



Compensation report

In this section

- 86** Compensation governance
- 87** Compensation principles
- 88** Compensation of Givaudan executives
- 93** Compensation of the Executive Committee
- 94** Compensation of the Board of Directors
- 96** Share ownership guidelines
- 96** Ownership of Givaudan securities
- 97** Report of the statutory auditor

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
Mid-year / end of year	Maximum amounts for shareholder voting on Executive Committee and Board compensation	Compensation Committee		Board of Directors (preliminary) ³
	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

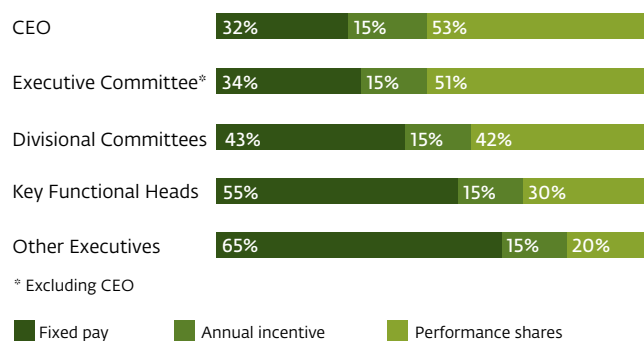


Table V below illustrates the structure and purpose of the two incentive schemes.

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%

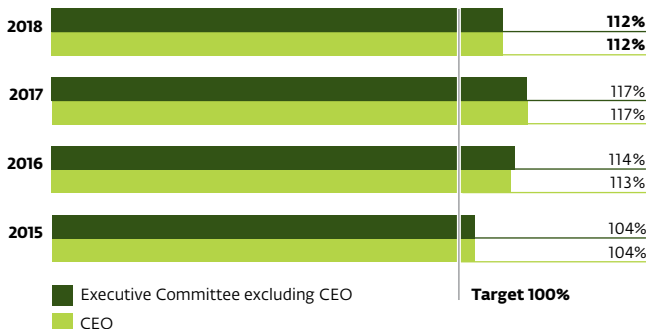
- Division Management Committee members: 35% – 50%
- Other executives and managers: 10% – 35%

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



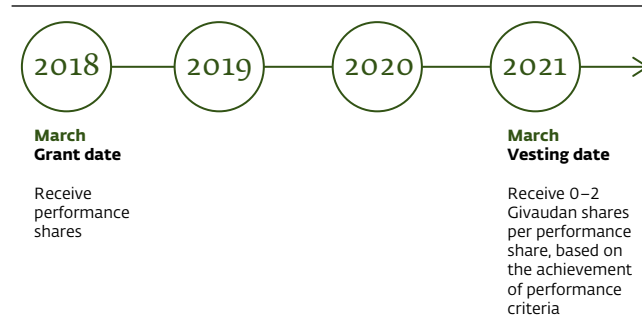
3.7 Performance Share Plan

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%).

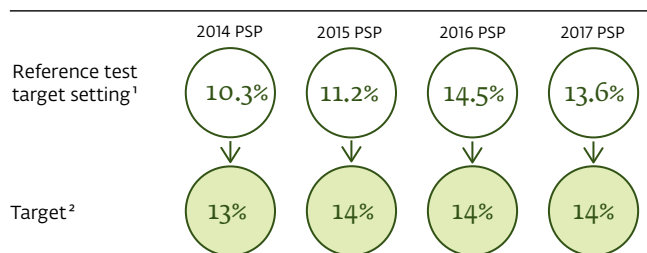
In the case of FCF margin, final achievement is calculated as the average of the reported FCF margin for each of the four performance years. This means that the Givaudan's FCF for each year of the performance period is summed, and this cumulative result is divided by the sum of Givaudan's sales in

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



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.

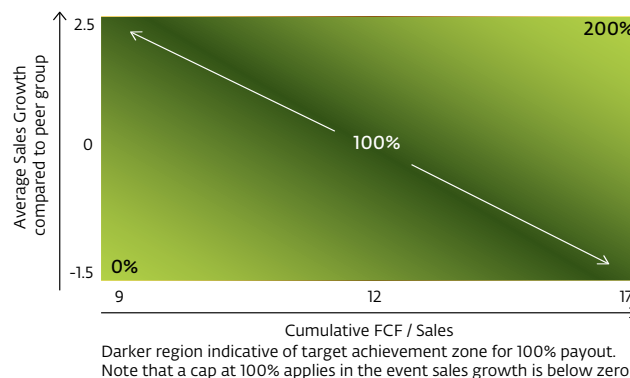
A 100% payout can be obtained where a target combination of the performance criteria is met, such as when relative average sales growth is in line with the peer group and cumulative

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



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, Arysza, 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