes internal and external benchmarks

– analysis and assessment of the threats and opportunities so identified and determination of their likelihood of occurrence and corresponding impact to understand the underlying risk drivers

– formulation of the appropriate measures to exploit an opportunity and/or respond to a threat and

– tracking and reporting of risks and risk response actions.

Givaudan's management is accountable for ensuring risks are appropriately and adequately identified and analysed in a timely manner. Risk response actions are taken at individual and combined levels. Management reports annually on the status of the risks and risk response actions to the Board of Directors.

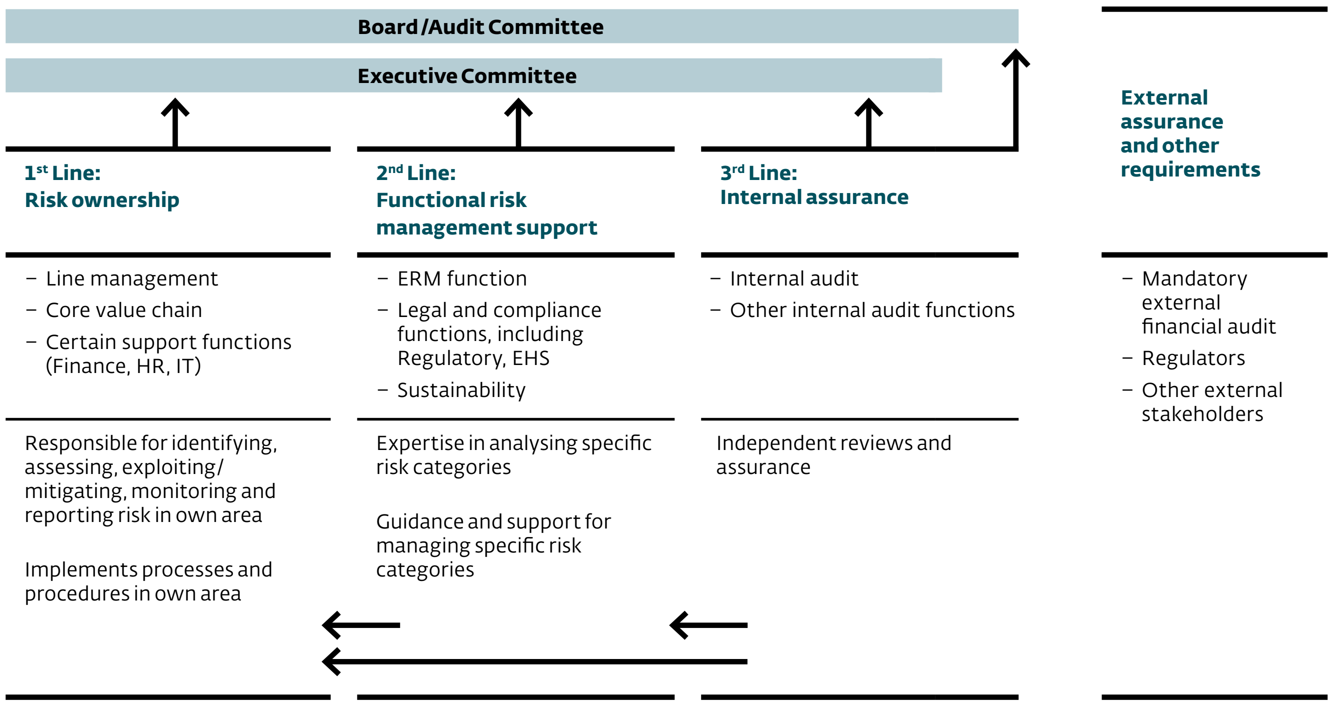
The annual assessment and management process is coordinated by the Corporate Compliance Officer. Corporate Internal Audit provides assurance on the effectiveness of the risk management process.

At the strategic level, a member of the Executive Committee is designated as the risk owner for each top Company risk. He or she has the responsibility for managing the risk on a Group-wide basis. Risks below the level of top risk are clustered by risk area.

Each cluster also has an Executive Committee member as its owner, though the actual risks are owned at the appropriate level of management.

page 111, 2018 Governance report

Enterprise Risk Management Framework



Risk categories

In 2018, Givaudan continued monitoring and mitigation of the risks identified in the in-depth risk review process in 2017.

The current major risk areas continue to include the following:

Strategic risks

Business model risk

Our business model might become obsolete, specifically through the advent of digitalisation.

Risk of changes in consumer preferences

Consumers may change their preferences for products with fragrances and/or flavours they want to consume and how they acquire them.

Customer risk

Changes at our customers may change their way of working with us and may negatively impact our own strategy.

Competition risk

Changes in behaviour of existing competitors or new entrants may change the competitive landscape, in particular in relation to new business models. This may impact negatively on Givaudan's competitive position in one or more markets.

Givaudan addresses these strategic risks by monitoring the competitive landscape, regularly reviewing its own business model and strategy, managing relationships with its customers, and gathering consumer intelligence.

Sustainability risks

Risk of climate change / water scarcity

Climate change may lead to a number of effects which in turn impact our ability to operate. These may include water scarcity at one or more of our manufacturing sites or issues with our supply, in particular the availability of our key natural resources. As such, climate change poses a significant risk for Givaudan, but it also presents an opportunity to adapt its processes and act to mitigate the effects.

We address climate change risk through a comprehensive programme designed to minimise our impact on climate change and move to a low carbon economy:

- We are fully committed to excellence in climate action and are implementing an ambitious agenda to take action for the environment across our operations and beyond. We have built our climate action agenda on ambitious GHG emission reduction targets. Givaudan's targets have been approved by the independent Science Based Targets initiative in alignment with the global effort to limit climate change.

- We continue to work to reduce the environmental impact of our activities. Our expertise in green chemistry and techniques such as biocatalysis enables us to make products high in purity and yield, using less energy and fewer hazardous materials. We will continue to develop our capabilities in this area and seek to apply them at every opportunity in the future.

- Outside Givaudan, we involve our supply chain, from the raw material suppliers to indirect materials and service providers, in efforts to reduce their GHG emissions.

- Our innovation teams are also working on 'side-stream valuation', enabling us to use a larger part of the existing raw materials or re-use 'food waste' from our partners' facilities. This saves on energy to create raw materials and reduces the risk of sufficient supply, as Givaudan can 'do more with less'.

- Our Water Stewardship Programme ensures water risks are managed and monitored, and we are placing priority on places where water challenges are expected. In these areas we carry out risk assessments to develop water mitigation action plans, including efficiency improvements and water reuse opportunities.

page 67, Acting for our environment
GRI Disclosure 201 – 2

Operational risks

Disruption / breakdown of operations

A breakdown of our operations may threaten our ability to produce and deliver quality products/services to competitive prices on a timely basis. Such breakdown may be caused by internal or external factors. Givaudan addresses this risk through a number of processes including structural architectural measures, behavioural measures and business continuity planning.

Disruption of supply chains / suppliers

A disruption in the supply of the raw materials we require for our production or volatility of raw material prices may negatively impact our ability to produce at competitive prices and in a timely manner. Such disruption may be caused by external factors such as climate change or a breakdown at one or more of our suppliers. Givaudan's procurement function has a process to

POLITICAL RISKS

While political as well as economic uncertainties are challenging in many parts of the world, we believe our business model and agility will enable us to continue to evolve and grow our business, and we remain optimistic about the outlook.

monitor and manage supply chain risks arising from raw materials. Moreover, supply and price volatility are monitored through a cross-functional risk management process which is integrated with global supply chain management and enables us to mitigate raw materials sourcing risks.

Environment, Health and Safety and operational risk management
If Givaudan should operate in a way that is harmful to the environment and/or causes community nuisance (odour emissions, waste water), this could result in fines, reputational impact or even losing the Company's licence to operate.

Our Environment, Health and Safety (EHS) function regularly carries out comprehensive risk assessments at our production and major commercial sites. In 2018, the EHS Centre of Expertise continued to refine our process risk analysis methodology and capabilities in line with leading industry standards in order to identify actions and manage them internally using a proprietary EHS Management System with formally documented solutions and closure records. Its main focus is the chemical and powder handling processes. Also, to facilitate the management of specific EHS risks, the team has developed visual risk portfolios that show mitigation measures and progress on improvement actions.

Givaudan's growth path of organic expansion and acquisitions inevitably involves some essential large-scale projects. EHS, as a full team member, is involved from the beginning of each project to assess and minimise risks. Our EHS teams support the design of all new building activities so that, in EHS terms, the plants we build today use learnings from the past and are fit for the future. In 2018, a number of new technologies for environmental protection in the area of odour emissions control were successfully tested on our sites.

Information technology risk
In a fast moving digital world, information and communication technologies are critical for Givaudan to address new consumer behaviours and to collaborate with its customers to give them the best experience. However, digitalisation also creates new threats and requires a permanent monitoring of information security risks and an extension of the risk assessment scope. In addition to continuously adapting its information and network systems, Givaudan focuses on extensive awareness programmes for all employees as critical stakeholders in the protection of the digital space.

Financial risks
Please consult the Financial report regarding our financial risk management.

page 139, 2018 Financial report

Legal and regulatory risks

Product quality / product safety risk
A faulty product or one that is not compliant with regulations or is non-performing could expose Givaudan to consumer health issues, customer complaints, warranty claims, returns and re-runs, product liability claims or litigation and lead to loss of revenues, market share and business reputation. Our flavour and fragrance product safety and quality programmes are designed to ensure that all products are safe for consumer use. At the core of the programmes is a systematic evaluation of all ingredients for both human and environmental safety, as required, prior to their inclusion in our raw material palette. Products are created to comply with all appropriate end consumer product safety regulations in the markets in which they will be sold. Our global IT systems control product formulations in order to ensure that raw materials are used as intended when products are manufactured in our production facilities, which are certified to internationally recognised quality standards.

In addition, Givaudan supports, and in many cases leads, industry-wide programmes of the respective industry associations (the International Fragrance Association and the International Organization of the Flavor Industry) for ensuring the safe use of flavours and fragrances in consumer products.

Legal and compliance risks
Should our employees, especially key individuals within the organisation (Board members, Executive Committee members, senior management) display or tolerate behaviour that is illegal or unethical, this could lead to reputational as well as financial damage to Givaudan. The Corporate Compliance function undertakes regular assessments of Givaudan's legal and compliance risks at local and global levels and addresses any issues with the Executive Committee and the Audit Committee. Non-compliant behaviour is investigated and sanctioned in accordance with comprehensive procedures.

GRI Disclosure 102 – 11, pages 72 – 75

Compliance
Protecting our reputation

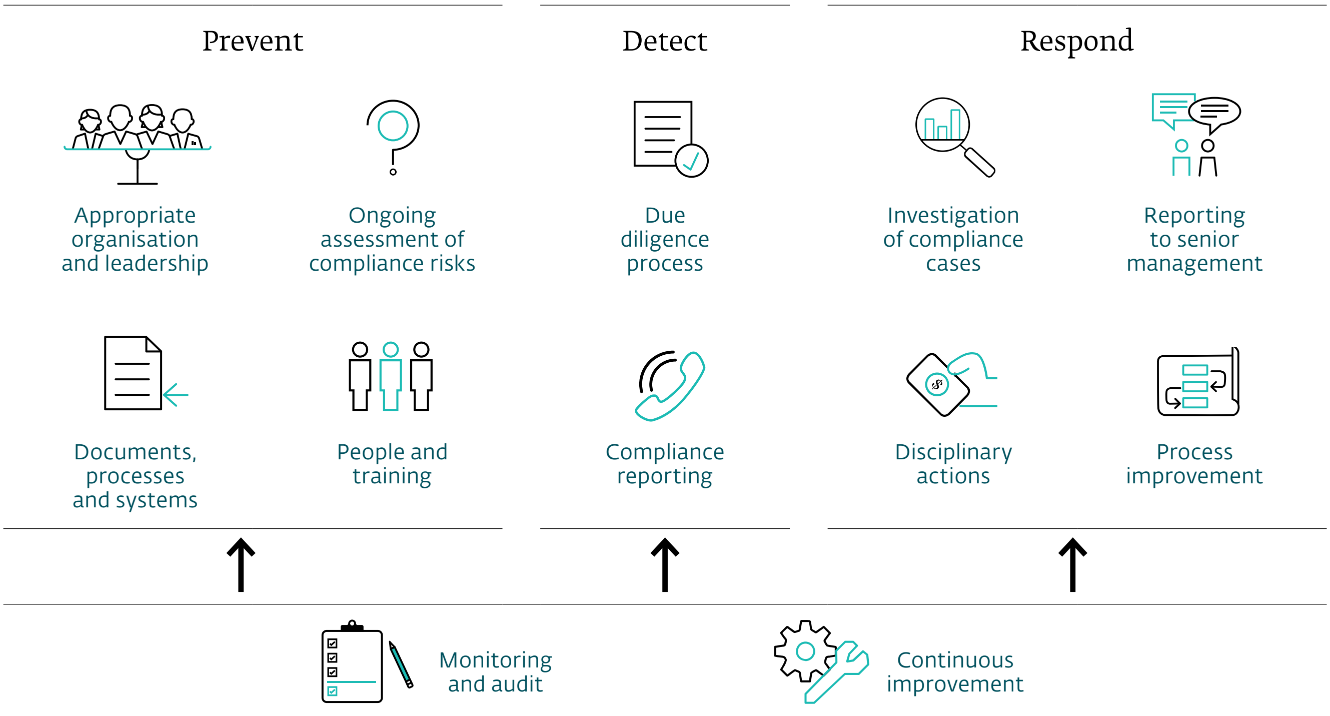
Givaudan’s good reputation and name has been built over a long and rich history.

To preserve it, we are committed to adhere to the highest ethical standards in the way we interact with all our stakeholders – customers, suppliers, shareholders, employees, competitors, government agencies and the communities in which we operate. Being open, transparent and honest in our dealings with these stakeholders allows us to grow responsibly and share our success.

Principles of Conduct

The basis for Givaudan’s ethical standards is laid out in the Company’s ‘Principles of Conduct’, last reviewed and updated in 2018. The Principles of Conduct consist of three pillars: Legal & Ethical Business Dealings, Responsible Corporate Citizenship and Protecting Givaudan’s Assets.

The Principles also include a section on ‘How we live the Principles’, which reiterates each employee’s responsibility for ethics and integrity and explains the channels for reporting any violation of the Principles, including the worldwide Compliance Helpline. These ‘Principles of Conduct’, as well as any policies specifying any principle, are available in all 15 Company languages. The Principles of Conduct are supported and mirrored



by Givaudan's Responsible Sourcing Policy, a code of conduct for our suppliers to ensure that our partners abide by the same high standards we do. The Responsible Sourcing Policy includes a mechanism to report grievances.

www.givaudan.com – our company – corporate governance – rules and policies www.givaudan.com – our company – corporate governance – compliance

Organisation and process

The Compliance and Ethics Programme is based on the compliance and fraud prevention concept of 'prevent – detect – respond'. The Corporate Compliance Officer oversees the administration of the Compliance and Ethics Programme and coordinates with dedicated functions for effective compliance management.

The Corporate Compliance Officer is assisted by a global compliance team and a network of local compliance officers and regional compliance coordinators to further enhance the function. The Group Data Protection Officer, reporting to the Corporate Compliance Officer, oversees the implementation of the Group Data Protection programme. In 2018, we passed and published a number of policies in the data protection area, including the Global Privacy and Data Protection Policy.

The Corporate Compliance Officer carries out regular compliance risk assessments with the local compliance officers and corporate functions.

The Company has a Group-wide Compliance Helpline system which allows employees to report suspected or actual misconduct or violations of the Company's policies on a confidential basis and without fear of retaliation. It also has a grievance mechanism as part of its Responsible Sourcing Policy to allow suppliers to bring grievances to the attention of Givaudan.

The Company has a compliance incident investigation procedure and process in place for investigations of compliance allegations received through any channel. Depending on the nature of the allegations, these cases are handled either locally or centrally. Where required, outside forensic support is sought.

Other compliance processes include the process for selection and engagement of third-party agents and distributors and the global supplier selection process of the Procurement organisation.

The Corporate Compliance Officer reports regularly to the Board of Directors, the Audit Committee of the Board, the Executive Committee and the CEO.

Givaudan's Principles of Conduct

Legal & ethical business dealings	Compliance with the law and Givaudan policies
	Bribery and corruption
	Gifts and entertainment
	Competition law
	Insider dealing
	Conflicts of interests
	Ethical conduct
Responsible corporate citizenship	Human rights
	Preserving the environment
	Diversity and fair treatment
	Fair employment standards and safe work environment
	Child labour
Protecting Givaudan's assets	Fraud against Givaudan
	Open communication
	Protection of confidential information and trade secrets, intellectual property
	Conduct in research, development, application and creation

Management of compliance with specific areas of operational compliance risk such as product safety/regulatory, trade affairs, environment, and occupational health and safety (EHS) is ensured by specific dedicated corporate functions.

GRI Management Approach (103–2, 103–3): Topic 205, 408, 409, 412, pages 76–77

Anti-bribery management

The Principles of Conduct state that Givaudan has zero tolerance towards bribery and corruption, and does not make facilitation payments.

Most countries where Givaudan operates have strict anti-bribery laws, including the UK Bribery Act, the US Foreign Corrupt Practices Act, the French Loi Sapin 2 and anti-bribery laws and regulations of other countries where Givaudan either already does business or intends to do so.

Anti-corruption compliance is managed as part of the Givaudan compliance management system through the following instruments:

- Corruption is one of the risk areas regularly reviewed by the Corporate Compliance Officer as part of a compliance risk assessment.

- Corruption and inappropriate gifts and entertainments are prohibited in Givaudan's Principles of Conduct and they are addressed in more detail in the Global Anti-Bribery, Gifts, Entertainment and Hospitality policy, including the reporting of gifts and entertainment. Both documents are available to employees in all major Company languages.

- Givaudan has included corruption and gifts/entertainment in its basic compliance training for all permanent employees and issues specific anti-bribery training to selected employees.

- Givaudan discloses charitable contributions and sponsorship.

- As part of monitoring activities, the Compliance Helpline allows employees to report compliance issues in confidence. The helpline is open in all sites, and available in all major Company languages.

- Givaudan has a procedure for the selection and engagement of agents and distributors, which includes a formal due diligence review and minimum requirements for agent contracts and payments. In 2018, the Company worked on the automation of this process.

DATA PROTECTION

Transparency, Compliance and Accountability – these are the pillars on which our Global Data Protection programme is built. The programme is designed to ensure that Givaudan collects and processes data in compliance with all applicable legislation, in particular with the new EU General Data Protection Regulation. To ensure awareness throughout the Company, all employees are required to complete specific data protection training.

Training and monitoring

New mandatory compliance training on the updated Principles of Conduct was launched in 2017 to all employees worldwide. The training material is available as online training in all major Company languages and includes material on anti-bribery, corruption and corporate social responsibility. The completion rate currently stands at 85%.

Specific anti-bribery training also continued in 2018. Since 2013 5,395 senior managers have completed this training (out of 5,904 invited to take it). This group includes all members of the Executive Committee and other employees whose work involves regular and direct contact with external stakeholders.

In 2018 the Company continued to maintain and review its policies and processes to ensure compliance with changing applicable law. A focus area for 2018 was the implementation of the Company's data protection programme to ensure compliance with applicable data protection legislation.

GRI Disclosure 205 – 2

www.givaudan.com – our company – corporate governance – rules and policies

www.givaudan.com – our company – corporate governance – compliance

GRI Disclosure 102 – 16, pages 76 – 78
Management Approach (103 – 2, 103 – 3): Topic 205, pages 77 – 78

Regulatory
Leading efforts to help shape the industry landscape

Health and safety is essential for all stakeholders and we ensure our products are safe for people and the environment when used as intended.

We are committed to the full regulatory compliance of all products and engage with customers in developing new technologies for healthier and more sustainable products. We work hand in hand with our customers to help them understand changes in the regulatory environment as well as the impact these changes will have on their consumer products.

Regulatory within our Flavour Division

As we widen our interest from traditional flavours to areas such as food stuff and organics, our regulatory teams have been strengthened to enable value adding activities for our customers. These closer partnerships are, for example, helping them in regulatory interpretations and shaping labelling declarations.

Our offerings in these new areas have been strengthened through the knowledge and products gained from the Activ, Vika, Centroflora and Naturex portfolios, increasing our capabilities in the domains of naturals and functional ingredients. We also continued our work during the year to meet increasing customer demand for flavours that provide transparent and consumer friendly labels.

200 EMPLOYEES

Serving customers from over 25 locations, we have more than 200 employees working in flavour and fragrance regulatory, from scientists and toxicologists to experts in regulatory affairs.

Significant resources are committed to our advocacy efforts and we pride ourselves in leading the flavour industry in this. We know that customers would benefit from a global, harmonised list of approved ingredients and our advocacy work in 2018 continued towards this goal through the International Organization of the Flavor Industry (IOFI). In total we work together actively with over 30 local and regional trade associations worldwide and representations in all regions.

The increased testing requirements behind the European Union regulation concerning the Registration, Evaluation, Authorisation and restriction of Chemicals (REACH) as well as other regulatory bodies are resulting in stricter label needs. We have worked to ensure minimal disruption to our customers' businesses by providing them with timely and supportive communications which helped them adapt to the required changes.

Regulatory within our Fragrance Division

After ten years of work and an investment totalling CHF 50 million, Givaudan completed the REACH registration phase on schedule in 2018. The Company is now fully REACH compliant and has registered over 300 substances. Work is now focused on defending materials in the evaluation phase of REACH.

Givaudan has taken an industry-leading position to ensure we work closely with our customers to enable the transparency of information of our products to consumers. We have, for example, led fragrance industry external advocacy efforts to support transparency legislation to be consistent with California SB 258, working with the Household & Commercial Products Association to engage stakeholders across the US. In New York State, we made similar representations regarding proposals on detergents, and we led the industry in California with the Personal Care Product Council to support the development of the Cosmetics Bill banning animal testing.

We also led the industry during the year to help define criteria for the Brazilian Biodiversity Regulation on the use of fragrance materials considered of Brazilian origin. Our Regulatory and Fragrance Ingredient management teams developed and implemented appropriate processes and controls to respect the use of materials of Brazilian biodiversity in our customers' products.

Product labelling

Customers need to manage any environmental, health and safety (EHS) risks associated with the use of our ingredients and so it is vital we supply the necessary information for the proper handling of our products.

All the ingredients used in our formulas are evaluated for any EHS impact and this information is disclosed and filed with the relevant regulatory bodies whenever necessary. Quality and environmental data about our products, including safety information, are available through product labels and safety data sheets. The safety data sheets are available in more than 45 languages and are attached to every consignment and readily available to customers on request. For flavour products, information related to allergen, GMO, organic, nutritional and religious criteria can be provided.

GRI Management Approach (103 – 2, 103 – 3): Topic 416, 417
Disclosure 416 – 1

Product information requirements

The following product and service information is required by the organisation's procedures for product and service information and labelling

Topic	Yes	No
Sourcing	X	
Content	X	
Safe use	X	
Disposal	X	

100% of sold products delivered to our customers are subject to product information requirements and regulations.

GRI Disclosure 417 – 1

Product safety

Product safety is of prime importance to Givaudan in ensuring the safety of employees, customers and consumers, as well as the environment.

This commitment was recognised with exceptional results in food safety audits at our site in Japan, which received the highest score in Givaudan so far during audits of the Food Safety System Certification (FSSC) 22000 and Food Safety Inspection (FSI). There were no non-conformities in the FSSC 22000 audit and only one minor finding was noted against the global standard during the FSI audit.

Sophisticated toxicological science is used in the Fragrance Division to ensure the safety of its materials, deployed for example in the REACH programme (see page 79). We do not use animal testing for safety assessments unless required to do so by law – REACH, for example, required certain products to be tested in this way. Givaudan is also committed to further developing non-animal test methods such as our KeratinoSens™ assay and the development of a fish gill assay for toxicity assessment in aquatic species. We continue to invest in this important area.

Public policy

To help ensure the safe use of flavours and fragrances in consumer products, we support and in many cases lead the development of public policies that impact the flavour and fragrance industry and work with industry associations such as the International Fragrance Association (IFRA) and the International Organization of the Flavor Industry (IOFI).

We do not fund any political party in any country, and have an internal policy on charitable giving and community support that excludes any direct or indirect political donations or support.

Corporate citizenship
Pursuing socially responsible growth

We are aware of our obligations in making a difference where we can within our own operations, with our suppliers and in the communities in which we work.

In pursuing socially responsible growth, we are mindful of our duties and are committed to adhering to the highest ethical standards in interactions with our stakeholders. We are committed to respect for human rights wherever we do business and to provide safe and healthy working conditions for our employees, contractors and visitors. We strive to make a positive impact on the communities in which we are present.

Guiding principles on human rights and child labour

Our actions and approach are aligned with international standards, and we fully support the UN Guiding Principles on Business and Human Rights.

The basis of our ethical standards, specifically Responsible Corporate Citizenship, can be found in our Principles of Conduct, which is supported by policies and guidelines. We expect every employee to take personal accountability for upholding our Principles in daily actions within their own sphere of influence and with business partners and stakeholders.

The initial phase of our three-step Human Rights Impact Assessment was completed in 2018. An initial high-level impact assessment conducted by a well-established human rights consultancy concluded that Givaudan already has a strong corporate culture and robust systems in place. It also showed that we are already addressing human rights impacts that are most salient to our industry, in particular the ones relating to health, safety or child labour. In addition, the responsible sourcing projects have a very positive impact on communities located in sourcing countries. We are currently assessing the findings of the high-level assessment and in the second phase, we will consult with stakeholders to be able to take the steps necessary to further consolidate good practices throughout our value chain.

Furthermore, Givaudan is an active member of Sedex, a global platform which incorporates human rights risks in its assessments. Since 2010, all manufacturing sites have been registered on Sedex and completed Sedex self-assessment questionnaires, which we review each year. At the end of 2018, 39 of our production sites have been audited and 37 are compliant with the standards set by the Sedex Members Ethical Trade Audit (SMETA).[1]

All forms of child or forced labour are against our principles. This applies to employment within Givaudan and to the partners and suppliers with which we work. Our Principles of Conduct stipulate that we do not practice or tolerate any form of child exploitation or forced labour and that we do not provide employment to children before they have completed their compulsory education. This applies to employment within Givaudan and to the partners and suppliers with whom we work. In 2018, we were in compliance with these principles.

For business partners and suppliers, our Responsible Sourcing Policy specifies that suppliers must not use child labour (or forced labour) and are expected to comply with all reporting obligations regarding the abolition of child labour and human trafficking. Significant suppliers are assessed for risk and in 2018, 318 key raw material suppliers were registered with Sedex. These suppliers represent over 50% of our volume. We are working to ensure that all audited suppliers have closed any open non-conformities. At the end of 2018, our supplier audit compliance rate was 78%.

1. Our recently acquired production sites are not in scope.

www.givaudan.com – our company – corporate governance – principles of conduct

GRI Management Approach (103 – 2, 103 – 3): Topic 408, 409, 412
Disclosure 408 – 1, 409 – 1, 412 – 1

Community engagement

Communities and neighbourhoods where we operate are critical to our long-term success. Our business can affect communities and these local stakeholders may in turn impact our activities. We actively develop and sustain relationships with communities and listen to community representatives to take their point of view into account, and integrate their feedback into our sustainability activities.

We promote the evolution of value chain systems into harmonised multi-stakeholder frameworks that bring benefit to all and encourage investment in sustainable development and innovation.

Every precaution is taken to operate safely in these communities while providing social and economic value and reducing our environmental footprint. As part of this commitment we develop and install effective technologies for odour abatement.

We also believe that each and every employee has the potential to make a change for the future of our planet and the well-being of the communities in which we work and live. The opportunity to make such contributions is available through our Green Teams which are active in the majority of our sites. Members of these teams are involved in voluntary sustainability projects in local communities as well as in internal programmes.

page 30, Our 2020 Strategy – Communities

Alongside these efforts is the Givaudan Foundation, an independent non-profit organisation that initiates and supports projects, as well as grants donations, with a focus on three main areas in which Givaudan is already engaged and where the Company's expertise and experience can be leveraged to make a difference: communities at source, blindness and family nutrition. The Givaudan Foundation works closely with and relies on resources provided by Givaudan to conduct and monitor its projects.

We also contribute positive action to the communities in which we source. Further information can be found in our chapter on sourcing.

page 64, Communities at Source
GRI Management Approach (103 – 2, 103 – 3): Topic 203, 413
Disclosure 203 – 1, 413 – 1

GIVAUDAN FOUNDATION

The Givaudan Foundation is a non-profit organisation created in 2013 as a result of Givaudan's desire to reinforce its commitment to the communities in which it operates. The foundation's purpose is to initiate and support projects as well as to grant donations in the areas defined by its vision and mission. It works closely with, and relies on, resources provided by Givaudan to conduct and monitor its projects.

Charitable giving

Local communities also benefit from our charitable giving. We monitor this spend at every site and have had an annual budget allocation process for charitable giving for all our sites since 2012.

This spend is controlled and consolidated by a sustainability controller. Every site manager is responsible for how the site budget is spent, and each of these managers has some freedom to allocate funding to local organisations providing they comply with Givaudan guidelines and local laws on non-profit organisations.

In 2018, the total spend on charitable giving for local communities was CHF 1.8 million.

GRI Disclosure 102 – 16, pages 81 – 82

Compensation report

In this section

Compensation report
Attract, motivate and retain

Givaudan aims to attract, motivate and retain a diverse pool of highly talented people to sustain its leadership position within the flavour and fragrance industry. The Company's compensation policies are an essential component of this strategy, and as such a key driver of organisational performance.

Our compensation programmes are aligned to our strategy and reflect the performance of the business and of individuals. We have rigorous governance, policies and processes to ensure that our compensation practices are aligned with our principles of integrity, fairness and transparency.

This report on compensation, complementing our business and financial reports, has been prepared in compliance with the Ordinance against Excessive Compensation at Listed Stock Companies (OaEC) and with the Directive on Information relating to Corporate Governance, issued by the SIX Swiss Exchange. The report also comprises information required under the Swiss Code of Obligations and takes into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance of Economiesuisse.

1. Compensation governance

1.1 Compensation Committee

The Compensation Committee supports the Board of Directors (Board) in establishing and reviewing compensation policies. It regularly reviews Company-wide programmes in regard to base salary, pension and benefit plans. The Compensation Committee also annually reviews and approves the performance targets and related payouts under the annual incentives and share-based long-term incentives, while the applicable performance criteria are set by the Board.

The Compensation Committee is also responsible for reviewing and approving individual compensation and benefits of each Executive Committee member as well as recommending compensation for the Board.

The Compensation Committee consists of three independent members of the Board and is currently chaired by Prof. Dr-Ing. Werner Bauer. The Chief Executive Officer is regularly invited to Compensation Committee meetings. The Head of Global Human Resources acts as secretary of the Compensation Committee. The Chairman of the Compensation Committee may invite other executives as appropriate. However, executives do not participate in discussions regarding their own compensation.

The Compensation Committee meets three to five times a year and informs the Board of its deliberations, recommendations and resolutions after each meeting. The minutes of the meetings are available to the full Board. The Committee utilises independent external consultants to benchmark the compensation of senior management and the Board.

Table I summarises the Compensation Committee standing agenda items and approvals.

1.2 Specific activities in 2018

As previously reported, the Compensation Committee undertook a comprehensive review of the Performance Share Plan in 2017. Accordingly, changes to the PSP payout matrix were introduced in 2018. Further details are provided in section 3.7.

In 2018 as part of the regular annual process outlined above, the Compensation Committee reviewed the compensation levels and decided to implement some changes to the compensation mix from 2019. The changes have been decided upon with due consideration of our compensation principles outlined in section 2. Further information on the rationale for the changes is detailed in section 3.3.

I. Compensation Committee standing agenda items and approval

Timing	Agenda items	Proposed[1]	Consultation	Approved
Beginning of year	Compensation Report	Compensation Committee		Board of Directors[3]
	Prior year annual incentive achievement	CEO[2]		Compensation Committee
	Set current year performance targets	CEO[2]		Compensation Committee
	Long-term incentive award allocation	CEO[2]		Compensation Committee
	Maximum amounts for shareholder voting on Executive Committee and Board compensation	Compensation Committee		Board of Directors (preliminary)[3]
Mid-year / end of year	Long-term incentive achievement against targets	CEO[2]		Compensation Committee
	Compensation of the Executive Committee	CEO[2]		Compensation Committee
	Compensation of the Board of Directors	Compensation Committee		Board of Directors
	Changes to compensation system (if any)	Compensation Committee	Chairman	Board of Directors
	Preview of key items for next year	CEO / Compensation Committee		–

1. CEO compensation proposed by Chairman of the Compensation Committee.
2. Individual concerned does not attend/abstains.
3. Subject to shareholders' vote (binding vote on maximum compensation amounts, consultative vote on Compensation report).

Finally and as indicated in section 3.8, in 2018 Givaudan benefit plans for all employees were reviewed and changes implemented to reflect market practice and better ensure future pension entitlements.

1.3 Governance rules

The Articles of Incorporation of Givaudan include rules on the principles applicable to performance-related pay and to the allocation of equity securities, convertible rights and options (Arts. 23 – 25), additional amounts for payments to Executive Committee members appointed after the vote on pay at the shareholders' meeting (Art. 27), loans, credit facilities and post-employment benefits for the Executive Committee and Board (Arts. 30 and 31) and the vote on pay at the shareholders' meeting (Art. 26).

Full details on these rules are available on Givaudan's website:

www.givaudan.com – our company – corporate governance – rules and policies

In line with Givaudan's Articles of Incorporation, at the 2019 Annual General Meeting the Board will submit the following maximum aggregate amounts for shareholder approval:

- Compensation of the Board for the period until the 2020 ordinary shareholders' meeting
- Short-term variable compensation of the Executive Committee for the 2018 fiscal year (Executive Committee retrospective vote)
- Fixed and long-term variable compensation of the Executive Committee for the 2019 fiscal year (Executive Committee prospective vote)

The calculation approach to be applied for determining the amounts to be approved by shareholders is aligned with the Compensation Report valuation methodologies. Full details of the amounts to be submitted for approval will be included in the shareholders' meeting invitation.

Givaudan will also submit the 2018 Compensation Report to a consultative vote at the 2019 Annual General Meeting.

2. Compensation principles

2.1 Board of Directors

In order to reinforce their independence in exercising their supervisory duties, members of the Board receive fixed compensation only. They are not eligible to any performance-based compensation and are not insured in the Company pension plans.

The Board compensation is paid in cash and in the form of Restricted Share Units (RSUs). RSUs are a right to receive shares of Givaudan after a three-year blocking period. They link the compensation with the share price evolution of the Company and strengthen the alignment with shareholders' interests.

2.2 Executives and employees

The ability to attract, motivate and retain the right talented employees globally is key to the continued success of Givaudan. Our competitive remuneration policy supports this ambition and is based on the following principles:

- Pay for performance: through our variable pay plans, employees participate in the Company's overall success and are rewarded for their contribution to business results.
- Alignment of interests: Givaudan seeks to align management and shareholders' interests by rewarding long-term value creation through share-based programmes.

– External competitiveness: overall compensation positioning should enable Givaudan to attract and retain highly talented individuals critical to its success.

– Internal consistency and fairness: internal pay scales reflect job level, function and geographic market.

Givaudan's total compensation in 2018 is composed of the following elements:

– Base salary: base salaries are regularly benchmarked in each location and pay scales are reviewed annually according to local market evolution. As a general rule, pay scales are built around market median.

– Profit Sharing Plan: non-management employees participate in the global Profit Sharing Plan. Payouts are based on yearly evolution of Group EBITDA.

– Annual Incentive Plan: this plan covers all managers and executives globally. It rewards participants for the achievement of financial targets and other organisational and individual objectives. Depending on the achievement of performance criteria, payouts can vary between 0% and 200% of target payout.

– Performance Share Plan (PSP): this plan links executives and selected manager compensation to the evolution of the Givaudan share price and long-term business objectives through the award of Performance Shares. Depending on the achievement of performance criteria, participants may receive between zero and two Givaudan shares per performance share at the end of the three-year vesting period.

– Benefits (indirect compensation): benefit plans seek to address current and future security needs of employees. These generally include retirement, health, death and disability benefits. Benefits-in-kind such as Company vehicles are offered to certain employees according to local market practice.

As illustrated in table II, every Givaudan employee's remuneration is linked to Company performance through cash-based and/or share-based variable pay plans and is aligned with Givaudan's compensation principles.

3. Compensation of Givaudan executives

3.1 Compensation benchmarking

The compensation of Givaudan executives, in terms of both structure and level, is regularly benchmarked against individuals in similar positions within listed European companies that are comparable in size and international presence. Comparable companies included in our compensation surveys may consist of:

– Flavour and fragrance companies

– European companies in related industries:
  › consumer products
  › food and beverage
  › speciality chemicals

– Swiss multinational companies of a size similar to Givaudan (excluding the financial services sector).

To the extent that the median size of the peer group of companies differs from Givaudan's size (taking into account revenue, market capitalisation and number of employees), regression techniques are applied to adjust raw survey results for strict comparability.

II. Givaudan compensation

Compensation	Participants[3] (number of participants)	Payout	Link to compensation principles	Alignment with the business strategy
Base salary	All employees (11,700)	Cash	Attract and retain highly talented individuals. Provides internal consistency and fairness	Nurture a pipeline of industry experts and future leaders to develop skills for sustained success
Profit Sharing Plan	Non-management employees (7,400)	Cash	Contribution to Group financial objectives	Reward our people to share in Group profit
Annual Incentive Plan[1]	Manager and executives (4,300)	Cash	Contribution to financial objectives	Achieve annual organic sales growth and EBITDA target and individual performance objectives
Performance Share Plan[1] (PSP)	Executives and selected managers (400)	Givaudan shares[2]	Alignment of management with long-term targets and shareholders' interests	Achieve long-term organic sales growth and free cash flow targets
Benefits	All employees (11,700)	Insurances, pension, fringe benefits	Protection against risk, attract and retain	Same as base salary

1. The Annual Incentive Plan and PSP plan are described in more detail in the next sections.
2. Unless local laws prevent allocation of Givaudan shares, in which case payout is in cash.
3. Excluding Naturex employees.

All benchmarking activity related to Executive Committee positions is performed by independent consultants. Benchmarking for other executive positions is performed internally by the Compensation unit, using survey data provided by external consultants. Givaudan's executive compensation targets base pay at the market median. Executives have the opportunity to be rewarded with above-median pay for sustained outstanding performance from a number of variable compensation components. These variable elements reflect achievements against quantitative targets established by the Board, as well as the contribution and leadership qualities of individual executives. Variable compensation, particularly long-term components, represents a significant portion of an executive's total compensation. The weight of variable compensation increases with executives' level of responsibility and the impact of their position on Company results.

In 2018, Executive Committee compensation was reviewed against a peer group of other Swiss multinational companies of a size similar to Givaudan. This peer group consisted of Swiss Leader Index (SLI) companies, excluding the five largest companies and financial services institutions. The benchmark included 19 companies: Adecco, AMX, Aryzta, Clariant, Dufry, Geberit, Kuehne + Nagel, LafargeHolcim, Logitech, Lonza, Richemont, Schindler, SGS, Sika, Sonova, Swatch, Swisscom, Temenos and Vifor. Consistent with prior external benchmarks, the review confirmed the positioning against the market remains appropriate. The findings were cross-validated against its listed European company comparator group with the finding that Givaudan compensation positioning appears slightly lower versus the European peer group than the SLI peer group.

III. Executive compensation benchmark

	Below median	Median	Above median
Base pay[1]	■		
Short-term incentive[2]	■		
Long-term incentive[3]			■
Total compensation		■	

1. Fixed pay (including pension and other benefits) around median.
2. Annual Incentive Plan (please refer to section 3.6).
3. Performance Share Plan (please refer to section 3.7).

The results confirm that total compensation of the Executive Committee is overall aligned with the market. The long-term incentive compensation is positioned above median, which is in line with Givaudan policy and reflects our continued strong focus on rewarding outstanding performance over the long term. In 2019, adjustments to compensation mix will be implemented and, as a result, the respective compensation elements will generally draw closer to median (see section 3.3).

In 2018, independent consulting services have been contracted with EY regarding Executive Committee compensation topics.

3.2 Compensation mix

The total compensation of Givaudan executives consists of direct and indirect compensation components.

– Direct compensation consists of base salary, annual incentive and share-based components.

– Indirect compensation includes retirement coverage, health benefits, death and disability protection as well as certain benefits-in-kind according to local market practice.

Chart IV illustrates the direct compensation mix at target for Givaudan executives in 2018.

IV. Direct compensation mix policy guidelines

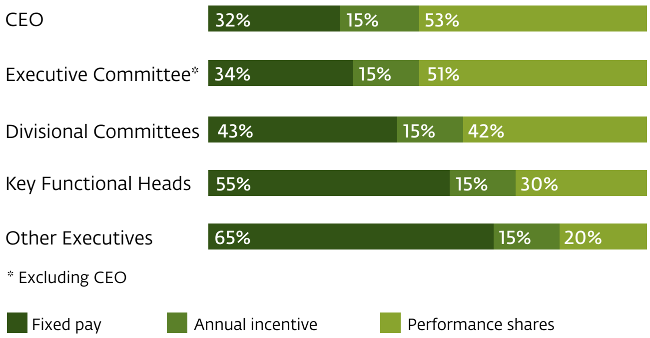


Table V below illustrates the structure and purpose of the two incentive schemes.

V. Variable compensation overview

	Annual Incentive Plan	Performance Share Plan
Participants	Managers and executives	Key talent and executives
Purpose	To reward managers and executives for the achievement of annual organisational targets and overall individual performance	To link compensation to shareholder value creation and achievement of business objectives
Grants	Annual grant	Annual grant
Vesting	End of each year	3 years
Conditions for vesting	Achievement of annual EBITDA and sales growth targets	Achievement relative sales growth and FCF/ sales targets over 4 years
Payout	Cash	Shares[1]

1. Unless local laws prevent allocation of Givaudan shares, in which case payout is in cash.

3.3 Changes to compensation mix in 2019

As part of the Compensation Committee regular review of Executive Committee compensation, certain adjustments to the compensation mix will be introduced in 2019. The changes result in a slight rebalancing of long-term variable compensation into fixed and short-term variable compensation.

The Compensation Committee considered a number of factors, in particular application of our overriding compensation principles outlined in section 2.2 and additional factors relevant to ensuring the overall governance of our compensation system. Several key factors are as follows:

- External competitiveness: Overall Executive Committee compensation packages have been identified as being market aligned, knowing that certain elements are above/below market. Accordingly, any changes should not result in overall increases in total target compensation.

- Pay for performance: Retaining a significant majority of pay mix in performance-based compensation remains a priority. Long-term variable compensation should continue to carry significant weight. Rebalancing to increase reward potential for annual performance is strategically aligned.

- Shareholder voting: The Executive Committee prospective vote on fixed and long-term variable compensation should not be increased. Accordingly, any reduction in allocation of Performance Shares will only partially be reallocated into base salary. In parallel, shareholders directly approve the payout amounts in the Executive Committee retrospective vote on short-term variable compensation, such that any changes to the compensation mix that could result in higher annual incentive on achievement of annual targets will continue to be submitted for approval by shareholders.

The final compensation mix for the Executive Committee will be disclosed in our 2019 Compensation Report. Indicatively, fixed pay for the full Executive Committee will increase to approximately 35% of the total pay mix, annual incentive to 20% and Performance Shares will be reduced to 45%. Precise changes to annual incentive at target are detailed in section 3.6 below.

3.4 Clawback provisions

As part of the Givaudan compensation programme and ensuring appropriate risk management, all incentive-based compensation (Annual Incentive and PSP) is subject to clawback provisions. The respective plan rules provide the Compensation Committee with absolute discretion to cancel any payouts that would otherwise be due, including for reasons linked to an individual's performance or behaviour. With regard to the PSP, this means that any right to receive Givaudan shares at the end of the vesting period will lapse if such a determination is made by the Compensation Committee. In 2018, the Compensation Committee did not exercise clawback for any current or former Executive Committee members.

3.5 Base salary

Base salaries are established on the basis of the scope and responsibilities of the function, the external value of the role and the profile of the incumbent in terms of skills, experience and individual performance. To ensure market competitiveness, base salaries are reviewed annually. Base salary adjustments (if any) are based primarily on market evolution, taking into consideration the executive's performance and contribution to Company results.

3.6 Annual Incentive Plan

The Annual Incentive Plan is designed to reward managers' and executives' individual performance and contribution to Givaudan annual objectives.

Performance criteria

In 2018, the Annual Incentive Plan for Executive Committee members was based on the following performance criteria:

- Sales Growth targets in local currencies: 50%
- EBITDA margin targets: 50%

For the purpose of the Annual Incentive Plan, EBITDA is expressed as a percentage of sales. Measurement at Group level is considered, except where divisional level is more appropriate having regard to the members' scope of responsibility.

Givaudan's compensation system has been designed for alignment with our Company's vision and strategy and enshrines the principles of pay for performance. To provide shareholders the ability to assess this performance link and in line with Givaudan's commitment to transparency, the Company discloses ex-post the overall payout factor under its variable pay plans. The disclosure approach protects the Company's commercially sensitive, forward-looking information. Provision of such information, such as relating to Annual Incentive Plan performance targets, could otherwise put the Company and its shareholders at a competitive disadvantage. Details of the Performance Share Plan threshold, targets and maximum are presented in the Compensation Report.

Annual incentive payouts for managers and executives below the Executive Committee level are based on a mix of organisational performance objectives, cascaded from Givaudan Group objectives, and individual performance, taking into consideration achievement of personal objectives, day-to-day job responsibilities and the demonstration of behaviours in line with the Givaudan core values.

Incentive targets, caps and payouts

Expressed as a percentage of base salary, annual incentives at target were the following in 2018:

- Chief Executive Officer: 80%
- Chief Financial Officer and Division Presidents: 60%
- Other Executive Committee members: 50%

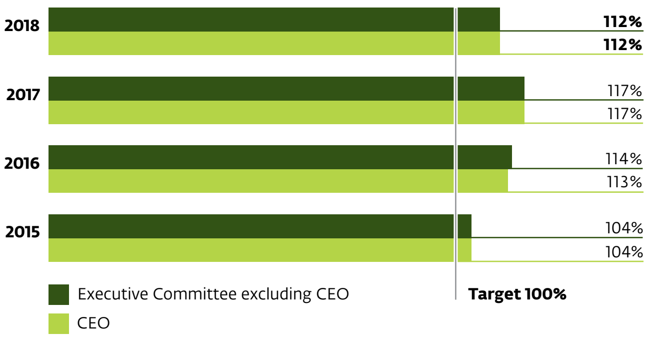
- Division Management Committee members: 35% – 50%
- Other executives and managers: 10% – 35%

As indicated above, in 2019 annual incentive targets will increase for the Executive Committee, being 100% for the Chief Executive Officer, and ranging from 60% to 80% for other members of the Executive Committee.

Based on the performance achievements, incentive payouts may vary between 0% and a cap of 200% of target incentive. Minimum threshold achievement is required, otherwise no annual incentive is paid.

In 2018, sales growth was above target and the EBITDA was below target. This resulted in an average of 112% of target payout for the Chief Executive Officer as well as the other members of the Executive Committee. Table VI summarises historical annual incentive achievement against target since 2015.

VI. Historical annual incentive achievement

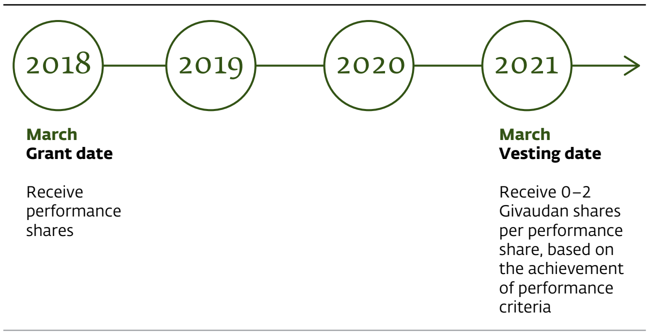


3.7 Performance Share Plan

Executives and selected management members are eligible to participate in the Performance Share Plan (PSP). The PSP is designed to reward executives and key talent who significantly influence the long-term success of the business.

As previously disclosed in the 2017 Compensation Report, in 2017 Givaudan undertook a comprehensive review of the PSP in regards to feedback from shareholders, suitability of the plan since inception and the future direction of the Company. Based on the review, including consideration of adapting/replacing the PSP and evolving market practice, Givaudan concluded that the overall current LTIP design should be retained. It was confirmed that the PSP is ideally tailored to Givaudan, adhering to our compensation principles in particular delivering on the pay for performance principle. Within the overall design and based on the above considerations, some adjustments to the performance matrix have been applied and are detailed within this section of the Compensation Report. Within the PSP, participants are granted Performance Shares annually. The total number of Performance Shares granted, and the plan parameters generally, are approved each year by the Compensation Committee. Givaudan applies a policy to cap the maximum value of PSP allocations. For Executive Committee members the annual total grant value per member is 2 to 3 times annual base salary. Performance Shares vest three years from grant date based on the achievement of performance criteria measured over the performance period. The operation of the PSP is summarised in the following diagram.

VII. Operation of the PSP
Performance criteria



Performance target setting

Performance is measured on the vesting date based on the extent performance criteria have been met over the previous four years. Measuring performance over an extended four-year period is consistent with the long-term outlook of the business. The performance criteria that apply to grants are a combination of:

- Relative average sales growth as compared to the sales growth of selected peer group companies; and
- Cumulative Free Cash Flow (FCF) margin, expressed as a percentage of cumulative sales.

The structure of performance criteria calculation has been specifically designed to be challenging.

For average sales growth, the peer group includes companies from the flavour and fragrance industry that publish sales in local currency. These companies represent in total approximately 75% of this market. The peer companies currently included in the group are Firmenich, Hasegawa, IFF, Robertet, Sensient, Symrise and Takasago. The performance range for relative sales growth extends from -1.5% to 2.5% annualised sales growth versus peer group over the four-year performance period (2017 and prior: -2% to +2%).

In the case of FCF margin, final achievement is calculated as the average of the reported FCF margin for each of the four performance years. This means that the Givaudan's FCF for each year of the performance period is summed, and this cumulative result is divided by the sum of Givaudan's sales in each year of the performance period. The assessment over four years ensures that the performance targets are stringent and reward sustained Company performance. The performance range extends from 9% to 17%.

Target setting and testing against targets follows adherence to strict governance policies. Careful consideration is given to Givaudan's performance and its projections. In addition, a reference test against historical achievements is conducted.

Targets set for the 2018 PSP remain aligned with our 2020 guidance, and within the overall objectives, includes for the PSP a downward adjustment of FCF margin target to 12% (2017: 14%). In addition to the factors already mentioned, the assessment and target setting take into consideration the impact of significant investments (Givaudan Business Solutions implementation and the acquisition of Naturex) and ensuring targets are appropriately challenging.

VIII. Historical FCF margin vs set target

	2014 PSP	2015 PSP	2016 PSP	2017 PSP
Reference test target setting[1]	10.3%	11.2%	14.5%	13.6%
Target[2]	13%	14%	14%	14%

1. Cumulative FCF margin of the related previous 4 years.
2. Four-year target for corresponding PSP.

Share payout caps

Based on the extent that performance criteria are met, the actual number of shares vesting at the end of the performance period may vary between 0% and 200% of the Performance Shares initially granted. The level of vesting is dependent on the combination of performance achievement against both criteria.

A payout of 200% would require an achievement level above the maximum threshold for both criteria.

An achievement level below the minimum threshold on either measure results in a 0% payout.

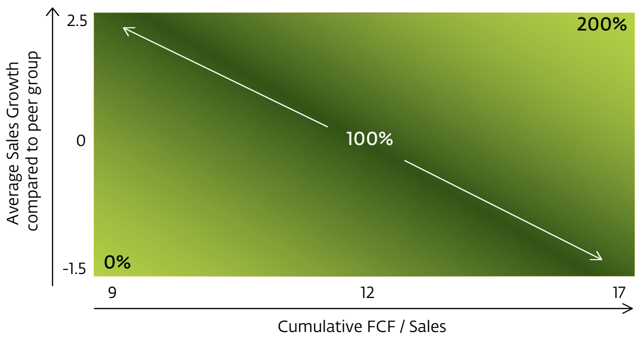
Different combinations of relative sales growth and FCF achievements within the above ranges lead to payouts between 0% and 200%, ranked according to their long-term economic value generation for the Company.

A 100% payout can be obtained where a target combination of the performance criteria is met, such as when relative average sales growth is in line with the peer group and cumulative FCF margin is 12%. From 2018, an additional payout cap was introduced, so that the extent to which outperformance on FCF may counterbalance lower sales growth achievement has been restricted. Accordingly, in the event relative sales growth is below the peer group and FCF margin targets are achieved or exceed, a cap of at 100% applies.

Participants do not receive any dividends or have any voting rights in respect of Performance Shares during the vesting period.

In general, Performance Shares lapse on cessation of employment. In specific circumstances such as death, disability or retirement, Performance Shares may vest subject to satisfaction of the performance criteria. In case of a change of control, Performance Shares may vest immediately.

IX. Performance Share Plan payout matrix



Darker region indicative of target achievement zone for 100% payout.
Note that a cap at 100% applies in the event sales growth is below zero.

Vesting in 2018

The 2015 PSP vested on 31 March 2018 with a 98% payout (2017: 105% payout). This reflects slightly below target achievement on FCF and slightly above target achievement on relative sales growth.

For reference, Givaudan tests performance against other benchmark metrics, including relative total shareholder return (TSR), and we continue to outperform the market in many regards. For instance, Givaudan's TSR measured over recent four year periods has generally been at or above third quartile compared to our benchmark peer group.

X. 2015 PSP achievement

Criteria	Performance Payout	Payout
Average sales growth compared to peer group	+0.1%	→ **98%** of performance shares granted **
Cumulative FCF / sales *	13.6%	

* Formula = Σ (Free cash flow margin reporting year x sales in reporting currency in year / Σ Sales in reporting currency in year).

** 2014 PSP achievement: 105% of performance shares granted.

3.8 Benefits

The Executive Committee members participate in the benefits plans of the Company, consisting mainly of retirement, insurance and health care plans that are designed to provide a reasonable level of protection for the employees and their dependants in respect of the risks of retirement, ill-health, disability and death. In 2018, the Givaudan benefit plans were reviewed and changes implemented to reflect market practice and better ensure future pension entitlements for our employees, in view of the significant reductions in pension annuity rates over the last five years. These general changes will impact the pension accruals reported for Executive Committee members.

Executive Committee members are also provided with certain executive perquisites and benefits in kind according to competitive market practice. The aggregate monetary value of these benefits is evaluated at fair value and disclosed in the compensation tables.

4. Compensation of the Executive Committee

4.1 Compensation levels in 2018

In 2018, total compensation reported remained stable compared to 2017 on a per Executive Committee member basis. In 2018, the overall total Executive Committee compensation reduced due to the smaller Executive Committee size, i.e. 9.5 full time equivalent members in 2017 versus 7.9 full time equivalent members in 2018 (including the CEO and taking into consideration partial year compensation for those members who left and joined the Executive Committee).

Further details are provided in section 4.6.

Executive Committee member compensation has been set in accordance with our compensation principles, including consideration of roles and responsibilities and with reference to our compensation benchmarks.

4.2 Highest total compensation

The Chief Executive Officer, Gilles Andrier, received the highest total compensation in 2018. For compensation details, please refer to table XI.

4.3 Other compensation, fees and loans to members or former members of the Executive Committee

No other compensation or fees were accrued for or paid to any member or former member of the Executive Committee during the reporting period. No member or former member of the Executive Committee or related parties had any loan outstanding as of 31 December 2018.

4.4 Special compensation of Executive Committee members who left the Company during the reporting period

Members of the Executive Committee that stepped down during 2018 did not receive any special compensation as a result of their departure from the Company. All compensation is included in the compensation table XI.

XI. Executive Committee compensation summary

in Swiss francs	Gilles Andrier CEO 2018	Gilles Andrier CEO 2017	Executive Committee members (excluding CEO)[1] 2018	Executive Committee members (excluding CEO)[2] 2017	**Total 2018**	**Total 2017**
Base salary	1,058,023	1,045,952	3,194,282	3,970,375	4,252,305	5,016,327
Pension benefits[3]	571,766	445,076	947,880	1,048,011	1,519,646	1,493,087
Other benefits[4]	139,048	114,688	819,837	800,451	958,885	915,139
Total fixed compensation	1,768,837	1,605,716	4,961,999	5,818,837	6,730,836	7,424,553
Annual incentive[5]	954,070	977,142	1,824,033	2,513,556	2,778,103	3,490,698
Number of performance shares granted[6]	1,446	1,777	3,263	5,549	4,709	7,326
Value at grant[7]	2,882,312	2,881,583	6,504,138	8,998,258	9,386,450	11,879,841
Total variable compensation	3,836,382	3,858,725	8,328,171	11,511,814	12,164,553	15,370,539
Total compensation	**5,605,219**	**5,464,441**	**13,290,170**	**17,330,651**	**18,895,389**	**22,795,092**
Employer social security[8]	453,000	442,000	988,000	1,413,000	1,441,000	1,855,000

1. Represents (a) full year compensation of five Executive Committee members, (b) partial year compensation of two outgoing members and c) partial year compensation of the new Flavour Division President.
2. Represents full year compensation of eight Executive Committee members and partial year compensation of one outgoing Executive Committee member.
3. Company contributions to broad-based pension and retirement savings plans and annualised expenses accrued for supplementary executive retirement benefit.
4. Represents annual value of health and welfare plans, international assignment benefits and other benefits in kind.
5. Annual incentive accrued in reporting period based on performance in the reporting period.
6. 2018 Performance shares vest on 15 April 2021, 2017 Performance shares vest on 15 April 2020.
7. Value at grant calculated according to IFRS methodology and based on 100% achievement of performance targets.
8. 2018 estimated social security charges based on 2018 compensation; 2017 estimated social security charges based on 2017 compensation.

4.5 Employment contract termination clauses of Executive Committee members

Employment contracts of Executive Committee members have been amended for compliance with the OaEC and our Articles of Incorporation. Accordingly, contractual entitlements are within the specified thresholds, in particular the maximum contractual notice period is six months and any non-compete clause does not exceed 12 months. No additional compensation or benefits are provided in the case of change in control, except for long-term incentive awards that may vest immediately.

All contractual arrangements of Executive Committee members are approved by the Compensation Committee of the Board.

4.6 Compensation voting for Executive Committee members

The compensation paid is within the amounts approved by shareholders in the respective Annual General Meeting.

The fixed and long term variable compensation approved for 2018 was CHF 17,000,000 (2017: CHF 19,800,000).

The annual incentive, short term variable compensation amount for 2018 was CHF 2,778,103 and will be submitted for approval at the 2019 Annual General Meeting (2017: CHF 3,490,698).

5. Compensation of the Board of Directors

Compensation of Board members consists of Director fees, Committee fees and Restricted Share Units (RSUs). Fees are paid at the end of each year in office completed. RSUs give participants the right to receive Givaudan shares (or a cash equivalent in countries where securities laws prevent the offering of Givaudan securities) at the end of a three-year blocking period. During this period Board members must hold RSUs (accordingly are restricted from trading RSUs or the underlying Givaudan shares), thereby aligning with shareholder interests over the longer term. Board members are entitled to receive Givaudan shares regardless of membership status so that, for example, if re-election does not occur during the restriction period, awarded RSUs are retained by the respective Board member. Such practice has been implemented in line with best practice in support of Givaudan's commitment to ensuring Board independence.

The annual fees for Board membership and additional functions are summarised in the table XII. The fees are consistent with prior year levels.

XII. Board of Directors fees – Summary

	Annual fees (CHF)	Restricted Shares Compensation (CHF)[3]
Chairman of the Board[1]	400,000	580,000
Vice-Chairman of the Board[1]	100,000	145,000
Board membership	100,000	145,000
Chairman – Audit Committee[2]	55,000	
Chairman – Other Committees[2]	40,000	
Membership – All Committees	25,000	

1. Incl. Board membership fees.
2. Incl. Committee membership fees.
3. Number of RSUs granted represents the closest match to the values displayed.

The Chairman of the Board does not receive any additional Board Membership fees. Similarly, a Committee Chairman does not receive any additional Committee Membership fees.

Each Board member receives an additional amount of CHF 10,000 to cover out-of-pocket expenses. This amount is paid for the coming year in office. The RSUs are also granted for the same period.

Board fees are aligned with the total Board compensation approved by shareholders at the 2018 Annual General Meeting and with market practice. In 2018 Board member compensation was benchmarked against a peer group of other Swiss multinational companies of a size similar to Givaudan. This peer group consisted of Swiss Leader Index (SLI) companies that disclose board fee policy information, excluding the five largest companies and financial services institutions. The benchmark included 19 companies: Adecco, AMX, Aryzta, Clariant, Dufry, Geberit, Kuehne + Nagel, LafargeHolcim, Logitech, Lonza, Richemont, Schindler, SGS, Sika, Sonova, Swatch, Swisscom, Temenos and Vifor. Consistent with prior external benchmarks, the review confirmed the positioning against the market remains appropriate.

The compensation paid to the Board members for the reporting period is shown in table XIII.

5.1 Compensation of the Board member with the highest compensation

The Board member with the highest compensation in 2018 was Calvin Grieder, Chairman of the Board since 22 March 2018. For compensation details please refer to table XIII.

XIII. Board of Directors compensation summary

2018 in Swiss francs	Calvin Grieder Chairman [5]	Victor Balli [5]	Prof. Dr-Ing. Werner Bauer [5]	Lilian Biner [5]	Michael Carlos [5]	Ingrid Deltenre [5]	Thomas Rufer [5]	**Total 2018** [1]
Director fees [2]	400,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000
Committee fees [2]	65,000	50,000	65,000	25,000	65,000	50,000	55,000	375,000
Total fixed (cash)	465,000	150,000	165,000	125,000	165,000	150,000	155,000	1,375,000
Number of RSUs granted [3]	292	73	73	73	73	73	73	730
Value at grant [4]	582,044	145,511	145,511	145,511	145,511	145,511	145,511	1,455,110
Total compensation	**1,047,044**	**295,511**	**310,511**	**270,511**	**310,511**	**295,511**	**300,511**	**2,830,110**

1. Represents total compensation for the Board of Director paid in respect of the reporting year, reported in accordance with the accrual principle.
2. Represents Director and Committee fees paid in respect of the reporting year, reported in accordance with the accrual principle.
3. RSUs blocking period ends on 15 April 2021.
4. Economic value at grant according to IFRS methodology, with no discount applied for the blocking period.
5. The function of each member of the Board of Directors are indicated on pages 104 – 105 in the Corporate Governance section of the 2018 Integrated Annual Report.

Estimated social security charges based on 2018 compensation amounted to CHF 203,000 (2017: CHF 205,000).

2017 in Swiss francs	Calvin Grieder Chairman [5]	Victor Balli [5]	Prof. Dr-Ing. Werner Bauer [5]	Lilian Biner [5]	Michael Carlos [5]	Ingrid Deltenre [5]	Thomas Rufer [5]	Dr Jürg Witmer [6]	**Total 2017** [1]
Director fees [2]	325,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,025,000
Committee fees [2]	61,250	43,750	65,000	31,250	58,750	50,000	55,000	10,000	375,000
Total fixed (cash)	386,250	143,750	165,000	131,250	158,750	150,000	155,000	110,000	1,400,000
Number of RSUs granted [3]	360	90	90	90	90	90	90		900
Value at grant [4]	583,776	145,944	145,944	145,944	145,944	145,944	145,944		1,459,440
Total compensation	**970,026**	**289,694**	**310,944**	**277,194**	**304,694**	**295,944**	**300,944**	**110,000**	**2,859,440**

1. Represents total compensation for the Board of Director paid in respect of the reporting year, reported in accordance with the accrual principle.
2. Represents Director and Committee fees paid in respect of the reporting year, reported in accordance with the accrual principle.
3. RSUs vest on 15 April 2020.
4. Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.
5. The function of each member of the Board of Directors are indicated on pages 63 – 65 in the Corporate Governance section of the 2017 Annual Report.
6. Retired at the Annual General Meeting in March 2017.

5.2 Other compensation, fees and loans to members or former members of the Board

No additional compensation or fees were paid to any member of the Board. No Board member or related parties had any loan outstanding as of 31 December 2018.

5.3 Special compensation of members of the Board who left the Company during the reporting period

No such compensation was incurred during the reporting period.

5.4 Compensation voting for members of the Board

The compensation paid to the Board members for the period between the 2017 and 2018 Annual General Meetings (CHF 2,834,440) is again within the amount approved by shareholders at the 2017 Annual General Meeting (CHF 2,950,000). Amounts approved at the 2018 Annual General Meeting (CHF 2,950,000) will be paid by the end of the year in office and validated in the 2019 Compensation Report. Such approved and paid amounts will differ from those shown in the Board compensation summary table which, according to the OaEC, must include compensation paid in the reporting year.

6. Share ownership guidelines

Under the share ownership guidelines (Guidelines), Executive Committee members must hold approximately two times annual base salary in Givaudan shares (2017 and prior: one times annual base salary). In general, the Guidelines should be met within five years from the beginning of the calendar year after joining the Executive Committee (2017 and prior: three year period applied). As the current Guidelines were updated in September 2017, transitional arrangements to the Guidelines are in place for Executive Committee members appointed before 2016, such that all such members should reach the new Guideline holding requirement latest 2020.

Ownership of Givaudan shares by Executive Committee members as per 31 December 2018 is shown in table XIV.

7. Ownership of Givaudan securities

7.1 Executive Committee

The Chief Executive Officer and other members of the Executive Committee, including persons closely connected to them, held 5,097 Givaudan shares. For further details, please refer to table XIV showing:

- The shares held individually by each member of the Executive Committee as per 31 December 2018.
- The unvested Performance Shares that were granted in 2016–2018 and were still owned by members of the Executive Committee as per 31 December 2018.

No member of the Executive Committee held any share options or option rights as at 31 December 2018 (31 December 2017: no member of the Executive Committee held any share options or option rights).

One person closely connected to a member of the Executive Committee owned 279 unvested Performance Shares as at 31 December 2018.

The Company is not aware of any other ownership of shares, share options/option rights, RSUs or Performance Shares as per 31 December 2018 by persons closely connected to members of the Executive Committee.

XIV. Executive Committee: ownership of Givaudan securities

2018 in numbers	Shares	Unvested performance shares
Gilles Andrier, CEO	2,400	4,909
Tom Hallam	438	1,304
Louie D'Amico	193	1,131
Maurizio Volpi	1,257	2,350
Simon Halle-Smith	260	1,403
Willem Mutsaerts	440	1,418
Anne Tayac	109	1,261
Total 2018	**5,097**	**13,776**
Total 2017	6,154	15,945

7.2 Board of Directors

As per 31 December 2018, the Chairman and other Board members, including persons closely connected to them held 3,906 Givaudan shares in total. For further details, please refer to table XV showing:

- The shares held individually by each Board member as per 31 December 2018.
- The RSUs that were granted in 2016 – 2018 and were still owned by members of the Board as per 31 December 2018.

The Company is not aware of any other ownership of shares, share options/option rights, RSUs or Performance Shares as per 31 December 2018 by persons closely connected to members of the Board.

XV. Board of Directors: ownership of Givaudan securities

2018 in numbers	Shares	Unvested RSUs
Calvin Grieder, Chairman	210	737
Victor Balli		248
Prof. Dr-Ing. Werner Bauer	1,180	248
Lilian Biner	587	248
Michael Carlos	1,012	248
Ingrid Deltenre	117	248
Thomas Rufer	800	248
Total 2018	**3,906**	**2,225**
Total 2017	3,360	2,041

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Report of the statutory auditor

To the General Meeting of GIVAUDAN SA, Vernier

Report of the Statutory Auditor in relation to sections 4 and 5 of the remuneration report in accordance with the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance)

We have audited the accompanying compensation report of Givaudan SA for the year ended 31 December 2018. Our audit is limited to the information provided in sections 4 and 5 on page 93 to 95 in accordance with the articles 14 to 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance).

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, sections 4 and 5 of the compensation report of Givaudan SA for the year ended 31 December 2018 comply with Swiss law and articles 14 – 16 of the Ordinance.

Deloitte SA

Karine Szegedi Pingoud
Licensed Audit Expert
Auditor in Charge

Laetitia Cejudo
Licensed Audit Expert

Geneva, 23 January 2019

Governance report

In this section

Corporate governance
Ensuring proper checks and balances

The Governance chapter is aligned with international standards and has been prepared in accordance with the 'Swiss Code of Obligations', the 'Directive on Information Relating to Corporate Governance' issued by the SIX Swiss Exchange and the 'Swiss Code of Best Practice for Corporate Governance' issued by economiesuisse.

The internal corporate governance framework is based on Givaudan's Articles of Incorporation. The 'Board Regulations of Givaudan SA', the Company's organisational regulation, further clarifies the duties, powers and regulations of the governing bodies of the Company.

Except when otherwise provided by law, the Articles of Incorporation and Givaudan's Board Regulations, all areas of management are fully delegated by the Board of Directors, with the power to sub-delegate to the Chief Executive Officer, the Executive Committee and its members. The Board Regulations of Givaudan also specifies the duties and the functioning of its four Board Committees.

The Articles of Incorporation, Board Regulations of Givaudan and other documentation regarding Givaudan's principles of corporate governance can be found at:

www.givaudan.com – our company – corporate governance – rules and policies

1. Group structure and shareholders

1.1 Group structure

1.1.1 Description of the issuer's operational Group structure
Givaudan SA, the parent company of the Givaudan Group, with its registered corporate headquarters at 5 Chemin de la Parfumerie, 1214 Vernier, Switzerland ('the Company'), is a 'société anonyme', pursuant to art. 620 et seq. of the Swiss Code of Obligations. It is listed on the SIX Swiss Exchange under security number 1064593, ISIN CH0010645932.

The Company is the global leader in the flavour and fragrance industry, offering its products to global, regional and local food, beverage, consumer goods, fragrance and cosmetics companies. The Company operates around the world and has two principal divisions: Flavour and Fragrance. The Flavour Division consists of four business units: Beverages, Dairy, Savoury and Sweet Goods. The Fragrance Division has three business units: Fine Fragrances, Consumer Products, as well as Fragrance Ingredients and Active Beauty.

Both divisions have a sales and marketing presence in all major countries and markets as well as Research and Development organisations. They share resources and knowledge in the areas of research and consumer understanding, where applicable. Corporate functions include Finance, Procurement, Science and Technology, Legal, Compliance and Communications, Human Resources (HR) as well as Givaudan Business Solutions (GBS). GBS provides best-in-class internal processes and services in the areas of Finance, Controlling, HR, Procurement, Supply Chain, Environment, Health & Safety (EHS), Enterprise Data Management, Information Management and Technology (IM&T), Sustainability and Continuous Improvement.

1.1.2 Listed companies within the scope of consolidation
The Company does not have any publicly listed subsidiaries.

1.1.3 Unlisted companies within the scope of consolidation

The list of principal consolidated companies, their domiciles and the shareholding is presented in appendix page 208 to the consolidated financial statements of the 2018 Financial Report. Note 1 to the consolidated financial statements as well as note 3 to the statutory financial statements offer more details regarding the structure of the Group. All unlisted subsidiaries are wholly-owned, unless otherwise indicated in notes 3 and 5 to the statutory financial statements mentioned above. The 2018 Financial Report is printed in English as part of the 2018 Annual Report or can be downloaded on the Company website:

www.givaudan.com – investors – online annual report – download centre

GRI Disclosure 102–1, 102–2, 102–3, 102–5, 102–45, pages 100–101

1.2 Significant shareholders

To the knowledge of the Company, the following were the only shareholders holding more than 3% of the share capital of Givaudan SA as at 31 December 2018 (or as at the date of their last notification under article 20 of the Stock Exchange Act): The notifications can be viewed on the following site:

www.six-swiss-exchange.com – market data – shares – givaudan – overview – significant shareholders

The Company has not entered into any shareholder agreements with any of its significant shareholders.

Significant shareholders

2018	in %
Beneficial owners	
William H. Gates III – Cascade Investment	13.86
MFS Investment Management	5.04
BlackRock Inc	5.02
Nominees	
Nortrust Nominees Ltd.	15.04
Chase Nominees Ltd.	6.36
Messieurs Pictet & Cie.	4.54

1.3 Cross-shareholdings

The Company does not have any cross-shareholdings with any other company.

2. Capital structure

2.1 Capital on the disclosure deadline

Ordinary share capital

As at 31 December 2018, the Company's ordinary share capital amounted to CHF 92,335,860 fully paid in and divided into 9,233,586 registered shares with a par value of CHF 10.00 each.

The market capitalisation of the Company at 31 December 2018 was CHF 21,015,641,736.

2.2 Authorised and conditional capital in particular

Authorised share capital

The Company does not have any authorised share capital.

Conditional share capital

The Company's share capital can be increased by:

- issuing up to 161,820 shares through the exercise of option rights granted to employees and/or the members of the Board of Directors of the Group.

- issuing up to 463,215 shares through the exercise of option or conversion rights granted in connection with bond issues of Givaudan SA or a Group company.

  The Board of Directors is authorised to exclude the shareholders' preferential right to subscribe to such bonds if the purpose is to finance acquisitions or to issue convertible bonds or warrants on the international capital market. In that case, the bonds or warrants must be offered to the public at market conditions, the deadline for exercising option rights must be not more than six years and the deadline for exercising conversion rights must be not more than 15 years from the issue of the bond or warrants and the exercise or conversion price for new shares must be at a level corresponding at least to the market conditions at the time of issue.

- issuing up to 123,163 shares through the exercise of option rights granted to the shareholders of Givaudan SA.

For the conditional share capital, the subscription rights of the shareholders are excluded.

The acquisition of shares through the exercise of option or conversion rights and the transfer of such shares are subject to restrictions as described in the next section.

2.3 Changes in capital

The information regarding the year 2016 is available in notes 8 and 9 to the statutory financial statements of the 2016 Financial Report. Details of the changes in equity for the years 2017 and 2018 are given in notes 8 and 9 to the statutory financial statements of the 2018 Financial Report.

2.4 Shares and participation certificates

The Company has one class of shares only. All shares are registered shares with a par value of CHF 10.00 each. Subject to the limitations described below, all shares have the same rights in all respects. Every share gives the right to one vote and to an equal dividend.

2.5 Dividend-right certificates

Other than the registered shares, dividend-right certificates and participation certificates do not exist.

2.6 Limitations on transferability and nominee registrations

2.6.1 Limitations on transferability for each share category; indication of statutory group clauses and rules for granting exceptions

At the Annual General Meeting of shareholders on 20 March 2014, the previously existing registration and voting rights restrictions were abolished. Today, the Company no longer has limitations on transferability of shares.

2.6.2 Reasons for granting exceptions in the year under review

This is not applicable because the Company has no limitations on transferability of shares.

2.6.3 Permissibility of nominee registrations; indication of any percent clauses and registration conditions

Subject to the provisions mentioned in the next paragraph, registration with voting rights in the Company's share register is conditional on shareholders declaring that they have acquired the shares in their own name and for their own account.

Based on a regulation of the Board of Directors, nominee shareholders may be entered with voting rights in the share register of the Company for up to 2% of the share capital without further condition, and for more than 2% if they undertake to disclose to the Company the name, address, nationality and number of shares held by the beneficial owners.

2.6.4 Procedure and conditions for cancelling statutory privileges and limitations on transferability

Limitations on transferability and nominee registrations may be changed by a positive vote of the absolute majority of the share votes represented at a shareholders' meeting.

2.7 Convertible bonds and warrants/options

There are no bonds or warrants outstanding that are convertible into shares of Givaudan SA.


LTR: Werner Bauer, Lilian Biner, Michael Carlos, Calvin Grieder, Ingrid Deltenre, Thomas Rufer, Victor Balli

3. Board of Directors

According to Givaudan's Articles of Incorporation, the Board of Directors may consist of between seven and nine members.

Membership of the Board is composed in such a way as to ensure it possesses all the competencies required to execute its strategic oversight and control over Givaudan. Given the Company's business and its current strategy of 'Responsible growth. Shared success.', the most relevant and important competencies for the Board include:

- in-depth knowledge of the flavour and fragrance industry
- international senior business leadership
- strategy setting and implementation
- financial expertise
- innovation and technology (including digital)
- sales and marketing
- regulatory affairs.

Each of the seven Board members has an in-depth knowledge of his or her relevant areas of expertise and contributes to the Board competencies. In addition, the Board's knowledge and diversity of experience are important assets in leading a company of Givaudan's size in a complex and fast-changing environment.

The Board regularly reviews the list of competencies, including with the help of external expert advisors, and uses the competencies as a basis for its succession planning.

At the Annual General meeting in March 2018, Calvin Grieder was re-elected as Chairman. Prof. Dr-Ing Werner Bauer was re-appointed Vice-Chairman by the Board.

3.1 Members of the Board of Directors

As of 31 December 2018, the following were members of the Board of Directors:

Calvin Grieder
Chairman

Engineer
Swiss national, born 1955 in the USA
Non-executive
First elected in 2014

In 1980, Calvin Grieder started his career as Marketing Manager with Georg Fischer Ltd in Switzerland and continued in various executive positions at Swiss and German companies including Swiss Industrial Company (SIG) Ltd and Swisscom Telecom Ltd, where he served as Head of the Mobile and Internet business and Member of the Executive Board. He was CEO of the international engineering group Bühler from 2001 to 2016.

Calvin Grieder holds the following mandates in companies that are non-quoted: Chairman of the Board of Bühler Group, member of the Board of Trustees of Avenir Suisse, owner and member of the Board of Carivel7 AG, member of the Advisory Board of the ETH Zurich, Department of Mechanical and Process Engineering and member of the Foundation Board of the Swiss Future Fund.

Calvin Grieder holds a Master of Science from the ETH Zurich and has completed an Advanced Management Program (AMP) at Harvard University.

Prof. Dr-Ing. Werner Bauer
Vice-Chairman

Businessman
German and Swiss national, born 1950
Non-executive
First elected 2014

Prof. Dr-Ing. Werner Bauer started his career as a university professor in chemical engineering at the Technical University in Hamburg, Germany. After serving as the Director of the Fraunhofer Institute for Food Technology & Packaging and as Professor in Food Bioprocessing Technology at the Technical University of Munich from 1985 to 1990, he joined Nestlé as Head of the Nestlé Research Centre in Lausanne in 1990. After heading commercially Nestlé South and East Africa he joined general management as Executive Vice-President in 2002, responsible for technical, production, environment and R&D. In 2007 he became Chief Technology Officer and Head of Innovation, Technology, Research and Development, a position from which he retired in September 2013.

Prof. Bauer holds the following mandates in companies that are quoted on an official stock exchange: member of the Boards of Lonza Group AG, GEA Group AG (until November 2018) and SIG Combibloc AG (since September 2018). He holds the following mandates in companies that are non-quoted: Chairman of the Board of Trustees of the Bertelsmann Foundation, vice-chairman of the Board of Bertelsmann SE & Co. KGaA.

Prof. Dr-Ing. Werner Bauer received a Diploma and a PhD in Chemical Engineering from the University Erlangen-Nürnberg in Germany.

Victor Balli
Director

Businessman
Swiss national, born 1957
Non-executive
First elected in 2016

Victor Balli started his professional career in 1985, working as a Financial Analyst & Business Development Manager with EniChem International SA in Zurich and Milan. From 1991 to 1995, he worked as a Principal with Adinvest AG, a corporate finance advisory company with offices in Zurich, San Francisco, New York, and London. Victor Balli held various positions at Minibar between 1996 and 2005, most recently as Chief Executive Officer EMEA as of 2005. From 2007 to 2018 Victor Balli was Chief Financial Officer and member of the Executive Committee of Barry Callebaut AG.

Victor Balli holds the following mandates in companies that are quoted on an official stock exchange: Member of the Board of KWS Saat SE, Member of the Board of Ceva Logistics AG (as of May 2018).

He holds the following mandates in companies that are non-quoted: Member of the Board of the Federal Audit Oversight Authority (as of January 2018), Member of the Supervisory Board of Louis Dreyfus Company Holding B.V. (as of May 2018) and Member of the Board of Hemro AG (as of August 2018).

Victor Balli has a Masters in Economics from the University of St. Gallen and a Masters in Chemical Engineering from the Swiss Federal Institute of Technology in Zurich.

Lilian Biner
Director

Businesswoman
Swedish national, born 1962
Non-executive
First elected 2011

Lilian Biner has senior management experience from retail and consumer goods companies. These posts have most recently included Chief Financial Officer and Executive Vice President with Axel Johnson AB in 2007 and Head of Strategic Pricing for Electrolux Major Appliances Europe, a company she joined in 2000 as head of HR and Organisational Development.

Lilian Biner holds the following mandates in companies that are quoted on an official stock exchange: Chairman of the Board of Cloetta AB, member of the Boards of LE Lundbergföretagen and Nobia AB.

She holds the following mandates in companies that are non-quoted: member of the Board of a-connect (group) ag.

Lilian Biner is a graduate of the Stockholm School of Economics.

Michael Carlos
Director

Businessman
French national, born 1950
Non-executive
First elected 2015

Michael Carlos started his career with Givaudan in 1984 as General Manager in Hong Kong. He became Head of the European Creative Centre in Argenteuil in 1992 where he was in charge of integrating the creative resources from Givaudan and Roure. In 1999, he was appointed Global Head of Consumer Products and then President of the Fragrance Division in 2004, a position from which he retired in 2014.

Michael Carlos holds the following mandates in companies that are quoted on an official stock exchange: member of the Board of Deinove SA. He also holds the following mandates: Chairman of the International Fragrance Association (IFRA), Chairman of the Research Institute of Fragrance Materials (until November 2018), member of the Board of Manus Bio Inc. and Chairman of the Board of Scent Design SA.

Michael Carlos holds an MBA from the Indian Institute of Management and a degree in chemical engineering from the Indian Institute of Technology.

Ingrid Deltenre
Director

Businesswoman
Dutch and Swiss national, born 1960
Non-executive
First elected 2015

Ingrid Deltenre has held several executive positions in the press and media including Director of Publisuisse from 1999 to 2004, and Director of the leading public TV broadcaster in German-speaking Switzerland, Schweizer Fernsehen, from 2004 to 2009. In 2010, she became Director General of the Geneva-based European Broadcasting Union (EBU), a position she held until June 2017.

She holds the following mandates in companies that are quoted on an official stock exchange: member of the Board of Banque Cantonale Vaudoise, member of the Supervisory Board of Deutsche Post/DHL, and member of the Board of Sunrise (since April 2018).

She also is a member of the board of Agence France Presse and is a member and chairs the supervisory body of the Executive MBA of the University of Zurich.

Ingrid Deltenre holds a Master of Arts and a Bachelor of Arts in Journalism and Educational Sciences from the University of Zurich.

Thomas Rufer
Director

Certified Public Accountant
Swiss national, born 1952
Non-executive
First elected 2009

Thomas Rufer joined Arthur Andersen in 1976, where he held several positions in audit and business consulting (accounting, organisation, internal control and risk management). He was Country Managing Partner for Arthur Andersen Switzerland from 1993 to 2001. Since 2002, he has been an independent consultant in accounting, corporate governance, risk management and internal control.

He holds the following mandates in non-listed companies: Member of the Swiss Takeover Board. Until 31 December 2017 Chairman of the Board of Directors of the Federal Audit Oversight Authority.

Thomas Rufer has a degree in business administration (économiste d'entreprise HES) and is a Swiss Certified Public Accountant.

Board of Directors, its committees and election dates 2018

Board of Directors

Calvin Grieder
Chairman
Swiss
born 1955
Member since 2014

Prof. Dr-Ing. Werner Bauer
German and Swiss
born 1950
Member since 2014

Victor Balli
Swiss
born 1957
Member since 2016

Lilian Biner
Swedish
born 1962
Member since 2011

Michael Carlos
French
born 1950
Member since 2015

Ingrid Deltenre
Dutch and Swiss
born 1960
Member since 2015

Thomas Rufer
Swiss
born 1952
Member since 2009

Audit Committee

Thomas Rufer (Chairman), entire year
Lilian Biner, entire year
Victor Balli, entire year

- Assists the Board in its oversight responsibilities with respect to financial reporting
- Ensures effectiveness and efficiency of internal control, risk management and compliance systems
- Assesses and overviews the internal and external audit processes

Compensation Committee

Prof. Dr-Ing. Werner Bauer (Chairman), entire year
Ingrid Deltenre, entire year
Victor Balli, entire year

- Reviews and recommends the compensation policies to the Board
- Approves the remuneration for the Executive Committee
- Prepares the Compensation Report

Nomination and Governance Committee

Calvin Grieder (Chairman), entire year
Ingrid Deltenre, entire year
Michael Carlos, entire year

- Assists the Board in applying principles of good corporate governance
- Prepares appointments to the Board and the Executive Committee

Innovation Committee

Michael Carlos (Chairman), entire year
Calvin Grieder, entire year
Prof. Dr-Ing. Werner Bauer, entire year

- Assists the Board in scientific matters relating to the flavours, fragrances and cosmetics Industry
- Identifies opportunities, proposes and screens potential innovation partners

3.2 Other activities and vested interests

Please refer to the biographies of the Board members described in section 3.1 for their other activities and vested interests.

Except for those described in section 3.1, no Board member of Givaudan SA holds any material permanent management or consultancy functions for significant domestic or foreign interest groups nor any significant official functions or political posts. The Board of Directors assesses the independence of its members.

As at 31 December 2018, all members of the Board of Directors were non-executive and, apart from Michael Carlos, all of the Board members were independent in accordance with article 14 of the Swiss Code of Best Practice for Corporate Governance. None of the Board members has important business connections with Givaudan SA or any of its affiliates. Michael Carlos was President of the Fragrance Division of the Company until the end of 2014.

3.3 Rules in the Articles of Incorporation on the number of permitted activities pursuant to Art. 12 para. 1 point 1 of the Ordinance against Excessive Compensation (OaEC)

Article 32 of the Articles of Incorporation of the Company permits the following external mandates for members of the Board of Directors:

- Members of the Board of Directors may not hold more than four additional mandates in companies that are quoted on an official stock exchange and seven additional mandates in non-quoted companies.

- The following mandates are not subject to these limitations:
  - mandates in companies which are controlled by the corporation
  - mandates held by order and on behalf of the corporation or any controlled company. No member of the Board of Directors or of the Executive Committee shall hold more than ten such mandates
  - mandates in associations, foundations, charitable organisations, trusts, employee welfare foundations and other comparable structures. No member of the Board of Directors or of the Executive Committee shall hold more than 15 such mandates.

'Mandates' mean mandates in the supreme governing body of a legal entity which is required to be registered in the Swiss commercial register or a corresponding foreign register. Mandates in different legal entities which are under joint control are deemed one mandate.

3.4 Elections and terms of office

3.4.1 Principles of the election procedure, rules differing from the statutory legal provisions with regard to the appointment of the Chairman, the members of the Compensation Committee and the independent proxy

The Company amended its Articles of Incorporation at the Annual General Meeting 2014 to align with the new requirements of the OaEC. The rules regarding the appointment of the Chairman, the members of the Compensation Committee and the independent proxy do not deviate from the statutory legal provisions. All Board members, the Chairman, the members of the Compensation Committee and the independent proxy are elected annually and individually for one year, being the time from one ordinary Annual General Meeting to the next one.

3.4.2 For each Board member: date of first election to Board and attendance of meetings

For the dates of first election to the Board and attendance of Board and committee meetings, please refer to the tables on pages 106 and 108.

3.5 Internal organisational structure

3.5.1 Allocation of tasks among the Board members

The Chairman is elected annually at the Annual General Meeting. He prepares the agenda and chairs meetings of the shareholders, convenes, prepares and chairs the meetings of the Board of Directors, coordinates the work of the Board committees, prepares and supervises the implementation of resolutions of the Board of Directors (to the extent not delegated to a committee), supervises the course of business and the activities of the Executive Committee, proposes succession candidates for appointment to the Board of Directors or to the Executive Committee and proposes the global remuneration of the Chief Executive Officer and other members of the Executive Committee to the Compensation Committee.

The Chairman receives all invitations and minutes of Committee meetings and is entitled to attend these meetings. The Chairman further decides in cases which fall under the tasks and powers of the Board of Directors, but in which a timely decision of the Board of Directors cannot be made because of urgency. In such cases, the Chairman informs the members of the Board of Directors as quickly as possible and the corresponding resolution is minuted at the next Board meeting.

If the Chairman is unable to act, the Vice-Chairman exercises his functions, assuming all his tasks and powers.

Meetings: attendance 2018

Board member	Number of Board meetings / calls attended		Number of Audit Committee meetings attended		Number of Compensation Committee meetings attended	Number of Nomination and Governance Committee meetings attended	Number of Innovation Committee meetings attended
	regular	extraord.	regular	extraord.			
Calvin Grieder	**6**	2				2	3
Victor Balli	**6**	2	**4**	1	4		
Prof. Dr-Ing. Werner Bauer	**6**	2			4		3
Lilian Biner	**6**	1	**4**	1			
Michael Carlos	**6**	2				2	3
Ingrid Deltenre	**6**	2			4	2	
Thomas Rufer	**6**	2	**4**	1			
Meetings held in the year	**8**		**5**		**4**	**2**	**3**
Average length of meetings	**1 – 2 days (regular)**		**3 to 4 hours**		**1.5 to 2 hours**	**1 to 1.5 hour**	**4 – 8 hours**

3.5.2 For each committee of the Board of Directors: list of members – tasks – areas of responsibility

The Board of Directors has four established Committees: an Audit Committee, a Nomination and Governance Committee, a Compensation Committee and an Innovation Committee. Each committee is led by a Committee Chairman whose main responsibilities are to organise, lead and minute the meetings. For the participation of the Board members in the committees, please refer to the table above.

Audit Committee

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information, the systems of internal controls and the audit process. It carries out certain preparatory work for the Board of Directors as a whole. The Audit Committee currently consists of three members of the Board. All of them have the requisite financial experience.

The Audit Committee ensures that the Company's risk management systems are efficient and effective. It promotes effective communication among the Board, management, the internal audit function and external audit. It reviews and approves the compensation of the external auditors for the annual audit.

The Audit Committee held four regular meetings in 2018, each lasting approximately three to four hours. The Head of Internal Audit, the Chief Financial Officer, the Corporate Compliance Officer and the External Lead Audit Partner attended all meetings, apart from certain private sessions. In addition, the Audit committee held one extraordinary meeting to designate a new Head of Corporate Internal Audit.

Compensation Committee

The Compensation Committee reviews and recommends the compensation policies to the Board of Directors. It approves the remuneration of the Chief Executive Officer and the other members of the Executive Committee as well as all performance-related remuneration instruments and pension fund policies. Since the Swiss Ordinace against Excessive Compensation came into force, the Committee prepares the Compensation Report to be established by the Board.

The Compensation Committee consists of three members of the Board. The Committee takes advice from external independent compensation specialists and consults with the Chairman and the Chief Executive Officer on specific matters where appropriate. Since the Annual General Meeting 2014, the members of the Compensation Committee are elected by the shareholders from the re-elected Board members.

In 2018, the Compensation Committee met four times. The average duration of each meeting was approximately 1.5 to 2 hours. During these meetings the Committee reviewed, among other things, the short and long term incentive plan parameters as well as the alignment of Executive Committee and Board of Directors compensation with the Company's principles and policy. Where appropriate, the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Head of Global Human Resources and/or the Head of Compensation and Benefits attended the meetings.

page 86, 2018 Compensation report

Nomination and Governance Committee
The Nomination and Governance Committee assists the Board in applying the principles of good corporate governance. It prepares appointments to the Board of Directors and the Executive Committee and advises on the succession planning process of the Company. It consists of three members of the Board.

The Nomination and Governance Committee met twice during 2018 to prepare changes in the composition of the Board and the Board committees as well as senior management succession. It also reviewed the independence of the Board members. Each meeting lasted between one and one and a half hours. Where appropriate, the CEO and the Global Head of Human Resources attended the meetings.

Innovation Committee
The Innovation Committee advises the Board on scientific matters relevant to the flavour and fragrance and cosmetics industry, or other additional fields the Board may request. It acts as a sounding board to the Board of Directors and research management, reviewing activities in different fields of research, looking at new opportunities and possible partnerships and reviewing projects on a detailed basis as required. It also serves as a platform for Board dialogue with the relevant members of the Executive Committee and the divisional Heads of Science and Technology.

The Innovation Committee met three times during 2018. Each meeting lasted approximately four to eight hours on average. The CEO, the Division Heads and the divisional Heads of Science and Technology were present. External speakers also attended the meetings.

More information on the Board of Directors and the roles of the Committees are described in the following sections of Givaudan's website:

www.givaudan.com – our company – management – board of directors

www.givaudan.com – our company – management – board of directors – committees of the board

3.5.3 Work methods of the Board and its Committees
Board meetings are held periodically and also when matters require a meeting, or on the written request of one of the members of the Board. Ordinary Board meetings are held on average once a quarter plus one additional ordinary Board meeting to approve the Annual Report. The Chairman, after consultation with the Chief Executive Officer, sets the agenda for each Board meeting. Decisions may also be taken by circulation (in writing, including by PDF sent by e-mail) or by telecommunication (including telephone and video-conference), provided that none of the Board members requests a formal meeting.

Meetings of Board Committees are usually held in connection with Board meetings, with additional meetings scheduled as required. The Board of Directors receives regular reports from its Committees and the Chairman, as well as from the Executive Committee.

The minutes of all Committee meetings are prepared by the Board secretary and circulated to all Board members.

In preparation for Board and committee meetings, the Board members involved receive pertinent information for pre-reading via a secure electronic document sharing system.

In 2018 the Givaudan Board of Directors held six regular meetings including one constitutive meeting directly following the general meeting of shareholders. In addition, the Board held two extraordinary meetings by telephone and passed two written resolutions by circulation. Regular meetings in Switzerland usually last for one to one and a half days, while Board meetings at Givaudan locations outside Switzerland last for two to three days, including visits to sites and strategic locations and discussion with the management of the visited region. Extraordinary meetings are usually shorter.

In October 2018 the Board visited the newly acquired sites of Expressions Parfumées and Naturex in France.

Apart from the constitutive meeting directly following the general meeting of shareholders and the extraordinary meetings by telephone, the Company's operational and financial performance was presented by management and reviewed by the Board during each Board meeting. The Board was also informed about, and discussed, various aspects of the Company's future strategy, all major business development and investment projects, management succession planning and compensation and other major business items as well as the findings of Internal Audit and risk management. Except for the constitutive meeting and certain closed sessions, the Chief Executive Officer, the Chief Financial Officer and the presidents of the two divisions were present at all meetings. The other members of the Executive Committee attended four meetings. Selected senior managers were invited to address specific projects at regular Board meetings. The Head of Corporate Internal Audit and the Corporate Compliance Officer each reported once to the Board of Directors.

In 2018 the Board conducted one annual self-assessment and had continuous discussions of its own succession planning.

The attendance of Board members at Board and Committee meetings in 2018 as well as the average duration of the meetings can be seen in the table on page 108.

3.6 Definition of areas of responsibility

The Board of Directors is responsible for the ultimate direction, strategic supervision and control of the management of the Company, as well as other matters which, by law, are under its responsibility. This includes the establishment of medium- and long-term strategies and of directives defining Company policies and the giving of the necessary instructions in areas such as acquisitions, major investments and long-term financial commitments exceeding certain thresholds.

In accordance with Swiss law, the Articles of Incorporation and the Board Regulations of Givaudan, the duties of the Board of Directors include the following matters:

- the ultimate management of the Company and, in particular, the establishment of medium- and long-term strategies and of directives defining Company policies and the giving of the necessary instructions
- the establishment of the organisation
- the approval of the annual Group budget
- the structuring of the accounting system and of the financial controlling, as well as the financial planning
- the assessment of the Company's risk management
- the decision on investments in, or divestments of, fixed and tangible assets of a global amount exceeding the limit set by the corporate investment guidelines established by the Board of Directors
- the appointment and removal of the persons entrusted with the management and representation of the Company, in particular the Chief Executive Officer and the other members of the Executive Committee
- the ultimate supervision of the persons entrusted with the management, in particular with respect to compliance with the law, the Articles of Incorporation, regulations and instructions given in any areas relevant to the Company, such as working conditions, environmental protection, trade practices, competition rules, insider dealing and ad hoc publicity
- the preparation of the annual business report, as well as the preparation of the Annual General Meeting of shareholders and the implementation of its resolutions
- the notification of the court in case of insolvency
- the decisions regarding the subsequent performance of contributions on shares not fully paid in
- the ascertainment of share capital increases to the extent that these fall under the powers of the Board of Directors and resulting confirmations and modifications to the Articles of Incorporation
- the verification of the special professional qualifications of the auditors.

Except as otherwise provided by Swiss law, the Articles of Incorporation and the Board Regulations, all other areas of management are fully delegated by the Board of Directors to the Chief Executive Officer, the Executive Committee and its members.

The Board Regulations can be found at:

www.givaudan.com – our company – corporate governance – rules and policies

3.7 Information and control instruments vis-à-vis senior management

The Board recognises that in order to be able to carry out its tasks of ultimate direction of the Company and supervision of the management, it needs to be fully informed about all matters that materially impact Givaudan. To ensure this, the Board has at its disposal an information and control system which comprises the following instruments:

Management information system

The Board ensures that it has sufficient information for appropriate decision-making through a management information system with wide-ranging information rights for the Board members:

- the Chairman of the Board receives invitations and minutes of Executive Committee meetings on a regular basis and the Chief Executive Officer and the Chief Financial Officer report regularly to the Chairman of the Board of Directors
- the Chief Executive Officer and the Chief Financial Officer are present and report at all regular Board meetings and answer all requests for information by the Board members about any matter concerning Givaudan that is transacted. Other members of the Executive Committee and selected senior managers are regularly invited to address specific projects at regular Board meetings. All members of the Executive Committee have a duty to provide information at meetings of the Board of Directors on request
- the Head of Internal Audit and the Corporate Compliance Officer report to the Board once a year. The Board also receives annual reports on Environment, Health and Safety, Sustainability and Risk Management

- the Head of Internal Audit and the Corporate Compliance Officer are present and report at each meeting of the Audit Committee. The Chief Financial Officer is also present at all meetings of the Audit Committee, as are the external auditors
- the Head of Human Resources, the Head of Compensation & Benefits and the Chief Executive Officer are present at each Compensation Committee meeting, except when questions of compensation for Executive Committee members are being deliberated. The Chairman also attends regularly the meetings of the Compensation Committee
- all Board members have access to all Committee meeting minutes
- the Board of Directors receives summarised monthly reports from the Executive Committee, which include performance against key performance indicators. All Board members are immediately informed on extraordinary events. They also have direct access to the Givaudan intranet where all internal information on key events, presentations and organisational changes are posted. In addition, the Board members receive relevant information, including media releases and information to investors and financial analysts
- in preparation for each Board meeting, the Board members receive information and reports from the Executive Committee and other members of senior management via a secure electronic document sharing system and other means of communication
- the Board of Directors visits at least one Givaudan country operation per year, where Board members meet members of senior local management. Additionally, Board members are encouraged to visit country operations when travelling and to meet local and regional senior management to allow Board members the opportunity of getting first-hand information on local and regional developments and interacting directly with management across the globe
- the Board has regular access to the Chief Executive Officer, Chief Financial Officer and the other members of the Executive Committee. Any Board member may request from the Chief Executive Officer and other members of the Executive Committee information concerning the course of the business.

Risk management
Givaudan has established an internal risk management process that is based on the Givaudan Enterprise Risk Management Charter. It focuses on identifying and managing/exploiting risks.

The Board of Directors defines the strategic risk management framework. This process is under the responsibility of the Executive Committee. The risk management process follows a structured assessment, review and reporting cycle that is coordinated by the Corporate Compliance Officer to ensure a harmonised Group-wide approach.

For each identified strategic top-level Company risk a member of the Executive Committee is designated as the risk owner with the responsibility to manage the risk on a Group-wide basis. Once a year the Executive Committee reports to the Board on the risk management process, the strategic risks and the mitigation actions. Corporate Internal Audit provides assurance on the effectiveness of the risk management process.

pages 72 – 75 , Risk management

Internal audit
The Corporate Internal Audit function is established as an independent and objective corporate function reporting directly to the Audit Committee.

Its role is to evaluate and contribute to the continuous improvement of the Company’s risk management and control systems. This specifically includes the analysis and evaluation of the effectiveness of business processes and recommendations for adjustments where necessary.

Corporate Internal Audit uses a risk-based audit approach aimed at providing assurance on all relevant business processes across Givaudan entities. This approach follows a business process audit methodology that provides value to the local entities and to the Group’s management.

Givaudan corporate strategy, risk management findings, past audit results, management input, changes in organisation and Corporate Internal Audit experience are the elements taken into account to build the annual internal audit plan. Effective communication and reporting ensure an efficient implementation of the audit recommendations. For specific audits of affiliates, the internal audit function is supported by dedicated staff from EY. The internal audit activity is reported to the full Board of Directors once a year.

At the end of 2018, the current Head of Internal Audit retired. He will be replaced as of January 2019 by an internal successor following a thorough recruitment process including the involvement of the Audit Committee.

GRI Disclosure 102 – 18, pages 103 – 111

LtR: Willem Mutsaerts, Louie D'Amico, Tom Hallam, Gilles Andrier, Maurizio Volpi, Simon Halle-Smith, Anne Tayac

4. Executive Committee

The Executive Committee, under the leadership of the Chief Executive Officer, is responsible for all areas of operational management of the Company that are not specifically reserved to the Board of Directors.

The Chief Executive Officer is appointed by the Board of Directors upon recommendation of the Nomination Committee. Subject to the powers attributed to him, he has the task of achieving the strategic objectives of the Company and determining the operational priorities. In addition, he leads, supervises and coordinates the other members of the Executive Committee, including convening, preparing and chairing the meetings of the Executive Committee.

The members of the Executive Committee are appointed by the Board of Directors on recommendation of the Chief Executive Officer after evaluation by the Nomination Committee. The Executive Committee is responsible for developing the Company's strategic as well as long-term business and financial plans. Key areas of responsibility also include the management and supervision of all areas of the business development on an operational basis, and approving investment decisions.

The tasks and powers of the Executive Committee include the approval of investments, leasing agreements and divestments within the corporate investment guidelines. The Executive Committee approves important business projects, prepares the business plan of the Company and the budgets of the individual divisions and functions.

In addition, it plays a key role – together with the Human Resources organisation – in the periodic review of the talent management programme, including succession planning for key positions. Alliances and partnerships with outside institutions, such as universities, think tanks and other business partners, are also monitored by the Executive Committee.

The members of the Executive Committee are individually responsible for the business areas assigned to them.

Sustainability

The Head of Global Procurement and Sustainability, a member of the Executive Committee, heads the Company's sustainability programme. He is supported by a cross-functional corporate sustainability steering committee and a sustainability leadership team made up of internal specialists in corporate responsibility and sustainability to implement the programme.

The Head of Global Procurement and Sustainability reports annually to the Board of Directors on sustainability matters.

The Executive Committee meets generally on a monthly basis to discuss general Company business and strategy. In 2018, the Committee held twelve meetings at Company sites around the world, each meeting lasting between one and two days.

These meetings are an opportunity to interact with local management and to visit Givaudan locations across the globe. Each major region is visited at least once a year to ensure a close interaction with all the different business areas.

4.1 Members of the Executive Committee

At 31 December 2018, the following were members of the Executive Committee

Gilles Andrier

Chief Executive Officer

French national

Born in 1961

Appointed in 2005

Gilles Andrier spent the first part of his career with Accenture in management consulting before joining Givaudan in 1993 as Fragrance Division Controller and Assistant to the Chief Executive Officer. He later held various positions including Head of Fragrance Operations in the USA and Head of Consumer Products in Europe. He was appointed Head of Fine Fragrances, Europe in 2001 before becoming Global Head of Fine Fragrances in 2003 and then CEO of Givaudan in 2005.

Other mandates held by Gilles Andrier are: independent non-executive Director of Albea SA and Co-Chairman of the Board of the Natural Resources Stewardship Circle.

Gilles Andrier graduated with two Masters in Engineering from ENSEEIH Toulouse.

Tom Hallam

Chief Financial Officer

British and Swiss national

Born in 1966

Appointed in 2017

Tom Hallam began his career in the UK working in various industries and positions. He moved to Switzerland in 1996 to join Serono in Geneva, where he held a number of positions of increasing responsibility including Financial Director for Manufacturing Operations, and in 2001 he was appointed Vice President, Corporate Finance. Tom joined Givaudan in 2008 as Group Controller, based in Vernier, Switzerland with responsibility for financial reporting and compliance, strategic planning and management of Givaudan's business development process. He was appointed Chief Financial Officer effective 1 January 2017.

Tom Hallam graduated from the University of Manchester, UK with a BA (Hons) in Accounting and Finance and subsequently qualified as a member of the Chartered Institute of Management Accountants.

Louie D'Amico

President Flavour Division

US national

Born in 1961

Appointed in 2018

Louie D'Amico began his career with Givaudan in sales as key account manager with Tastemaker. On the merger with Givaudan Roure in 1997, Louie became the Head of the North America Sweet Goods business unit and later the North America Savoury business unit. In 2003, he relocated to Europe as Head of International Key Account Management and then Head of the Global Beverage business unit. In 2006, Louie became Commercial Head of EAME. In 2010, he relocated back to the USA as Head of Flavours Americas. Effective 1 April 2018, he was appointed President of the Flavour Division and a member of the Executive Committee.

Louie D'Amico has a BSc in chemistry from Michigan State University. He has over 28 years of experience in the flavour industry.

Maurizio Volpi
President Fragrance Division

Italian national
Born in 1969
Appointed in 2015

Maurizio Volpi began his career in consumer goods with P&G and Reckitt Benckiser in Italy, working in various marketing roles. In 2000, he joined Givaudan Italy as Account Manager in Milan before moving to Argenteuil in 2003 as Head of Marketing Consumer Products Europe. Maurizio Volpi subsequently took on roles of increasing responsibility at the global level: Head of Global Marketing Consumer Products, Head of Global Marketing and Consumer Market Research for both Consumer Products and Fine Fragrances, and World Account Manager for Unilever. He was appointed Regional Head of Western and Eastern Europe (WEE) for the Consumer Products business in 2012 and in 2015 became President of the Givaudan Fragrance Division.

Maurizio Volpi holds a degree in Economics from the Bocconi University in Milan, Italy.

Simon Halle-Smith
Head of Global Human Resources and EHS

British national
Born in 1966
Appointed in 2015

Simon Halle-Smith began his career in the pharmaceutical industry in 1991. He worked with Eli Lilly & Company in the UK in Clinical Trial Project Management, Sales and Human Resources. In 2004, he joined Quest as HR Director for the UK, before being appointed European HR Director in 2005. When Quest was acquired by Givaudan in 2007, he continued as European HR Director before being appointed Head of HR for the Fragrance Division in 2009. In 2015, Simon Halle-Smith became Head of Global Human Resources and a member of the Executive Committee. He took on the additional responsibility for Environment, Health and Safety (EHS) as of March 2017.

Simon Halle-Smith has a Bachelors in Biology and Chemistry and a PhD in Biochemistry from the University of East Anglia in the UK.

Willem Mutsaerts
Head of Global Procurement and Sustainability

Dutch national
Born in 1962
Appointed in 2015

Willem Mutsaerts joined Givaudan in 1989, initially with responsibility for sales in Benelux. He moved on to become Regional Account Manager for the APAC region in Singapore before being appointed Head of Global Purchasing for Fragrances. In 2001, he took commercial responsibility for Fragrance consumer products in the EAME region, and in 2007 was appointed Head of Global Operations Fragrances. Willem Mutsaerts became Head of Global Procurement and a member of the Executive Committee in October 2015. As of March 2017, he took on the additional responsibility of head of Givaudan's Sustainability programme.

Willem Mutsaerts has a degree in international marketing and is the holder of an MBA obtained at Golden Gate University in Singapore.

Anne Tayac
Head of Givaudan Business Solutions

French national
Born in 1968
Appointed in 2016

Anne Tayac began her career as a Quality Assurance coordinator with Robertet in Grasse. She joined Givaudan France in 1996 as Head of Quality Management before being promoted to Global Head of Fragrance Quality Management in 1998. Anne relocated to Vernier in 2003 where she assumed roles of increasing responsibility in Quality Management, Customer Care, SAP deployment change management, Fragrance and Flavour Supply Chain Excellence and was most recently responsible for leading Global Fragrance Operations. She was appointed as Head of Givaudan Business Solutions (GBS) in August 2016.

Anne Tayac has a Master in Flavours and Fragrances from Sciences University in Le Havre, France and in Analytical Control and Quality from Sciences University in Marseille, France.

Changes to the Executive Committee
At the end of March 2018 Mauricio Graber retired from the Executive Committee and left Givaudan at the end of June 2018. As of 1 April 2018, Louie D'Amico, until then Head of Flavours Americas, was appointed President Flavour Division.

4.2 Other activities and vested interests
Please refer to the biographies of the members of the Executive Committee described in section 4.1 for their other activities and vested interests.

Except for those described in section 4.1, no member of the Executive Committee of Givaudan SA holds any material permanent management or consultancy functions for significant domestic or foreign interest groups nor any significant official functions or political posts.

4.3 Rules in the Articles of Incorporation on the number of permitted activities pursuant to Art. 12 para. 1 point 1 OaEC
Article 32 of the Articles of Incorporation of the Company permits the following external mandates for members of the Executive Committee:

- members of the Executive Committee may, subject to approval by the Board of Directors, hold up to two mandates in quoted or non-quoted companies.

- the following mandates are not subject to these limitations:
  - mandates in companies which are controlled by the corporation
  - mandates held by order and on behalf of the corporation or any controlled company. No member of the Board of Directors or of the Executive Committee shall hold more than ten such mandates
  - mandates in associations, foundations, charitable organisations, trusts, employee welfare foundations and other comparable structures. No member of the Board of Directors or of the Executive Committee shall hold more than 15 such mandates.

'Mandates' mean mandates in the supreme governing body of a legal entity which is required to be registered in the Swiss commercial register or a corresponding foreign register. Mandates in different legal entities which are under joint control are deemed one mandate.

4.4 Key elements of all management contracts between the issuer and companies (or natural persons) not belonging to the Group
The Company has not entered into any management contracts with third parties that fall within the scope of Subsection 4.4 of the SIX Directive on Information Relating to Corporate Governance.

GRI Disclosure 102 – 18, pages 112 – 115

5. Compensation, shareholdings and loans

In accordance with the Swiss Code of Obligations and the SIX Directive on Corporate Governance, Givaudan publishes the details of the remuneration of its Board of Directors and its Executive Committee in the separate 'Compensation Report' in this Annual Report as well as in the 2018 Financial Report.

6. Shareholders' participation

6.1 Voting rights and representation restrictions
6.1.1 All voting rights restrictions; indication of any statutory group clauses and rules on granting exceptions, particularly in the case of institutional voting rights representatives
At the Annual General Meeting of shareholders on 20 March 2014, the previously existing registration and voting rights restrictions were removed. Today, the Company has no limitations on voting rights for ordinary shareholders.

For restrictions on nominee shareholders, see section 2.6.3.

6.1.2 Reasons for granting exceptions in the year under review
Not applicable as the Company does not have any voting rights restrictions for ordinary shareholders.

6.1.3 Procedure and conditions for abolishing statutory voting rights restrictions
Any change in the above rules requires a positive vote of the absolute majority of the share votes represented at a shareholders' meeting, as prescribed by Swiss law.

6.1.4 Statutory rules on participation in the general meeting of shareholders if they differ from applicable legal provisions
There are no deviations from the Swiss legal provisions.

Any shareholder who, on the day determined by the Board of Directors, is registered as a shareholder with voting rights has the right to attend and to vote at the shareholders' meeting. Each shareholder may be represented at the shareholders' meeting by another shareholder who is authorised by a written proxy, by a legal representative or by the independent voting rights representative ('independent proxy') elected by the Annual General Meeting of shareholders.

6.1.5 Information on any rules which might be laid down in the Articles of Incorporation on the issue of instructions to the independent proxy, and any rules in the Articles of Incorporation on the electronic participation in the general meeting of shareholders

Article 10 of the Articles of Incorporation of the Company states that the Board of Directors establishes the rules on shareholder participation and representation in the shareholders' meeting, including the rules on proxies and voting instructions (by electronic means or otherwise).

6.2 Statutory quorums

The Articles of Incorporation of Givaudan SA follow the majority rules prescribed by Swiss law for decisions of general meetings of shareholders.

6.3 Convocation of the general meeting of shareholders

The convocation of shareholders registered with voting rights to general shareholders' meetings is made by publication in the Swiss official trade journal (SHAB/FOSC) at least 20 days prior to the day of the meeting. Shareholders representing at least 10% of the share capital may demand in writing that a shareholders' meeting be convened, setting forth the items to be included on the agenda and the proposals.

6.4 Agenda

Shareholders representing shares for a nominal value of at least CHF 1 million may demand in writing at least 45 days before the meeting that an item be included in the agenda, setting forth the item and the proposal.

6.5 Inscriptions into the share register

Shareholders will be registered with a right to vote in the share register of Givaudan SA until the record date set by the Board of Directors for each shareholders' meeting. The register date for the ordinary general meeting is specified in the invitation and is set approximately two weeks before the meeting. Only shareholders who hold shares registered in the share register with a right to vote at a certain date, or their representatives, are entitled to vote.

Givaudan SA has not granted any exceptions to this rule.

7. Change of control and defence measures

7.1 Duty to make an offer

The Articles of Incorporation of Givaudan SA do not contain any rules on opting out or opting up under Swiss law.

General Swiss legal provisions apply, which provide that anyone who acquires more than 33.3% of the voting rights of a listed company is required to make a public offer to acquire all listed securities of the Company that are listed for trading on the SIX Swiss Exchange.

7.2 Clauses on changes of control

In the event of a change of control, restricted share units (RSU) and performance shares granted, as the case may be, by the Company to members of the Board of Directors and to a total of 457 senior management and employees may vest immediately. All other defence measures against change of control situations previously in effect were deleted by the Board of Directors in 2007.

8. Auditors

8.1 Duration of the mandate and term of office of the lead auditor

At the Annual General Meeting of shareholders on 26 March 2009, Deloitte SA was first appointed as Group and statutory auditor of Givaudan SA and its affiliates and has held the audit mandate since that time. At the Annual General Meeting of shareholders on 22 March 2018, Deloitte SA was reappointed as statutory auditor for the business year 2018. Since March 2016, the responsible lead auditor for the Givaudan audit at Deloitte has been Ms Karine Szegedi Pingoud, Partner.

The Audit Committee and the Board reconsider on an annual basis whether the statutory auditors should be proposed for re-election to the shareholders' meeting.

8.2 Auditing fees

The fees of Deloitte for professional services related to the audit of the Group's annual accounts for the year 2018 were CHF 3.2 million. This amount includes fees for the audit of Givaudan SA, its subsidiaries, and of the consolidated financial statements.

8.3 Additional fees

In addition, for the year 2018, Deloitte rendered tax and compliance related services for a total of CHF 0.2 million.

8.4 Informational instruments pertaining to the external audit

The external auditor presents the outcome of the audit directly to the Audit Committee after the end of each reporting year. The Audit Committee is also responsible for evaluating the performance of Deloitte as external auditors pursuant to a set of defined criteria. In addition, the Committee reviews and approves the compensation and evaluates and approves other services provided by the external auditor. During 2018 Deloitte attended all four of the Audit Committee meetings.

The scope of the audit is defined in an engagement letter signed by the Chairman of the Audit Committee and the Chief Financial Officer.

9. Information policy

Givaudan's Principles of Disclosure and Transparency are described in detail at:

www.givaudan.com – our company – corporate governance – rules and policies

Givaudan's Articles of Incorporation can be found at:

www.givaudan.com – our company – corporate governance – rules and policies

Hard copies of Company publications such as the Annual Report are available on request.

All Corporate publications such as the Annual Report, the Half Year Report and the Sustainability GRI Report can also be downloaded from Givaudan's website at:

www.givaudan.com – media – publications

Quarterly sales information and other media releases can be found at:

www.givaudan.com – media – media releases

All relevant information can also be found at:

www.six-swiss-exchange.com – market data – shares – Givaudan – company details

The complete calendar of events is available at:

www.givaudan.com – investors – shareholder information – investor calendar

For further information please contact:
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E group.investors@givaudan.com

Financial report

Detailed contents

Consolidated financial statements

Consolidated Income Statement

For the year ended 31 December

in millions of Swiss francs, except for earnings per share data	Note	**2018**	2017
Sales	7	5,527	5,051
Cost of sales		(3,198)	(2,801)
Gross profit		**2,329**	**2,250**
as % of sales		42.1%	44.5%
Selling, marketing and distribution expenses		(716)	(669)
Research and product development expenses		(477)	(424)
Administration expenses		(208)	(178)
Share of (loss) profit of jointly controlled entities	10	5	–
Other operating income	11	63	42
Other operating expense	12	(113)	(152)
Operating income		**883**	**869**
as % of sales		16.0%	17.2%
Financing costs	14	(55)	(42)
Other financial income (expense), net	15	(56)	(32)
Income before taxes		**772**	**795**
Income taxes	16	(109)	(75)
Income for the period		**663**	**720**
Attribution			
Income attributable to non-controlling interests		–	
Income attributable to equity holders of the parent		663	720
as % of sales		12.0%	14.2%
Earnings per share – basic (CHF)	**17**	**71.92**	**78.18**
Earnings per share – diluted (CHF)	**17**	**71.36**	**77.54**

The notes on pages 125 to 180 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December

in millions of Swiss francs	Note	2018	2017
Income for the period		**663**	**720**
Items that may be reclassified to the income statement			
Cash flow hedges			
Movement in fair value, net		(4)	3
Gains (losses) removed from equity and recognised in the consolidated income statement		8	5
Movement on income tax	16	–	–
Exchange differences arising on translation of foreign operations			
Movement in fair value arising on hedging instruments of the net assets in foreign operations		37	
Change in currency translation		(140)	63
Movement on income tax	16	–	–
Items that will not be reclassified to the income statement			
Defined benefit pension plans			
Remeasurement gains (losses) of post employment benefit obligations	8	162	55
Movement on income tax	16	(35)	(38)
Other comprehensive income for the period		**28**	**88**
Total comprehensive income for the period		**691**	**808**
Attribution			
Total comprehensive income attributable to non-controlling interests		–	
Total comprehensive income attributable to equity holders of the parent		691	808

The notes on pages 125 to 180 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December

in millions of Swiss francs	Note	2018	2017
Cash and cash equivalents	5, 18	423	534
Derivative financial instruments	5	11	16
Financial assets at fair value through income statement	5	4	2
Accounts receivable - trade	5, 19	1,253	1,147
Inventories	20	1,098	902
Current tax assets	16	41	32
Prepayments		53	123
Other current assets	5	238	98
Current assets		**3,121**	**2,854**
Derivative financial instruments	5	2	1
Property, plant and equipment	21	1,759	1,579
Intangible assets	22	3,999	2,482
Deferred tax assets	16	208	207
Post-employment benefit plan assets	8	22	21
Financial assets at fair value through income statement	5	61	63
Jointly controlled entities	10	33	33
Investment property	23	2	16
Other long-term assets		61	53
Non-current assets		**6,147**	**4,455**
Total assets		**9,268**	**7,309**
Short-term debt	5, 24	4	308
Derivative financial instruments	5	12	12
Accounts payable - trade and others	5	719	662
Accrued payroll and payroll taxes		178	149
Current tax liabilities	16	95	49
Financial liability - own equity instruments	27	93	93
Provisions	26	24	57
Other current liabilities		225	195
Current liabilities		**1,350**	**1,525**
Derivative financial instruments	5	43	60
Long-term debt	5, 24	3,266	1,300
Provisions	26	73	67
Post-employment benefit plan liabilities	8	490	644
Deferred tax liabilities	16	238	99
Other non-current liabilities		85	76
Non-current liabilities		**4,195**	**2,246**
Total liabilities		**5,545**	**3,771**
Share capital	28	92	92
Retained earnings and reserves	28	5,811	5,682
Own equity instruments	27	(142)	(157)
Other components of equity		(2,051)	(2,079)
Equity attributable to equity holders of the parent		**3,710**	**3,538**
Non-controlling interests		13	
Total equity		**3,723**	**3,538**
Total liabilities and equity		**9,268**	**7,309**

The notes on pages 125 to 180 form an integral part of these financial statements.

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Consolidated Statement of Changes in Equity

For the year ended 31 December

2018 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasure-ment of post employment benefit obligations	Equity attributable to equity holders of the parents	Non-controlling interests	Total equity
Note	28	28	27, 28			8			
Balance as at 1 January	**92**	**5,682**	**(157)**	**(65)**	**(1,456)**	**(558)**	**3,538**		**3,538**
Income for the period		663					663	–	663
Other comprehensive income for the period				4	(103)	127	28		28
Total comprehensive income for the period		**663**		**4**	**(103)**	**127**	**691**	**–**	**691**
Dividends paid		(534)					(534)		(534)
Movement on own equity instruments, net			15				15		15
Non-controlling interests								13	13
Net change in other equity items		**(534)**	**15**				**(519)**	**13**	**(506)**
Balance as at 31 December	**92**	**5,811**	**(142)**	**(61)**	**(1,559)**	**(431)**	**3,710**	**13**	**3,723**

2017 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasure-ment of post employment benefit obligations	Equity attributable to equity holders of the parents	Non-controlling interests	Total equity
Note	28	28	27, 28			8			
Balance as at 1 January	**92**	**5,477**	**(109)**	**(73)**	**(1,519)**	**(575)**	**3,293**		**3,293**
Income for the period		720					720		720
Other comprehensive income for the period				8	63	17	88		88
Total comprehensive income for the period		**720**		**8**	**63**	**17**	**808**		**808**
Dividends paid		(515)					(515)		(515)
Movement on own equity instruments, net			(48)				(48)		(48)
Net change in other equity items		**(515)**	**(48)**				**(563)**		**(563)**
Balance as at 31 December	**92**	**5,682**	**(157)**	**(65)**	**(1,456)**	**(558)**	**3,538**		**3,538**

The notes on pages 125 to 180 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December

in millions of Swiss francs	Note	2018	2017
Income for the period		663	720
Income tax expense	16	109	75
Interest expense	14	42	29
Non-operating income and expense	14, 15	69	45
Operating income		**883**	**869**
Depreciation of property, plant and equipment	21	127	114
Amortisation of intangible assets	22	125	104
Impairment of long-lived assets	21, 22	10	2
Other non-cash items			
- share-based payments		38	35
- pension expense	8	39	14
- additional and unused provisions, net	26	(7)	69
- other non-cash items		(43)	(52)
Adjustments for non-cash items		**289**	**286**
(Increase) decrease in inventories		(9)	(107)
(Increase) decrease in accounts receivable		(72)	(125)
(Increase) decrease in other current assets		(35)	(29)
Increase (decrease) in accounts payable		(11)	136
Increase (decrease) in other current liabilities		38	12
(Increase) decrease in working capital		**(89)**	**(113)**
Income taxes paid		**(73)**	**(73)**
Pension contributions paid	8	(46)	(53)
Provisions used	26	(25)	(10)
Purchase and sale of own equity instruments, net		(23)	(45)
Cash flows from (for) operating activities		**916**	**861**
Increase in long-term debt	25	1,971	350
(Decrease) in long-term debt	25	(258)	(17)
Increase in short-term debt	25	2,345	670
(Decrease) in short-term debt	25	(2,620)	(705)
Cash flows from debt, net		**1,438**	**298**
Interest paid	25	(29)	(24)
Purchase and sale of derivative financial instruments, net	25	(22)	–
Other, net	25	(5)	(7)
Cash flows from financial liabilities		**1,382**	**267**
Distribution to the shareholders paid	28	(534)	(515)
Cash flows from (for) financing activities		**848**	**(248)**
Acquisition of property, plant and equipment	21	(239)	(191)
Acquisition of intangible assets	22	(55)	(53)
Payments for investment property	23		(1)
Acquisition of subsidiaries, net of cash acquired	6	(1,694)	(224)
Proceeds from the disposal of property, plant and equipment	21	110	2
Proceeds from disposal of investment property	23	14	
Interest received		2	3
Dividends received from jointly controlled entities		4	2
Purchase and sale of financial assets at fair value through income statement, net		5	–
Impact of financial transactions on investing, net		(3)	35
Other, net		(3)	(2)
Cash flows from (for) investing activities		**(1,859)**	**(429)**
Net increase (decrease) in cash and cash equivalents		**(95)**	**184**
Net effect of currency translation on cash and cash equivalents		(16)	22
Cash and cash equivalents at the beginning of the period	18	534	328
Cash and cash equivalents at the end of the period	**18**	**423**	**534**

The notes on pages 125 to 180 form an integral part of these financial statements.

Notes to the consolidated financial statements

1. Group Organisation

Givaudan SA and its subsidiaries (hereafter 'the Group') operate under the name Givaudan. Givaudan SA is a limited liability company incorporated and domiciled in Switzerland. The Group is headquartered in Vernier, near Geneva, Switzerland. Givaudan is a leading supplier of creative fragrance and flavour products to the consumer goods industry. It operates in over 100 countries and has subsidiaries and branches in more than 40 countries. Worldwide, it employs 13,598 people. A list of the principal Group companies is shown in Note 33 to the consolidated financial statements.

The Group is listed on the SIX Swiss Exchange (GIVN).

2. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and Swiss law.

They are prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through the income statement, and of own equity instruments classified as derivatives. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Critical accounting estimates and judgments are disclosed in Note 3.

Givaudan SA's Board of Directors approved these consolidated financial statements on 23 January 2019.

2.1.1 Changes in Accounting Policies and Disclosures Standards, amendments and interpretations effective in 2018

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in the 2017 consolidated financial statements, with the exception of the adoption as of 1 January 2018 of the standards described below:

IFRS 9 Financial Instruments (as revised in 2014). The Group has early adopted this standard in 2016.

IFRS 15 Revenue from Contracts with Customers. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces existing revenue recognition guidance including IAS 18 Revenues, IAS 11 Construction Contracts and IFRIC 13 Customers Loyalty Programme.

The Group has evaluated the impact of this standard. Contracts with customers relate primarily to the delivery of manufactured products and molecules of fragrance and flavour to the agreed upon specifications and may contain additional performance obligations for certain clients such as the assignment of specific application technologies, joint market research and particular stock conditions. Most of these additional performance obligations are not distinct because they are highly dependent on the delivery of manufactured products and molecules of fragrance and flavour. Generally, the transaction price includes estimating variable consideration such as rebates granted to customers.

The adoption of this standard and interpretation did not impact the consolidated financial statements, and it did not require retrospective adjustments.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The adoption of these amendments has no impact on the current share-based payments programmes held within the Group.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts do not change the impact of the earlier adoption of IFRS 9 as the Group is not affected by IFRS 4.

Amendments to IAS 40: Transfers of Investment Property reinforce the principle for transfers into, or out of, investment property under IAS 40. These amendments are not relevant for the Group.

Annual Improvements to IFRS Standards 2014 – 2016 Cycle set out amendments across three different standards, related basis for conclusions and guidance, out of which two are effective in 2018, namely amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and amendments to IAS 28 Investments in Associates and Joint Ventures. These amendments are not relevant for the Group.

IFRIC 22: Foreign Currency Transactions and Advance Consideration sets out requirements about which exchange rate to use when recording a foreign currency transaction on initial recognition in an entity's functional currency. The adoption of this interpretation does not change the current practice applied by the Group.

2.1.2. IFRSs and IFRICs issued but not yet effective

New and revised standards and interpretations, issued but not yet effective, have been reviewed to identify the nature of the future changes in accounting policy and to estimate the effect of any necessary changes in the consolidated financial statements and supporting notes upon their adoption.

a) Issued and effective for 2019

IFRIC 23 Uncertainty over Income Tax Treatments clarifies the accounting for uncertainties in income taxes. The clarification confirms the current practices of the Group.

Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures clarify that an entity must apply IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The adoption of these amendments has no impact on the joint arrangements currently held by the Group.

Amendments to IFRS 9: Prepayment Features with Negative Compensation address the concerns about how IFRS 9 Financial Instruments classifies particular prepayable financial assets. These amendments are not relevant as the Group does not enter in such particular instruments.

Annual Improvements to IFRS Standards Cycle 2015 – 2017 set out amendments across four different standards, related basis for conclusions and guidance, namely amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements , IAS 12 Income Tax and IAS 23 Borrowing Costs. These amendments are not relevant for the Group.

Plan Amendment, Curtailment or Settlement: Amendments to IAS 19 state that if a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. It also clarifies the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The clarification confirms the current practice of the Group.

IFRS 16 Leases provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, and lessors to confirm the continuation of classifying leases as operating or finance. The Group is not a lessor and is impacted by the standard only for the lessee accounting.

At inception of a contract, the Group assesses whether it is or contains a lease. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements, except for short-term leases, defined as leases with a lease term of 12 months or less, which are recognised on a straight-line basis as expense in profit or loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the implicit borrowing rate and if not available the incremental borrowing rate, which is defined as the interest rate that the Group would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, by reducing the amount to reflect lease payments made, and by any lease modifications. The lease liability is presented under the lines short-term debt and long-term debt in the consolidated statement of financial position.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. They are depreciated over the shorter period of lease term and useful life of underlying asset. The right-of-use-assets are presented on the consolidated statement of financial position in the line property, plant and equipment.

All lease payments on leases are presented as part of cash flows from financing activities.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group will apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

During 2018, the Group performed a detailed impact assessment of the implementation of IFRS 16. As at 31 December 2018, the Group has non-cancellable operating lease commitments of CHF 377 million (Note 29) and finance leases of CHF 11 million with a corresponding lease liability of CHF 7 million. Based on the impact assessment, the Group estimates to recognise right-of-use assets of CHF 226 million and a lease liability of CHF 226 million on 1 January 2019.

b) Issued and effective for 2020 and after

IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The standard is not relevant for the Group as it does not operate in the insurance business.

Amendments to IFRS 10 and IAS 28: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The adoption of these amendments has no impact on the accounting of the joint arrangements currently held by the Group.

Definition of Material: Amendments to IAS 1 and IAS 8 align the definition used in the Conceptual Framework and the standards themselves. The clarification does not impact the current practice of the Group.

Definition of Business: Amendments to IFRS 3 narrow and clarify the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments do not impact the current practice of the Group.

2.2 Consolidation

The subsidiaries that are consolidated are those companies controlled, directly or indirectly, by Givaudan SA. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if there are indications of a change in facts and circumstances.

Companies acquired during the year are consolidated from the date on which operating control is transferred to the Group, and subsidiaries to be divested are included up to the date on which control passes to the acquirer.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired, shares issued and liabilities undertaken or assumed at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. Acquisition related costs are expensed as incurred. The excess of the cost of acquisition over the fair value of the Group's share of net assets of the subsidiary acquired is recognised as goodwill.

Where necessary, changes are made to the accounting policies of subsidiaries to bring and ensure consistency with the policies adopted by the Group.

Assets and liabilities, equity, income, expenses and cash flows resulting from inter-company transactions are eliminated in full on consolidation.

2.3 Interest in a Joint Venture

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists when the strategic, financial and operating decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in the consolidated financial statements using the equity method of accounting until the date on which the Group ceases to have joint control over the joint venture. Under the equity method, an investment in a joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of the income statement and the other comprehensive income of the joint venture. Adjustments are made where necessary to bring the accounting policies in line with those adopted by the Group. Unrealised gains and losses on transactions between the Group and a jointly controlled entity are eliminated to the extent of the Group's interest in the joint venture.

2.4 Foreign Currency Valuation

2.4.1 Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the functional currency of that entity. The functional currency is normally the one in which the entity primarily generates and expends cash. The consolidated financial statements are presented in millions of Swiss francs (CHF), the Swiss franc being the Group's presentation currency.

2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions, or using a rate that approximates the exchange rates on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in other financial income (expense), net, except for:

- Exchange differences deferred in equity as qualifying cash flow hedges on certain foreign currency risks and qualifying net investment hedges;

- Exchange differences on monetary items to a foreign operation for which settlement is neither planned nor likely to occur, therefore forming part of the net investment in the foreign operation, which are recognised initially in other comprehensive income and reclassified from equity to the income statement on disposal of the net investment or on partial disposal when there is a loss of control of subsidiary or a loss of joint control over a jointly controlled entity; and

- Exchange differences on foreign currency borrowings relating to assets under construction which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

2.4.3 Translation of the financial statements of foreign subsidiaries
For the purpose of presenting consolidated financial statements, the assets and liabilities of Group companies reporting in currencies other than Swiss francs (foreign operations) are translated into Swiss francs using exchange rates prevailing at the end of the reporting period. Cash flows, income and expenses items of Group companies are translated each month independently at the average exchange rates for the period when it is considered a reasonable approximation of the underlying transaction rate. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity.

2.4.4 Hyperinflationary economies
Restatement of financial statements is required for subsidiaries whose functional currencies have experienced a cumulative inflation rate of more than 100% over the past three years. The gain or loss on the net monetary position as well as the gain or loss incurred upon adjusting the carrying amounts of non-monetary assets and liabilities for inflation are recognised in the consolidated income statement and then translated into Swiss francs. Restatement to current units of currency is made using the change in a general price index.

2.5 Segment Reporting
The operating segments are identified on the basis of internal reports that are regularly reviewed by the Executive Committee, the members of the Executive Committee being the chief operating decision makers, in order to allocate resources to the segments and to assess their performance. The internal financial reporting is consistently prepared along the lines of the two operating divisions: Fragrances and Flavours.

The business units of each division, respectively Fine Fragrances, Consumer Products, and Fragrance Ingredients and Active Beauty for the Fragrance Division and Beverages, Dairy, Savoury, Sweet Goods and Natural Ingredients for the Flavour Division, are not considered as separately reportable operating segments as decision making about the allocation of resources and the assessment of performance are not made at this level.

Inter-segment transfers or transactions are set on an arm's length basis.

Information about geographical areas is determined based on the Group's operations; Switzerland, Europe, Africa and Middle East; North America; Latin America and Asia Pacific. Revenues from external customers are shown by destination and by segment.

2.6 Revenue from Contracts with Customers
The Group manufactures and sells manufactured products and molecules of fragrance and flavour to the agreed upon specifications and may contain additional performance obligations for certain clients such as the assignment of specific application technologies, joint market research and particular stock conditions. Most of these additional performance obligations are not distinct because they are highly dependent on the delivery of manufactured products and molecules of fragrance and flavour.

Sales are recognised when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The goods are often sold with volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts provided that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with credit terms that are consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2.7 Research and Product Development

The Group is active in research and in formulas, technologies and product developments. In addition to its internal scientific efforts, the Group collaborates with outside partners.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Internal developments or developments obtained through agreements on formula, technology and product costs are capitalised as intangible assets when there is an identifiable asset that will generate probable economic benefits and when the cost can be measured reliably. When the conditions for recognition of an intangible asset are not met, development expenditure is recognised in the income statement in the period in which it is incurred.

2.8 Employee Benefit Costs

Wages, salaries, social security contributions, annual leave and paid sick leave, bonuses and non-monetary benefits are expensed in the year in which the associated services are rendered by the Group's employees.

2.8.1 Pension obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, principally dependent on an employee's years of service and remuneration at retirement. Plans are usually funded by payments from the Group and employees to financially independent trusts. The liability recognised in the statement of financial position is the aggregate of the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. Where a plan is unfunded, only a liability representing the present value of the defined benefit obligation is recognised in the statement of financial position. The present value of the defined benefit obligation is calculated by independent actuaries using the projected unit credit method twice a year, at interim and annual publication. This reflects the discounted expected future payment required to settle the obligation resulting from employee service in the current and prior periods. The future cash outflows incorporate actuarial assumptions primarily regarding the projected rates of remuneration growth, and long-term indexation rates. Discount rates, used to determine the present value of the defined benefit obligation, are based on the market yields of high quality corporate bonds in the country concerned. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in the income statement. Pension assets and liabilities in different defined benefit schemes are not offset unless the Group has a legally enforceable right to use the surplus in one plan to settle obligations in another plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into publicly or privately administrated funds. The Group has no further payment obligations once the contributions have been made. The contributions are charged to the income statement in the year to which they relate.

2.8.2 Other post-retirement obligations

Some Group companies provide certain post-retirement healthcare and life insurance benefits to their retirees, the entitlement to which is usually based on the employee remaining in service up to retirement age and completing a minimum service period. The expected costs of these benefits are accrued over the periods in which employees render service to the Group.

2.9 Share-Based Payments

The Group has established a performance share plan to align the long-term interests of key executives and members of the Board of Directors with the interests of the shareholders.

Key executives are awarded a portion of their performance-related compensation in equity-settled share-based payment transactions. The costs are recorded in each relevant functions part of the employees' remuneration as personnel expenses with a corresponding entry in equity in own equity instruments for equity-settled share-based payment transactions. The different share-based payments are described below:

2.9.1 Performance Share Plan

Key executives are awarded a portion of their performance-related compensation in equity-settled share-based payment transactions in the form of a performance share plan.

The performance share plan is established with Givaudan registered shares and a vesting period of three years. The Group has at its disposal either treasury shares or conditional share capital.

The cost of equity-settled instruments is expensed as employee remuneration over the vesting period, together with a corresponding increase in equity in own equity instruments. The cost is determined by reference to the fair value of the shares expected to be delivered at the date of vesting. Performance conditions are included in the assumptions in which the number of shares varies. No market conditions are involved.

The fair value is determined as the market price at grant date reduced by the present value of dividends expected or any other expected distribution to the shareholders to be paid during the vesting period, as participants are not entitled to receive dividends or any other distribution to the shareholders during the vesting period.

At each statement of financial position date the Group revises its estimates of the number of shares that are expected to be delivered. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation.

2.9.2 Restricted Shares Plan

The members of the Board of Directors receive a portion of their compensation in equity-settled share-based payment transactions in the form of restricted share units.

Restricted shares are set generally with a vesting period of three years, during which the restricted shares cannot be settled or transferred. The Group has at its disposal treasury shares for the delivery of the restricted shares.

The cost of these equity-settled instruments to be expensed, together with a corresponding increase in equity, over the vesting period, is determined by reference to the fair value of the restricted shares granted at the date of the grant. Service conditions are included in the assumptions about the number of restricted shares that are expected to become deliverable. No performance conditions are included.

The fair value is determined as the market price at grant date reduced by the present value of dividends expected or any other expected distribution to the shareholders to be paid during the vesting period, as participants are not entitled to receive dividends or any other distribution to the shareholders during the vesting period.

At each statement of financial position date the Group revises its estimates of the number of restricted shares that are expected to be delivered. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation.

2.10 Taxation

Income taxes include all taxes based upon the taxable profits of the Group, including withholding taxes payable on the distribution of retained earnings within the Group. Other taxes not based on income, such as property and capital taxes, are included either in operating expenses or in financial expenses according to their nature. The Group's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are provided based on the full liability method, under which deferred tax consequences are recognised for temporary differences between the tax bases of assets and liabilities and their carrying values. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which those items can be utilised. Management considers that these tax benefits are probable on the basis of business projections on the relevant entities.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor the taxable income.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and interests in jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Current tax assets and liabilities are offset and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items that are recognised outside the income statement, in which case the tax is also recognised outside the income statement.

2.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks and similar institutions. Cash equivalents are held for the purpose of meeting short-term cash commitments (maturity of three months or less from the date of acquisition) and are subject to an insignificant risk of changes in value.

2.12 Financial Assets

Financial assets are classified as financial assets at fair value through the income statement except for trade receivables which are classified at amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Regular way purchases or sales of financial assets require delivery of assets within the time frame established by regulation or convention in the marketplace. All regular way purchases or sales of financial assets are recognised and derecognised at the settlement date (i.e. the date that the asset is delivered to or by the Group). Financial assets are classified as current assets, unless they are expected to be realised beyond twelve months of the statement of financial position date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the following amounts are recognised in the income statement: (i) the difference between the asset's carrying amount and the sum of the consideration received and receivable; (ii) the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity.

Dividend income from investments is recognised in other financial income (expense), net when the right to receive payment has been established. Interest income is accrued on a time basis and included in other financial income (expense), net.

2.12.1 Financial assets at fair value through the income statement

Financial assets such as debt instruments, equity securities, investment funds and derivatives not designated as effective hedging instruments are classified in this category.

Debt instruments are held with the objective to manage cash flows by both collecting their contractual cash flows and selling them at market price when needed. The main purpose of such instruments is to fund obligations related to employees. They are designated as financial assets measured at fair value through the income statement to avoid recognition inconsistency resulting from changes in fair values of the financial assets and the obligations.

Other financial assets which are not debt instruments are held with the main objectives to participate in long-term partnerships, to hedge certain financial risks, and to fund obligations related to employees. Their designation as financial assets measured at fair value through the income statement is in line with management intentions to hold such assets.

These financial assets are initially measured at fair value whereas directly attributable transaction costs are expensed in the income statement. At the end of each period, the carrying value is adjusted to the fair value with a corresponding entry in the income statement until the investment is derecognised.

The subsidiaries in the United States of America entered over the years into various life insurance contracts called corporate-owned life insurance (COLI) to fund long-term obligations related to employees. For both the COLI contracts and the associated long-term obligations, adjustments to the fair value, gains and losses, are recognised in the income statement.

For quoted equity instruments, the fair value is the market value, being calculated by reference to share exchange quoted selling prices at close of business on the statement of financial position date. Non-quoted financial assets are valued at fair value based on observable market transactions or if not available based on prices given by reputable financial institutions or on the price of the latest transaction.

2.12.2 Financial assets at amortised cost

Trade receivables are the only financial assets classified as subsequently measured at amortised cost. They reach the objective of collecting contractual cash flows over their life.

Trade receivables are carried at amortised cost less allowances for loss. They generally do not contain a significant financing component. The allowance loss measurement is then determined by applying a simplified approach equalling the lifetime expected credit losses. Under this approach the tracking of changes in credit risk is not required but instead the base lifetime expected credit loss at all times is applied. An allowance for loss is made for potentially impaired receivables during the year in which they are identified based on a periodic review of all outstanding amounts. Losses are recorded within selling, marketing and distribution expenses in the income statement. Trade receivables are deemed as impaired when there is an indication of significant financial difficulties of the debtor (delinquency in or default on payments occurs, probability of bankruptcy or need for financial reorganisation).

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

2.13 Derivative Financial Instruments and Hedging Activities

Most derivative instruments are entered into to provide economic hedges. They are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method to recognise the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve in shareholders' equity are shown in the statement of changes in equity. These derivatives are presented as current or non-current on the basis of their settlement dates.

2.13.1 Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within other comprehensive income, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is immediately recognised in financing costs in the income statement.

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged transaction affects the income statement, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or liability, the amounts are transferred from equity and included in the initial measurement of the cost of the non-financial asset or liability.

When forward contracts are used to hedge forecast transactions such as future debt issuance, management assumes that the sources of hedge effectiveness in regards of the characteristics of the hedging relationship is sufficiently immaterial to exclusively perform a qualitative assessment.

When the hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the ultimate forecast transaction occurs. If the forecast transaction is no longer expected to occur, any cumulative gain or loss existing in equity is immediately taken to the income statement.

2.13.2 Derivatives at fair value through the income statement

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through the income statement. At each statement of financial position date these derivative instruments are valued at fair value based on quoted market prices, with the unrealised gain or loss recognised in the income statement. They are derecognised when the Group has lost control of the contractual rights of the derivatives, at which time a realised gain or loss is recognised in the income statement.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a weighted average cost formula. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads but excludes borrowing costs. Cost of sales includes the corresponding direct production costs of goods manufactured and services rendered as well as related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.15 Property, Plant and Equipment

Property, plant and equipment are initially recognised at cost of purchase or construction and subsequently at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes expenditure that is attributable to the purchase or construction. It includes, for qualifying assets, borrowing costs in accordance with the Group's accounting policy (Note 2.19), and cost of its dismantlement, removal or restoration, related to the obligation for which an entity incurs as a consequence of installing the asset.

The assets are depreciated on a straight-line basis, except for land, which is not depreciated. Estimated useful lives of major classes of depreciable assets are as follows:

- Buildings and land improvements — 40 years
- Machinery and equipment — 5 – 15 years
- Office equipment — 3 years
- Motor vehicles — 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

The carrying values of plant and equipment are written down to their recoverable amount when the carrying value is greater than their estimated recoverable amount (Note 2.18).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount with gains being recognised within other operating income and losses being recognised within other operating expense within the income statement. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent costs such as repairs and maintenance are recognised as expenses as incurred.

2.16 Leases

Leases of assets are classified as operating leases when substantially all the risks and rewards of ownership of the assets are retained by the lessor. Operating lease payments are charged to the income statement on a straight-line basis over the term of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as other non-current liabilities.

2.17 Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions is recognised in the statement of financial position as an intangible asset. Goodwill is tested annually for impairment or more frequently when there are indications of impairment, and carried at cost less accumulated impairment losses. Impairment charges on goodwill are not reversed. Any goodwill or fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are recognised in the local currency at the effective date of the transaction and translated at year-end exchange rates. For the purpose of impairment testing, goodwill is allocated to the cash-generating units being the Group's reportable operating segments: Flavour Division and Fragrance Division, which itself includes a lower level of cash-generating unit related to Expressions Parfumées.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill when they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Internal developments are capitalised as intangible assets when there is an identifiable asset that will generate probable economic benefits and when the cost can be measured reliably. Costs include all costs directly attributable to preparing the asset for use. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Separately acquired intangible assets are capitalised when the identifiable asset will generate probable economic benefits and when its cost can be measured reliably.

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is on a straight-line basis over the estimated economic useful life of the asset. Useful life is determined based on the character of the asset and may be indefinite. In that case, the asset is not amortised but annually tested for impairment. Estimated definite useful life of major classes of amortisable assets are as follows:

– Name and product brands	2 – 7 years
– Software/ERP system	3 – 7 years
– Process-oriented technology	5 – 20 years
– Client relationships	15 – 23 years
– Supplier relationships	3 years

Gains or losses arising on the disposal of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount with gains being recognised within other operating income and losses being recognised in other operating expense within the income statement.

2.18 Impairment of Long-Lived Assets

Non-financial assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When the recoverable amount of a non-financial asset, being the higher of its fair value less cost to sell and its value in use, is less than its carrying amount, then the carrying amount is reduced to the asset's recoverable value. This reduction is recognised as an impairment loss within other operating expense within the income statement. Value in use is determined by using pre-tax cash-flow projections over a five-year period and a terminal value. These are discounted using a pre-tax discount rate that reflects current market conditions of the time value of money and the risks specific to the asset.

Intangible assets with indefinite useful life are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

An impairment loss is reversed if there has been a change in the circumstances used to determine the recoverable amount. A previously recognised impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.19 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

2.20 Accounts Payable – Trade and Others

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are carried at amortised cost.

2.21 Debt

The proceeds of straight bonds, of private placements and of debt issued are recognised as the proceeds received, net of transaction costs incurred. Any discount arising from the coupon rate, represented by the difference between the net proceeds and the redemption value, is amortised using the effective interest rate method and charged to interest expense over the life of the bonds or the private placements. Debt is derecognised at redemption date.

Debt is classified within current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and for which a reliable estimate of the amount of the obligation can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation.

2.23 Own Equity Instruments

Own equity instruments are own shares and derivatives on own shares. Purchases and sales are accounted for at the settlement date.

Purchases of own shares are recognised at acquisition cost including transaction costs as a deduction from equity. The original cost of acquisition, results from resale and other movements are recognised as changes in equity, net. Treasury shares acquired by the execution of own equity derivatives are recognised at the execution date market price.

The settlement and the contract for derivatives on own shares determine the categorisation of each instrument. When the contract assumes the settlement is made by exchanging a fixed amount of cash for a fixed number of treasury shares, the contract is recognised in equity except for a forward contract to buy and write put options which is recognised as a financial liability. When the contract assumes the settlement either net in cash or net in treasury shares or in the case of option of settlement, the contract is recognised as a derivative. Instruments recognised in equity are recognised at acquisition cost including transaction costs. Instruments recognised as financial liabilities are recognised at the net present value of the strike price of the derivative on own shares with the interest charge recognised over the life of the derivative in the line Financing costs of the income statement. They are derecognised when the Group has lost control of the contractual rights of the derivative, with the realised gain or loss recognised in equity.

At each statement of financial position date instruments recognised as derivatives are valued at fair value based on quoted market prices, with any unrealised gain or loss recognised in the line Other financial income (expense), net in the income statement. They are derecognised when the Group has lost control of the contractual rights of the derivatives, with any realised gain or loss recognised.

2.24 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.25 Statement of Cash Flows

Cash flows from operating activities arise from the principal activities of the Group in the Fragrance and Flavour businesses. The indirect method is used whereby the operating income is adjusted for the transactions of a non-cash nature in order to derive the cash generated from operations. It includes income tax paid on all activities.

Cash flows from financing activities are primarily the proceeds from the issue and repayment of the debt instruments, the dividend payment to shareholders and interest paid. Cash flows from long-term and short-term borrowings are reported separately of gross cash receipts and gross cash payments.

Cash flows from investing activities arise principally from the investments in property, plant and equipment and intangible assets, from the acquisition of subsidiaries, and from the transactions with jointly controlled entities.

2.26 Distribution to the Shareholders

Dividend distributions or distributions out of statutory capital reserves from 'capital contributions – additional paid-in capital' are recognised in the period in which they are approved by the Group's shareholders.

3. Critical Accounting Estimates and Judgments

The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3.1 Critical Accounting Estimates and Assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are for the most part related to:

- In a business combination, the determination of the fair value of the identifiable assets acquired, particularly intangibles, and the liability requiring estimations which are based on all available information and in some cases on assumptions with respect to the timing and amount of future revenues and expenses associated with an asset. The purchase price is allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The excess is reported as goodwill. As a result, the purchase price allocation impacts reported assets and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment charges (Note 6);

- The impairment of goodwill requiring estimates of the value in use of the cash-generating units to which goodwill is allocated (Note 22);

- The impairment of long-lived assets requiring estimates to measure the recoverable amount of an asset or group of assets (Note 21 and 22);

- The calculation of the present value of defined benefit obligations requiring financial and demographic assumptions (Note 8);

- The determination and provision for income taxes requiring estimated calculations for which the ultimate tax determination is uncertain (Note 16);

- The provisions requiring assumptions to determine reliable best estimates (Note 26); and

- The contingent liabilities assessment (Note 30).

If, in the future, estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

3.2 Critical Judgments in Applying the Entity's Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- Computer software and Enterprise Resource Planning: Computer software is internally developed programmes or modifications that result in new or in substantial improvements of existing IT systems and applications (Note 22); and

- Internal developments on formulas, technologies and products: The outcome of these developments depends on their final assemblage and application, which varies to meet customer needs, and consequently the future economic benefits of these developments are not certain. Thus the criteria for the recognition as an asset of the internal developments on formulas, technologies and products are generally not met. The expenditures on these activities are recognised as expense in the period in which they are incurred.

4. Foreign Exchange Rates

Foreign currency to Swiss francs exchange rates	ISO code	Units	**31 Dec 2018**	**Average 2018**	31 Dec 2017	Average 2017	31 Dec 2016	Average 2016
US Dollar	USD	1	0.98	0.98	0.97	0.98	1.02	0.99
Euro	EUR	1	1.13	1.15	1.17	1.11	1.07	1.09
Pound	GBP	1	1.25	1.30	1.32	1.27	1.25	1.34
Yen	JPY	100	0.90	0.88	0.86	0.88	0.87	0.91
Singapore dollar	SGD	1	0.72	0.72	0.73	0.71	0.70	0.71
Real	BRL	1	0.25	0.27	0.30	0.31	0.31	0.29
Renminbi	CNY	1	0.14	0.15	0.15	0.15	0.15	0.15
Mexican peso	MXN	100	5.01	5.08	4.96	5.20	4.93	5.33
Rupiah	IDR	10,000	0.68	0.69	0.72	0.73	0.75	0.74

5. Financial Risk Management

5.1 Capital Management

The objective of the Group when managing capital is to maintain the ability to continue as a going concern whilst maximising shareholder value through an optimal balance of debt and equity.

In order to maintain or adjust the capital structure, management may increase or decrease leverage by issuing or reimbursing debt, and may propose to adjust the amounts distributed to the shareholders, return capital to shareholders, issue new shares and cancel shares through share buyback programmes.

The Group monitors its capital structure on the basis of a leverage ratio, defined as net debt divided by the equity plus net debt. Net debt is calculated as the total of the consolidated short-term and long-term debt, less cash and cash equivalents. Equity is calculated as the total equity attributable to equity holders of the parent excluding the defined benefit pension plans remeasurement elements.

The Group has entered into several private placements which contain various covenants with externally imposed capital requirements. The Group was in compliance with these requirements as at 31 December 2018 and 2017.

The leverage ratio as at 31 December was as follows:

in millions of Swiss francs	Note	**2018**	2017
Short-term debt	24	4	308
Long-term debt	24	3,266	1,300
Less: cash and cash equivalents	18	(423)	(534)
Net debt		**2,847**	**1,074**
Total equity attributable to equity holders of the parent		3,710	3,538
Remeasurement of post employment benefit obligations	8	431	558
Equity		**4,141**	**4,096**
Net debt and equity		**6,988**	**5,170**
Leverage ratio		**41%**	**21%**

The Group intends to maintain its medium term leverage ratio below 25%.

As at 31 December 2018, the leverage ratio increased to 41% compared to 21% as at 31 December 2017. The net debt was CHF 2,847 million at December 2018 up from CHF 1,074 million as at December 2017, following the acquisitions during the year.

5.2 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group generally enters into financial derivative transactions to hedge underlying business related exposures.

Risk management is carried out by a team within the central treasury department (hereafter 'Group Treasury') under the risk management policies approved by the Board of Directors. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Group Treasury monitors and manages financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risk. To manage the interest rate and currency risk arising from the Group's operations and its sources of finance, the Group enters into derivative transactions, primarily interest rate swaps, forward currency contracts and options. Compliance with policies and exposure limits is reviewed by the treasury controlling on a continuous basis. Group Treasury issues monthly reports for the Chief Financial Officer and quarterly reports for the Audit Committee.

Categories of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

2018 in millions of Swiss francs	Note	At amortised cost	At fair value through the income statement	Derivatives used for hedge accounting	Other financial liabilities	Total
Current financial assets						
Cash and cash equivalents	18	423				423
Derivative financial instruments	5.3		11			11
Financial assets at fair value through income statement	5.3		4			4
Accounts receivable – trade	19	1,253				1,253
Other current assets [a]		238				238
Non-current financial assets						
Derivative financial instruments [b]	5.3			2		2
Financial assets at fair value through income statement	5.3		61			61
Total financial assets as at 31 December		**1,914**	**76**	**2**		**1,992**
Current financial liabilities						
Short-term debt	24				4	4
Derivative financial instruments	5.3		12			12
Accounts payable					719	719
Non-current financial liabilities						
Derivative financial instruments [b]	5.3			43		43
Long-term debt	24				3,266	3,266
Total financial liabilities as at 31 December			**12**	**43**	**3,989**	**4,044**

a) Other current assets consist of other receivables non trade.
b) Derivatives qualified as hedge accounting on non-current transactions are classified and presented as non-current assets or liabilities (Note 2.13).

2017 in millions of Swiss francs	Note	At amortised cost	At fair value through the income statement	Derivatives used for hedge accounting	Other financial liabilities	Total
Current financial assets						
Cash and cash equivalents	18	534				534
Derivative financial instruments	5.3		16			16
Financial assets at fair value through income statement	5.3		2			2
Accounts receivable – trade	19	1,147				1,147
Other current assets [a]		98				98
Non-current financial assets						
Derivative financial instruments [b]	5.3			1		1
Financial assets at fair value through income statement	5.3		63			63
Total financial assets as at 31 December		**1,779**	**81**	**1**		**1,861**
Current financial liabilities						
Short-term debt	24				308	308
Derivative financial instruments	5.3		12			12
Accounts payable					662	662
Non-current financial liabilities						
Derivative financial instruments [b]	5.3			60		60
Long-term debt	24				1,300	1,300
Total financial liabilities as at 31 December			**12**	**60**	**2,270**	**2,342**

a) Other current assets consist of other receivables non trade.
b) Derivatives qualified as hedge accounting on non-current transactions are classified and presented as non-current liabilities (Note 2.13).

The carrying amount of each class of financial assets and liabilities disclosed in the previous tables approximates the fair value. The fair value of each class of financial assets and liabilities, except financial assets at amortised cost, is determined by reference to published price quotations and is estimated based on valuation techniques using the quoted market prices. Given the nature of the Group's accounts receivable trade items, the carrying value is considered as equivalent to the fair value.

5.2.1 Market Risk

The Group's activities primarily expose it to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices. The Group enters into a number of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

- Currency derivatives, mainly forward foreign exchange contracts, to hedge the exchange rate risk arising from recorded transactions; and

- Interest rate swaps and other instruments to mitigate the risk of interest rate increases and/or to optimally manage interest rate costs depending on the prevailing interest rate environment.

Market risk exposures are measured using sensitivity analysis. There has been no change during the year in the structure of the Group's exposure to market risks or the manner in which these risks are managed.

5.2.1.1 Foreign Exchange Risk

The Group operates across the world and is exposed to movements in foreign currencies affecting its net income and financial position. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

It is the Group's policy to enter into derivative transactions to hedge current, forecasted foreign currency transactions, and translation risk arising from certain investments in foreign operations with a functional currency different from the Group's presentation currency.

In 2018 the Group applied hedge accounting on the net investment in foreign currency in the holding of Naturex with the aim of being protected from the foreign currency risk on the translation of the investment in Naturex (e.g. EUR) into the Group's presentation currency (e.g. CHF). The Euro straight bonds are designated as hedge instrument for an amount of EUR 1,292 million corresponding to the net investment in Naturex. It results in a gain of CHF 37 million recognised in the currency translation differences in equity.

The Group applied hedge accounting on the foreign currency risk related to the foreseen acquisition of Albert Vieille SAS (Note 35).

In 2017 the Group applied hedge accounting on the foreign currency risk related to the acquisition of Vika B.V. and the foreseen acquisitions of Centroflora Nutra and Expressions Parfumées that occurred in 2018.

Group Treasury centrally manages foreign exchange risk management activities against the functional currency of each subsidiary, and is required to hedge, whenever cost-effective, their largest exposures.

The measurement of the foreign currency risk expresses the total exposure by currency, which is in the opinion of Group Treasury a representative manner to monitor the risk. It measures the cumulative foreign exchange risk of all subsidiaries of recognised assets and liabilities that are denominated in a currency (e.g. USD) that is not the subsidiary's functional currency (e.g. other than USD).

The following table summarises the significant exposures to the foreign currency risk at the date of the consolidated statement of financial position:

Currency exposure 2018 in millions of Swiss francs	USD	EUR	CHF	GBP	SGD
Currency exposure without hedge [a]	484	(334)	12	(152)	155
Hedged amount	(458)	327	9	151	(162)
Currency exposure including hedge	26[b]	(7)	21	(1)	(7)

a) + long position; - short position.
b) Mainly due to unhedged positions in countries where hedging is not cost-effective.

Currency exposure 2017 in millions of Swiss francs	USD	EUR	CHF	GBP	SGD
Currency exposure without hedge [a]	337	(415)	(75)	(155)	144
Hedged amount	(332)	411	38	152	(160)
Currency exposure including hedge	5[b]	(4)	(37)	(3)	(16)

a) + long position; - short position.
b) Mainly due to unhedged positions in countries where hedging is not cost-effective.

In the exposure calculations the intra-Group positions, except those related to net investments in foreign operations, are included. The Euro straight bonds designated as hedge instrument for an amount of EUR 1,292 million corresponding to the net investment in the holding of Naturex has been excluded from the EUR exposure to align the currency risk.

The following table summarises the sensitivity to transactional currency exposures of the main currencies as at 31 December.

The sensitivity analysis is disclosed for each currency representing significant exposure:

Currency risks 2018 in millions of Swiss francs	USD	EUR	CHF	GBP	SGD
Reasonable shift	9%	14%	7%	8%	7%
Impact on income statement if the currency strengthens against all other currencies	2	(6)	1	–	(1)
Impact on income statement if the currency weakens against all other currencies	(2)	6	(1)	–	1

Currency risks 2017 in millions of Swiss francs	USD	EUR	CHF	GBP	SGD
Reasonable shift	11%	6%	6%	10%	7%
Impact on income statement if the currency strengthens against all other currencies	(1)	–	(2)	–	(1)
Impact on income statement if the currency weakens against all other currencies	1	–	2	–	1

The sensitivity is based on the exposure at the date of the consolidated statement of financial position and based on assumptions deemed reasonable by management, showing the impact on income before tax. Management uses historical volatilities of the significant currencies contributing to the exposure to determine the reasonable change.

Argentina became hyperinflationary effective 1 July 2018, requiring retroactive implementation of hyperinflation accounting as of 1 January 2018. The impact of the restatement of the non-monetary assets and liabilities of the subsidiaries in Argentina with the general price index at the beginning of the period is recorded in retained earnings in equity. The subsequent gain resulting from the restatement of non-monetary assets of CHF 1 million is recorded in other financial income (expense), net.

5.2.1.2 Interest Rate Risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates, and invests in debt financial instruments. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially counterbalanced by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Group Treasury manages interest rate risk centrally by simulating various scenarios on liabilities taking into consideration refinancing, renewal of existing positions and hedging. Hedging strategies are applied by either positioning the liabilities or protecting interest expense through different interest cycles. Hedging activities are regularly evaluated to align interest rate views and define risk limits. Group Treasury manages interest rate risk mainly by the use of interest rate swap contracts.

The following table shows the sensitivity to interest rate changes:

As at 31 December 2018 in millions of Swiss francs	150 basis points increase	25 basis points decrease
Impact on income statement	–	–
Impact on equity	57	(11)

As at 31 December 2017 in millions of Swiss francs	150 basis points increase	25 basis points decrease
Impact on income statement	–	–
Impact on equity	65	(13)

The sensitivity is based on exposure on liabilities at the date of the consolidated statement of financial position using assumptions which have been deemed reasonable by management showing the impact on the income before tax.

Cash flow hedges

Inception date	Hedged items	Hedge instruments	Objectives	Comments
2011/ 2012	Highly probable future debt issuances in 2014.	Several forward starting interest rate swaps commencing in 2014, totalling CHF 250 million with an average rate of 1.54% and a 5 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	In March 2014, the Group issued a 1.00% 6.5 year public bond with a nominal value of CHF 100 million; and a 1.75% 10 year public bond with a nominal value of CHF 150 million. Correspondingly, hedge positions assigned to this bond issuance have been closed. The amortisation of the realised loss of CHF 15 million is recognised in Financing costs over 5 years until 19 March 2019.
2012	Highly probable future debt issuances in 2016.	Several forward starting interest rate swaps commencing in 2016, totalling CHF 75 million with an average rate of 1.63% and a 5 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	In December 2016, the Group issued a 0.000% 6 year public bond with a nominal value of CHF 100 million; and a 0.625% 15 year public bond with a nominal value of CHF 200 million. Correspondingly, hedge positions assigned to this bond issuance have been closed. The amortisation of the realised loss of CHF 8 million is recognised in Financing costs over 5 years until 7 December 2021.
2012	Highly probable future private placements issuance in the USA in 2013.	Several derivatives instruments fixing the interest rate at 1.80% on average for a total amount of USD 100 million.	Protection against short-term increases in USD interest rates and to fix the interest rates.	The cash flow hedges were effective during the period. The amount of USD 1 million (equivalent to CHF 1 million) deferred in hedging reserve in other comprehensive income is recycled over the next 10 years as Financing cost from 6 February 2013, the date when the proceeds were received.
2012/ 2014	Highly probable future debt issuances in 2018.	Several forward starting interest rate swaps commencing in 2018, totalling CHF 150 million with an average rate of 1.90% and a 5 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	In April 2018, the Group issued a 2 year floating rate public bond with a nominal value of CHF 150 million; and a 7 year 0.375% fixed rate public bond with a nominal value of CHF 200 million. Correspondingly, hedge positions assigned to this bond issuance have been closed. The amortisation of the realised loss of CHF 15 million is recognised in Financing costs over 5 years until April 2023.
2014/ 2015	Highly probable future debt issuances in 2020.	Several forward starting interest rate swaps commencing in 2020, totalling CHF 75 million with an average rate of 2.12% and a 10 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2014/ 2015	Highly probable future debt issuances in 2021.	Several forward starting interest rate swaps commencing in 2021, totalling CHF 125 million with an average rate of 2.05% and a 10 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2014/ 2015	Highly probable future debt issuances in 2024.	Several forward starting interest rate swaps commencing in 2024, totalling CHF 100 million with an average rate of 2.35% and a 10 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2016/ 2017	Highly probable future debt issuances in 2031.	Several forward starting interest rate swaps commencing in 2031, totalling CHF 100 million with an average rate of 0.92% and a 10 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2018	Highly probable future debt issuance in 2020.	One forward starting interest rate swap commencing in 2020, totalling CHF 25 million with an average rate of 0.52% and a 5 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2018	Highly probable future debt issuance in 2025.	One forward starting interest rate swap commencing in 2025, totalling CHF 25 million with an average rate of 1.28% and a 5 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
June 2018	Highly probable future debt issuance in December 2018.	Several forward starting interest rate swaps commencing in December 2018 totalling EUR 400 million with an average rate of 1.05% and respectively 7 and 10 year maturities.	Protection against future increase in EUR interest rates and to fix the interest rates.	In September 2018, the Group issued a dual tranche placement of Euro bond, totalling EUR 1,300 million, respectively of EUR 500 million at a rate of 1.125% for 7 years and EUR 800 million at the rate of 2.000% for 12 years. Correspondingly, hedge positions assigned to this bond issuance have been closed. The amortisation of the realised loss is recognised in Financing costs for CHF 1 million over 7 years until September 2025, and CHF 5 million over 10 years until September 2028.

5.2.1.3 Price Risk

The Group is exposed to equity price risk arising from equity investments held classified at fair value through income statement. The Group manages its price risk through a diversification of portfolios within the limits approved by the Board of Directors.

The Group holds its own shares to meet future expected obligations under the various share-based payment schemes.

Sensitivity analysis

The Group's equity portfolio is composed exclusively of US shares. The benchmark for the reasonable change is an average of historical volatility of US indexes (16% for the last three years).

The sensitivity analysis has been determined based on the exposure to equity price risks at the end of the reporting period:

2018 in millions of Swiss francs	Equity price increase	Equity price decrease
Impact on income statement	5	(5)

2017 – reasonable shifts: 16%US in millions of Swiss francs	Equity price increase	Equity price decrease
Impact on income statement	6	(6)

5.2.2 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Commercial credit risk is managed by the Group's subsidiaries and monitored on a Group basis whilst counterparty risk related to financial institutions is centrally managed within the Group Treasury function.

Trade receivables are subject to a policy of active risk management which focuses on the assessment of country risk, credit limits, ongoing credit evaluation and account monitoring procedures. Generally, there is no significant concentration of trade receivables or commercial counterparty credit risk, due to the large number of customers that the Group deals with and their wide geographical spread with the exception of one single external customer that generates revenues, mainly attributable to the Fragrance Division, of approximately CHF 573 million (2017: CHF 583 million). Countries, credit limits and exposures are continuously monitored.

The credit risk on liquid funds, derivatives and other monetary financial assets is limited because the counterparties are financial institutions with investment grade ratings.

The following table presents the credit risk exposure to individual financial institutions:

			2018			2017
	Total in Mio CHF	Max. with any individual bank in Mio CHF	Number of banks	Total in Mio CHF	Max. with any individual bank in Mio CHF	Number of banks
AAA – range	2	2	1	7	7	1
AA – range	75	74	2	147	147	1
A – range	102	72	11	225	121	7
BBB – range	232	128	7	155	91	6

The carrying amount of financial assets recognised in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

5.2.3 Liquidity Risk

The Group manages liquidity risk by maintaining sufficient cash, marketable securities, availability of funds through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed and uncommitted credit lines.

Group Treasury monitors and manages cash at the Group level and defines the maximum cash level at subsidiary level. Cash surpluses held by subsidiaries over and above amounts required for working capital management are transferred to the central treasury centre. The surplus of cash is generally invested in interest bearing current accounts, time deposits, money market deposits and funds. When necessary, intercompany loans are granted by the Group to subsidiaries to meet their non-recurrent payment obligations.

The following table analyses the Group's remaining contractual maturity for financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is obliged to pay. The table includes both interest and principal cash flows:

2018 in millions of Swiss francs	Up to 6 months	6 – 12 months	1 – 5 years	Over 5 years	Total
Short-term debt (excluding bank overdrafts)					
Accounts payable	(719)				(719)
Net settled derivative financial instruments			(11)	(30)	(41)
Gross settled derivative financial instruments – outflows	(1,435)	(420)			(1,855)
Gross settled derivative financial instruments – inflows	1,435	419			1,854
Long-term debt	(14)	(32)	(1,137)	(2,459)	(3,642)
Balance as at 31 December	**(733)**	**(33)**	**(1,148)**	**(2,489)**	**(4,403)**

2017 in millions of Swiss francs	Up to 6 months	6 – 12 months	1 – 5 years	Over 5 years	Total
Short-term debt (excluding bank overdrafts)	(308)				(308)
Accounts payable	(662)				(662)
Net settled derivative financial instruments		(2)	(18)	(41)	(61)
Gross settled derivative financial instruments – outflows	(1,394)	(524)			(1,918)
Gross settled derivative financial instruments – inflows	1,396	526			1,922
Long-term debt	(20)	(8)	(588)	(823)	(1,439)
Balance as at 31 December	**(988)**	**(8)**	**(606)**	**(864)**	**(2,466)**

5.3 Fair Value Measurements

The following tables present the Group's assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is measured:

- **Level 1** inputs to measure fair value are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- **Level 2** inputs to measure fair value are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- **Level 3** inputs to measure fair value are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2018 in millions of Swiss francs	Level 1	Level 2	Level 3	Total
Financial assets at fair value through income statement				
Forward foreign exchange contracts		11		11
Swaps (hedge accounting)		2		2
Corporate owned life insurance		31		31
Equity securities	2	13		15
Debt securities		19		19
Total assets	**2**	**76**		**78**
Financial liabilities at fair value through income statement				
Forward foreign exchange contracts		12		12
Swaps (hedge accounting)		43		43
Swaps (no hedge accounting)				
Total liabilities		**55**		**55**

2017 in millions of Swiss francs	Level 1	Level 2	Level 3	Total
Financial assets at fair value through income statement				
Forward foreign exchange contracts		16		16
Swaps (hedge accounting)		1		1
Corporate owned life insurance		32		32
Equity securities	2	15		17
Debt securities		16		16
Total assets	**2**	**80**		**82**
Financial liabilities at fair value through income statement				
Forward foreign exchange contracts		12		12
Swaps (hedge accounting)		60		60
Swaps (no hedge accounting)		–		–
Total liabilities		**72**		**72**

Financial assets and liabilities at fair value through income statement are measured with Level 1 and Level 2 inputs. They mainly consist of forward foreign exchange contracts that are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts, of interest swaps that are measured using quoted interest rates and yield curves derived from quoted interest rates matching maturities of the contracts, and of corporate owned life insurance (COLI) that are measured on quoted instruments with similar credit ratings and terms in a mix of money market, fixed income and equity funds managed by unrelated fund managers.

There was no transfer between the level categories in the period.

6. Acquisitions

Acquisitions 2018

During the year 2018 Givaudan made three acquisitions, Naturex, Expressions Parfumées and Centroflora Nutra.

Naturex

On 5 June 2018 Givaudan acquired 40.5% of the shares of Naturex for a price of EUR 135 per share and a total consideration of EUR 523 million, equivalent to CHF 606 million, and subsequently launched a mandatory public cash tender offer for the remaining shares on 28 June 2018. On 9 August 2018, following the primary tender offer period, Givaudan held 97.24% of the shares of Naturex and has taken effective control of the company. Following the completion of a second tender offer period on 13 September 2018, Givaudan held 98.06% of the shares of Naturex and achieved 100% share ownership on 18 September 2018, following completion of the 'squeeze out' process of the remaining shares. The total consideration paid for the completed acquisition amounts to EUR 1,292 million, equivalent to CHF 1,489 million.

Naturex is an international leader in plant extraction and the development of natural ingredients and solutions for the food, health and beauty sectors. Naturex is headquartered in Avignon, France and reported sales of EUR 405 million in 2017. It operates from 16 production sites around the world and employs 1,700 people.

Givaudan classified its initial investment in Naturex as a financial instrument, as it did not control or exert significant influence over Naturex, demonstrated by the absence of Givaudan representatives in the Board of Directors or Executive Management of Naturex. As of the acquisition date Naturex has been fully consolidated into the Givaudan Group. Immediately prior to the acquisition date the fair value of the initial investment remained unchanged at EUR 523 million (CHF 606 million), therefore no gain or loss has been recognised in the statement of comprehensive income. From the date of acquisition, the acquisition contributed CHF 150 million of sales and a loss of CHF 12 million to the Group's consolidated results.

The identifiable assets and liabilities of Naturex acquired are recorded at fair value at the date of acquisition and are as follows:

in millions of Swiss francs		Fair value
Cash and Cash equivalents		20
Accounts receivable		85
Inventories		186
Other current assets		28
Property, plant and equipment		203
- Client relationships	285	
- Supplier relationships	42	
- Process-oriented technology and other	111	
- Name and product brands	57	
- Software / ERP system	3	
Total identified intangible assets		498
Other non-current assets		28
Accounts payable		(52)
Other payables		(32)
Provisions		(13)
Debt		(248)
Deferred tax liabilities		(117)
Net assets acquired		**586**
Cash consideration		1,448
Non-controlling interest		54
Goodwill		**916**

The goodwill of CHF 916 million (EUR 794 million) arising on the acquisition relates mainly to the value of the qualified workforce and expected synergies that do not meet the criteria for recognition as separable intangible assets. The total amount of goodwill that is expected to be deductible for tax purposes is nil.

The acquired receivables are fair valued at CHF 85 million. The gross contractual amounts of the receivables acquired are CHF 86 million. The best estimation at the acquisition date of the contractual cash flows not to be collected amounts to CHF 1 million.

The non-controlling interest at the date of acquisition consists of a non-controlling interest of 2.76% of the shares of Naturex valued at EUR 135 per share for a total amount of CHF 41 million (EUR 35 million). The non-controlling interest also includes 81,710 vested equity-settled share based instruments valued at a price of EUR 135 per instrument for an amount of CHF 13 million (EUR 11 million). At the point in time in the future when the vested equity-settled shared based instruments will be exercised, Givaudan has the right to purchase the shares back at a price of EUR 135 per share.

In compliance with IFRS 3, the fair values determined are provisional and the Group has twelve months from the date of acquisition to finalise the allocation of the acquisition price.

Expressions Parfumées

On 4 June 2018 Givaudan acquired 100% of the share capital of Expressions Parfumées and its affiliates for a purchase price of CHF 199 million. Expressions Parfumées, a French fragrance creation house, strengthens the access to local and regional customers and expands naturals capabilities in the fragrance business. With headquarters in Grasse, France, the historic area of perfumery, Expressions Parfumées operates throughout Europe, Africa and the Middle East from locations in Grasse (France), Milan (Italy) and Dubai (United Arab Emirates), employing globally 200 people. From 4 June 2018, the acquisition contributed CHF 46 million of sales to the Group's consolidated results.

The goodwill of CHF 145 million arising on the acquisition relates mainly to the value of the qualified workforce and expected synergies that do not meet the criteria for recognition as separable intangible assets.

The identifiable assets and liabilities of Expressions Parfumées acquired are recorded at fair value at the date of acquisition. Total net assets acquired of CHF 54 million consist of cash (CHF 7 million), working capital (CHF 18 million), fixed assets (CHF 26 million), intangible assets which are comprised of process knowledge, client relationships, name brand (CHF 46 million), deferred tax liabilities (CHF 16 million) and other liabilities (CHF 27 million). The total purchase price of CHF 199 million was settled in cash, resulting in a goodwill of CHF 145 million.

In compliance with IFRS 3, these values determined are provisional and the Group has twelve months from the date of acquisition to finalise the allocation of the acquisition price.

Centroflora Nutra

On 14 May 2018 Givaudan acquired 100% of the share capital of Centroflora Nutra, the Nutrition Division of Centroflora Group, for a purchase price of CHF 55 million. The company manufactures botanical extracts and dehydrated fruits for the food, beverage and consumer goods sectors and offers a wide variety of plant extracts from various regions of the world, with a particular focus on those from the great biodiversity of Brazil. With headquarters and a manufacturing facility in Botucatu, Brazil, Centroflora Nutra employs 116 people and exports products globally. From 14 May 2018, the acquisition contributed CHF 9 million of sales to the Group's consolidated results.

The goodwill of CHF 39 million arising on the acquisition relates mainly to the value of the qualified workforce and expected synergies that do not meet the criteria for recognition as separable intangible assets.

The identifiable assets and liabilities of Centroflora Nutra acquired are recorded at fair value at the date of acquisition.

In compliance with IFRS 3, these values determined are provisional and the Group has twelve months from the date of acquisition to finalise the allocation of the acquisition price. Since the date of the acquisition the allocation of the acquisition price has been updated and an additional CHF 2 million has been allocated to the goodwill.

Acquisitions 2017
During 2017 Givaudan made two acquisitions, Activ International and Vika B.V.

Activ
On 16 January 2017 Givaudan acquired 100% of the share capital of Activ International and its affiliates for a purchase price of CHF 114 million. Activ International offers a range of natural and organic flavours, marine extracts, seafood and vegetable based culinary solutions to customers. Activ operates from locations in Bienne (Switzerland), Somerset (New Jersey, USA), Melaka (Malaysia), Mitry-Mory (Paris, France) and Arequipa (Peru), employing globally 165 employees. The goodwill of CHF 75 million on the acquisition relates mainly to the value of the qualified workforce and expected synergies that do not meet the criteria for recognition as separable intangible assets.

The assets acquired and liabilities assumed of Activ International are recorded at fair value at the date of acquisition. Total net assets acquired of CHF 39 million consist of cash (CHF 3 million), working capital (CHF 8 million), fixed assets (CHF 16 million), intangible assets which are made up of process knowledge, research expertise, client relationships, name and product brands (CHF 32 million), deferred tax liabilities (CHF 8 million) and other liabilities (CHF 12 million). The total purchase price of CHF 114 million was settled in cash, resulting in a goodwill of CHF 75 million. The value of acquired assets and liabilities has been finalised, with no adjustment having been made to the acquisition values.

Vika
On 1 September 2017 Givaudan acquired 100% of the share capital of Vika B.V. and its affiliates for a purchase price of CHF 116 million. Vika offers a range of natural dairy ingredients, fonds and stocks, as well as meat and plant based extracts to customers in the food and beverage industry. Vika operates from locations in Ede (The Netherlands), Higham Ferrers (United Kingdom), Maasmechelen (Belgium) and Auckland (New Zealand), employing globally 200 employees.

The identifiable assets and liabilities of Vika are recorded at fair value at the date of acquisition. Total net assets acquired of CHF 76 million consist of cash (CHF 3 million), working capital (CHF 14 million), fixed assets (CHF 24 million), intangible assets which are made up of process knowledge, research expertise, client relationships, name and product brands (CHF 73 million), deferred tax liabilities (CHF 20 million) and other liabilities (CHF 18 million). The total purchase price of CHF 116 million was settled in cash, resulting in a goodwill of CHF 40 million that relates mainly to the value of the qualified workforce and expected synergies that do not meet the criteria for recognition as separable intangible assets. The value of acquired assets and liabilities has been finalised, with no adjustment having been made to the acquisition values.

7. Segment Information
Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to allocate resources to the segments and to assess their performance. The Executive Committee considers the business from a divisional perspective:

Fragrances	Manufacture and sale of fragrances into three global business units: Fine Fragrances, Consumer Products and, Fragrance Ingredients and Active Beauty. Expressions Parfumées is included in Fine Fragrances and Consumer Products; and
Flavours	Manufacture and sale of flavours into five business units: Beverages, Dairy, Savoury, Sweet Goods and Natural Ingredients. The information of these business units are reviewed by the Executive Committee primarily by region.

The performance of the operating segments is based on EBITDA as a percentage of sales.

Business segments

in millions of Swiss francs	Note	Fragrances 2018	Fragrances 2017	Flavours 2018	Flavours 2017	Group 2018	Group 2017
Segment sales		2,525	2,343	3,009	2,717	5,534	5,060
Less inter segment sales[a]		–	–	(7)	(9)	(7)	(9)
Segment sales to third parties		**2,525**	**2,343**	**3,002**	**2,708**	**5,527**	**5,051**
EBITDA		**508**	**486**	**637**	**603**	**1,145**	**1,089**
as % of sales		20.1%	20.7%	21.2%	22.3%	20.7%	21.6%
Depreciation	21	(51)	(48)	(76)	(66)	(127)	(114)
Amortisation	22	(44)	(42)	(81)	(62)	(125)	(104)
Impairment of long-lived assets	21, 22	–		(10)	(2)	(10)	(2)
Additions to Property, plant and equipment	21	84	90	174	123	258	213
Acquisitions of Property, plant and equipment	6, 21	30		201	40	231	40
Additions to Intangible assets	22	26	25	29	22	55	47
Acquisitions of Intangible assets (excluding goodwill)	6, 22	47		513	105	560	105
Total gross investments		**187**	**115**	**917**	**290**	**1,104**	**405**

a) Transfer prices for inter-divisional sales are set on an arm's length basis.

The amounts by division provided to the Executive Committee are measured in a consistent manner in terms of accounting policies with the consolidated financial statements.

Reconciliation table to Group's operating income

in millions of Swiss francs	Fragrances 2018	Fragrances 2017	Flavours 2018	Flavours 2017	Group 2018	Group 2017
EBITDA	**508**	**486**	**637**	**603**	**1,145**	**1,089**
Depreciation	(51)	(48)	(76)	(66)	(127)	(114)
Amortisation	(44)	(42)	(81)	(62)	(125)	(104)
Impairment of long-lived assets	–		(10)	(2)	(10)	(2)
Operating income	**413**	**396**	**470**	**473**	**883**	**869**
as % of sales	16.4%	16.9%	15.7%	17.5%	16.0%	17.2%
Financing costs					(55)	(42)
Other financial income (expense), net					(56)	(32)
Income before taxes					**772**	**795**
as % of sales					14.0%	15.7%

Entity-wide disclosures

The breakdown of sales from the major group of similar products is as follows:

in millions of Swiss francs	2018	2017
Fragrance Division		
Fragrance Compounds	2,199	2,036
Fragrance Ingredients and Active Beauty	326	307
Flavour Division		
Flavour Compounds	3,002	2,708
Total sales	**5,527**	**5,051**

The Group operates in five geographical areas: Switzerland (country of domicile); Europe, Africa and Middle-East; North America; Latin America; and Asia Pacific.

	Fragrances Segment sales [a]		Flavours Segment sales [a]		Group Segment sales [a]		Group Non-current assets [b]	
in millions of Swiss francs	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Switzerland	37	30	22	19	59	49	1,408	1,490
Europe	773	690	750	622	1,523	1,312	2,042	625
Africa and Middle-East	184	152	216	210	400	362	72	54
North America	491	478	950	874	1,441	1,352	1,365	1,182
Latin America	332	344	297	274	629	618	216	151
Asia Pacific	708	649	767	709	1,475	1,358	688	592
Total geographical segments	**2,525**	**2,343**	**3,002**	**2,708**	**5,527**	**5,051**	**5,791**	**4,094**

a) Segment sales are revenues from external customers and are shown by destination.
b) Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets. They consist of property, plant and equipment, intangible assets and investments in jointly controlled entities.

Revenues of approximately CHF 573 million (2017: CHF 583 million) are derived from a single external customer. These revenues are mainly attributable to the Fragrance Division.

8. Employee Benefits

The following amounts related to employee remuneration and benefits are included in determining operating income:

in millions of Swiss francs	**2018**	2017
Wages and salaries	934	841
Social security costs	140	121
Post-employment benefits: defined benefit plans	39	14
Post-employment benefits: defined contribution plans	35	33
Equity-settled instruments	38	35
Other employee benefits	103	97
Total employees' remuneration	**1,289**	**1,141**

Retirement Benefit Plans

The Group operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking account of the recommendations of independent qualified actuaries. The most significant plans are held in Switzerland, United States of America and United Kingdom (further information by country is disclosed at the end of this note).

In December 2018 the benefits of the UK pension schemes were equalised for the inequality of Guaranteed Minimum Pensions between men and women. The change resulted in past service cost of CHF 1 million recognised in other operating income/(expense) in the consolidated income statement.

During 2017 the defined benefit plan held in Switzerland was amended principally by reducing the conversion rate used to convert the retirement savings capital into a pension and by increasing savings contributions from both the employees and employer. These plan amendments resulted in a one-off non-cash gain of CHF 4 million recognised net in other operating income in the consolidated income statement.

During 2017 the supplemental medical coverage of the US post-retirement medical plan was changed. The plan amendment resulted in a one-time past service gain of CHF 16 million recognised in other operating income in the consolidated income statement.

Non-pension plans consist primarily of post-retirement healthcare and life insurance schemes, principally in the United States of America.

The amounts recognised in the consolidated income statement are as follows:

			2018			2017
in millions of Swiss francs	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
Current service cost	37	1	38	30	4	34
Loss (gain) arising from settlement	1		1	(4)	(16)	(20)
Total included in employees' remuneration	**38**	**1**	**39**	**26**	**(12)**	**14**
Net interest cost included in financing costs	8	2	10	10	2	12
Total components of defined benefit cost	**46**	**3**	**49**	**36**	**(10)**	**26**
Of which arising from:						
Funded obligations	42	3	45	32	(13)	19
Unfunded obligations	4	–	4	4	3	7

The amounts recognised in other comprehensive income are as follows:

			2018			2017
in millions of Swiss francs	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
(Gains) losses from change in demographic assumptions	(61)	–	(61)	(10)	1	(9)
(Gains) losses from change in financial assumptions	(104)	(2)	(106)	30	3	33
Experience (gains) losses	(12)	(1)	(13)	9	–	9
Return on plan assets less interest on plan assets	18	–	18	(88)	–	(88)
Remeasurement (gains) losses of post employment benefit obligations	**(159)**	**(3)**	**(162)**	**(59)**	**4**	**(55)**
Of which arising from:						
Funded obligations	(155)	(3)	(158)	(60)	4	(56)
Unfunded obligations	(4)	–	(4)	1		1

The amounts recognised in the statement of financial position are as follows:

			2018			2017
in millions of Swiss francs	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
Funded obligations						
Present value of funded obligations	(1,958)	(53)	(2,011)	(2,128)	(56)	(2,184)
Fair value of plan assets	1,618	–	1,618	1,640	–	1,640
Recognised asset (liability) for funded obligations, net	**(340)**	**(53)**	**(393)**	**(488)**	**(56)**	**(544)**
Unfunded obligations						
Present value of unfunded obligations	(71)	(11)	(82)	(74)	(11)	(85)
Recognised asset (liability) for unfunded obligations	**(71)**	**(11)**	**(82)**	**(74)**	**(11)**	**(85)**
Total defined benefit asset (liability)	**(411)**	**(64)**	**(475)**	**(562)**	**(67)**	**(629)**
Deficit recognised as liabilities for post employment benefits	(433)	(64)	(497)	(583)	(67)	(650)
Surplus recognised as part of the other long-term assets	22		22	21		21
Total net asset (liability) recognised	**(411)**	**(64)**	**(475)**	**(562)**	**(67)**	**(629)**

Amounts recognised in the statement of financial position for post-employment defined benefit plans are predominantly non-current. The non-current portion is reported as non-current assets and non-current liabilities. The current portion is reported as current liabilities within other current liabilities.

Changes in the present value of the defined benefit obligations are as follows:

in millions of Swiss francs	Pension Plans	Non-pension Plans	Total 2018	Pension Plans	Non-pension Plans	Total 2017
Balance as at 1 January	**2,202**	**67**	**2,269**	**2,174**	**81**	**2,255**
Amounts recognised in the income statement						
Current service cost	37	1	38	30	4	34
Interest cost	38	2	40	39	2	41
Amounts recognised in the other comprehensive income						
(Gains) losses from change in demographic assumptions	(61)	–	(61)	(10)	1	(9)
(Gains) losses from change in financial assumptions	(104)	(2)	(106)	30	3	33
Experience (gains) losses	(12)	(1)	(13)	9	–	9
Employee contributions	14		14	11	1	12
Benefit payments	(79)	(3)	(82)	(79)	(4)	(83)
Settlements	(21)		(21)	(4)	(16)	(20)
Acquisitions	33		33			
Currency translation effects	(18)		(18)	2	(5)	(3)
Balance as at 31 December	**2,029**	**64**	**2,093**	**2,202**	**67**	**2,269**

Changes in the fair value of the plan assets are as follows:

in millions of Swiss francs	Pension Plans	Non-pension Plans	Total 2018	Pension Plans	Non-pension Plans	Total 2017
Balance as at 1 January	**1,640**		**1,640**	**1,538**	**1**	**1,539**
Amounts recognised in the income statement						
Interest income	30		30	29	–	29
Amounts recognised in the other comprehensive income						
Return on plan assets less interest on plan assets	(18)		(18)	88	–	88
Employer contributions	43	3	46	50	3	53
Employee contributions	14		14	11	1	12
Benefit payments	(79)	(3)	(82)	(79)	(4)	(83)
Settlements	(22)		(22)			
Acquisitions	26		26			
Currency translation effects	(16)		(16)	3	(1)	2
Balance as at 31 December	**1,618**		**1,618**	**1,640**		**1,640**

Plan assets are comprised as follows:

in millions of Swiss francs	2018		2017	
Debt	518	32%	386	24%
Equity	511	32%	590	36%
Property	222	13%	214	13%
Insurances policies and other	367	23%	450	27%
Total	**1,618**	**100%**	**1,640**	**100%**

The investment strategies are diversified within the respective statutory requirements of each country providing long-term returns with an acceptable level of risk. The plan assets are primarily quoted in an active market with exception of the property and insurance policies.

The plan assets do not include Givaudan registered shares. They do not include any property occupied by, or other assets used by, the Group.

The Group operates defined benefit plans in many countries for which the actuarial assumptions vary based on local economic and social conditions. The assumptions used in the actuarial valuations of the most significant defined benefit plans, in countries with stable currencies and interest rates, are as follows:

Weighted percentage	**2018**	2017
Discount rates	2.1%	1.8%
Projected rates of remuneration growth	1.2%	1.8%
Future pension increases	0.5%	0.8%
Healthcare cost trend rate	1.2%	4.9%

The overall discount rate and the overall projected rates of remuneration growth are calculated by weighting the individual rates in accordance with the defined benefit obligation of the plans.

Sensitivity analysis

The defined benefit obligations are calculated on the basis of various financial and demographic assumptions. The below information quantifies the consequences of a change in some key assumptions.

The effects ((gain)/loss) of the change in assumptions are as follows:

in millions of Swiss francs	Change in assumption	Effects of the change	Increase in assumption	Decrease in assumption
Discount rate	0.5%	on the current service cost	(5)	6
		on the defined benefit obligation	(156)	174
Salary increases	0.5%	on the current service cost	1	(1)
		on the defined benefit obligation	10	(10)
Pension increases	0.5%	on the current service cost	3	–
		on the defined benefit obligation	105	(34)
Medical cost trend	1.0%	on the current service cost	–	–
		on the defined benefit obligation	3	(3)
Life expectancy	1 year	on the current service cost	1	(1)
		on the defined benefit obligation	66	(67)

Information by country

Switzerland

According to the Swiss Federal Law on Occupational Retirement, Survivors and Disability (LPP/BVG), the pension plan is managed by an independent, legally autonomous entity which has the legal structure of a foundation. The plan was amended during the second half of 2017 principally by reducing the conversion rate used to convert the retirement savings capital into a pension and by increasing savings contributions from both the employee and employer.

The Board of Trustees of the foundation is composed of equal numbers of employee and employer representatives. Each year the Board of Trustees decides the level of interest, if any, to apply to the retirement accounts in accordance with the pension policy. It is also responsible for the investment of the assets defining the investment strategy for long-term returns with an acceptable level of risk. The foundation provides benefits on a defined contribution basis.

The majority of the employees are participants to the plan and are insured against the financial consequences of old age, disability and death. The employer and employees pay contributions to the pension plan at rates set out in the foundation rules based on a percentage of salary. The amount of the retirement account can be taken by the employee at retirement in the form of pension or capital.

Under IAS 19 employee benefits, the pension plan is classified as defined benefit plan due to the promises and underlying benefits guarantees. Consequently the pension obligation is calculated by using the projected unit credit method.

The Group expects to contribute CHF 24 million to these plans during 2019.

United States of America

The main US pension plan is qualified under and is managed in accordance with the requirements of US federal law. In accordance with federal law the assets of the plan are legally separate from the employer and are held in a pension trust. The plan was frozen in 2016 and consequently no further accrual of benefits will continue as at the date of enforcement of the plan change.

The law requires minimum and maximum amounts that can be contributed to the trust, together with limitations on the amount of benefits that may be provided under the plan. There are named fiduciaries that are responsible for ensuring the plan is managed in accordance with the law. The fiduciaries are responsible for the investment of the assets defining the investment strategy for long-term returns with an acceptable level of risk. The plan provides benefits on a defined benefit basis.

The accrued benefits based on service to the plan freeze are payable at retirement and on death in service. With exceptions for optional lump sum amounts for certain sections of the plan, the benefits are paid out as annuities.

Under IAS 19 employee benefits, the pension obligations are calculated by using the projected unit credit method.

The Group expects to contribute CHF 5 million to these plans during 2019.

United Kingdom

The two occupational pension schemes (Quest UK Pension Scheme and Givaudan UK Pension Plan) are arranged under the applicable UK Pension Schemes and Pensions Acts and managed as legally autonomous pension trusts by the Boards of Trustees. The plans were frozen during 2016 and consequently no further accrual benefits will continue as at the date of enforcement of the plan change.

The Boards of Trustees are composed of two employee representatives and four employer representatives, for the Quest UK Pension Scheme, and three employee representatives, three employer representatives plus two pensioner representatives for the Givaudan UK Pension Plan. The Boards of Trustees are responsible for the investment of the assets defining the investment strategy for long-term returns with an acceptable level of risk. In their respective sections, both trusts provide benefits on a defined benefit basis and are now frozen to future accruals and members.

The accrued benefits based on service to the plan freeze are payable at retirement and on death in service. With exceptions for trivial amounts, transfer values, lump sum death benefits and tax free lump sums, the benefits are paid out as annuities.

Under IAS 19 employee benefits, the pension obligations in the defined benefit sections of both the Quest UK Pension Scheme and the Givaudan UK Pension Plan are calculated by using the projected unit credit method.

The Group expects to contribute CHF 7 million to these plans during 2019.

Rest of the world

The Group operates other retirement plans classified either as defined benefit or defined contribution plans in some other countries. No individual plan other than those described above is considered material to the Group.

The Group expects to contribute CHF 3 million to these plans in 2019.

The funding position of the funded defined benefit plans are as follows:

As at 31 December 2018 in millions of Swiss francs	Switzerland	United States of America	United Kingdom	Other countries	Total
Present value of defined benefit obligations	1,161	404	317	76	1,958
Fair value of plan assets	894	348	337	39	1,618
Deficit / (surplus)	**267**	**56**	**(20)**	**37**	**340**
Funding ratio	77.0%	86.1%	106.3%	51.3%	82.6%

As at 31 December 2017 in millions of Swiss francs	Switzerland	United States of America	United Kingdom	Other countries	Total
Present value of defined benefit obligations	1,202	453	390	83	2,128
Fair value of plan assets	823	403	370	44	1,640
Deficit / (surplus)	**379**	**50**	**20**	**39**	**488**
Funding ratio	68.5%	89.0%	94.9%	53.0%	77.1%

Key assumptions

2018 in percentage	Switzerland	United States of America	United Kingdom
Discount rate	0.80	4.28	2.90
Future salary increases	1.99	n/a	n/a
Future pension increases	0.00	0.00	3.03
Future average life expectancy for a pensioner retiring at age 65	22.8	21.7	23.9

2017 in percentage	Switzerland	United States of America	United Kingdom
Discount rate	0.70	3.70	2.40
Future salary increases	2.00	n/a	n/a
Future pension increases	0.00	n/a	2.25
Future average life expectancy for a pensioner retiring at age 65	23.4	21.8	23.0

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for the most important countries are based on the following tables:

- Switzerland: BVG2015
- United States of America: RP2014
- United Kingdom: S2PA

Allowance for future improvements in mortality have been allowed for as appropriate in each country. In Switzerland the generational rates have been used adopting the CMI (2016) approach with a 1.50% long term rate of improvement. In the United States of America the published rates have been adjusted and projected in accordance with the MP2018 scale. In the United Kingdom the rates reflect the latest (2017) CMI projections with a 1.25% long term rate of improvement.

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9. Share-Based Payments

Performance share plan

Performance shares are granted on a yearly basis. The performance shares are converted into tradable and transferable shares of Givaudan SA after the vesting period, subject to performance conditions. The performance metric is a combination of the average sales growth of selected peer companies and the cumulative free cash flow margin. There is no market vesting condition involved and participation in this plan is mandatory.

Year of grant	Commencing date	Vesting date	Number of shares expected to be delivered at vesting date	Fair value at grant date (CHF)
2016	31 Mar 2016	15 Apr 2019	22,044	1,709.4
2017	31 Mar 2017	15 Apr 2020	21,161	1,621.6
2018	31 Mar 2018	15 Apr 2021	19,758	1,993.3

The cost of the equity-settled instruments of CHF 36 million (2017: CHF 33 million) has been expensed in the consolidated income statement. A marginal portion of the number of shares expected to be delivered can be settled in cash in the jurisdictions where a physical delivery is not permitted.

Equity-settled instruments related to restricted shares

Restricted shares shown in the table below have been granted on a yearly basis. These shares are tradable and transferable after the vesting period. Participation in these plans is mandatory.

Restricted shares outstanding at the end of the year have the following terms:

Year of grant	Commencing date	Vesting date	Restricted share at grant date (CHF)	**Number of restricted share 2018**	Number of restricted share 2017
2015	31 Mar 2015	31 Mar 2018	1,595.9		1,092
2016	31 Mar 2016	15 Apr 2019	1,709.4	935	935
2017	31 Mar 2017	15 Apr 2020	1,621.6	900	900
2018	31 Mar 2018	15 Apr 2021	1,993.3	730	

Of the 2,565 outstanding restricted shares (2017: 2,927), no share (2017: none) was deliverable. The cost of these equity-settled instruments of CHF 2 million (2017: CHF 2 million) has been expensed in the consolidated income statement.

Movements in the number of restricted shares outstanding are as follows:

Number of restricted shares	**2018**	2017
As at 1 January	**2,927**	**3,217**
Granted	730	900
Delivered/sold	(1,092)	(1,190)
As at 31 December	**2,565**	**2,927**

For these plans, the Group has at its disposal treasury shares.

10. Jointly Controlled Entities

Year of incorporation	Name of Joint ventures	Principal activity	Country of incorporation	Ownership interest
2014	Jiangsu Xinrui Aromatics Ltd	Production of fragrance ingredients	China	49%
2014	BGN Tech LLC	Innovative natural ingredients	USA	49%
2015	Natural Extracts International Ltd	Natural ingredient derivatives production	Mauritius	49%
2016	Vanilla International Ltd	Natural ingredient collection and extract	Mauritius	49%

Summarised financial information in respect of the Group's joint ventures is set out below. The following net assets represent 100% of the jointly controlled entities:

As at 31 December in millions of Swiss francs	**2018**	2017
Current assets	118	113
Non-current assets	40	67
Current liabilities	(49)	(99)
Non-current liabilities	(37)	(14)
Total net assets of joint ventures	**72**	**67**

As at 31 December in millions of Swiss francs	**2018**	2017
Income	29	36
Expenses	(28)	(35)

11. Other Operating Income

in millions of Swiss francs	**2018**	2017
Gains on disposal of fixed assets	26	1
Other income	37	41
Total other operating income	**63**	**42**

Included in the gains on disposal of fixed assets, is a gain of CHF 25 million realised on the sale of the Zurich Innovation Centre (ZIC) (Note 21). For the year ended 31 December 2018 the Group received CHF 20 million of insurance proceeds in relation to prior year environmental litigation costs. For the year ended 31 December 2017 the Group recognised one-off non-cash gains of CHF 16 million in the United States of America and CHF 4 million in Switzerland related to defined benefit plans.

12. Other Operating Expense

in millions of Swiss francs	**2018**	2017
Project related expenses [a]	41	107
Amortisation of intangible assets	10	12
Impairment of long-lived assets	10	2
Losses on disposal of fixed assets	5	4
Environmental provisions	2	1
Business taxes	14	15
Acquisition and integration related expenses	19	1
Other expenses	12	10
Total other operating expense	**113**	**152**

a) Primarily relates to Givaudan Business Solutions (GBS).

13. Expenses by Nature

in millions of Swiss francs	Note	2018	2017
Raw materials and consumables used		2,374	1,980
Total employee remuneration	8	1,289	1,141
Depreciation, amortisation and impairment charges	21, 22	262	220
Transportation expenses		53	48
Freight expenses		112	96
Consulting and service expenses		151	140
Energies		64	56
IT related costs		53	50
Other expenses		286	451
Total operating expenses by nature		**4,644**	**4,182**

14. Financing Costs

in millions of Swiss francs	Note	2018	2017
Interest expense		42	29
Net interest related to defined benefit pension plans	8	10	12
Amortisation of debt discounts		3	1
Total financing costs		**55**	**42**

15. Other Financial (Income) Expense, Net

in millions of Swiss francs	2018	2017
Fair value and realised (gains) losses from derivatives instruments, net (at fair value through income statement)	23	(79)
Exchange (gains) losses, net	16	103
Unrealised (gains) losses from financial instruments measured at fair value through income statement	4	(8)
Interest (income) expense	(3)	(3)
Capital taxes and other non business taxes	10	10
Other (income) expense, net	6	9
Total other financial (income) expense, net	**56**	**32**

16. Income Taxes

Amounts charged to (credited in) the consolidated statement of comprehensive income are as follows:

in millions of Swiss francs	Income statement 2018	Other comprehensive income 2018	Own equity instruments 2018	Total 2018	Income statement 2017	Other comprehensive income 2017	Own equity instruments 2017	Total 2017
Current taxes								
- in respect of current year	129	2		131	100	(3)	(1)	96
- in respect of prior years	–			–	(17)			(17)
Deferred taxes								
- in respect of current year	(17)	33		16	(6)	40	–	34
- reclassified from equity to income statement	–	–		–	–	–		–
- in respect of prior years	(3)			(3)	(2)	1		(1)
Total income tax expense	**109**	**35**		**144**	**75**	**38**	**(1)**	**112**

Since the Group operates globally, it is subject to income taxes in many different tax jurisdictions. As such, in determining the provision for income taxes, judgment is required as there are transactions for which the ultimate tax determination is uncertain at the time of preparing the financial statements. As a result, any differences between the final tax outcome and the amounts that were initially recorded impact the current and deferred taxes in the period in which such final determinations are made.

The Group calculates on the basis of the income statement its average applicable tax rate as a weighted average of the tax rates in the tax jurisdictions in which the Group operates, including research tax credits and withholding tax on dividends, interest and royalties.

The Group's average applicable tax rate differs from the Group's effective tax rate as follows:

	2018	2017
Group's average applicable tax rate	**15%**	**16%**
Tax effect of		
Income not taxable	(2%)	(2%)
Expenses not deductible	1%	1%
Change in tax rate	–	(2%)
Other adjustments of income taxes of prior years	(1%)	(3%)
Other differences	1%	(1%)
Group's effective tax rate	**14%**	**9%**

The variation in the Group's average applicable tax rate arises due to changes in the composition of the Group's profitability within the Group's subsidiaries, in accordance with the Group's business profile in terms of geographical presence, product mix and customer portfolio, as well as external factors related to changes in local statutory tax rates.

In December 2017 the United States of America introduced a new tax law with an effective date of 1 January 2018. The new law contains a Corporate Tax rate of 21% compared to 35% under the previous tax law. The revised rate has been applied to the temporary differences recognised in the 2017 and 2018 statement of financial position of the Group's United States subsidiaries.

Income tax assets and liabilities

Amounts recognised in the statement of financial position related to income taxes are as follows:

As at 31 December in millions of Swiss francs	2018	2017
Current income tax assets	41	32
Current income tax liabilities	(95)	(49)
Total net current income tax asset (liability)	**(54)**	**(17)**

2018 in millions of Swiss francs	Property, plant & equipment	Intangible assets	Pension plans	Tax loss carry forward	Other differences	Total
Net deferred tax asset (liability) as at 1 January	**(87)**	**(59)**	**144**	**6**	**104**	**108**
Acquisition	(13)	(120)	1	12	3	(117)
(Credited) debited to consolidated income statement	8	3	3	(1)	7	20
(Credited) debited to other comprehensive income			(35)		2	(33)
(Credited) debited to own equity instruments					–	–
Currency translation effects	(3)	(2)	(1)	–	(2)	(8)
Net deferred tax asset (liability) as at 31 December	**(95)**	**(178)**	**112**	**17**	**114**	**(30)**
Deferred tax assets						208
Deferred tax liabilities						(238)
Net deferred tax asset (liability) as at 31 December						**(30)**

2017 in millions of Swiss francs	Property, plant & equipment	Intangible assets	Pension plans	Tax loss carry forward	Other differences	Total
Net deferred tax asset (liability) as at 1 January	**(94)**	**(58)**	**190**	**32**	**96**	**166**
Acquisition	(3)	(25)			1	(27)
(Credited) debited to consolidated income statement	11	24	(7)	(26)	6	8
(Credited) debited to other comprehensive income			(38)		(3)	(41)
(Credited) debited to own equity instruments					–	–
Currency translation effects	(1)	–	(1)	–	4	2
Net deferred tax asset (liability) as at 31 December	**(87)**	**(59)**	**144**	**6**	**104**	**108**
Deferred tax assets						207
Deferred tax liabilities						(99)
Net deferred tax asset (liability) as at 31 December						**108**

Amounts recognised in the statement of financial position for deferred taxes are reported as non-current assets and non-current liabilities. The current portion will be charged or credited to the consolidated income statement during 2019.

Deferred tax assets on loss carry forwards of CHF 21 million (2017: CHF 6 million) have been recognised principally in the subsidiaries in France and in the USA, the majority of which expires after 2022. The management considers that there will be future taxable profit available against which these tax losses can be recovered. Deferred tax assets on unused tax losses of CHF 16 million (2017: nil) which have not been recognised are mainly located in subsidiaries in Spain and India.

Deferred tax assets on tax credits of CHF 74 million (2017: CHF 69 million) have been recognised.

A deferred tax liability of CHF 28 million has been recognised in 2018 (2017: CHF 25 million) for certain foreign subsidiaries which have undistributed earnings subject to withholding tax when paid out as dividend as the parent entity is in a position to forecast the timing of distributions expected in the foreseeable future, whereas no deferred tax liability could be recognised for undistributed earnings of CHF 492 million (2017: CHF 467 million).

17. Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders by the weighted average number of shares outstanding:

	2018	2017
Income attributable to equity holder of the parent (in millions of Swiss francs)	**663**	**720**
Weighted average number of shares outstanding		
Ordinary shares	9,233,586	9,233,586
Treasury shares	(14,812)	(24,120)
Net weighted average number of shares outstanding	**9,218,774**	**9,209,466**
Basic earnings per share (CHF)	**71.92**	**78.18**

Diluted earnings per share

For the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted to assume conversion of all potentially dilutive shares:

	2018	2017
Income attributable to equity holder of the parent (in millions of Swiss francs)	**663**	**720**
Weighted average number of shares outstanding for diluted earnings per share of 72,781 (2017: 76,464)	**9,291,555**	**9,285,930**
Diluted earnings per share (CHF)	**71.36**	**77.54**

18. Cash and Cash Equivalents

in millions of Swiss francs	2018	2017
Cash on hand and balances with banks	267	273
Short-term investments	156	261
Balance as at 31 December	**423**	**534**

19. Accounts Receivable – Trade

in millions of Swiss francs	2018	2017
Accounts receivable	1,271	1,162
Notes receivable	3	1
Less: allowance for doubtful accounts	(21)	(16)
Balance as at 31 December	**1,253**	**1,147**

Ageing list:

in millions of Swiss francs	2018	2017
Neither past due nor impaired	1,154	1,062
Less than 30 days	77	71
30 – 60 days	17	14
60 – 90 days	6	4
Above 90 days	20	12
Less: allowance for doubtful accounts	(21)	(16)
Balance as at 31 December	**1,253**	**1,147**

Movement in the allowance for doubtful accounts:

in millions of Swiss francs	2018	2017
Balance as at 1 January	**(16)**	**(14)**
Increase in allowance for doubtful accounts recognised in consolidated income statement	(7)	(5)
Amounts written off as uncollectible	–	–
Reversal of allowance for doubtful accounts	1	3
Currency translation effects	1	
Balance as at 31 December	**(21)**	**(16)**

No significant impairment charge has been recognised in the consolidated income statement in 2018 or in 2017. Past due and impaired receivables are still considered recoverable. The carrying amount of accounts receivable – trade is considered to correspond to the fair value.

20. Inventories

in millions of Swiss francs	2018	2017
Raw materials and supplies	425	359
Work in process	30	34
Intermediate and finished goods	706	549
Less: allowance for slow moving and obsolete inventories	(63)	(40)
Balance as at 31 December	**1,098**	**902**

In 2018 the amount of write-down of inventories was CHF 36 million (2017: CHF 35 million). At 31 December 2018 and 2017 no significant inventory was valued at net realisable value.

21. Property, Plant and Equipment

2018 in millions of Swiss francs	Land	Buildings and land improvements	Machinery, equipment and vehicles	Construction in progress	Total
Net book value					
Balance as at 1 January	**109**	**738**	**535**	**197**	**1,579**
Additions	–	4	10	244	258
Acquisitions	24	112	73	22	231
Disposals	(7)	(135)	(3)		(145)
Transfers	10	155	84	(249)	
Impairment			(8)		(8)
Depreciation		(38)	(89)		(127)
Reclassified as investment property					
Currency translation effects	(2)	(8)	(10)	(9)	(29)
Balance as at 31 December	**134**	**828**	**592**	**205**	**1,759**
Cost	134	1,334	1,750	205	3,423
Accumulated depreciation		(491)	(1,146)		(1,637)
Accumulated impairment		(15)	(12)		(27)
Balance as at 31 December	**134**	**828**	**592**	**205**	**1,759**

2017 in millions of Swiss francs	Land	Buildings and land improvements	Machinery, equipment and vehicles	Construction in progress	Total
Net book value					
Balance as at 1 January	**95**	**722**	**531**	**94**	**1,442**
Additions	–	1	4	208	213
Acquisitions	13	14	12	1	40
Disposals	–	(2)	(3)		(5)
Transfers	–	41	67	(108)	
Impairment		(2)	–		(2)
Depreciation		(33)	(81)		(114)
Reclassified as investment property	(2)	(13)	–		(15)
Currency translation effects	3	10	5	2	20
Balance as at 31 December	**109**	**738**	**535**	**197**	**1,579**
Cost	109	1,218	1,627	197	3,151
Accumulated depreciation		(465)	(1,088)		(1,553)
Accumulated impairment		(15)	(4)		(19)
Balance as at 31 December	**109**	**738**	**535**	**197**	**1,579**

At 31 December 2018 and 2017 no significant capitalised borrowing costs were accounted for.

In 2018 the Group sold and leased back its Zurich Innovation Centre (ZIC) for an amount of CHF 173 million. CHF 100 million has been received in 2018 and the remainder will be received at completion of the centre in 2019, for which the Group still has a liability of CHF 29 million for construction costs during 2019. The gain realised on the sale of CHF 25 million has been recognised in other operating income in 2018.

22. Intangible Assets

2018 in millions of Swiss francs	Goodwill	Process-oriented technology and other	Client relationships	Supplier relationships	Name and product brands	Software/ERP system	Total
Net book value							
Balance as at 1 January	**1,912**	**190**	**243**		**4**	**133**	**2,482**
Additions		7				48	55
Acquisitions	1,100	142	313	42	58	5	1,660
Disposals		(2)					(2)
Impairment		(2)					(2)
Amortisation		(42)	(36)	(5)	(4)	(38)	(125)
Currency translation effects	(53)	(6)	(9)		(1)	–	(69)
Balance as at 31 December	**2,959**	**287**	**511**	**37**	**57**	**148**	**3,999**
Cost	2,959	1,004	787	42	64	720	5,576
Accumulated amortisation		(711)	(276)	(5)	(7)	(572)	(1,571)
Accumulated impairment		(6)					(6)
Balance as at 31 December	**2,959**	**287**	**511**	**37**	**57**	**148**	**3,999**

2017 in millions of Swiss francs	Goodwill	Process-oriented technology and other	Client relationships	Supplier relationships	Name and product brands	Software/ERP system	Total
Net book value							
Balance as at 1 January	**1,791**	**184**	**203**		**3**	**130**	**2,311**
Additions		4				43	47
Acquisitions	115	34	68		3	–	220
Disposals							
Impairment							
Amortisation		(34)	(28)		(2)	(40)	(104)
Currency translation effects	6	2	–		–	–	8
Balance as at 31 December	**1,912**	**190**	**243**		**4**	**133**	**2,482**
Cost	1,912	863	483		7	667	3,932
Accumulated amortisation		(669)	(240)		(3)	(534)	(1,446)
Accumulated impairment		(4)					(4)
Balance as at 31 December	**1,912**	**190**	**243**		**4**	**133**	**2,482**

Classification of amortisation expenses is as follows:

			2018			2017
in millions of Swiss francs	Fragrances	Flavours	Total	Fragrances	Flavours	Total
Cost of sales	5	10	15	9	9	18
Selling, marketing and distribution expenses	16	24	40	15	23	38
Research and product development expenses	15	33	48	9	21	30
Administration expenses	4	8	12	3	3	6
Other operating expenses	4	6	10	6	6	12
Total	**44**	**81**	**125**	**42**	**62**	**104**

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs), which are defined as the Flavour Division and the Fragrance Division, which itself includes a lower level of cash-generating unit related to Expressions Parfumées. Goodwill allocated to these CGUs was CHF 2,245 million (2017: CHF 1,322 million) to the Flavour Division, CHF 574 million (2017: CHF 590 million) to the Fragrance Division and CHF 140 million (2017: none) to Expressions Parfumées.

The recoverable amount of each CGU has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial business plans and budgets approved by management covering a five year period, as well as a terminal value. The basis of the key assumptions is market growth adjusted for estimated market share gains. The terminal value assumes the long-term inflation rate for growth beyond the five year period. The discount rate used to discount the estimated future cash flows has a number of components which are derived from capital market information where the cost of equity corresponds to the return expected by the shareholders by benchmarking with comparable companies in the fragrance and flavour industry, and where the cost of debt is based on the conditions on which companies with similar credit rating can obtain financing.

A discount rate of 10.9% (2017: 10.3%) was applied to cash flow projections of the Fragrance Division, 10.7% (2017: 10.3%) was applied to cash flow projections of the Flavour Division and 11.8% (2017: none) was applied to cash flow projections of Expressions Parfumées. These discount rates are pre-tax.

No impairment loss in any of the CGUs resulted from the impairment tests for goodwill. The outcome of the impairment test was not sensitive to reasonable changes in the cash flows and in the discount rate in the periods presented.

Process-oriented technology and other

This consists mainly of process-oriented technology, formulas, molecules, delivery systems as well as process knowledge and research expertise in innovative cosmetic solutions, acquired when the Group purchased Food Ingredients Specialties (FIS), International Bioflavors (IBF), Quest International, Soliance, Induchem, Spicetec, Activ International, Vika, Centroflora Nutra, Expressions Parfumées and Naturex.

The Group invested CHF 12 million in bioscience through an agreement with outside partner to apply strain technology to active beauty which represents an intangible asset with indefinite useful life.

Client relationships

As part of the acquisition of Quest International, Induchem, Spicetec, Activ International, Vika, Centroflora Nutra, Expressions Parfumées and Naturex the Group acquired client relationships in the Flavour and Fragrance Divisions, mainly consisting of client relationships with key customers.

Supplier relationships

As part of the acquisition of Naturex the Group acquired supplier relationships in the Flavour Division, mainly consisting of supplier relationships with key suppliers.

Name and product brands

In connection with the acquisition of Induchem, Spicetec, Activ International, Vika, Centroflora Nutra, Expressions Parfumées and Naturex the Group acquired name and product brands in active beauty and in natural flavour businesses.

Software/ERP system

This consists of internally generated intangible assets associated with the development of identifiable software products and ERP systems.

The residual useful lives of the acquired intangible assets carried at cost, being their fair value at acquisition date, are determined in accordance with the principles set out in Note 2.17. Remaining useful lives of major classes of amortisable intangible assets are as follows:

– Software	2.6 years
– Name and product brands	17.4 years
– Process-oriented technology and other	6.7 years
– Client relationships	17.8 years
– Supplier relationships	2.7 years

23. Investment Property

In 2017 the Group entered into an agreement to develop real estate at its facility in Kemptthal with a third party. As the agreement meets the criteria of IAS 40, the value of land and buildings has been transferred to Investment property. During the year 2018 most of the asset was sold at cost price. The remaining asset of CHF 2 million will be sold in 2019.

24. Debt

	Floating rate debt						Fixed rate debt				Total short-term and long-term debt
2018 in millions of Swiss francs	Bank borrowings	Bank facility	Bank overdrafts	Straight bonds	Private placements	Total	Bank borrowings	Straight bonds	Private placements	Total	
Balance as at 1 January	**1**		**7**		**117**	**125**	**9**	**998**	**476**	**1,483**	**1,608**
Cash flows	30	169	(5)	151		345	(259)	1,352		1,093	1,438
Non-cash changes											
- Amortisation of debt discount				–	–	–	2	1	–	3	3
- Acquisition / Divestment			1			1	259			259	260
- Currency effects	(31)	–			(5)	(36)		3	(6)	(3)	(39)
Balance as at 31 December		**169**	**3**	**151**	**112**	**435**	**11**	**2,354**	**470**	**2,835**	**3,270**
Within 1 year			3			3	1			1	4
Within 1 to 3 years				151		151	5	249	39	293	444
Within 3 to 5 years		169			112	281	4	100	147	251	532
Thereafter							1	2,005	284	2,290	2,290
Balance as at 31 December		**169**	**3**	**151**	**112**	**435**	**11**	**2,354**	**470**	**2,835**	**3,270**

	Floating rate debt						Fixed rate debt				Total short-term and long-term debt
2017 in millions of Swiss francs	Bank borrowings	Bank facility	Bank overdrafts	Straight bonds	Private placements	Total	Bank borrowings	Straight bonds	Private placements	Total	
Balance as at 1 January			**7**			**7**		**997**	**254**	**1,251**	**1,258**
Cash flows	(42)		(3)		116	71	(5)		232	227	298
Non-cash changes											
- Amortisation of debt discount								1		1	1
- Acquisition / Divestment	13		3			16	14			14	30
- Currency effects	30				1	31			(10)	(10)	21
Balance as at 31 December	**1**		**7**		**117**	**125**	**9**	**998**	**476**	**1,483**	**1,608**
Within 1 year			7			7	1	300		301	308
Within 1 to 3 years	1					1	2	100	39	141	142
Within 3 to 5 years					117	117	2	249		251	368
Thereafter							4	349	437	790	790
Balance as at 31 December	**1**		**7**		**117**	**125**	**9**	**998**	**476**	**1,483**	**1,608**

On 7 December 2011 the Group issued a dual tranche public bond transaction of CHF 150 million each, totalling CHF 300 million, respectively of 1.250% for five years and of 2.125% for ten years. The bond was issued by Givaudan SA. The first tranche was redeemed in December 2016.

In November 2012 Givaudan United States, Inc. entered into three private placements for a total amount of USD 250 million (CHF 245 million) respectively USD 40 million redeemable in February 2020 with an annual interest rate of 2.74%, USD 150 million redeemable in February 2023 with an annual interest rate of 3.30% and USD 60 million redeemable in February 2025 with an annual interest rate of 3.45%. The proceeds of these transactions have been received on 6 February 2013. There are various covenants contained in these transactions covering conditions on net worth, indebtedness and EBITDA ratio to net interest expense of Givaudan United States, Inc. The company is and has been in full compliance with the covenants set.

On 19 March 2014 the Group issued a 1.00% six and a half year public bond with a nominal value of CHF 100 million and a 1.75% ten year public bond with a nominal value of CHF 150 million. These bonds were issued by Givaudan SA.

In December 2016 the Group issued a 0.00% six year public bond with a nominal value of CHF 100 million and a 0.625% fifteen year public bond with a nominal value of CHF 200 million. These bonds were issued by Givaudan SA.

In December 2017 the Group entered into a five year floating rate private placement (Schuldschein) with a nominal value of EUR 100 million (CHF 112 million) and a seven year 1.331% fixed rate private placement (Schuldschein) with a nominal value of EUR 200 million (CHF 225 million). The proceeds of EUR 300 million were used mainly to repay the short-term borrowings withdrawn during the year 2017.

The Group issued a two year floating rate public bond with a nominal value of CHF 150 million and a seven year 0.375% fixed rate public bond with a nominal value of CHF 200 million. These bonds were issued by Givaudan SA on 9 April 2018. The proceeds of CHF 350 million were used mainly to repay the 2.5% seven year public bond with a nominal value of CHF 300 million which was redeemed on 15 June 2018.

In September 2018 the Group issued a dual tranche placement of senior debt notes (the 'Notes') totalling EUR 1,300 million (CHF 1,455 million), respectively of EUR 500 million (CHF 559 million) at a fixed rate of 1.125% for seven years and EUR 800 million (CHF 896 million) at the fixed rate of 2.000% for twelve years. These Euro bonds were issued by Givaudan SA.

As at 31 December 2018 the Group had borrowings of EUR 150 million (CHF 169 million) under the Group bank credit facility.

in millions of Swiss francs	**2018**	2017
Swiss franc	1,050	998
US Dollar	247	244
Euro	1,972	365
Other currencies	1	1
Total debt as at 31 December	**3,270**	**1,608**

The weighted average effective interest rates at the statement of financial position date were as follows:

	2018	2017
Private placements USD	3.2%	3.2%
Private placements EUR	1.1%	1.1%
Straight bond EUR	1.7%	
Straight bond CHF	0.8%	1.6%
Bank facility EUR	0.5%	
Weighted average effective interest rates on gross debt	**1.4%**	**1.7%**

25. Changes in liabilities arising from financing activities

2018 in millions of Swiss francs	Balance as at 1 January	Cash impact: Cash flows Inflow (Outflow)	Non-cash changes: Amortisation of debt discount / premium	Non-cash changes: Acquisition / Divestment	Non-cash changes: Fair values changes and Others	Non-cash changes: Currency effects	Balance as at 31 December
Total short-term and long-term debt	1,608	1,438	3	260		(39)	3,270
Interest on liabilities	8	(29)			34	–	13
Derivative financial instruments	60	(22)		2	3	–	43
Capitalised lease liabilities		–		7	–	–	7
Others, net	13	(5)		1	8	–	17
Total liabilities from financing activities	**1,689**	**1,382**	**3**	**270**	**45**	**(39)**	**3,350**

2017 in millions of Swiss francs	Balance as at 1 January	Cash impact: Cash flows Inflow (Outflow)	Non-cash changes: Amortisation of debt discount / premium	Non-cash changes: Acquisition / Divestment	Non-cash changes: Fair values changes and Others	Non-cash changes: Currency effects	Balance as at 31 December
Total short-term and long-term debt	1,258	298	1	30		21	1,608
Interest on liabilities	8	(24)		–	24	–	8
Derivative financial instruments	62	–			(2)		60
Others, net	12	(7)			9	(1)	13
Total liabilities from financing activities	**1,340**	**267**	**1**	**30**	**31**	**20**	**1,689**

26. Provisions

2018 in millions of Swiss francs	Restructuring	Claims and litigation	Environmental	Others	Total
Balance as at 1 January	**58**	**10**	**24**	**32**	**124**
Acquisitions		4		1	5
Additional provisions	9	2	3	5	19
Unused amounts reversed	(24)	(1)		(1)	(26)
Utilised during the year	(18)	(3)	(1)	(3)	(25)
Currency translation effects	–	–	–	–	–
Balance as at 31 December	**25**	**12**	**26**	**34**	**97**
Current liabilities	17	2	4	1	24
Non-current liabilities	8	10	22	33	73
Balance as at 31 December	**25**	**12**	**26**	**34**	**97**

2017 in millions of Swiss francs	Restructuring	Claims and litigation	Environmental	Others	Total
Balance as at 1 January	**3**	**8**	**26**	**28**	**65**
Acquisitions					
Additional provisions	60	3		7	70
Unused amounts reversed	(1)	–		–	(1)
Utilised during the year	(4)	(1)	(2)	(3)	(10)
Currency translation effects	–	–	–	–	–
Balance as at 31 December	**58**	**10**	**24**	**32**	**124**
Current liabilities	51	1	3	2	57
Non-current liabilities	7	9	21	30	67
Balance as at 31 December	**58**	**10**	**24**	**32**	**124**

Significant judgment is required in determining the various provisions. A range of possible outcomes is determined to make reliable estimates of the obligation that is sufficient for the recognition of a provision. Differences between the final obligations and the amounts that were initially recognised impact the income statement in the period in which such determination is made.

Restructuring provisions

Restructuring provisions arise from reorganisations of the Group's operations and management structure primarily related to Givaudan Business Solutions (GBS) and from reorganisations in the Flavour division. During the year, CHF 24 million, that was initially related to the provision for GBS, was reversed due to the fact that a number of personnel that was supposed to leave have been rehired in the Group in different positions, or have left the Group of their own accord.

Claims and litigation

These provisions are made in respect of legal claims brought against the Group and potential litigations. Related estimated legal fees are also included in these provisions.

Environmental

Givaudan's affiliate, Givaudan Fragrances Corporation, is one of approximately 100 companies identified by the US Environmental Protection Agency ('EPA') as 'Potentially Responsible Parties' ('PRP') for alleged contamination of the Passaic River. The EPA released a Focused Feasibility Study ('FFS') covering only the lower 8 miles of the River in 2014. In March 2016, the EPA issued its Record of Decision ('ROD') to confirm the remediation solution related to the FFS. The chosen solution entails a bank-to-bank dredge of the River, and the installation of an engineered cap, with an estimated cost of CHF 1.4 billion. One PRP agreed in 2016 to conduct the detailed remediation design, which is expected to take up to four years to complete. The EPA has also selected an expert to work with the PRP's on the allocation of the remediation costs, which is expected to take approximately two years to conclude.

The Cooperating Parties Group ('CPG'), of which Givaudan had been a member, issued a draft Remedial Investigation/Feasibility Study ('RI/FS') in April 2014, which proposed a Sustainable Remedy for the entire lower 17 miles of the River. The CPG is still responding to EPA comments on the RI/FS, which remains in draft form today.

At this time, there are many uncertainties associated with the final remediation plan and the Company's share of the costs, if any. However, in accordance with accounting guidance, the Group has recorded a reserve which it believes can reasonably be expected to cover the Company's obligation, if any, given the information currently available.

The other material components of the environmental provisions consist of costs to sufficiently clean and refurbish contaminated sites and to treat where necessary.

Other provisions

These consist largely of provisions related to long-term deferred compensation plan and to restoring expenses related to leased facilities.

27. Own Equity Instruments

Details of own equity instruments are as follows:

As at 31 December 2018	Settlement	Category	Maturity	Strike price (CHF)	in equivalent shares	Fair value in millions of Swiss francs
Registered shares		Equity			11,906	27
Purchased calls	Gross shares	Equity	2019	1,753.5 - 2,232.0	53,000	17
Written puts	Gross shares	Financial liability	2019	1,753.5 - 2,192.0	47,000	2

As at 31 December 2017	Settlement	Category	Maturity	Strike price (CHF)	in equivalent shares	Fair value in millions of Swiss francs
Registered shares		Equity			23,838	54
Purchased calls	Gross shares	Equity	2018	1,786.1 - 1,962.1	50,312	18
Written puts	Gross shares	Financial liability	2018	1,679.5 - 1,959.0	50,312	–

28. Equity

Share capital

As at 31 December 2018, the share capital amounts to CHF 92,335,860, divided into 9,233,586 fully paid-up registered shares, with a nominal value of CHF 10.00 each. Every share gives the right to one vote.

The Board of Directors has at its disposal conditional capital of a maximum aggregate amount of CHF 7,481,980 that may be issued through a maximum of 748,198 registered shares, of which a maximum of CHF 1,618,200 can be used for executive share option plans.

At the Annual General Meeting held on 22 March 2018 the distribution of an ordinary dividend of CHF 58.00 per share (2017: CHF 56.00 per share) was approved. The dividend payment has been paid out of available retained earnings.

Movements in own equity instruments are as follows:

		Price in Swiss francs			Total in millions of Swiss francs
2018	Number	High	Average	Low	
Balance as at 1 January	**23,838**				**157**
Purchases at cost	12,312	1,959.0	1,877.2	1,791.0	23
Sales and transfers	(24,244)	1,844.0	1,844.0	1,844.0	(45)
(Gains) losses, net recognised in equity					
Movement on registered shares, net					**(22)**
Movement on derivatives on own shares, net					**7**
Income taxes					
Balance as at 31 December	**11,906**				**142**

		Price in Swiss francs			Total in millions of Swiss francs
2017	Number	High	Average	Low	
Balance as at 1 January	**31,137**				**109**
Purchases at cost	25,750	1,920.2	1,843.6	1,690.0	47
Sales and transfers	(33,049)	1,491.2	1,491.2	1,491.2	(49)
(Gains) losses, net recognised in equity					
Movement on registered shares, net					**(2)**
Movement on derivatives on own shares, net					**50**
Income taxes					**–**
Balance as at 31 December	**23,838**				**157**

29. Commitments

As at 31 December 2018, the Group had operating lease commitments mainly related to buildings. Future minimum payments under non-cancellable operating leases are as follows:

in millions of Swiss francs	2018	2017
Within one year	46	36
Within two to five years	125	85
Thereafter	206	32
Total minimum payments	**377**	**153**

The total minimum operating lease commitments include the lease back commitment of CHF 184 million of the Zurich Innovation Centre (ZIC) that was sold in December 2018 (Note 21). This lease commitment has a duration of 30 years.

The charge in the 2018 consolidated income statement for all operating leases was CHF 48 million (2017: CHF 45 million).

The Group has capital commitments for the purchase or construction of property, plant and equipment totalling CHF 111 million (2017: CHF 105 million).

30. Contingent Liabilities

From time to time and in varying degrees, Group operations and earnings continue to be affected by political, legislative, fiscal and regulatory developments, including those relating to environmental protection, in the countries in which it operates.

The activities in which the Group is engaged are also subject to physical risks of various kinds. The nature and frequency of these developments and events, not all of which are covered by insurance, as well as their effect on the future operations and earnings are not predictable.

Givaudan Group companies are involved in various legal and regulatory proceedings of a nature considered typical of its business, including contractual disputes and employment litigation.

One of the Group's US affiliates, Givaudan Flavors Corporation was named as a defendant in several lawsuits brought against it and other flavour and raw chemical supply companies. The plaintiffs alleged that they sustained pulmonary injuries due to diacetyl-containing butter flavours manufactured by one or more of the flavour and raw chemical supply company defendants. The majority of the cases filed against Givaudan Flavors Corporation have been settled. The Group has already recovered or will recover amounts it is entitled to under the terms of its insurance policies.

31. Related Parties

Transactions between Givaudan SA and its subsidiaries, which are related parties of Givaudan SA, have been eliminated on consolidation and are not disclosed in this note.

Compensation of key management personnel

The compensation of the Board of Directors and the Executive Committee during the year was as follows:

in millions of Swiss francs	2018	2017
Salaries and other short-term benefits	11	13
Post-employment benefits	1	1
Share-based payments	13	11
Total compensation	**25**	**25**

No other related party transactions have taken place during 2018 (2017: nil) between the Group and the key management personnel.

Reconciliation table to the Swiss code of obligations

	IFRS		Adjustments[a]		Swiss CO (Art. 663b bis)	
in millions of Swiss francs	2018	2017	2018	2017	2018	2017
Salaries and other short-term benefits	11	13	(4)	(6)	7	7
Post-employment benefits	1	1	1	1	2	2
Share-based payments	13	11	(2)	2	11	13
Total compensation	**25**	**25**	**(5)**	**(3)**	**20**	**22**

a) IFRS information is adjusted mainly to the recognition of the share-based payments, IFRS 2 versus economic value at grant date. IFRS information also includes security costs.

There are no other significant related party transactions including in the jointly controlled entities.

32. Board of Directors and Executive Committee Compensation

Compensation of members of the Board of Directors

Compensation of Board members consists of Director fees, Committee fees and Restricted Share Units (RSUs). Fees are paid at the end of each year in office completed. RSUs give participants the right to receive Givaudan shares (or a cash equivalent in countries where securities laws prevent the offering of Givaudan securities) at the end of a three-year blocking period.

The Chairman of the Board does not receive any additional Board Membership fees. Similarly, a Committee Chairman does not receive any additional Committee Membership fees. Each Board member receives an additional amount of CHF 10,000 to cover out-of-pocket expenses. This amount is paid for the coming year in office. The RSUs are also granted for the same period. The compensation paid to the Board members for the reporting period is shown in the table below:

2018 in Swiss francs	Calvin Grieder Chairman [e]	Victor Balli [e]	Prof. Dr-Ing. Werner Bauer [e]	Lilian Biner [e]	Michael Carlos [e]	Ingrid Deltenre [e]	Thomas Rufer [e]	**Total 2018** [a]
Director fees [b]	400,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000
Committee fees [b]	65,000	50,000	65,000	25,000	65,000	50,000	55,000	375,000
Total fixed (cash)	465,000	150,000	165,000	125,000	165,000	150,000	155,000	1,375,000
Number of RSUs granted [c]	292	73	73	73	73	73	73	730
Value at grant [d]	582,044	145,511	145,511	145,511	145,511	145,511	145,511	1,455,110
Total compensation	**1,047,044**	**295,511**	**310,511**	**270,511**	**310,511**	**295,511**	**300,511**	**2,830,110**

a) Represents total compensation for the Board of Director paid in respect of the reporting year, reported in accordance with the accrual principle.
b) Represents Director and Committee fees paid in respect of the reporting year, reported in accordance with the accrual principle.
c) RSUs blocking period ends on 15 April 2021.
d) Economic value at grant according to IFRS methodology, with no discount applied for the blocking period.
e) The function of each member of the Board of Directors are indicated on pages 104 – 105 in the Corporate Governance section of the 2018 Integrated Annual Report.

Estimated social security charges based on 2018 compensation amounted to CHF 203,000 (2017: CHF 205,000).

2017 in Swiss francs	Calvin Grieder Chairman [e]	Victor Balli [e]	Prof. Dr-Ing. Werner Bauer [e]	Lilian Biner [e]	Michael Carlos [e]	Ingrid Deltenre [e]	Thomas Rufer [e]	Dr Jürg Witmer [f]	**Total 2017** [a]
Director fees [b]	325,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,025,000
Committee fees [b]	61,250	43,750	65,000	31,250	58,750	50,000	55,000	10,000	375,000
Total fixed (cash)	386,250	143,750	165,000	131,250	158,750	150,000	155,000	110,000	1,400,000
Number of RSUs granted [c]	360	90	90	90	90	90	90	–	900
Value at grant [d]	583,776	145,944	145,944	145,944	145,944	145,944	145,944	–	1,459,440
Total compensation	**970,026**	**289,694**	**310,944**	**277,194**	**304,694**	**295,944**	**300,944**	**110,000**	**2,859,440**

a) Represents total compensation for the Board of Director paid in respect of the reporting year, reported in accordance with the accrual principle.
b) Represents Director and Committee fees paid in respect of the reporting year, reported in accordance with the accrual principle.
c) RSUs vest on 15 April 2020.
d) Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.
e) The function of each member of the Board of Directors are indicated on pages 63-65 in the Corporate Governance section of the 2017 Annual Report.
f) Retired at the Annual General Meeting in March 2017.

Other compensation, fees and loans to members or former members of the Board
No additional compensation or fees were paid to any member of the Board.
No Board member or related parties had any loan outstanding as of 31 December 2018.

Special compensation of members of the Board who left the company during the reporting period
No such compensation was incurred during the reporting period.

Compensation of members of the Executive Committee
The compensation of the Executive Committee during the year was as follows:

in Swiss francs	Gilles Andrier CEO 2018	Gilles Andrier CEO 2017	Executive Committee members (excluding CEO)[a] 2018	Executive Committee members (excluding CEO)[b] 2017	**Total 2018**	**Total 2017**
Base salary	1,058,023	1,045,952	3,194,282	3,970,375	4,252,305	5,016,327
Pension benefits[c]	571,766	445,076	947,880	1,048,011	1,519,646	1,493,087
Other benefits[d]	139,048	114,688	819,837	800,451	958,885	915,139
Total fixed compensation	1,768,837	1,605,716	4,961,999	5,818,837	6,730,836	7,424,553
Annual incentive[e]	954,070	977,142	1,824,033	2,513,556	2,778,103	3,490,698
Number of performance shares granted[f]	1,446	1,777	3,263	5,549	4,709	7,326
Value at grant[g]	2,882,312	2,881,583	6,504,138	8,998,258	9,386,450	11,879,841
Total variable compensation	3,836,382	3,858,725	8,328,171	11,511,814	12,164,553	15,370,539
Total compensation	**5,605,219**	**5,464,441**	**13,290,170**	**17,330,651**	**18,895,389**	**22,795,092**
Employer social security[h]	453,000	442,000	988,000	1,413,000	1,441,000	1,855,000

a) Represents (a) full year compensation of five Executive Committee members, (b) partial year compensation of two outgoing members and c) partial year compensation of the new Flavour Division President.
b) Represents full year compensation of eight Executive Committee members and partial year compensation of one outgoing Executive Committee member.
c) Company contributions to broad-based pension and retirement savings plans and annualised expenses accrued for supplementary executive retirement benefit.
d) Represents annual value of health and welfare plans, international assignment benefits and other benefits in kind.
e) Annual incentive accrued in reporting period based on performance in the reporting period.
f) 2018 Performance shares vest on 15 April 2021, 2017 Performance shares vest on 15 April 2020.
g) Value at grant calculated according to IFRS methodology and based on 100% achievement of performance targets.
h) 2018 estimated social security charges based on 2018 compensation; 2017 estimated social security charges based on 2017 compensation.

Other compensation, fees and loans to members or former members of the Executive Committee
No other compensation or fees were accrued for or paid to any member or former member of the Executive Committee during the reporting period. No member or former member of the Executive Committee or related parties had any loan outstanding as of 31 December 2018.

Special compensation of Executive Committee members who left the company during the reporting period
Members of the Executive Committee that stepped down during 2018 did not receive any special compensation as a result of their departure from the Company

Ownership of shares and unvested share rights
Details on the Givaudan share based payment plans are described in Note 9.

As per 31 December 2018, the Chairman and other Board members including persons closely connected to them held 3,906 Givaudan shares in total. For further details, please refer to the following table on the next page showing:

- The shares held individually by each Board member as per 31 December 2018.
- The RSUs that were granted in 2016 – 2018 and were still owned by members of the Board as per 31 December 2018.

2018 in numbers	Shares	Unvested RSUs
Calvin Grieder, Chairman	210	737
Victor Balli		248
Prof. Dr-Ing. Werner Bauer	1,180	248
Lilian Biner	587	248
Michael Carlos	1,012	248
Ingrid Deltenre	117	248
Thomas Rufer	800	248
Total 2018	**3,906**	**2,225**
Total 2017	3,360	2,041

The company is not aware of any other ownership of shares, share options/option rights, RSUs or performance shares as per 31 December 2018 by persons closely connected to members of the Board.

The Chief Executive Officer and other members of the Executive Committee, including persons closely connected to them, held 5,097 Givaudan shares. For further details, please refer to the table below showing:

- The shares held individually by each member of the Executive Committee as per 31 December 2018.
- The unvested performance shares that were granted in 2016-2018 and were still owned by members of the Executive Committee as per 31 December 2018.

2018 in numbers	Shares	Unvested performance shares
Gilles Andrier, CEO	2,400	4,909
Tom Hallam	438	1,304
Louie D'Amico	193	1,131
Maurizio Volpi	1,257	2,350
Simon Halle-Smith	260	1,403
Willem Mutsaerts	440	1,418
Anne Tayac	109	1,261
Total 2018	**5,097**	**13,776**
Total 2017	6,154	15,945

No member of the Executive Committee held any share options or option rights as at 31 December 2018 (31 December 2017: no member of the Executive Committee held any share options or option rights).

One person closely connected to a member of the Executive Committee owned 279 unvested Performance Shares as at 31 December 2018.

The company is not aware of any other ownership of shares, share options/option rights, RSUs or performance shares as per 31 December 2018 by persons closely connected to members of the Executive Committee.

33. List of Principal Group Companies

The following are the principal companies fully owned by the Group. Share capital is shown in thousands of currency units:

Switzerland	Givaudan SA	CHF	92,336
	Givaudan Suisse SA	CHF	4,500
	Givaudan Finance SA	CHF	100,000
	Givaudan International SA	CHF	100
	Vamara Holding SA	CHF	100
	Givaudan Treasury International SA	CHF	1,000
	Naturex AG	CHF	15,288
	Fondation Givaudan	-	-
Argentina	Givaudan Argentina SA	ARS	20,000
	Givaudan Argentina Servicios SA	ARS	8,000
Australia	Givaudan Australia Pty Ltd	AUD	35,812
	Naturex Australia Pty Ltd	AUD	0.003
Austria	Givaudan Austria GmbH	EUR	40
Belgium	Naturex SPRL	EUR	1,000
Bermuda	FF Holdings (Bermuda) Ltd	USD	12
	Givaudan International Ltd	USD	12
	FF Insurance Ltd	CHF	170
Brazil	Givaudan do Brasil Ltda	BRL	345,381
	G Nutra Ind Com Prod Alim e Nutricionais Ltda	BRL	31,219
	Naturex Ingredientes Naturais Ltda	BRL	7,035
Canada	Givaudan Canada Co	CAD	12,901
	Naturex Inc (Canada)	CAD	500
Chile	Givaudan Chile Ltda	CLP	5,000
	Chile Botanics SA	CLP	1,837,205
	Naturex Chile SA	CLP	1,731,600
China	Givaudan Fragrances (Shanghai) Ltd	USD	7,750
	Givaudan Flavors (Shanghai) Ltd	USD	10,783
	Givaudan Specialty Products (Shanghai) Ltd	USD	12,000
	Givaudan Hong Kong Ltd	HKD	7,374
	Givaudan Flavors (Nantong) Ltd	USD	39,000
	Naturex Trading Shanghai Co Ltd	CNY	5,608
Colombia	Givaudan Colombia SA	COP	6,965,925
Czech Republic	Givaudan CR, s.r.o.	CZK	200
Egypt	Givaudan Egypt SAE	USD	21,360
	Givaudan Egypt Fragrances LLC	EGP	50
France	Givaudan France SAS	EUR	5,006
	Espressions Parfumées SAS	EUR	3,794
	Oressences SAS	EUR	30,000
	Naturex SA	EUR	14,435
	SCI Les Broquetons	EUR	495
	SAS SGD	EUR	13,523
Germany	Givaudan Deutschland GmbH	EUR	4,100
	Naturex GmbH	EUR	150
Hungary	Givaudan Hungary Kft	EUR	15
	Givaudan Business Solutions Kft	EUR	12
India	Givaudan (India) Private Ltd	INR	87,330
	Naturex India Private Ltd	INR	64,416
	Valentine Foods Private Ltd	INR	100
Indonesia	P.T. Givaudan Indonesia	IDR	2,608,000
Italy	Givaudan Italia SpA	EUR	520
	Expressions Parfumées SRLA	EUR	10
	Naturex SpA	EUR	1,200
Ivory Coast	Naturex Ivory Coast Abidjan Purchasing	XOF	6,000

Japan	Givaudan Japan K.K.	JPY	1,000,000
	Naturex K.K.	JPY	5,000
Korea	Givaudan Korea Ltd	KRW	550,020
	Naturex Korea Seoul sales office	KRW	284,000
Malaysia	Givaudan Business Solutions Asia Pacific Sdn.Bhd	MYR	2,000
	Givaudan Flavours & Fragrances Malaysia Sdn.Bhd	MYR	3,981
Morocco	Naturex Morocco Casablanca	MAD	24,640
Mexico	Givaudan de Mexico SA de CV	MXN	53,611
	Naturex Ingredientes Naturales SA de CV	MXN	34,000
Netherlands	Givaudan Nederland B.V.	EUR	402
	Vika B.V.	EUR	20
	Virgula B.V.	EUR	20
	Naturex Coöperatief UA	EUR	1
New Zealand	Givaudan NZ Ltd	NZD	71
Nigeria	Givaudan (Nigeria) Ltd	NGN	10,000
Peru	Givaudan Peru SAC	PEN	1,303
	Activ International SAC	PEN	14,043
Poland	Givaudan Polska Sp. Z.o.o.	PLN	50
	Naturex Polska Sp. Z.o.o.	PLN	2,000
Russia	Givaudan Rus LLC	RUB	9,000
	Naturex LLC	RUB	1,500
Singapore	Givaudan Singapore Pte Ltd	SGD	24,000
	Naturex Holdings Singapore Private Ltd	SGD	160
South Africa	Givaudan South Africa (Pty) Ltd	ZAR	360,002
Spain	Givaudan Iberica, SA	EUR	8,020
	Naturex Iberian Partners, SL	EUR	3,497
Sweden	Givaudan North Europe AB	SEK	120
	Swedish Oat Fiber AB	SEK	1,000
Thailand	Givaudan (Thailand) Ltd	THB	100,000
Turkey	Givaudan Aroma Ve Esans Sanayi Ve Ticaret Limited Sirketi	TRY	34
United Kingdom	Givaudan UK Ltd	GBP	70
	Major International Ltd	GBP	50
	Givaudan Holdings UK Ltd	GBP	317,348
	Naturex Ltd	GBP	1,006
United Arab Emirates	Givaudan Middle East & Africa FZE	AED	1,000
	Expression Parfumées LLC	AED	300
United States of America	Givaudan United States, Inc.	USD	0.05
	Givaudan Flavors Corporation	USD	0.1
	Givaudan Fragrances Corporation	USD	0.1
	Givaudan Flavors and Fragrances, Inc.	USD	0.1
	Naturex Holdings, Inc.	USD	0.1
	Naturex, Inc.	USD	1
	Vegetable Juices, Inc.	USD	-
Venezuela	Givaudan Venezuela SA	VES	4.5

GRI Disclosure 102 – 45, pages 178 – 179

34. Disclosure of the Process of Risk Assessment

Risk management in Givaudan is an integral part of the business. It is a structured and continuous process of identifying, assessing and deciding on responses to risks. The reporting of the opportunities and threats that these risks create and how they might hinder the business in achieving its objectives is also part of managing risks.

Risk management is the responsibility of the Board of Directors, which delegates to the Executive Committee the management of the overall company risk management process. The Group actively promotes the continuous monitoring and management of risks at the operational management level.

The Givaudan Enterprise Risk Management Charter describes the principles, framework and process of the Givaudan Enterprise Risk Management, which ensure that material risks are identified, managed and reported. It defines the associated roles and responsibilities which are reflected in the delegated authorities. Enterprise Risk Management encompasses both the Fragrance and Flavour businesses, as well as Givaudan Group functions. It includes all types of risks in terms of their nature, their source or their consequences.

The process aims to be comprehensive, organised and documented in order to improve compliance with corporate governance regulations, guidelines and good practices; better understand the risk profile of the business; and provide additional risk-based management information for decision making.

The objectives of the Risk Management process are to continuously ensure and improve compliance with good corporate governance guidelines and practices as well as laws and regulations, where applicable; facilitate disclosure to key stakeholders of potential risks and the company's philosophy for dealing with them. At the same time, the process creates the awareness of all key executives of the magnitude of risks; provides risk-based management information for effective decision-making; and safeguard the values of the company and its assets, and protect the interests of shareholders.

Givaudan's management, at all levels, is accountable for ensuring the appropriateness, timeliness and adequacy of the risk analysis. Mitigation decisions are taken at individual and combined levels. This management is also responsible for implementing, tracking and reporting the risk mitigation directives of the Executive Committee, including periodic reporting to the Board.

The assessment is performed in collaboration between the Executive Committee, divisional and functional management teams and the Corporate Compliance Officer.

The Board of Directors' Audit Committee also promotes the effective communication between the Board, Givaudan's Executive Committee, other senior corporate functions and Corporate Internal Audit in order to foster openness and accountability.

Givaudan has carried out its annual review of internal controls over accounting and financial reporting. A risk assessment is performed throughout the Internal Control System for those identified risks which may arise from the accounting and financial reporting. Then, relevant financial reporting controls are defined for each risk.

35. Other information

On 14 December 2018, as part of its 2020 strategy to expand the capabilities of its fragrance business, Givaudan announced that it has entered into exclusive negotiations to acquire Albert Vieille SAS, a French natural ingredients company specialised in natural ingredients used in the fragrance and aromatherapy markets. With its origins dating back to 1920, and with more than 50 employees, Albert Vieille is based close to Grasse, in France, and has a manufacturing facility in Spain, with its products sold globally through a network of distributors.

As the closing of the acquisition is expected for 2019, these negotiations have no impact on the 2018 financial statements.

Deloitte.

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Statutory Auditor's Report

To the General Meeting of GIVAUDAN SA, Vernier

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Givaudan SA and its subsidiaries (the Group), which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows for the year ended 31 December 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements, presented on pages 120 to 180, give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our Audit Approach

Summary

Key audit matters	Based on our audit scoping, we identified the following key audit matters: – Acquisition accounting; – Pension; and – Taxation.
Materiality	Based on our professional judgment we determined materiality for the Group as a whole to be CHF 55 million.
Scoping	Based on our understanding of Givaudan's operations, we have defined 17 component operations in 11 countries that are in scope for group reporting purposes. We have requested from the auditors in these countries to perform audit procedures to address the risks identified in our risk assessment phase. Coverages as a ratio of group sales, operating income and total assets are disclosed below.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Acquisition accounting

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
As described in the Critical Accounting Estimates and Judgments in Note 3, significant judgment is required in determining the fair value of the identifiable assets acquired, particularly intangibles, and the liabilities assumed. Such judgments require estimates that are not only based on available information but as well on assumptions with respect to the timing and amount of future revenues and expenses associated with an asset and a liability. In addition, the purchase price is allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition which adds to the complexity. As described in Note 6 to the consolidated financial statements, the Group completed the following acquisitions during 2018: – Acquisition of 100% of the share capital of Centroflora Nutra on 14 May 2018 for a total purchase price of CHF 55 million. The acquisition resulted in the recognition of a goodwill of CHF 39 million. – Acquisition of 100% of the share capital of Expressions Parfumées on 4 June 2018 for a total purchase price of CHF 199 million. The acquisition resulted in the recognition of a goodwill of CHF 145 million. – Acquisition of 40.5% of the shares of Naturex for EUR 135 per share and a total consideration of CHF 606 million on 5 June 2018. On 9 August 2018, Givaudan acquired the full control of Naturex. At that time, the non-controlling interests consisted of 2.76% of the shares of Naturex that have been fully acquired until 18 September 2018. The total purchase price of this acquisition amounts to CHF 1'489 million. The Group acquired cash for CHF 20 million, working capital valued at CHF 215 million, fixed assets valued at CHF 203 million, intangibles valued at CHF 498 million and other liabilities valued at CHF 350 million. The acquisition resulted in the recognition of a goodwill of CHF 916 million. These transactions are considered as business combinations as defined by IFRS 3 Business Combinations which requires management to perform a purchase price allocation to fair value the assets acquired and liabilities assumed. This requires exercise of judgments over the accounting and disclosure for the transactions. The accounting for the acquisition of assets and liabilities of these entities including the valuation of non-controlling interests, required a number of complex accounting judgments sensitive to key assumptions such as the discount rate, growth rate and other assumptions used in the business plan, internal rate of return, attrition rate. In addition, the amortisation period retained for intangibles acquired also requires judgment and constitutes a significant estimate that affects current and future financial periods. We focused on this area because of the complexity of acquisition accounting and the level of judgment relating to the identification of intangible assets and the purchase price allocation to the assets and liabilities acquired.	We obtained offering documents and sale and purchase agreements to evaluate the key terms and conditions, and confirming our understanding of the transactions by conducting inquiries with management. We challenged management on the identification and valuation of tangible and intangible assets acquired and liabilities identified in the acquisition accounting against the terms of the sale and purchase agreements. We reviewed and assessed the work performed by management's external valuation experts including valuation methodology for each category of assets and liabilities, along with the key judgments made in determining the fair values including any fair value adjustments. We performed procedures to assess the methods used by the management's valuation expert and compliance with IFRS 3 Business Combinations. We considered and challenged the reasonableness of the assumptions, finding them to be within an acceptable range. In particular, we challenged sales forecasts with historical data and market trends, we benchmarked assumptions used in determining the discount and the attrition rates. We also challenged the duration estimated by management for amortisation of the intangibles assets acquired, comparing them to current Group accounting policies and other recent acquisitions. We validated the appropriateness and completeness of the related disclosures in Note 3 and Note 6 to the consolidated financial statements. Based on the procedures performed above, we consider the assumptions and estimates used in the measurement of the acquired assets and liabilities to be appropriate.

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Pension

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
As described in the Summary of Significant Accounting Policies in Note 2 and in Note 3 on Critical Accounting Estimates and Judgments, significant judgment is required in determining the calculation of the present value of defined benefit obligations requiring financial and demographic assumptions. In addition, changes to the post-employment benefit liability may be accounted through the income statement or through other comprehensive income which adds to the complexity. The Group operates a number of defined benefit and defined contribution plans throughout the world. As disclosed in Note 8 to the consolidated financial statements, total plan assets amount to CHF 1'618 million, total post-employment funded obligations to CHF 2'011 million and post-employment unfunded obligations to CHF 82 million. The defined benefit obligations recognised in the consolidated statement of financial position represent the present value of defined benefit obligations calculated annually by independent actuaries. These actuarial valuations are sensitive to key assumptions such as discount rates. Changes in a number of the key assumptions can have a material impact on the position as disclosed in the Note 8 to the consolidated financial statements. During 2018, the Group has reviewed financial assumptions of certain pension plans in order to align them with local regulations. These transactions resulted in past service cost of CHF 1 million in the United Kingdom pension schemes. We focused on this area because of the complexity of accounting treatment of each plan amendment, the level of judgment required to determine the valuation of both pension assets and pension obligations and the significance of the balances to the consolidated financial statements as a whole.	We assessed the design and implementation of controls in respect of pension accounting. We evaluated management's implementation of Group policies and controls regarding the asset valuation and the pension obligation valuation. With support from our pension specialists, we held discussions with Group's actuaries and challenged key assumptions underpinning the valuation of the pension plans at the end of 2018. Specifically we challenged the discount rate, inflation and mortality assumptions applied in the calculation and benchmarked the assumptions applied against comparable third party data and assessed the appropriateness of the assumptions in the context of the Group's own position. We found them to be within an acceptable range. We tested the data used in the valuation of the pension plans, such as employee data and we obtained statements from financial institutions to verify the completeness and accuracy of the pension plan assets. We validated the compliance of the accounting treatment of transactions impacting pension plans with IAS 19 Employee Benefits. We validated the appropriateness and completeness of the related disclosures in Note 2, Note 3 and Note 8 to the consolidated financial statements. Based on our audit procedures performed, we obtained sufficient appropriate audit evidence to corroborate management's estimates regarding the valuation of both pension assets and pension obligations.

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Taxation

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
The Group operates in a large number of different jurisdictions and is therefore subject to many tax regimes with differing rules and regulations. As described in the Summary of Significant Accounting Policies in Note 2 and in Note 3 on Critical Accounting Estimates and Judgments, significant judgment is required in determining provision for income taxes, both current and deferred, as well as the assessment of provisions for uncertain tax positions including estimates of interest and penalties where appropriate. The effective tax rate of the group increased from 9% in 2017 to 14% in 2018. The consolidated statement of financial position includes current tax assets of CHF 41 million, current tax liabilities of CHF 95 million, together with deferred tax assets of CHF 208 million and deferred tax liabilities of CHF 238 million. The tax expense recognised in the consolidated income statement amounts to CHF 109 million. Details of all current and deferred tax balances are disclosed in Note 16 to the consolidated financial statements. Due to their significance to the financial statements as a whole, combined with the level of judgment and estimation required to determine their values, the evaluation of current and deferred tax balances including the assessment of provisions for uncertain tax positions is considered to be a key audit matter.	We evaluated management's implementation of Group policies and controls regarding current and deferred tax, as well as the reporting of uncertain tax positions. We assessed the design and implementation of controls in respect to provisions for current tax and the recognition and recoverability of deferred tax assets. We examined the procedures in place for the current and deferred tax calculations for completeness and valuation and audited the related tax computations and estimates in the light of our knowledge of the tax circumstances. Our work was conducted with the support of our tax specialists at group level. We performed an assessment of the material components impacting the Group's tax expense, balances and exposures. We reviewed and challenged the information reported by components with the support of our own local tax specialists, where appropriate. With the support of our tax specialists at group level, we verified the consolidation and analysis of tax balances. We considered management's assessment of the validity and adequacy of provisions for uncertain tax positions, evaluating the basis of assessment and reviewing relevant correspondence and legal advice where available including any information regarding similar cases with the relevant tax authorities. For the deferred tax assets and liabilities, we assessed the appropriateness of management's assumptions and estimates. We validated the appropriateness and completeness of the related disclosures in Note 16 to the consolidated financial statements. Based on the procedures performed, we obtained sufficient appropriate audit evidence to corroborate management's judgement and estimates regarding current and deferred tax balances including provisions for uncertain tax positions.

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Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgment we determined materiality for the Group as a whole to be CHF 55 million, based on a calculation of 7% of Group income before taxes, adjusted for non-recurring transactions. We selected Group income before taxes as the basis for determining our materiality because, in our view, this measure represents the performance of the Group and is one of the indicators against which Givaudan is commonly assessed and is a generally accepted benchmark. The materiality applied by the component auditors ranged from CHF 41.2 million to CHF 13.8 million depending on the scale of the component's operations, the component's contribution to Group sales, Group income before taxes, Group total assets and our assessment of risks specific to each location.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of CHF 2.7 million, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

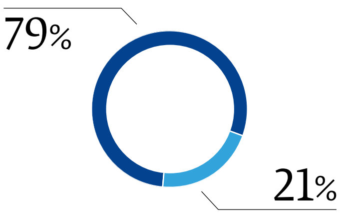
An overview of the scope of our audit

We designed our audit by obtaining an understanding of the Group and its environment, including Group-wide controls, determining materiality and assessing the risks of material misstatement in the consolidated financial statements.

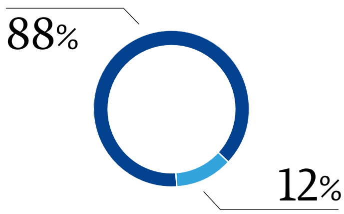
Based on our understanding of Givaudan's operations, we have defined 17 component operations in 11 countries that are in scope for the group reporting purposes. We have requested these countries to perform audit procedures to address the risks identified in our risk assessment phase.

These countries are spread across all regions, reflecting Givaudan's operations. We obtain assurance over these countries through a combination of audit procedures performed locally, within the Givaudan shared service centres and centrally at the Head office. In aggregate, these components represented scope coverage of:

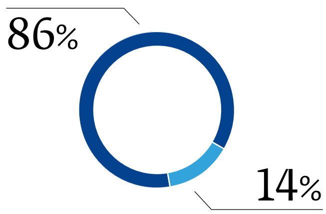
Revenue



Gross profit



Net assets



Audits for group reporting purposes   Review at group level

All other wholly owned and joint venture businesses were subject to analytical review procedures for the purpose of the Group audit. Annual statutory audits are conducted by Deloitte at the majority of the Group's affiliates, although these are predominantly completed subsequent to our audit report on the consolidated financial statements.

At the parent entity level we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to a full scope audit.

The group audit team visited some countries in scope as defined at planning stage. We are defining our visits based on significance of the affiliates and main events occurred during the year. All component audit partners were included in our team briefing, we discussed their risk assessment and reviewed documentation of the findings from their work.

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Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte SA

Karine Szegedi Pingoud	Laetitia Cejudo
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Geneva, 23 January 2019

Statutory financial statements of Givaudan SA (Group Holding Company)

Income Statement

For the year ended 31 December

in millions of Swiss francs	Note	2018	2017
Income from investments in Group companies	3	205	145
Royalties from Group companies		973	1,002
Other operating income		1	1
Total Operating income		**1,179**	**1,148**
Research and development expenses to Group companies		(331)	(305)
Other operating expenses		(62)	(46)
Amortisation and impairment of intangible assets		(60)	(64)
Share of (loss) profit of jointly controlled entities	5	3	–
Total Operating expenses		**(450)**	**(415)**
Operating income		**729**	**733**
Financial expenses		(257)	(155)
Financial income		196	107
Non-operating expenses		(91)	(84)
Extraordinary, non-recurring expenses		–	
Income before taxes		**577**	**601**
Income taxes		(31)	(10)
Net income		**546**	**591**

Statement of Financial Position

in millions of Swiss francs	Note	31 December 2018	31 December 2017
Cash and cash equivalents	4	143	250
Accounts receivable from Group companies		218	186
Other current assets		20	24
Accrued income and prepaid expenses		1	13
Current assets		**382**	**473**
Loans to Group companies		150	150
Other long-term assets		12	1
Investments in Group companies	3	4,666	2,849
Jointly controlled entities	5	32	32
Other financial assets		10	10
Intangible assets		230	241
Non-current assets		**5,100**	**3,283**
Total assets		**5,482**	**3,756**
Short-term debt	6		300
Accounts payable to Group companies		99	96
Other current liabilities		51	19
Deferred income and accrued expenses		15	2
Current liabilities		**165**	**417**
Long-term debt	6	3,010	1,049
Other non-current liabilities		44	60
Non-current liabilities		**3,054**	**1,109**
Total liabilities		**3,219**	**1,526**
Share capital	8	92	92
Statutory retained earnings	8	18	18
Statutory capital reserves from capital contributions - additional paid-in capital	8	3	3
Voluntary retained earnings	8	1,542	1,542
Own shares	8, 9	(22)	(43)
Available retained earnings			
- Balance brought forward from previous year		84	27
- Net (loss) income for the year		546	591
Equity		**2,263**	**2,230**
Total liabilities and equity		**5,482**	**3,756**

Notes to the statutory financial statements

1. General Information

1.1. Structure and description of the activity

Givaudan SA is a holding company based in Vernier, near Geneva, whose main goal is to manage its investments in subsidiaries.

More specifically Givaudan SA invests in companies whose aim is to manufacture and commercialise natural and synthetic aromatic or fragrance raw materials as well as other related products. In addition, Givaudan SA invests in research and development and supplies services for the use of these products. Givaudan SA develops, registers and makes use of all trademarks, patents, licenses, manufacturing processes and formulas.

1.2. Employees

The average number of employees during the year was less than ten (2017: less than ten).

2. Summary of accounting principles adopted

The financial statements at 31 December 2018 are prepared in accordance with Swiss law.

The company is classified as a large entity as it meets the criteria to present group accounts under the definition of art. 961d al. 1 of the Swiss Code of Obligations. As Givaudan prepares and reports comprehensive consolidated financial statements under International Financial Reporting Standards (IFRS) including a cash flow statement, accompanying notes and a management report, Givaudan SA is exempt from preparing this information.

Valuation Methods and Translation of Foreign Currencies

Investments in, and loans to, Group companies are stated at cost less appropriate write-downs. Marketable securities are shown at the lower of cost and market value. Derivatives are recorded at fair value.

The currency in which Givaudan SA operates is Swiss francs (CHF) and the accounts are presented in Swiss francs. In the statement of financial position, foreign currency assets and liabilities are remeasured at year-end exchange rates with the exception of investments in Group companies which are valued at historical exchange rates. In the income statement, expenses and income in foreign currencies are converted in Swiss francs using the daily exchange rate of the transaction date. Foreign currency gains and losses are recognised in the income statement as they occur with the exception of unrealised gains which are deferred.

3. Subsidiaries

List of the direct subsidiaries of the company, which are wholly-owned unless otherwise indicated (percentage of voting rights):

Switzerland	Givaudan Suisse SA
	Givaudan Finance SA
	Prodiga AG
	Givaudan International SA
	Vamara Holding SA
	Kemptthal Immobilien Nord AG
	Givaudan Treasury International SA
Argentina	Givaudan Argentina SA
	Givaudan Argentina Servicios SA
Australia	Givaudan Australia Pty Ltd
Austria	Givaudan Austria GmbH
Bermuda	Givaudan Capital Transactions Ltd
Brazil	Givaudan do Brasil Ltda
Canada	Givaudan Canada Co
Chile	Givaudan Chile Ltda
China	Givaudan Fragrances (Shanghai) Ltd
	Givaudan Flavors (Shanghai) Ltd
	Givaudan Specialty Products (Shanghai) Ltd
	Givaudan Hong Kong Ltd
	Givaudan Flavors (Nantong) Ltd
	Givaudan Management Consulting (Shanghai) Ltd
	Givaudan Fragrances (Changzhou) Ltd
Colombia	Givaudan Colombia SA
Czech Republic	Givaudan CR, s.r.o.
Egypt	Givaudan Egypt SAE
	Givaudan Egypt Fragrances LLC
France	Givaudan France SAS
	Activ International SAS
	Oressences SAS
	Naturex SA
	SAS SGD
Germany	Givaudan Deutschland GmbH
Guatemala	Givaudan Guatemala SA
Hungary	Givaudan Hungary Kft
	Givaudan Finance Services Kft
India	Givaudan (India) Private Ltd
Indonesia	P.T. Givaudan Indonesia
	P.T. Givaudan Flavours and Fragrances Indonesia
Italy	Givaudan Italia SpA
Japan	Givaudan Japan K.K.
Korea	Givaudan Korea Ltd
Malaysia	Givaudan Malaysia Sdn.Bhd
	Givaudan Flavours & Fragrances Malaysia Sdn.Bhd
Mexico	Givaudan de Mexico SA de CV
	Grupo Givaudan SA de CV
Netherlands	Givaudan Nederland B.V.
	Virgula B.V.
Nigeria	Givaudan (Nigeria) Ltd
Peru	Givaudan Peru SAC
Poland	Givaudan Polska Sp. Z.o.o.
Russia	Givaudan Rus LLC
Singapore	Givaudan Singapore Pte Ltd
South Africa	Givaudan South Africa (Pty) Ltd
Spain	Givaudan Iberica, SA
Sweden	Givaudan North Europe AB
Thailand	Givaudan (Thailand) Ltd
Turkey	Givaudan Aroma Ve Esans Sanayi Ve Ticaret Limited Sirketi
United Kingdom	Givaudan Holdings UK Ltd
United Arab Emirates	Givaudan Middle East & Africa FZE
United States of America	Givaudan United States, Inc.
Venezuela	Givaudan Venezuela SA

In 2018 Givaudan SA increased its investments in Givaudan Argentina SA, Givaudan Argentina Servicios SA, Givaudan Egypt SAE, Givaudan Management Consulting (Shanghai) Ltd, Givaudan Flavors (Nantong) Ltd, Givaudan Fragrances (Changzhou) Ltd, Givaudan Peru SAC and incorporated Naturex SA, SAS SGD, Oressences SAS, Givaudan Flavours & Fragrances Malaysia Sdn.Bhd and Induchem AG. Active International SA, Select-Ingredient SA and Induchem have been merged into Givaudan Suisse SA during 2018.

4. Cash and cash equivalents

As at 31 December 2018, cash and cash equivalents include an amount of CHF 133 million related to the cash pooling agreements with a Group company.

As at 31 December 2017, an amount of CHF 236 million related to the cash pooling agreements with a Group company was included in the cash and cash equivalents.

5. Jointly Controlled Entities

Name of joint ventures	Principal activity	Country of incorporation	Ownership interest / Voting rights
Jiangsu Xinrui Aromatics Ltd	Production of fragrance ingredients	China	49%
BGN Tech LLC	Innovative natural ingredients	USA	49%
Natural Extracts International Ltd	Natural ingredient derivatives production	Mauritius	49%
Vanilla International Ltd	Natural ingredient collection and extract	Mauritius	49%

6. Debt

On 15 June 2011 Givaudan SA issued a 2.5% seven year public bond with a nominal value of CHF 300 million, which was redeemed in June 2018.

On 7 December 2011 Givaudan SA issued a dual tranche public bond transaction of CHF 150 million each, totalling CHF 300 million, respectively of 1.250% for five years and of 2.125% for ten years. The first tranche was redeemed in December 2016.

On 19 March 2014 Givaudan SA issued a 1.00% six and a half year public bond with a nominal value of CHF 100 million and a 1.75% ten year public bond with a nominal value of CHF 150 million.

In December 2016 Givaudan SA issued a 0.00% six year public bond with a nominal value of CHF 100 million and a 0.625% fifteen year public bond with a nominal value of CHF 200 million.

On 20 December 2017 Givaudan SA entered into a five year floating rate private placement (Schuldschein) with a nominal value of EUR 100 million (CHF 117 million) and a seven year 1.331% fixed rate private placement (Schuldschein) with a nominal value of EUR 200 million (CHF 233 million). The proceeds of EUR 300 million were used mainly to repay the short-term borrowings withdrawn during the year 2017.

Givaudan SA issued a two year floating rate public bond with a nominal value of CHF 150 million and a seven year 0.375% fixed rate public bond with a nominal value of CHF 200 million on 9 April 2018. The proceeds of CHF 350 million were used mainly to repay the 2.5% seven year public bond with a nominal value of CHF 300 million, which was redeemed on 15 June 2018.

In September 2018 Givaudan SA issued a dual tranche placement of senior debt notes (the 'Notes') totalling EUR 1,300 million (CHF 1,455 million), respectively of EUR 500 million (CHF 559 million) at a fixed rate of 1.125% for seven years and EUR 800 million (CHF 896 million) at a fixed rate of 2.000% for twelve years. The proceeds were used for the acquisition of Naturex.

As at 31 December 2018 Givandan SA had borrowings of EUR 150 million (CHF 169 million) under the Group bank credit facility.

7. Indirect Taxes

The company is part of a Group for VAT purposes with two other affiliates of the Group in Switzerland. The company is jointly and severally liable towards the tax authorities for current and future VAT payables of the VAT Group to which it belongs.

8. Equity

As at 31 December 2018, the share capital amounts to CHF 92,335,860, divided into 9,233,586 fully paid-up registered shares, with a nominal value of CHF 10.00 each. Every share gives the right to one vote.

The Board of Directors has at its disposal conditional capital of a maximum aggregate amount of CHF 7,481,980 that may be issued through a maximum of 748,198 registered shares, of which a maximum of CHF 1,618,200 can be used for executive share option plans.

At the Annual General Meeting held on 22 March 2018 the distribution of an ordinary dividend of CHF 58.00 per share (2017: CHF 56.00 per share) was approved. The dividend payment has been made out of available retained earnings.

The movements in equity are as follows:

2018 in millions of Swiss francs	Share Capital	Statutory retained earnings	Additional paid-in capital	Voluntary retained earnings	Available retained earnings	Own shares	Total
Balance as at 1 January	**92**	**18**	**3**	**1,542**	**618**	**(43)**	**2,230**
Registered shares							
Issuance of shares							
Movement of shares						21	21
Appropriation of available earnings							
Distribution to the shareholders paid relating to 2017					(534)		(534)
Net profit for the year					**546**		**546**
Balance as at 31 December	**92**	**18**	**3**	**1,542**	**630**	**(22)**	**2,263**

2017 in millions of Swiss francs	Share Capital	Statutory retained earnings	Additional paid-in capital	Voluntary retained earnings	Available retained earnings	Own shares	Total
Balance as at 1 January	**92**	**18**	**3**	**1,542**	**542**	**(45)**	**2,152**
Registered shares							
Issuance of shares							
Movement of shares						2	2
Appropriation of available earnings							
Distribution to the shareholders paid relating to 2016					(515)		(515)
Net profit for the year					**591**		**591**
Balance as at 31 December	**92**	**18**	**3**	**1,542**	**618**	**(43)**	**2,230**

Statutory capital reserves from capital contributions – additional paid-in capital are presented separately in equity. Any payments made out of these reserves are not subject to Swiss withholding tax, nor subject to income tax on individual shareholders who are resident in Switzerland.

9. Own Shares

The movements in own shares are as follows:

2018	Number	Price in Swiss francs High	Average	Low	Total in millions of Swiss francs
Balance as at 1 January	**23,838**				**43**
Purchases at cost	12,312	1,959.0	1,909.0	1,791.0	24
Sales and transfers at cost	(24,244)	1,843.5	1,843.5	1,843.5	(45)
Balance as at 31 December	**11,906**				**22**

2017	Number	Price in Swiss francs High	Average	Low	Total in millions of Swiss francs
Balance as at 1 January	**31,137**				**45**
Purchases at cost	25,750	1,920.2	1,843.6	1,690.0	47
Sales and transfers at cost	(33,049)	1,488.6	1,488.6	1,488.6	(49)
Balance as at 31 December	**23,838**				**43**

As at 31 December 2017 and 2018, there were no other companies controlled by Givaudan SA that held Givaudan SA shares.

As at 31 December 2018, William H. Gates III (13.86%), BlackRock Inc. (5.02%), MFS Investment Management (5.04%), Nortrust Nominees Ltd (nominee; 15.04%), Chase Nominees Ltd (nominee; 6.36%) and Messieurs Pictet & Cie (nominee; 4.54%) were the only shareholders holding more than 3% of total voting rights.

10. Board of Directors and Executive Committee Compensation

Information required by Swiss law, as per art. 663b bis CO, on the Board of Directors and Executive Committee compensation are disclosed in the Givaudan consolidated financial statements, Note 32.

11. Other information

On 14 December 2018, as part of its 2020 strategy to expand the capabilities of its fragrance business, Givaudan announced that it has entered into exclusive negotiations to acquire Albert Vieille SAS, a French natural ingredients company specialised in natural ingredients used in the fragrance and aromatherapy markets. With its origins dating back to 1920, and with more than 50 employees, Albert Vieille is based close to Grasse, in France, and has a manufacturing facility in Spain, with its products sold globally through a network of distributors.

As the closing of the acquisition is expected for 2019, these negotiations have no impact on the financial statements to December 2018.

Appropriation of available earnings and distribution from the statutory capital reserves from contributions – additional paid-in capital of Givaudan SA

Proposal of the Board of Directors to the General Meeting of Shareholders

Available earnings

in Swiss francs	2018	2017
Net income for the year	545,997,253	590,763,886
Balance brought forward from previous year	84,113,920	27,149,322
Total available earnings	**630,111,173**	**617,913,208**
2017 distribution proposal of CHF 58.00 gross per share		535,547,988
2018 distribution proposal of CHF 60.00 gross per share	554,015,160	
Total appropriation of available earnings	**554,015,160**	**535,547,988**
Distribution not paid on Treasury shares held by the Group		**1,748,700**
Amount to be carried forward	**76,096,013**	**84,113,920**

Statutory capital reserves from capital contributions – additional paid-in capital

in Swiss francs	2018	2017
Balance brought forward from previous year	3,322,955	3,322,955
Total additional paid-in capital	**3,322,955**	**3,322,955**
Amount to be carried forward	**3,322,955**	**3,322,955**

Deloitte.

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Statutory Auditor's Report

To the General Meeting of GIVAUDAN SA, Vernier

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Givaudan SA, which comprise the income statement, the statement of financial position for the year ended 31 December 2018, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2018, presented on pages 188 to 195, comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Valuation of Investments in Group companies

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
As described in Note 3 to the financial statements, the Company holds investments in Givaudan Group companies with a carrying value of CHF 4,666 million as of 31 December 2018, representing 85% of total assets. In accordance with Article 960 CO, each investment held is valued individually and reviewed annually for impairment indicators. Each investment showing another than temporary impairment indicator must be tested for impairment and an impairment would need to be recorded if the recoverable amount is lower than the carrying amount. The impairment test performed by Givaudan management is subject to judgment around the valuation method, key assumptions used and the susceptibility to the expected future market developments that could affect the profitability and positive cash flows of these entities. Accordingly, for the purposes of our audit, we identified judgement and estimates applied by Management on the valuation of these investments as representing a key audit matter.	We evaluated management's implementation of accounting policies and controls regarding the valuation of investments in Group companies. We evaluated the design and implementation of controls around the valuation of investments to determine whether appropriate controls are in place. We challenged the assessment of impairment indicators by the Company. We tested the valuations by critically assessing the methodology applied and the reasonableness of the underlying assumptions and judgments. We assessed the impairment testing models and calculations by: – checking the arithmetic accuracy of the impairment models and the extraction of inputs from source documents; and – challenging the significant inputs and assumptions used in impairment testing for investments in Givaudan Group companies, such as the ability of the Group companies to generate positive cash flows in the future. We validated the appropriateness and completeness of the related disclosures in Note 3 to the financial statements. Based on the procedures performed, we consider judgement and estimates applied by Management on the valuation of investments in Group companies to be reasonable.

Deloitte.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

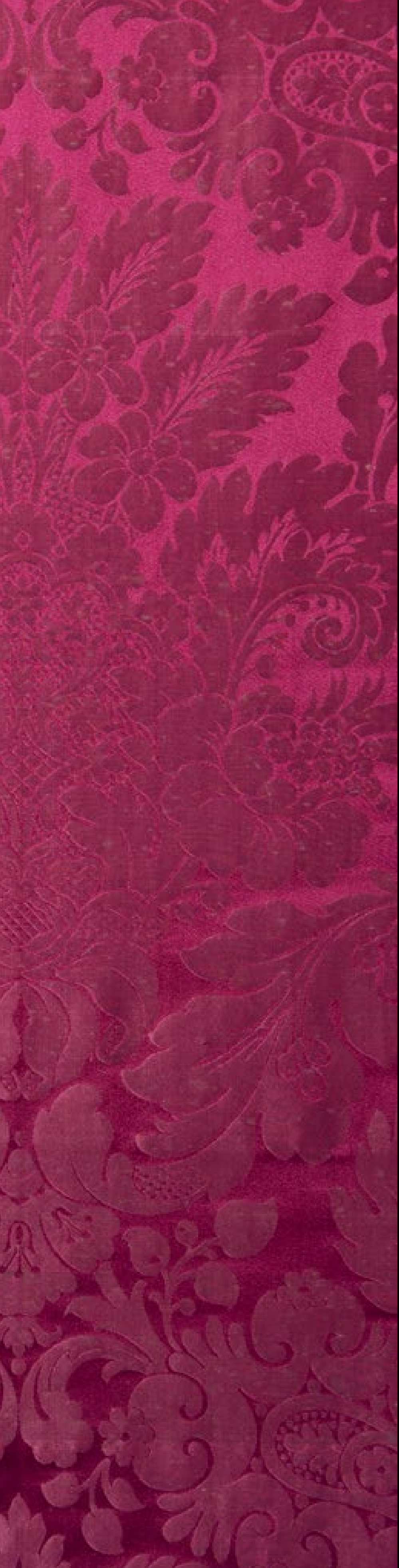
In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte SA

Karine Szegedi Pingoud	Laetitia Cejudo
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Geneva, 23 January 2019



Appendix

In this section

GRI disclosures

Location of the GRI Disclosures

This table provides an overview of the locations of GRI Disclosures in Givaudan's 2018 reporting suite.

Strategic information about Givaudan's sustainability approach, stakeholder engagement and the material topics can be found in Our Sustainability Approach. GRI 103: Management Approach, Disclosures 103-1 (Explanation of the material topic and its Boundary) and 103-2 (The management approach and its components) for all material topics are included in this document.

GRI 103: Management Approach, Disclowsure 103-3 (Evaluation of the management approach) and all other Topic Specific Disclosures related to actual performance are included either in the 2018 Integrated Annual Report or the 2018 Sustainability Progress Review.

Full GRI Content Index with the complete set of information and page references can be found in the 2018 Sustainability Progress Review which will be published in March 2019.

AR = 2018 Integrated Annual Report
SPR = 2018 Sustainability Progress Review
SA = Our Sustainability Approach

GRI General Disclosures 2016	Location
Organisational profile	
GRI 102 – 1: Name of the organisation	AR: pages 100 – 101
GRI 102 – 2: Activities, brands, products, and services	AR: pages 100 – 101
GRI 102 – 3: Location of headquarters	AR: pages 100 – 101
GRI 102 – 4: Location of operations	AR: pages 212 – 217
GRI 102 – 5: Ownership and legal form	AR: pages 100 – 101
GRI 102 – 6: Markets served	AR: Cover flap
GRI 102 – 7: Scale of the organisation	AR Cover flap; page 122
GRI 102 – 8: Information on employees and other workers	AR: page 205
GRI 102 – 9: Supply chain	AR: pages 62 – 64
GRI 102 – 10: Significant changes to the organisation and its supply chain	AR: pages 4 – 9
GRI 102 – 11: Precautionary principle or approach	AR: pages 72 – 75
GRI 102 – 12: External initiatives	SA: pages 35 – 37
GRI 102 – 13: Membership of associations	SA: pages 37 – 38
Strategy	
GRI 102 – 14: Statement from senior decision-maker	AR: pages 6 – 9
GRI 102 – 15: Key impacts, risks and opportunities	AR: pages 15, 36 – 37; SPR
Ethics and integrity	
GRI 102 – 16: Values, principles, standards, and norms of behaviour	AR: pages 76 – 78, 81 – 82
Governance	
GRI 102 – 18: Governance structure	AR: pages 103 – 115; SA: page 7
Stakeholder engagement	
GRI 102 – 40: List of stakeholder groups	AR: page 13; SA: pages 42 – 43
GRI 102 – 41: Collective bargaining agreements	AR: page 57
GRI 102 – 42: Identifying and selecting stakeholders	SA: pages 42 – 43
GRI 102 – 43: Approach to stakeholder engagement	SA: page 43
GRI 102 – 44: Key topics and concerns raised	SA: pages 42 – 43

GRI General Disclosures 2016	Location
Reporting practice	
GRI 102 – 45: Entities included in the consolidated financial statements	AR: pages 100 – 101, 179 – 180
GRI 102 – 46: Defining report content and topic Boundaries	SA: page 44
GRI 102 – 47: List of material topics	SA: pages 46 – 47
GRI 102 – 48: Restatements of information	SPR
GRI 102 – 49: Changes in reporting	SPR; SA: page 44
GRI 102 – 50: Reporting period	SPR
GRI 102 – 51: Date of most recent report	SPR
GRI 102 – 52: Reporting cycle	SPR
GRI 102 – 53: Contact point for questions regarding the report	SPR
GRI 102 – 54: Claims of reporting in accordance with the GRI Standards	SPR
GRI 102 – 55: GRI content index	SPR
GRI 102 – 56: External assurance	SPR

GRI Topic Specific Disclosures 2016	Location
GRI 200: Economic	
GRI 201: Economic performance	AR: pages 40 – 43, 74, 153 – 158; SA: pages 4 – 6, 49
GRI 202: Market presence	AR: pages 55 – 56; SPR; SA: pages 26 – 27, 53
GRI 203: Indirect economic impacts	AR: page 82; SA: pages 11, 51
GRI 204: Procurement practices	AR: page 64; SPR, SA: pages 8 – 14, 49, 52
GRI 205: Anti-corruption	AR: pages 77 – 78; SA: pages 32 – 33, 52
GRI 300: Environmental	
GRI 301: Materials	AR: pages 62 – 63, 69; SPR, SA: pages 24 – 25, 49, 51 – 52
GRI 302: Energy	AR: pages 67 – 68; SPR, SA: pages 22 – 23, 48, 51
GRI 303: Water	AR: pages 67 – 69; SPR; SA: pages 23 – 24, 53
GRI 304: Biodiversity	SPR, SA: pages 14, 48
GRI 305: Emissions	AR: pages 67 – 68; SPR, SA: pages 22 – 23, 48, 51
GRI 306: Effluents and waste	AR: pages 67 – 69; SPR, SA: pages 23 – 24, 53
GRI 308: Supplier environmental assessment	SPR, SA: pages 8 – 10, 49, 52 – 53
GRI 400: Social	
GRI 401: Employment	AR: pages 54 – 55, 205; SA: pages 26 – 29, 52
GRI 402: Labour/management relations	AR: page 57; SA: pages 28, 50
GRI 403: Occupational health & safety	AR: pages 58 – 59, 204; SA: pages 29, 50
GRI 404: Training and education	AR: pages 55 – 56; SA: pages 26 – 27, 52
GRI 405: Diversity and equal opportunity	AR: pages 56 – 57; SA: pages 26 – 27, 49, 52 – 53
GRI 406: Non-discrimination	AR: page 56; SPR; SA: pages 26 – 27, 49 – 50, 53
GRI 407: Freedom of association and collective bargaining	AR: page 57; SPR, SA: pages 8 – 10, 28, 50
GRI 408: Child labour	AR: pages 76 – 77, 81; SPR, SA: pages 8 – 10, 27, 50
GRI 409: Forced or compulsory labour	AR: pages 76 – 77, 81; SPR, SA: pages 8 – 10, 27, 50
GRI 412: Human rights assessment	AR: pages 76 – 77, 81; SPR, SA: pages 27, 50
GRI 413: Local communities	AR: pages 30, 82; SA: pages 11, 51
GRI 414: Supplier social assessment	SPR, SA: pages 8 – 10, 50, 52
GRI 416: Customer health and safety	AR: page 80; SA: pages 33 – 34, 48, 51
GRI 417: Marketing and labelling	AR: page 80; SA: pages 34, 51

Additional social GRI disclosures

The basis for the calculation of the social indicators on the next two pages is the head count of Givaudan employees, internal temporary workers. It excludes acquisitions except Activ International.

The following table shows gives an overview to help interprete the disclosures.

Givaudan employees

	2018	2017
Total number of full time employees[1]	**13,598**	**11,170**
Total number of employees (headcount)[2]	**11,725**	**11,313**

1. This is defined as the equivalent full time employees and includes aquisitions. In 2017 employees from Activ International are included. In 2018 the number includes employees from Activ International, Vika B.V., Centroflora Nutra, Expressions Parfumées and Naturex.
2. This is defined as the number of physical people and Includes internal temporary employees, and employees from the acquisition of Activ International.

Health and safety indicators

Health and safety data

	2009	2017	2018
Fatalities	0	0	0
Number of LTIs	79	32	24
LTI rate	1.03	0.33	0.25
Lost day rate[1]	N/A	6.73	6.61
Number of Restricted Work Cases (RWC)	28	45	56
Number of Medical Treatment Cases (MTC)	28	61	50
Number of Total Recordable Cases (TRC)	135	138	130
Total Recordable Case Rate[2]	1.76	1.43	1.33
Number of lost days[3]	N/A	647	645
Number of hours worked[4]	15,341,093	19,239,626	19,503,663
Absenteeism[5]	N/A	2.5%	2.7%

1. Number of lost work days resulting from work-related accidents per 200,000 working hours. Calculation based on scheduled work days lost from the day after the accident.
2. LTI and TRC are both according to the official OSHA definitions.
3. 2017 includes one day carried over from previous year. 2018 includes 128 days carried over from previous year.
4. 10.5% of these represent external contractors for whom the Company is liable.
5. Compared to the number of normal available working days, includes correction for employees working on a part-time basis.

Total recordable cases by region and gender

Region	Women	Men
Asia Pacific	0	14
Europe, Africa & Middle East	3	48
Latin America	1	4
North America	11	49
Total	15	115

LTI rate, lost day rate, absenteeism – by region

Region	LTI rate	Lost day rate	Absenteeism
Asia Pacific	0.13	4.71	1.0%
Europe, Africa & Middle East	0.31	7.83	4.0%
Latin America	0.22	8.83	1.7%
North America	0.27	4.67	2.9%

GRI Disclosure 403 – 2

Staff turnover by age group, gender and region

	Age range <30	Age range 30–50	Age range >50	Female	Male	Total
Asia Pacific	16%	11%	17%	12%	13%	**12%**
Europe, Africa and Middle East	16%	9%	13%	13%	10%	**11%**
Latin America	16%	12%	12%	13%	12%	**13%**
North America	20%	12%	11%	14%	12%	**12%**
Total 2018	**16%**	**10%**	**12%**	**13%**	**11%**	**12%**
Total 2017	16%	9%	11%	10%	10%	**10%**

GRI Disclosure 401–1

New employee hires by age group, gender and region

	Age range <30	Age range 30–50	Age range >50	Female	Male	Total
Asia Pacific	225	250	8	190	293	**483**
Europe, Africa and Middle East	336	404	23	344	419	**763**
Latin America	184	150	5	134	205	**339**
North America	105	103	22	77	153	**230**
Total 2018	**850**	**907**	**58**	**745**	**1,070**	**1,815**
Total 2017	678	798	77	634	919	**1,553**

GRI Disclosure 401–1

Employees by employment type

	Full-time – women	Full-time – men	Part-time – women	Part-time – men	Total – women	Total – men
Asia Pacific	1,206	1,595	14	1	**1,220**	**1,596**
Europe, Africa and Middle East	1,784	3,160	129	33	**1,913**	**3,193**
Latin America	560	1,041	6	0	**566**	**1,041**
North America	769	1,420	6	1	**775**	**1,421**
Total 2018	**4,319**	**7,216**	**155**	**35**	**4,474**	**7,251**
Total 2017	4,157	6,969	156	31	**4,313**	**7,000**

Employees by employment contract

	Permanent – women	Permanent – men	Temporary – women	Temporary – men	Total – women	Total – men
Asia Pacific	1,199	1,576	21	20	**1,220**	**1,596**
Europe, Africa and Middle East	1,850	3,103	63	90	**1,913**	**3,193**
Latin America	559	1,032	7	9	**566**	**1,041**
North America	775	1,421	0	0	**775**	**1,421**
Total 2018	**4,383**	**7,132**	**91**	**119**	**4,474**	**7,251**
Total 2017	4,233	6,872	80	128	**4,313**	**7,000**

GRI Disclosure 102–8

The Sustainable Development Goals

Sustainable development calls for concerted efforts towards building an inclusive and sustainable future for people and planet.

The Sustainable Development Goals (SDGs), adopted by the United Nations and entered into force on 1 January 2016, build on the success of the Millennium Development Goals (MDGs). The ambitious goals shall be achieved by 2030 through effective action taken through both the public and private sector in all countries.

Goal 1: End poverty in all its forms everywhere

Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 3: Ensure healthy lives and promote well-being for all at all ages

Goal 4: Ensure inclusive and quality education for all and promote lifelong learning

Goal 5: Achieve gender equality and empower all women and girls

Goal 6: Ensure access to water and sanitation for all

Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all

Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation

Goal 10: Reduce inequality within and among countries

Goal 11: Make cities inclusive, safe, resilient and sustainable

Goal 12: Ensure sustainable consumption and production patterns

Goal 13: Take urgent action to combat climate change and its impacts

Goal 14: Conserve and sustainably use the oceans, seas and marine resources

Goal 15: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

Goal 16: Promote just, peaceful and inclusive societies

Goal 17: Revitalize the global partnership for sustainable development

SDGs Givaudan explicitly contributes to according to its mapping of material issues (see Our Sustainability Approach).

www.un.org/sustainabledevelopment

The principles of the UN Global Compact

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

Human rights

Principle 1
Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2
Make sure that they are not complicit in human rights abuses

Labour

Principle 3
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4
The elimination of all forms of forced and compulsory labour

Principle 5
The effective abolition of child labour

Principle 6
The elimination of discrimination in respect of employment and occupation

Environment

Principle 7
Businesses are asked to support a precautionary approach to environmental challenges

Principle 8
Undertake initiatives to promote greater environmental responsibility

Principle 9
Encourage the development and diffusion of environmentally friendly technologies

Anti-corruption

Principle 10
Businesses should work against corruption in all its forms, including extortion and bribery

www.unglobalcompact.org

Givaudan registered offices

Country	Legal Entity name	Address
Algeria	Givaudan International SA (Suisse) Bureau de Liaison Algérie	Tour A – 4ème Etage, Business Centre Dar El Madina, Micro Zone d'activité Hydra Lot No. 20, 16035 Algers
Argentina	Givaudan Argentina SA	Nicolàs Rodriguez Peña 1568, 5° B, 1021, C.A.B.A.
	Givaudan Argentina Servicios SA	Rodriguez Peña 1568, piso 5, oficina B, Ciudad Autónoma de Buenos Aires
Australia	Givaudan Australia Pty Ltd	12 – 14 Britton Street, Smithfield, Sydney NSW 2164
	Naturex Australia Pty Ltd	9 Garling Road, Kings Park NSW 2148
Austria	Givaudan Austria GmbH	Twin Tower Vienna, Wienerbergstrasse 11, 1109 Vienna
Bermuda	Givaudan International Ltd	Hamilton
	FF Holdings (Bermuda) Ltd	Hamilton
	FF Insurance Ltd	Hamilton
Belgium	Naska Ingredients NV	Lausbedstraat 4, 3630 Maasmechelen
	Naturex SPRL	Val d'Or, Gulledelle, 96 – 5th Floor, 1200 Brussels
Brazil	Givaudan do Brasil Ltda	Avenida Engenheiro Billings 2185, Jaguaré, São Paulo SP – 05321-010
	Naturex Ingredients Nataurais Ltda	Avenida Buriti no. 5.391, Distrito Industrial, city of Manaus, state of Amazonas, Zip Code: 69075-000
Canada	Givaudan Canada Co.	2400 Matheson Blvd. East, Mississauga, Ontario L4W 5G9
	Naturex Inc (Canada)	44 Chipman Hill, Suite 1000 – Saint John, New Brunswick E2L 2A9
Chile	Givaudan Chile Ltda	Avda Del Valle 869, oficina 203, Ciudad Empresarial, Comuna de Huechuraba, Santiago de Chile
	Naturex CHILE SPA	Avenida Apoquindo 3001, piso 9, Las Condes, Santiago de Chile
	Chile Botanics SA	Panamericana Sur, Kilómetro 297, Comuna de Linares
China	Givaudan Flavors (Shanghai) Ltd Beijing Branch	15F Tower 2, Kun Sha Center, No. 16 Xin Yuan Li Road, Chao Yang District, Beijing 100027
	Givaudan Fragrances (Shanghai) Ltd Beijing Branch	15F Tower 2, Kun Sha Center, No. 16 Xin Yuan Li Road, Chao Yang District, Beijing 100027
	Givaudan Flavors (Shanghai) Ltd	668 Jing Ye Road, Jin Qiao Export Area, Pu Dong New Area, Shanghai 201201
	Givaudan Fragrances (Shanghai) Ltd	298 Li Shi Zhen Road, pilote Free Trade Zone, Shanghai 201303
	Givaudan Flavors (Shanghai) Ltd Guangzhou Branch	15F The Centrepoint, No 374 – 2 Beijing Road, Yue Xiu District, Guangzhou 510030
	Givaudan Fragrances (Shanghai) Ltd Guangzhou Branch	15F The Centrepoint, No 374 – 2 Beijing Road, Yue Xiu District, Guangzhou 510030
	Givaudan Flavors (Shanghai) Ltd Chengdu Branch	Room 2001, 2 Fu Nian Plaza, Ji Tai Road, Gao Xin District, Chengdu 610041, Sichuan Province
	Givaudan Flavors (Nantong) Ltd	No. 7 Jiang Hai Road, Nantong Economic and Technology Development Area, Nantong, Jiangsu Province 226017
	Givaudan Flavors (Shanghai) Ltd Zhengzhou Branch	Room A1301, Bldg 2, no. 80 Jin Shui Road (East), New Green City, Zhengzhou, He Nan Province
	Givaudan Fragrances (Changzhou) Ltd	Room 232, no. 238 Chunjiang Zhongyang, Huayuan, Xinbei District, Changzhou 213034, Jiangsu Province
	Givaudan Specialty Products (Shanghai) Ltd	222, Jiangtian East Road, Songjiang District, 201600 Shanghai
	Givaudan Management Consulting (Shanghai) Ltd	3rd floor, no. 5 building, 298 Lishizhen Road, Zhangjiang High-Tech Park, Pudong New Area, 201203 Shanghai
	Givaudan Hong Kong Ltd	6th Floor Alexandra House, 18 Chater Road, Central
	Naturex Trading Shanghai Co. Ltd	6th Floor, Building 4, no. 333 Gui Ping Rd, Xuhui DST, Shanghai, 200233

Country	Legal Entity name	Address
Colombia	Givaudan Colombia SAS	Carrera 98 no. 25 G – 40, 151196 Bogotá D.C.
Czech Republic	Givaudan CR, s.r.o.	Klimentská 10, Praha 110 00
Egypt	Givaudan Egypt SAE	Piece 37, Industrial Zone 3, 6th of October City
	Givaudan Egypt Fragrances LLC	46 El Thawra st., 3rd floor, Appt 304, Heliopolis
Finland	Givaudan International SA, Branch in Finland	Niemenkatu 73, 15140 Lahti
France	Givaudan France SA	55 Rue de la Voie des Bans, CS500024, 95102 Argenteuil Cedex
	Expressions Parfumées	136 Chemin de Saint-Marc, 06130 Grasse
	Naturex SA	250 rue Pierre Bayle – BP 81218, 84911 Avignon Cedex 9
Germany	Givaudan Deutschland GmbH	Giselherstrasse 11, 44319 Dortmund
	Naturex GmbH	Im Zollhafen 24, Kranhaus Süd, 50678 Köln
Guatemala	Givaudan Guatemala SA	Boulevar Los Proceres 18, Calle 24 – 69 Zona 10, Empresarial Zona Pradera, Torre 1, Oficiana 1201-01010
Hungary	Givaudan Hungary Kft	Királyhegyesi út 3, 6900 Makó
	Givaudan Business Solutions Kft	Bence utca 1. , Váci Greens B, 1138 Budapest
India	Givaudan (India) Pvt Ltd	Plot no. 26, 2nd Cross Jigani Industrial Area, Anekal Taluk, Jigani, Bangalore, Karnataka 560 105
	Naturex India Pty Ltd (ex. Valentine Agro Private Ltd)	302, Bldge no. 2, Star Hub. Next to ITC Grand Maratha Hotel, Sahar Road, Andheri (East) Mumbai – 400 059
Indonesia	PT. Givaudan Indonesia	Jl. Raya Jakarta-Bogor Km 35, Cimanggis Depok, 16951 West Java
Iran	Givaudan International SA, Iran Branch	P.O. Box 15175/534 – No.202 – 204, Gol Bld., Gol Alley, After Park Saei, Vali Asr, Tehran
Italy	Givaudan Italia SpA	Via Borgogne 5, 20121 Milano
	Naturex SPA	Caronno Pertusella, Via Galileo Ferraris, 44, 21042 Caronno Pertusella (VA)
Ivory Coast	Givaudan International. SA Côte d'Ivoire	Immeuble RMO, 5ème étage, Rue du Docteur Blanchard Zone 4C, Abidjan
	ITRAD	Abidjan Yopougon, Chaumière du Banco, 04 BP 1682 Abidjan
Japan	Givaudan Japan K.K.	6-6 Osaki 3-chome, Shinagawa-ku, Tokyo 141-0032
	Naturex K.K	NBC MITA Building 7F, 5-29-18, Shiba, Minato-Ku, Tokyo
Malaysia	Givaudan Flavours & Fragrances Malaysia Sdn. Bhd	48 Jalan Kota Laksamana 2/15, Taman Kota Laksamana, Seksyen 2, 75200 Melaka
	Givaudan Business Solutions Asia Pacific Sdn. Bhd	1 First Avenue, Banda Utama, level 12, Bandar Utama, PJU 6, 47800 Petaling Jaya, Selangor
Mexico	Givaudan de México SA de CV	Av. Eje Norte-Sur no. 11 Civac, 62578 Jiutepec Morelos
	Grupo Givaudan SA de CV	Av. Eje Norte-Sur no. 11 Civac, 62578 Jiutepec Morelos
	Naturex Ingredientes Naturales SA de CV	Av. Paseo de la Reforma 483, Piso 21 Col. Cuauhtémoc , Ciudad de México - 06500
Morocco	Givaudan MEA FZE Morocco Branch	8 Rue Ibnou Binna Aladdadi, Bourgogne, 20053 Casablanca
	Naturex Maroc SA	Technopole ONDA – BP 42 20240 Nouasser, Casablanca
Myanmar	Givaudan Singapore Pte Ltd (Myanmar Branch)	46A – 2C Excellent Condo, Pantra Street, Dagon Township, Yangon

Country	Legal Entity name	Address
Netherlands	Givaudan Nederland B.V.	Huizerstraatweg 28, 1411 GP Naarden
	Givaudan Treasury International B.V. (in liquidation)	Huizerstraatweg 28, 1411 GP Naarden
	Vika B.V.	Nizolaan 4, 6718 ZC Ede
	Virgula B.V.	Nizolaan 4, 6718 ZC Ede
	Vika Nutrition B.V.	Nizolaan 4, 6718 ZC Ede
	G.A.L.M International B.V.	Nizolaan 4, 6718 ZC Ede
	Naturex Coöperatief U.A	Strawinskylaan 3127, 1077 ZX Amsterdam
New Zealand	Givaudan NZ Ltd	Level 1 The Lane, Botany Town Center, Te Irirangi Drive, Botany 2010
	Cuisine Resources NZ limited	15 Crosbie Rd, Pukekohe 2120
Nigeria	Givaudan (Nigeria) Limited	Plot 2 and 4, Block D, Amuwo Odofin Industrial scheme, Apapa/Oshodi Expressway, Lagos
Pakistan	Givaudan International SA Pakistan	25th Floor, The Ocean Tower, Block – 9, Clifton, Karachi – 75600
Peru	Givaudan Peru SAC	Av. Victor Andrés Belaúnde 147, Centro Empresarial Real, Torre Real 1, Piso 11, San Isidro 27, Lima
	Activ International SAC	Ambrosio Vucetich, 200 Parque Industrial Mz K – Lt 3,Arequipa
Philippines	Givaudan Singapore Pte Ltd, Regional Operating Headquarter	37/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City 1605
Poland	Givaudan Polska Sp. z o.o.	Ul. Puławska 182, IO-1 Building, 02-670 Warszawa
	Naturex Polska Sp. z.o.o.	Ul. K.K. Baczyńskiego 29, 38-200 Jaslo
Russian Federation	Givaudan Rus LLC	Riverside Towers Business Centre, Kosmodamianskaya Naberezhnaya 52/5, 115054 Moscow
	Naturex LLC (Russia)	Shuhova Str, 14, building 9, Office 201, 115162 Moscow
Singapore	Givaudan Singapore Pte Ltd	1 Woodland Avenue 8, Singapore 738972
	Naturex Holdings Singapore Private Ldt	20 Changi Business Park Central 2, #05-04A, Singapore 486031
South Africa	Givaudan South Africa (Pty) Ltd	9 – 11 Brunei Road, Tulisa Park, Johannesburg 2197
	Naturex (Pty) Ltd	Granger Bay Court Building, Block B-Ground Floor, V&A, Waterfront, Cape Town, 8002
South Korea	Givaudan Korea Ltd	11 – 12/F Trus Tower Building, 60 Mabang-Ro, Seocho-Gu, Seoul
	Naturex (Korea)	Room 503, Leaders Bldg, 14, Hwangsaeul-Ro 311 beon-gil, Bundang-gu, SeongNam-si, GyeongGi-do, 13590
Spain	Givaudan Ibérica, SA	Pla d'en Batllé s/n, 8470 Sant Celoni, Barcelona
	Naturex Iberian Parnters S.L.U	Autovía A3, salida 343. Camino de Torrent s/n 46930 Quart de Poblet
Sweden	Givaudan North Europe AB	Glimmervägen 6, 224 78 Lund
	Swedish Oat Fiber AB	Båtafjordsvägen 12, 432 63 BUA

Country	Legal Entity name	Address
Switzerland	Givaudan SA	Chemin de la Parfumerie 5, 1214 Vernier
	Givaudan Finance SA	Chemin de la Parfumerie 5, 1214 Vernier
	Givaudan Suisse SA	Chemin de la Parfumerie 5, 1214 Vernier
	Givaudan International SA	Chemin de la Parfumerie 5, 1214 Vernier
	Givaudan Treasury International SA	Chemin de la Parfumerie 5, 1214 Vernier
	Vamara Holding SA	Mettlenweg 17, 2504 Bienne
	Naturex AG	Industriestrasse 8, 9220 Bischofszell
Taiwan, Republic of China	Givaudan Singapore Pte Ltd, Taiwan Branch	7/F No 303, Hsin Yi Road, Sec 4, Taipei City Taiwan 106
Thailand	Givaudan (Thailand) Ltd	719 KPN Tower, Floor 16 & 25, Rama 9 Road, Bangkapi Huaykwang, Bangkok 10310
Turkey	Givaudan Aroma ve Esans Sanayi ve Ticaret Ltd. Sirketi	Akat mahallesi, Bilge sokak, Park Maya Sitesi Barclay 19 no. 1 daire 6/7 Besiktas, Istanbul
UAE	Givaudan Gulf Trading LLC	Concord Tower, Floor 20 & 36 , Media City, Dubai
	Givaudan Middle East & Africa FZE	Free Zone Establishment, Jafza View 19, First floor, office no. 129, Jebel Ali Free Zone, Dubai
	Naturex S.A (Middle East)	Building P6 Office #132, Sharjah Airport International Free Zone (SAIF Zone), P.O. Box 121873, SHARJAH
United Kingdom	Givaudan UK Ltd	Kennington Road, Ashford, Kent TN24 0LT
	Givaudan Holdings UK Ltd	Kennington Road, Ashford, Kent TN24 0LT
	Major International Limited	Higham Business Park, Bury Close, Higham Ferrers, Rushden NN10 8HQ
	Naturex Ltd	Park Road, Overseal, Swadlincote, Derbyshire DE12 6JX
Ukraine	Givaudan International SA, Representative Office	Pimonenko Str. 13 6B/18, 04050 Kiev
United States of America	Givaudan Flavors Corporation	1199 Edison Drive, Cincinnati, OH 45216
	Givaudan Fragrances Corporation	1199 Edison Drive, Cincinnati, OH 45216
	Givaudan Flavors and Fragrances Inc.	1199 Edison Drive, Cincinnati, OH 45216
	Givaudan United States Inc.	15 East North Street, Dover, Delaware 19901
	Naturex Inc	251 Little Falls Drive, Wilmington, DE 19808
	Naturex Holdings Inc	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808
	Vegetalbe Juices Inc	c/o Illinois Corporation Service Company 801 Adlai Stevenson Drive – Springfield, IL 62703
	Naturex Cooperative LLC	801 Adlai Stevenson Drive – Springfield, IL 62703
Venezuela	Givaudan Venezuela SA	Calle Veracruz con calle Cali Torre, ABA Piso 8, Ofic 8A, Las Mercedes, Caracas CP 1060
Vietnam	Givaudan Singapore Pte Ltd, Vietnam Representative Office	Giay Viet Plaza 5th Fl., 180 – 182 Ly Chinh Thang Street, District 3, Ho Chi Minh City

Givaudan sites worldwide

Country	Address	Legal Entity name	Fragrances	Flavours	Sales or Rep office	Creation/ Application	Production	GRI Scope [1]	GBS Centre
Algeria	Tour A – 4ème étage, Business Centre Dar El Madina, Micro Zone d'activité Hydra Lot No. 20, 16035 Algers	Givaudan International SA (Suisse) Bureau de Liaison Algérie	✓		✓				
Argentina	San Lorenzo 4759, Esquina Ave Mitre, Munro, Prov. Buenos Aires B 1605 EIO	Givaudan Argentina SA		✓	✓	✓	✓	✓	
	Ruta 9 Panamericana Km 36.5, Partido Malvinas Argentinas, Buenos Aires B1667KOV	Givaudan Argentina SA	✓		✓	●	✓	✓	
	Tronador 4890, 8° piso, Buenos Aires C 1430 DNN CABA	Givaudan Argentina Servicios SA							✓
Australia	12 – 14 Britton Street, Smithfield, Sydney NSW 2164	Givaudan Australia Pty Ltd		✓			✓	✓	
	Unit 36, 5 Inglewood Place, Baulkham Hills, Sydney NSW 2153	Givaudan Australia Pty Ltd	✓	✓	✓	✓			
	Suite West 11A, ground fl., 215 Bell Street, Preston VIC 3072	Givaudan Australia Pty Ltd		✓	✓				
	9 Garling Road, Kings Park, NSW2148, PO Box 4165, Marayong NSW 2148, Sydney	Naturex Australia Pty Ltd.		✓	✓		✓		
Austria	Twin Tower Vienna, Wienerbergstrasse 11, 1109 Vienna	Givaudan Austria GmbH		✓	✓	✓			
Brazil	Avenida Engenheiro Billings 2185, Jaguaré, São Paulo, 05321-010	Givaudan do Brasil Ltda	✓	✓	✓	✓	✓	✓	
	Avenida Engenheiro Billings 1653 & 1729, Jaguaré, São Paulo, 05321-010	Givaudan do Brasil Ltda	✓		✓	✓		✓	
	Rodovia Eduardo Zuccari, Km 21,5, Chácara Recreio Vista Alegre, Botucatu, São Paulo, 18603-970	G Nutra (Givaudan)		✓			✓		
	Av. Buriti, no. 5391, Distrito Industrial, CEP: 69.075-000, Manaus	Naturex Ingredientes Naturais Ltda		✓			✓		
	Rua George Ohm, 230, Conj. 22 (Torre B), 04576-020 Brooklin Novo, São Paulo	Naturex Ingredientes Naturais Ltda		✓	✓				
Belgium	Lausbedstraat 4, 3630 Maasmechelen	Naska Ingredients NV		✓	✓		✓		
	Val d'Or, Gulledelle, 96 BE-1200 Woluwe Saint Lambert, Brussels	Naturex SPRL		✓	✓				
Canada	2400 Matheson Blvd. East, Mississauga, Ontario L4W 5G9	Givaudan Canada Co.		✓	✓				
Chile	Avda Del Valle 869, oficina 202, Ciudad Empresarial, Comuna de Huechuraba, Santiago de Chile	Givaudan Chile Ltda		✓	✓	✓			
	Avenida Suecia 0142 – oficina 303, Providencia, Santiago de Chile	Chile Botanics SA		✓	✓				
	Panamericana sur Kilometro 297, Linares	Naturex Chile SPA		✓			✓		

Country	Address	Legal Entity name	Fragrances	Flavours	Sales or Rep office	Creation/ Application	Production	GRI Scope [1]	GBS Centre
China	15F, Tower 2, Kun Sha Center, no. 16 Xin Yuan Li Road, Chao Yang District, 100027 Beijing	Givaudan Flavors (Shanghai) Ltd Beijing Branch		✓	✓	●			
	15F, Tower 2, Kun Sha Center, no. 16 Xin Yuan Li Road, Chao Yang District, 100027 Beijing	Givaudan Fragrances (Shanghai) Ltd Beijing Branch	✓		✓				
	668 Jing Ye Road, Jin Qiao Export Area, Pu Dong New Area, 201201 Shanghai	Givaudan Flavors (Shanghai) Ltd		✓	✓	✓	✓	✓	
	298 Li Shi Zhen Road, Zhangjiang High-Tech Park, Pudong New Area, 201203 Shanghai	Givaudan Fragrances (Shanghai) Ltd	✓		✓	✓	✓	✓	
	No. 7 Jianghai Road, Nantong Economic and Technological Development Area, 226017 Nantong, Jiangsu Province	Givaudan Flavours (Nantong) Ltd		✓			✓	✓	
	Unit 5, 15F Shuion Center, no. 374 – 2 Beijing Road, Yue Xiu District, 510030 Guangzhou	Givaudan Flavors (Shanghai) Ltd Guangzhou Branch		✓	✓	●			
	Unit 6 – 7, 15F Shuion Center, no. 374 – 2 Beijing Road, Yue Xiu District, 510030 Guangzhou	Givaudan Fragrances (Shanghai) Ltd Guangzhou Branch	✓		✓				
	222, Jiang Tian East Road, Songjiang Development Zone, 201600 Shanghai	Givaudan Specialty Products (Shanghai) Ltd	✓	✓			✓	✓	
	Room 2001, 20F Funian Plaza-2, no. 666 Jitai Road, Gaoxin District, 610041 Chengdu, Sichuan Province	Givaudan Flavors (Shanghai) Ltd Chengdu Branch		✓	✓	●			
	Room A1301, Bldg 2, no. 80 Jin Shui Road (East), New Green City, Zhengzhou, He Nan Province	Givaudan Flavors (Shanghai) Ltd Zhengzhou Branch		✓	✓				
	Unit 1001, 10 F Miramar Tower, 132 Nathan Road, Tsim Sha Tsui	Givaudan Hong Kong Ltd	✓	✓	✓				
	Shanghai Juke Biotech Park, 6th Floor, Bdg 4, no.333 Guiping Road, Xuhui District, 200233 Shanghai	Naturex Trading Shanghai Co, Ltd		✓	✓				
Colombia	Carrera 98 no. 25 G – 40, 151196 Bogotá D.C.	Givaudan Colombia SAS	✓	✓	✓	✓			
Czech Republic	Klimentská 10, Praha 110 00	Givaudan CR, s.r.o.		✓	✓				
Egypt	Piece 37, Industrial Zone 3, 6th of October City	Givaudan Egypt SAE		✓	✓	✓	✓	✓	
	46 El Thawra st., 3rd floor, Appt 304, Heliopolis	Givaudan Egypt Fragrances LLC	✓		✓				
Finland	Niemenkatu 73, 15140 Lahti	Givaudan International SA, Branch in Finland		✓	✓				
France	46 avenue Kléber, 75116 Paris	Givaudan France SAS	✓		✓	✓			
	4 rue Lord Byron, 75008 Paris	Expressions Parfumées	✓		✓				
	55 rue de la Voie des Bans, 95102 Argenteuil Cedex	Givaudan France SAS	✓		✓	✓		✓	
	19 – 23 rue de la Voie des Bans, 95102 Argenteuil Cedex	Givaudan France SAS		✓	✓	✓		✓	
	16 rue Henri Becquerel, BP 525 – ZI Mitry Compans, 77295 Mitry Mory	Activ International SAS		✓			✓		
	Route de Bazancourt, 51110 Pomacle	Givaudan France SAS	✓		✓		✓	✓	
	Anse du Pors Gelin, 22560 Pleumeur Bodou	Givaudan France SAS	✓				✓	✓	
	3 Rue des Satellites, 31400 Toulouse	Givaudan France SAS	✓			●			
	136 Chemin de Saint-Marc, 06130 Grasse	Expressions Parfumées	✓		✓		✓		
	250 rue Pierre Bayle – BP 81218 – 84911 Avignon Cedex 9	Naturex SA		✓	✓		✓		
	Actiparc de Pont de Vaux /Les Chapelles Sud – 01190 Reyssouze	Naturex SA		✓			✓		

Country	Address	Legal Entity name	Fragrances	Flavours	Sales or Rep office	Creation/ Application	Production	GRI Scope [1]	GBS Centre
Germany	Giselherstrasse 11, 44319 Dortmund	Givaudan Deutschland GmbH		✓	✓	✓	✓	✓	
	Lehmweg 17, 20251 Hamburg	Givaudan Deutschland GmbH	✓		✓				
	Im Zollhafen 24, Kranhaus Süd, 50678 Köln	Naturex GmbH		✓	✓				
Guatemala	Boulevar Los Proceres 18, Calle 24 – 69 Zona 10, Empresarial Zona Pradera, Torre 1, Oficiana 1201-01010	Givaudan Guatemala SA	✓	✓	✓				
Hungary	Királyhegyesi út 3, 6900 Makó	Givaudan Hungary Kft		✓	✓		✓	✓	
	Bence utca 1. , Váci Greens B, 1138 Budapest	Givaudan Business Solutions Kft							✓
India	Plot No. 30, Survey no. 168, Dabhel Industrial Estate, Daman 396210	Givaudan (India) Pvt Ltd		✓			✓	✓	
	Survey no. 57/3 (2) & 3, Village Dunetha, Daman 396 210	Givaudan (India) Pvt Ltd		✓			✓	✓	
	Plot no. 26, 2nd Cross Jigani Industrial Area, Anekal Taluk, Jigani, Bangalore, Karnataka 560 105	Givaudan (India) Pvt Ltd	✓				✓	✓	
	13th Floor Prestige Meridian 1, 29 MG Road, Bangalore, 560001	Givaudan (India) Pvt Ltd	✓	✓	✓				
	401 Akruti Centre Point, 4th Floor, MIDC Central Road, MIDC, Andheri (East), Mumbai 400093	Givaudan (India) Pvt Ltd	✓	✓	✓	✓			
	406 – 410, 4th Floor, JMD Pacific Square, Sector 15, Part II, Gurgaon 122001, Haryana	Givaudan (India) Pvt Ltd	✓	✓	✓				
	H-2 Ranjangaon Industrial Area Phase II, Pune 412209	Givaudan (India) Pvt Ltd	✓	✓			✓		
	Star Hub, Building no. 02, 3rd Floor,302, Sahar Airport Road, Near ITC Grand Maratha, Andheri (E), 400 059 Mumbai	Naturex India Pty Ltd		✓	✓				
	Plot no. 15/2, Dhatav, Roha, District, Raigad, 402116 Mumbai	Naturex SA		✓			✓		
Indonesia	Jl. Raya Jakarta-Bogor Km 35, Cimanggis Depok, 16951 West Java	PT. Givaudan Indonesia	✓	✓			✓	✓	
	Capital Place, 9th floor, Jl. Jend. Gatot Subroto Kav. 18, 12710 Jakarta	PT. Givaudan Indonesia	✓	✓	✓	✓			
Iran	P.O. Box 15175/534 – no.202 – 204, Gol Bld., Gol Alley, After Park Saei, Vali Asr, Tehran	Givaudan International SA, Iran Branch	✓	✓	✓				
Italy	Via XI Febbraio 99, 20090 Vimodrone (MI)	Givaudan Italia SpA	✓	✓	✓	●			
	Via Galileo Ferraris, 44, 21042 Caronno Pertusella (VA)	Naturex SpA		✓	✓		✓		
Ivory Coast	Immeuble RMO, 5ème étage, rue du Docteur Blanchard Zone 4C, Abidjan	Givaudan International. SA Côte d'Ivoire	✓	✓	✓				
	Abidjan Yopougon, Chaumière du Banco, 04 BP 1682, Abidjan	ITRAD	✓		✓				
Japan	3014 – 1 Shinohara-cho, Yokohama-shi, Kanagawa 222-0026	Givaudan Japan K.K.	✓		✓	✓			
	3056 Kuno, Fukuroi-shi, Shizuoka 437-0061	Givaudan Japan K.K.			✓		✓	✓	
	3 – 6 – 6 Tokiwa New Building, Osaki, Sinagawa-Ku, Tokyo 141-0032	Givaudan Japan K.K.		✓	✓	✓			
	NBC MITA Building 7F, 5 – 29 – 18, Shiba, Minato-ku, Tokyo 108-0014	Naturex KK		✓	✓				
Korea (Republic of)	11/F Trust Tower Bldg, 60 Mabang-ro, Seocho-Gu, Seoul 06775	Givaudan Korea Ltd	✓		✓	●			
	12/F Trust Tower Bldg, 60 Mabang-ro, Seocho-Gu, Seoul 06775	Givaudan Korea Ltd		✓	✓	●			
	Room 503, 14, Hwangsaeul-ro 311beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do 13590	Naturex (Korea)		✓	✓				

Country	Address	Legal Entity name	Fragrances	Flavours	Sales or Rep office	Creation/ Application	Production	GRI Scope [1]	GBS Centre
Malaysia	A-901 Menara 1, Kelana Brem Towers, Jalan SS 7/15 (Jalan Stadium), 47301 Petaling Jaya Selangor Darul Ehsan	Givaudan Flavours & Fragrances Malaysia Sdn. Bhd	✓	✓	✓	✓			
	No. 121, Jalan Usaha 10, Kawasan Perindustrian Ayer Keroh, 75450 Malacca	Givaudan Flavours & Fragrances Malaysia Sdn. Bhd		✓	✓		✓		
	1 First Avenue, Banda Utama, level 12, Bandar Utama, PJU 6, 47800 Petaling Jaya, Selangor	Givaudan Business Solutions Asia Pacific Sdn Bhd							✓
Mexico	Camino a Quintanares Km. 1.5, Pedro Escobedo, 76700 Querétaro	Givaudan de México SA de CV	✓				✓	✓	
	Av. Eje Norte-Sur No. 11 Civac, 62578 Jiutepec Morelos	Givaudan de México SA de CV		✓	✓	✓	✓	✓	
	Av. Paseo de la Reforma #2620, piso 12 Edificio Reforma Plus, Col. Lomas Altas, 11950 Mexico, D.F	Givaudan de México SA de CV		✓	✓				
	Av. Paseo de la Reforma #2620, piso 9 Edificio Reforma Plus, Col. Lomas Altas, 11950 Mexico, D.F	Givaudan de México SA de CV	✓		✓	✓			
	Avenida Paseo de la Reforma 483 Piso 21, 2101 Colonia Cuauhtémoc Delegación Cuauhtémoc Ciudad de México, CP 06500	Naturex Ingredientes Naturales SA de CV		✓	✓				
Morocco	8 rue Ibnou Binna Aladdadi, Bourgogne, 20053 Casablanca	Givaudan MEA FZE Morocco Branch	✓	✓	✓				
	Technopole ONDA – BP 42 – 20240 Nouasser – Casablanca	Naturex Maroc SA		✓			✓		
Myanmar	46A – 2C Excellent Condo, Pantra Street, Dagon Township, Yangon	Givaudan Singapore Pte Ltd (Myanmar Branch)	✓	✓	✓	●			
Netherlands	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Nederland B.V.		✓	✓	✓	✓	✓	
	Nijverheidsweg 60, 3771 ME Barneveld	Givaudan Nederland B.V.		✓			✓	✓	
	Nizolaan 4, 6718 ZC Ede	Vika B.V.		✓	✓	✓	✓		
New Zealand	Level 1, The Lane, Botany Town Center, Te Irirangi Drive, Botany 2010	Givaudan NZ Ltd		✓	✓				
	15 Crosbie Rd, Pukekohe 2120	Cuisine Resources NZ limited		✓	✓		✓		
Nigeria	Plot 2 and 4, Block D, Amuwo Odofin Industrial scheme, Apapa/ Oshodi Expressway, Lagos	Givaudan (Nigeria) Limited	✓	✓	✓	●			
Pakistan	25th floor, Ocean Tower, Block 9, Clifton, Karachi - 75600	Givaudan International SA Pakistan		✓	✓	●			
Peru	Av. Victor Andrés Belaúnde 147, Centro Empresarial Real, Torre Real 1 Piso 11, San Isidro 27, Lima	Givaudan Peru SAC	✓	✓	✓	●			
	Ambrosio Vucetich, 200 Parque Industrial Mz K – Lt 3, Arequipa	Activ International SAC		✓			✓		
Philippines	37/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City 1605	Givaudan Singapore Pte Ltd, Regional Operating Headquarter	✓	✓	✓	●			
Poland	Ul. Puławska 182, IO-1 Building, 02-670 Warszawa	Givaudan Polska Sp. z o.o.		✓	✓				
	Ul. Postępu 17A, 06-676 Warszawa	Naturex Polska Sp. z o.o Biuro Handlowe		✓	✓				
	Ul. K.K. Baczyńskiego 29, 38-200 Jasło	Naturex Polska Sp. z o.o.		✓			✓		
Russian Federation	Riverside Towers Business Centre, Kosmodamianskaya Naberezhnaya 52/5, 115054 Moscow	Givaudan Rus LLC		✓	✓	✓			
	Delovoy dom B-5, floor 9, Botanicheskiy pereulok 5, 129090 Moscow	Givaudan Rus LLC	✓		✓	✓			
	Shuhova Str, 14, building 9, Office 201, 115162 Moscow	Naturex LLC		✓	✓				

Country	Address	Legal Entity name	Fragrances	Flavours	Sales or Rep office	Creation/ Application	Production	GRI Scope [1]	GBS Centre
Singapore	1 Woodlands Avenue 8, Singapore 738972	Givaudan Singapore Pte Ltd	✓	✓	✓	✓	✓	✓	
	1 Pioneer Turn, Singapore 627576	Givaudan Singapore Pte Ltd	✓		✓	✓	✓	✓	
	19 Chin Bee Road, Singapore 619833	Givaudan Singapore Pte Ltd		✓			✓	✓	
South Africa	9 – 11 Brunel Road, Tulisa Park, Johannesburg 2197	Givaudan South Africa (Pty) Ltd		✓	✓	✓	✓	✓	
	51A Galaxy Avenue, Linbro Business Park,Frankenwald, Sandton 2065	Givaudan South Africa (Pty) Ltd	✓		✓	●			
Spain	Pla d'en Batllé s/n, 8470 Sant Celoni, Barcelona	Givaudan Ibérica, SA	✓	✓	✓	△	✓	✓	
	Edificio Géminis, Bloque B 1° 2a, Parque de Negocios Mas Blau, 8820 El Prat de Llobregat, Barcelona	Givaudan Ibérica, SA	✓		✓				
	Autovía A3, salida 343. Camino de Torrent s/n – 46930 Quart de Poblet	Naturex Iberian Partners, S.L.U		✓			✓		
Sweden	Hedvig Möllers gata 17, 22355 Lund	Givaudan North Europe AB		✓	✓				
Switzerland	Überlandstrasse 138, 8600 Dübendorf	Givaudan Schweiz AG		✓			✓	✓	
	Überlandstrasse 138, 8600 Dübendorf	Givaudan International AG		✓	✓	✓		✓	
	8310 Kemptthal	Givaudan Schweiz AG		✓		●	✓	✓	
	8310 Kemptthal	Givaudan International AG		✓		△		✓	
	Chemin de la Parfumerie 5, 1214 Vernier	Givaudan Suisse SA	✓				✓	✓	
	Chemin de la Parfumerie 5, 1214 Vernier	Givaudan International SA	✓		✓			✓	
	Industriestrasse 8A, 8604 Volketswil	Givaudan Suisse AG	✓			✓	✓	✓	
	Kirchbergstrasse 211, 3400 Burgdorf	Naturex AG		✓			✓		
	Industriestrasse 8, 9220 Bischofszell	Naturex AG		✓			✓		
Taiwan, PR China	7/F, no. 303, Hsin Yi Road, Sec 4, Taipei City, Taiwan 106	Givaudan Singapore Pte Ltd, Taiwan Branch	✓	✓	✓	●			
Thailand	719 KPN Tower, floor 16 & 25, Rama 9 Road, Bangkapi Huaykwang, Bangkok 10310	Givaudan (Thailand) Ltd	✓	✓	✓	●			
	Bangkok Business Centre Building, 19th floor, Unit 1903, 29 Sukhumvit 63 Road, Klongton Nua,Wattana, Bangkok 10110	Naturex AG		✓	✓				
Turkey	Ebulula Cad. Lale Sok., Park Maya Sitesi Barclay 19A Daire 6 – 7, Akatlar, Besiktas / Istanbul 34335	Givaudan Aroma ve Esans Sanayi ve Ticaret Ltd. Sirketi	✓		✓				
	Büyükdere Cad. Telpa Plaza., no. 195 K.3, Levent, Istanbul 34394	Givaudan Aroma ve Esans Sanayi ve Ticaret Ltd. Sirketi		✓	✓	✓			
UAE	Concord Tower, floor 20 & 36, Media City, Dubai	Givaudan Gulf Trading LLC	✓	✓	✓	✓			
	Free Zone Establishment, Jafza View 19, First floor, office no. 129, Jebel Ali Free Zone, Dubai	Givaudan Middle East & Africa FZE	✓	✓	✓				
	Building P6 – 132, Post Box – 121873, SAIF Zone, Sharjah	Naturex S.A (Middle East)		✓	✓				
United Kingdom	Magna House, 76 – 80 Church Street, Staines, Middx. TW18 4XR	Givaudan UK Ltd	✓		✓				
	Chippenham Drive, Kingston, Milton Keynes MK10 OAE	Givaudan UK Ltd		✓	✓	✓			
	Kennington Road, Ashford, Kent TN24 0LT	Givaudan UK Ltd	✓		✓	✓	✓	✓	
	Higham Business Park, Bury Close, Higham Ferrers, Rushden NN10 8HQ	Major International Limited		✓			✓		
	Park Road, Overseal, Swadlincote, Derbyshire DE12 6JX	Naturex Ltd		✓	✓		✓		

Country	Address	Legal Entity name	Fragrances	Flavours	Sales or Rep office	Creation/ Application	Production	GRI Scope [1]	GBS Centre
Ukraine	Pimonenko Str. 13 6B/18, 04050 Kiev	Givaudan International SA, Representative Office		✓	✓				
United States of America	880 West Thorndale Avenue, Itasca, IL 60143	Givaudan Flavors Corporation		✓			✓	✓	
	580 Tollgate Road, Suite A, Elgin, IL 60123	Givaudan Flavors Corporation		✓	✓	✓			
	1199 Edison Drive 1 – 2, Cincinnati, OH 45216	Givaudan Flavors Corporation		✓	✓	✓		✓	
	245 Merry Lane, East Hanover, NJ 07936	Givaudan Flavors Corporation		✓	✓	✓	✓	✓	
	9500 Sam Neace Drive, Florence, KY 41042	Givaudan Flavors Corporation		✓			✓	✓	
	4705 U.S. Highway 92 East, Lakeland, FL 33801-3255	Givaudan Flavors Corporation		✓	✓		✓	✓	
	100 East 69th Street, Cincinnati, OH 45216	Givaudan Flavors Corporation		✓			✓	✓	
	195 Alexandra Way, Carol Stream, IL 60188	Givaudan Flavors Corporation		✓			✓	✓	
	6 Santa Fe Way, Cranbury, NJ 08512	Givaudan Flavors Corporation		✓			✓	✓	
	256 Lackland Drive East, Middlesex, NJ 08846	Givaudan Flavors Corporation		✓			✓		
	808 ConAgra Drive, Omaha, NE 68102	Givaudan Flavors Corporation		✓	✓				
	6 Santa Fe Way, Cranbury, NJ 08512	Givaudan Flavors Corporation		✓			✓		
	39 Pleasant Street – Sagamore, MA 02561	Naturex DBS		✓	✓				
	375 Huyler Street, South Hackensack, NJ 07606	Naturex Inc.		✓	✓		✓		
	10000 Highway 55, Minneapolis, MN 55441	Activ International		✓		✓			
	International Trade Center, 300 Waterloo Valley Road, Mount Olive, NJ 07828	Givaudan Fragrances Corporation	✓				✓	✓	
	40 West 57th St. 11th and 17th floors, New York, NY 10019	Givaudan Fragrances Corporation	✓	✓	✓	✓			
	717 Ridgedale Avenue, East Hanover, NJ 07936	Givaudan Fragrances Corporation	✓		✓	✓			
Venezuela	Calle Veracruz con calle Cali Torre, ABA Piso 8, Ofic 8A, Las Mercedes, Caracas CP 1060	Givaudan Venezuela SA	✓	✓	✓	●			
Vietnam	Giay Viet Plaza 5th floor, 180 – 182 Ly Chinh Thang Street, District 3, Ho Chi Minh City	Givaudan Singapore Pte Ltd, Vietnam Representative Office	✓	✓	✓	●			

1. Locations taken into account for the environment, health and safety performance indicators.

Icons within the category Creation/Application indicate the following: ● Application only △ Creation only

GRI Disclosure 102 – 4, pages 212 – 217

Our reporting suite

Readers are advised to consult our entire reporting suite to get a complete overview:

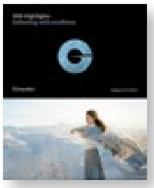
2018 Integrated Annual Report

Available in English

- PDF and Online HTML from 25 January 2019
- Print from 28 March 2019
- www.givaudan.com – media – publications
- www.givaudan.com – investors – online annual report

Content

Offers a holistic explanation of our value creation, financial and non-financial capitals and performance, including our Governance, Compensation and Financial Reports. The online report offers an succinct overview, easy access to the various chapters of the report and a full download centre.



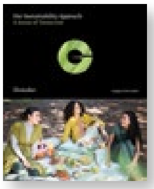
2018 Highlights

Available in English, French and German

- PDF and print from 28 March 2019
- www.givaudan.com – media – publications

Content

Business and financial highlights in addition to the Chairman and CEO reviews and the highlights of the Governance and Compensation reports.



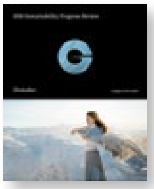
Our Sustainability Approach

Available in English

- PDF from 25 January 2019
- www.givaudan.com – sustainability – publications

Content

Offers a strategic overview of A Sense of Tomorrow, the approach for each of the three sustainability focus areas, and related issues such as stakeholder engagement and material topics.



2018 Sustainability Progress Review

Available in English

- PDF from 28 March 2019
- www.givaudan.com – sustainability – publications

Content

Offers case studies and progress data for the three focus areas of our sustainability approach as well as eco-efficiency targets versus progress. The GRI Content Index and external assurance of sustainability data is included in this document.

To order publications: www.givaudan.com – media – publications

Givaudan Foundation

2018 Annual Report

Available in English

PDF from 28 March 2019
www.givaudan-foundation.org

The Givaudan Foundation is a non-profit organisation created in 2013 as a result of Givaudan's desire to reinforce its commitment towards the communities in which it operates. The foundation's purpose is to initiate and support projects as well as to grant donations in the areas defined by its vision and mission.

One of the causes supported by the foundation is to safeguard the future of communities and their fragile environment. There is a specific focus on three areas in which Givaudan as a company is already engaged and where its expertise and experience can be leveraged to make a difference: communities at source, blindness and nutrition. The Givaudan Foundation works closely with and relies on resources provided by Givaudan to conduct and monitor its projects. The Foundation also operates with local partners to ensure the efficient deployment of projects and their relevance to those who are intended to benefit from them.

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This Integrated Annual and Financial Report may contain forward-looking information. Such information is subject to a variety of significant uncertainties, including scientific, business, economic and financial factors. Therefore actual results may differ significantly from those presented in such forward looking statements. Investors must not rely on this information for investment decisions.

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