

Governance report

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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			
<p>Calvin Grieder Chairman Swiss born 1955 Member since 2014</p>	<p>Prof. Dr-Ing. Werner Bauer German and Swiss born 1950 Member since 2014</p>	<p>Victor Balli Swiss born 1957 Member since 2016</p>	<p>Lilian Biner Swedish born 1962 Member since 2011</p>
	<p>Michael Carlos French born 1950 Member since 2015</p>	<p>Ingrid Deltenre Dutch and Swiss born 1960 Member since 2015</p>	<p>Thomas Rufer Swiss born 1952 Member since 2009</p>
<p>Audit Committee</p> <p>Thomas Rufer (Chairman), entire year Lilian Biner, entire year Victor Balli, entire year</p> <ul style="list-style-type: none"> – 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 		<p>Compensation Committee</p> <p>Prof. Dr-Ing. Werner Bauer (Chairman), entire year Ingrid Deltenre, entire year Victor Balli, entire year</p> <ul style="list-style-type: none"> – Reviews and recommends the compensation policies to the Board – Approves the remuneration for the Executive Committee – Prepares the Compensation Report 	
<p>Nomination and Governance Committee</p> <p>Calvin Grieder (Chairman), entire year Ingrid Deltenre, entire year Michael Carlos, entire year</p> <ul style="list-style-type: none"> – Assists the Board in applying principles of good corporate governance – Prepares appointments to the Board and the Executive Committee 		<p>Innovation Committee</p> <p>Michael Carlos (Chairman), entire year Calvin Grieder, entire year Prof. Dr-Ing. Werner Bauer, entire year</p> <ul style="list-style-type: none"> – 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 Ordinance 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 109.

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.

 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.

 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

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