



# 2019

Governance,  
Compensation and  
Financial Report

# 2019 Governance, Compensation and Financial Report

As part of our reporting suite, this year we have created a stand-alone document with the full details of our governance and compensation policies as well as a detailed look at our financials; an overview can be found in the Integrated Annual Report.

Good corporate governance ensures proper checks and balances and Givaudan is managed and supervised in a responsible way, with a focus on value creation. Our compensation programmes are aligned with our strategy and reflect the performance of the business and of individuals. Full information on our financial performance and our focus on creating value for the Company and all its stakeholders can be found in this report.

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# Governance report



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# Corporate governance

## Ensuring proper checks and balances

The Governance report 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 SA'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 on our website.

 [www.givaudan.com](http://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 on page 89, in note 33 to the 2019

consolidated financial statements. 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 2019 Financial report is in English and can be downloaded on the Company website.

 [www.givaudan.com](http://www.givaudan.com) – investors – online annual report – download centre – 2019 Governance, Compensation and Financial report

## 1.2 Significant shareholders

To the knowledge of the Company, the following shareholders were the only shareholders holding more than 3% of the share capital of Givaudan SA as at 31 December 2019 (or as at the date of their last notification under article 20 of the Stock Exchange Act):

### Significant shareholders

2019	in %
<b>Beneficial owners</b>	
William H. Gates III and Melinda French Gates	13.86
BlackRock, Inc.	5.06
MFS Investment Management	5.04
<b>Nominees</b>	
Nortrust Nominees Limited*	15.07
Chase Nominees Limited*	7.21
Banque Pictet & Cie SA**	4.45

\* Voting rights for the shares held by Nortrust Nominees Limited and Chase Nominees Limited need to be exercised in accordance with clients' instructions.

\*\* The shares held by Banque Pictet & Cie SA bear no voting rights.

The notifications can be viewed on the following site:

 [www.six-swiss-exchange.com](http://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.

## 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 2019, 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 2019 was CHF 27,986,999,166.

### 2.2 Authorised and conditional capital in particular

#### Authorised share capital

The Company does not have any authorised share capital.

#### Conditional share capital

As per article 3b of the Company's Articles of Incorporation, the Company's share capital can be increased by:

- issuing up to 463,215 shares (CHF 4,632,150) through the exercise of option or conversion rights granted in connection with bond issues of Givaudan SA or a Group company
- issuing up to 161,820 shares (CHF 1,618,200) through the exercise of option rights granted to employees and/or the members of the Board of Directors of the Group
- issuing up to 123,163 shares (CHF 1,231,630) through the exercise of warrants granted to the shareholders of Givaudan SA.

The conditional share capital amounts to a maximum of CHF 7,481,980, which equates to 8.1% of the existing share capital.

The subscription rights of the shareholders are excluded in cases a) and b) above. The Board of Directors is authorised to exclude the shareholders' preferential right to subscribe to 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.

The Company's Articles of Incorporation can be found on our website.

 [www.givaudan.com](http://www.givaudan.com) – our company – corporate governance – rules and policies

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 section 2.4.

### 2.3 Changes in capital

The information regarding the year 2017 is available in notes 8 and 9 to the statutory financial statements of the 2017 Financial report. Details of the changes in equity for the years 2018 and 2019 are given in notes 8 and 9 to the statutory financial statements of the 2019 Financial report.

 [www.givaudan.com](http://www.givaudan.com) – media – publications

## 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.

## 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 required competencies include:

- in-depth knowledge of the flavour and fragrance industry
- international senior business leadership
- strategy setting and implementation and risk management
- financial expertise
- innovation and technology (including digital)
- sales and marketing
- regulatory affairs.

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.

Each of the seven Board members has an in-depth knowledge of his or her relevant areas of expertise. Together, they ensure that the Company has all the competencies required.

The Board regularly reviews the list of competencies, including with the help of external expert advisors, and uses existing and required competencies as a basis for its succession planning. In 2019, the Board has evaluated the long-term skill matrix and has started the search for additional Board members in order to guarantee a smooth transition upon retirement of current Board members over the next couple of years.

At the Annual General Meeting in March 2019, 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 2019, the following were members of the Board of Directors:

#### Calvin Grieder

##### Chairman

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 mandate in a company quoted on an official stock exchange: member of the Board of SGS SA. He holds the following mandates in companies that are non-quoted: Chairman of the Boards of Bühler Group and AWK Group AG, owner of Carivel7 AG, member of the Board of ETH Juniors and the advisory Board of ETH D-MAVT, member of the Board of Trustees of Avenir Suisse, and member of the Foundation Board of the Swiss Future Fund (until November 2019).

Calvin Grieder holds a Master of Science from the ETH Zurich and has completed an Advanced Management Program (AMP) at Harvard University.



- › Engineer
- › Swiss national, born in 1955 in the USA
- › Non-executive
- › First elected in 2014
- › Chairman since 2017

#### Prof. Dr-Ing. Werner Bauer

##### Vice-Chairman

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



- › Businessman
- › German & Swiss national, born in 1950
- › Non-executive
- › First elected 2014

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 and SIG Combibloc AG. 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

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 Boards of KWS Saat SE, Ceva Logistics AG and SIKA AG.

He holds the following mandates in companies that are non-quoted: Member of the Boards of the Federal Audit Oversight Authority, Hemro AG and the Supervisory Board of Louis Dreyfus Company Holding B.V.

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.



- › Businessman
- › Swiss national, born in 1957
- › Non-executive
- › First elected in 2016



## Lilian Biner

### Director

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 Carlsberg A/S.

She holds the following mandates in companies that are non-quoted: member of the Boards of a-connect (group) ag and Scania AB (since May 2019).

Lilian Biner is a graduate of the Stockholm School of Economics.



- › Businesswoman
- › Swedish national, born in 1962
- › Non-executive
- › First elected 2011

## Michael Carlos

### Director

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 held the following mandate in a company quoted on an official stock exchange: until February 2019, member of the Board of Deinove SA. He also holds the following mandates: Chairman of the International Fragrance Association (IFRA), member of the Boards of Manus Bio Inc. and 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.



- › Businessman
- › French national, born in 1950
- › Non-executive
- › First elected 2015

## Ingrid Deltenre

### Director

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.

She also is a member of the board of Agence France Presse, the President of the Executive Committee of the Executive MBA of the University of Zurich and a member of the Foundation Board Schweizer Berghilfe.

Ingrid Deltenre holds a Master of Arts and a Bachelor of Arts in Journalism and Educational Sciences from the University of Zurich.



- › Businesswoman
- › Dutch & Swiss national, born in 1960
- › Non-executive
- › First elected 2015

## Thomas Rufer

### Director

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 mandate in a non-listed company: member of the Swiss Takeover Board.

Thomas Rufer has a degree in business administration (économiste d'entreprise HES) and is a Swiss Certified Public Accountant.



- › Certified Public Accountant
- › Swiss national, born in 1952
- › Non-executive
- › First elected 2009



### 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 2019, 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.

 [www.givaudan.com](http://www.givaudan.com) – our company – corporate governance – rules and policies – articles of incorporation

### 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 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 5-6 and table on page 10.

### 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.

## Board committees\*

<p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>– Assists the Board in its oversight responsibilities with respect to financial reporting</li> <li>– Ensures effectiveness and efficiency of internal control, risk management and compliance systems</li> <li>– Assesses and overviews the internal and external audit processes</li> </ul> <p>Thomas Rufer (Chairman) Lilian Biner Victor Balli</p>	<p><b>Compensation Committee</b></p> <ul style="list-style-type: none"> <li>– Reviews and recommends the compensation policies to the Board</li> <li>– Approves the remuneration for the Executive Committee</li> <li>– Prepares the Compensation Report</li> </ul> <p>Prof. Dr-Ing. Werner Bauer (Chairman) Ingrid Deltenre Victor Balli</p>
<p><b>Nomination and Governance Committee</b></p> <ul style="list-style-type: none"> <li>– Assists the Board in applying principles of good corporate governance</li> <li>– Prepares appointments to the Board and the Executive Committee</li> </ul> <p>Calvin Grieder (Chairman) Ingrid Deltenre Michael Carlos</p>	<p><b>Innovation Committee</b></p> <ul style="list-style-type: none"> <li>– Assists the Board in scientific matters relating to the flavours, fragrances and cosmetics Industry</li> <li>– Identifies opportunities, proposes and screens potential innovation partners</li> </ul> <p>Michael Carlos (Chairman) Calvin Grieder Prof. Dr-Ing. Werner Bauer</p>

\* All committee members were part of their respective committee(s) for the entire year of 2019.

### 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 2019, each lasting approximately three to four hours. The Head of Internal Audit, the Chief Financial Officer, the Corporate Ethics & Compliance Officer and the External Lead Audit Partner attended all meetings, apart from certain private sessions.

#### 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 who are elected annually by the Annual General Meeting of shareholders. 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 2019, 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. 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 relevant sections of the meetings.

 2019 Compensation report, page 19

### **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 three times during 2019, to review the independence of Board members and to review the succession plans of critical leadership positions as well as the evolution of the board succession. Each meeting lasted between one and one and a half hours. The CEO and the Head of Global Human Resources attended relevant sections of 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 twice during 2019. 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. The Committee reviewed key areas of the Innovation programme, which included naturals, biotechnology and the microbiome and external innovation collaborations.

More information on the Board of Directors and the roles of the Committees are described on Givaudan's website.

 [www.givaudan.com](http://www.givaudan.com) – our company – corporate governance – board of directors

### **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.

Minutes of Committee meetings are prepared by the secretary of the respective Committee 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 2019 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 three extraordinary meetings by telephone. 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 2019 the Board visited Givaudan sites in the Netherlands and in November the Board visited Givaudan sites and other strategic locations in China.

## Meetings: attendance 2019

	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.				
<b>Board member</b>						
Calvin Grieder	6	3			3	2
Victor Balli	6	3	4	4		
Prof. Dr.-Ing. Werner Bauer	6	2		4		2
Lilian Biner	6	3	4			
Michael Carlos	5	3			3	2
Ingrid Deltenre	6	3		4	3	
Thomas Rufer	5	3	3			
<b>Meetings held in the year</b>	<b>9</b>		<b>4</b>	<b>4</b>	<b>3</b>	<b>2</b>
<b>Average length of meetings</b>	<b>1 – 2 days (regular)</b>		<b>3 to 4 hours</b>	<b>1.5 to 2 hours</b>	<b>1 to 1.5 hour</b>	<b>4 – 8 hours</b>

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 Corporate Ethics & Compliance Officer reported once to the Board of Directors.

In 2019 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 2019 as well as the average duration of the meetings can be seen in the table above.

### 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 on the website.

 [www.givaudan.com](http://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 Ethics & 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 Ethics & 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 Global 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 the meetings of the Compensation Committee regularly
- all Board members have access to the full minutes of all Committee meetings
- 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 Ethics & 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.

 2019 Integrated Annual Report, risk management, pages 70–73

### 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.

## 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 2019, the Committee held twelve meetings at Company sites around the world, each meeting lasting on average 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 2019, the following were members of the Executive Committee

##### Gilles Andrier

###### Chief Executive Officer

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.

- › French national
- › Born in 1961
- › Appointed in 2005

Gilles Andrier graduated with two Masters in Engineering from ENSEEIH Toulouse.

##### Tom Hallam

###### Chief Financial Officer

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 Hallam 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.



- › British & Swiss national
- › Born in 1966
- › Appointed in 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

Louie D'Amico began his career with Givaudan in sales as key account manager with Fries and Fries. On the merger with Givaudan Roure in 1997, he 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 D'Amico 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.



- › US national
- › Born in 1961
- › Appointed in 2018

Louie D'Amico has a BSc in chemistry from Michigan State University. He has over 30 years of experience in the flavour industry.

##### Maurizio Volpi

###### President Fragrance Division

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.



- › Italian national
- › Born in 1969
- › Appointed in 2015

Other mandates held are: member of the Boards of Directors of International Fragrance Association and the Research Institute for Fragrance Materials.

Maurizio Volpi holds a degree in Economics from the Bocconi University in Milan, Italy.



## Simon Halle-Smith

### Head of Global Human Resources and EHS

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.



- › British national
- › Born in 1966
- › Appointed in 2015

## Anne Tayac

### Head of Givaudan Business Solutions

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 Tayac 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 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.



- › French national
- › Born in 1968
- › Appointed in 2016

## Willem Mutsaerts

### Head of Global Procurement and Sustainability

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.



- › Dutch national
- › Born in 1962
- › Appointed in 2015

## 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.

 [www.givaudan.com](http://www.givaudan.com) – our company – corporate governance – rules and policies – articles of incorporation

#### **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.

### **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 Integrated Annual Report as well as the Compensation report and the 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.

#### **6.1.3 Reasons for granting exceptions in the year under review**

Not applicable as the Company does not have any voting rights restrictions for ordinary shareholders.

#### **6.1.4 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.

#### **6.1.5 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.

#### **6.1.6 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 (RSUs) and performance shares granted, as the case may be, by the Company to members of the Board of Directors and to a total of 485 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 28 March 2019, Deloitte SA was reappointed as statutory auditor for the business year 2019. The rotation of the lead auditor follows the legally required maximum duration of seven years in accordance with the art. 730a para. 2 of the Swiss Code of Obligations. 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 2019 were CHF 3.4 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 2019, 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 conducts an assessment of the audit services provided by Deloitte during its regular meetings to evaluate the performance of Deloitte as external auditors. The Audit Committee meets the external auditor at least four times per year, including private sessions without the presence of management. For each meeting the external auditors prepare a report in which they comment on their activities and are available for particular questions raised by the Audit Committee. In addition the Board of Directors meets with the external auditor as well at least one time per year.

Furthermore, the Audit Committee reviews and approves the compensation and evaluates and approves other services provided by the external auditor.

The scope of the audit is defined in an engagement letter signed by the Chairman of the Audit Committee and the Chief Financial Officer.

During 2019 Deloitte attended all four of the Audit Committee meetings.

## 9. Information policy

Givaudan's Principles of Disclosure and Transparency are described in detail at:

 [www.givaudan.com](http://www.givaudan.com) – our company – corporate governance – rules and policies

Givaudan's Articles of Incorporation can be found at:

 [www.givaudan.com](http://www.givaudan.com) – our company – corporate governance – rules and policies

Hard copies of Company publications such as the Integrated Annual Report are available on request.

All Corporate publications such as the Integrated Annual Report, the Half Year Report and the Sustainability GRI Index can also be downloaded from Givaudan's website at:

 [www.givaudan.com](http://www.givaudan.com) – media – publications


Quarterly sales information and other media releases can be found at:

 [www.givaudan.com](http://www.givaudan.com) – media – media releases

All relevant information can also be found at:

 [www.six-swiss-exchange.com](http://www.six-swiss-exchange.com) – market data – shares – Givaudan – company details

The complete calendar of events is available at:

 [www.givaudan.com](http://www.givaudan.com) – investors – investor events – events calendar

For further information please contact:

Givaudan Media and Investor Relations

Chemin de la Parfumerie 5, 1214 Vernier, Switzerland

**T** +41 22 780 9093

**E** [group.investors@givaudan.com](mailto:group.investors@givaudan.com)

# Compensation report

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## In this section

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# 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 integrated report, 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 four 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 2019

In 2019, Givaudan defined its purpose to articulate its sustained contribution to society and set the foundation for all strategic choices and business decisions. In relation to this exercise, the Compensation Committee has initiated a review of the Company compensation plans. Accordingly, aspects of the Performance Share Plan are under consideration for change, including the performance criteria. Details of the changes will be provided in the 2020 Compensation report.

Further, some changes to simplify the annual Incentive Plan and performance management processes have been implemented. These changes encourage employees and managers to engage

## I. Compensation Committee standing agenda items and approval

Timing	Agenda items	Proposed <sup>1</sup>	Consultation	Approved
Beginning of year	Compensation report	Compensation Committee		Board of Directors <sup>3</sup>
	Prior year annual incentive achievement	CEO <sup>2</sup>		Compensation Committee
	Set current year performance targets	CEO <sup>2</sup>		Compensation Committee
	Long-term incentive award allocation	CEO <sup>2</sup>		Compensation Committee
	Maximum amounts for shareholder voting on Executive Committee and Board compensation	Compensation Committee		Board of Directors (preliminary) <sup>3</sup>
Mid-year / end of year	Long-term incentive achievement against targets	CEO <sup>2</sup>		Compensation Committee
	Compensation of the Executive Committee	CEO <sup>2</sup>		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).

in quality conversations focused on performance and development throughout the year rather than during specified periods. However, no changes to the nature of incentive metrics were made.

### 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](http://www.givaudan.com) – our company – corporate governance – rules and policies – articles of incorporation

In line with Givaudan's Articles of Incorporation, at the 2020 Annual General Meeting the Board will submit the following maximum aggregate amounts for shareholder approval:

- Compensation of the Board for the period until the 2021 ordinary shareholders' meeting
- Short-term variable compensation of the Executive Committee for the 2019 fiscal year (Executive Committee retrospective vote)
- Fixed and long-term variable compensation of the Executive Committee for the 2020 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 2019 Compensation report to a consultative vote at the 2020 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.
- 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.

Givaudan's total compensation in 2019 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.

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 selected listed Swiss companies (members of the Swiss Leader Index, or SLI) as well as European companies that are comparable in size and international presence. Comparable European companies included in our

## II. Givaudan compensation

Compensation	Participants (number of participants)	Payout	Link to compensation principles	Alignment with the business strategy
Base salary	All employees (15,000)	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 (10,000)	Cash	Contribution to Group financial objectives	Reward our people to share in Group profit
Annual Incentive Plan <sup>1</sup>	Manager and executives (5,000)	Cash	Contribution to financial objectives	Achieve annual organic sales growth and EBITDA target and individual performance objectives
Performance Share Plan <sup>1</sup> (PSP)	Executives and selected managers (500)	Givaudan shares <sup>2</sup>	Alignment of management with long-term targets and shareholders' interests	Achieve long-term organic sales growth and free cash flow targets
Benefits	All employees (15,000)	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.

benchmarking may be selected from the following industries (Specific companies used for benchmarking of Executive Committee positions are disclosed in section 4.1 page 25):

- Flavour and fragrance
- Consumer products
- Food and beverage
- Speciality chemicals
- Biotechnology
- Ingredients

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

### 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 III illustrates the direct compensation mix at target for Givaudan executives in 2019.

#### III. Direct compensation mix policy guidelines

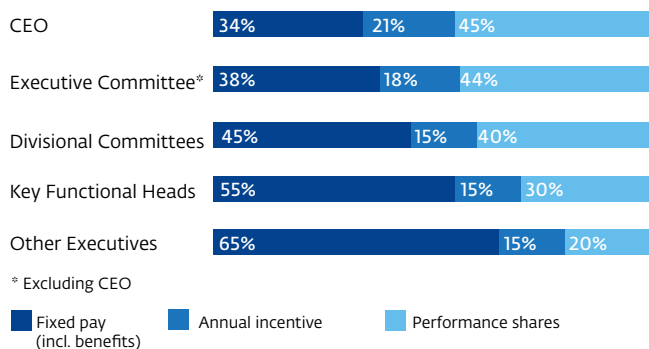


Table IV below illustrates the structure and purpose of the two incentive schemes.

#### IV. Variable compensation overview

	Annual Incentive Plan	Performance Share Plan
<b>Participants</b>	Managers and executives	Key talent and executives
<b>Purpose</b>	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
<b>Grants</b>	Annual grant	Annual grant
<b>Vesting</b>	End of each year	3 years
<b>Conditions for vesting</b>	Achievement of annual EBITDA and sales growth targets	Achievement relative sales growth and FCF/ sales targets over 4 years
<b>Payout</b>	Cash	Shares <sup>1</sup>

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

### 3.3 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 2019, the Compensation Committee did not exercise clawback for any current or former Executive Committee members.

### 3.4 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.

### 3.5 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 2019, 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 the 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

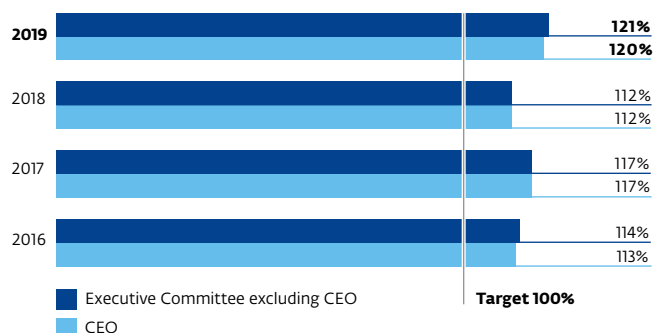
Expressed as a percentage of base salary, annual incentives at target were the following in 2019:

- Chief Executive Officer: 100%
- Chief Financial Officer and Division Presidents: 80%
- Other Executive Committee members: 60%
- Division Management Committee members: 35% – 50%
- Other executives and managers: 10% – 35%

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 2019, sales growth and EBITDA were above target. This resulted in 120% of target payout for the Chief Executive Officer, and an average of 121% for the other members of the Executive Committee. Table V summarises historical annual incentive achievement against target since 2016.

## V. Historical annual incentive achievement



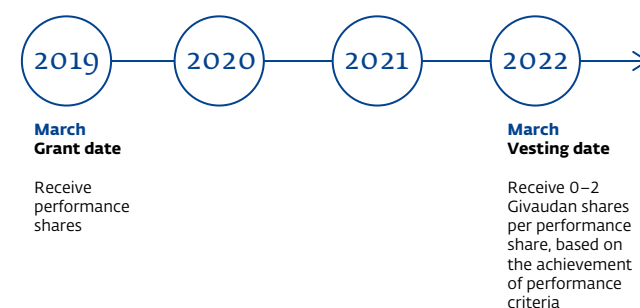
## 3.6 Performance Share Plan

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.

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 approximately 2 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.

## VI. 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.

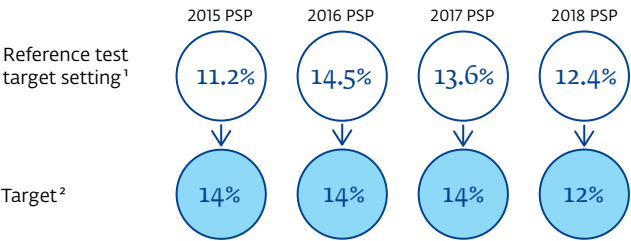
For average sales growth, the peer group includes companies from the flavour and fragrance industry that publish sales in local currency. These companies represent in total approximately 75% of this market. The peer companies currently included in the group are Firmenich, Hasegawa, IFF, Robertet, Sensient, 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 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 2019 PSP remain aligned with our 2020 guidance, and within the overall objectives. In addition to the factors already mentioned, the assessment and target setting take into consideration the impact of significant investments (in particular, recent acquisitions) and ensuring targets are appropriately challenging.

VII. Historical FCF margin vs set target



1. Cumulative FCF margin of the related previous performance period.  
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.

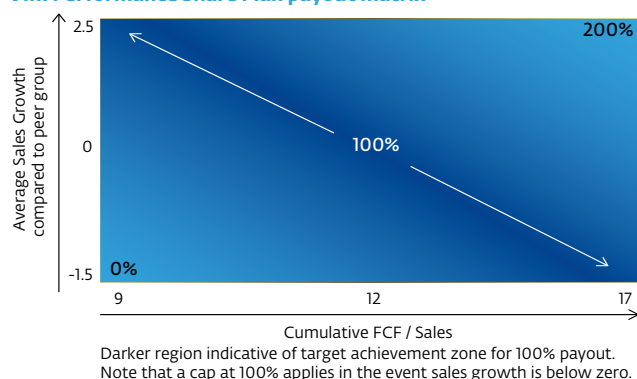
Different combinations of relative sales growth and FCF achievements within the above ranges lead to payouts between 0% and 200%, ranked according to their long-term economic value generation for the Company. The outcome of the matrix payout approach is that outperformance on one performance criteria can be counterbalanced in the event of underperformance on the other. Accordingly, the weighting of impact for each performance criteria differs depending on the positioning within the matrix shown in table VIII.

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%. An additional payout cap applies, so that the extent to which outperformance on FCF may counterbalance lower sales growth achievement is 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.

## VIII. Performance Share Plan payout matrix



### Vesting in 2019

The 2016 PSP vested on 31 March 2019 with a 91% payout (2018: 98% payout). This reflects slightly below target achievement on FCF and 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 local Swiss indices, global chemical indices and our benchmark peer group.

### IX. 2016 PSP achievement

Criteria	Performance	Payout
Average sales growth compared to peer group	-0.1%	➔ <b>91%</b> of performance shares granted **
Cumulative FCF / sales *	13.3%	

\* Formula =  $\Sigma (\text{Free cash flow margin reporting year} \times \text{sales in reporting currency in year} / \Sigma \text{Sales in reporting currency in year})$ .

\*\* 2015 PSP achievement: 98% of performance shares granted.

### 3.7 Benefits

Executive Committee members participate in the benefit 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.

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 Benchmarking of Executive Committee positions

All benchmarking activity related to Executive Committee positions is performed by independent consultants. Givaudan's executive compensation targets base pay at the market median. Executive Committee members 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. Variable compensation, particularly long-term components, represents a significant portion of an executive's total compensation. In general, the weight of variable compensation increases with executive's level of responsibility and the impact of their position on Company results.

In 2019, Executive Committee compensation was reviewed against a peer group of other Swiss multinational companies. This peer group consisted of SLI companies, excluding the five largest companies and financial services institutions. The benchmark included 17 companies: Adecco, Alcon, AMS, Clariant, Geberit, Kuehne + Nagel, LafargeHolcim, Logitech, Lonza, 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 have been 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. The European benchmark included 10 companies: Akzo Nobel, Beiersdorf, Carlsberg, Coca-Cola European Partners, DSM, Kerry Group, Pernod Ricard, Smith & Nephew, Solvay and Symrise. The European peer group consists of companies of a similar size (approximately 0.5x to 2x market cap and turnover of Givaudan). In addition, the peer group chosen is a competitor group of Givaudan considering talent acquisition and retention.

### X. Executive compensation benchmark

	Below median	Median	Above median
Base pay	■		
Short-term incentive <sup>1</sup>	■		
Long-term incentive <sup>2</sup>			■
<b>Total compensation</b>		■	

1. Annual Incentive Plan (please refer to section 3.5).

2. Performance Share Plan (please refer to section 3.6).

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 have been implemented and, as a result, the respective compensation elements are generally closer to median (see section 4.2).

In 2019, independent consulting services were contracted with EY regarding Executive Committee compensation topics, including benchmarking. EY has additionally provided other tax and advisory services to the Company.

## 4.2 Changes to compensation mix

As previously disclosed, the Compensation Committee reviewed Executive Committee compensation in 2018 and determined certain adjustments to the compensation mix would be introduced in 2019. The changes result in a 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 will not be increased. Accordingly, reduction in allocation of Performance Shares has been partially 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.

## 4.3 Compensation levels in 2019

Total Executive Committee compensation reported in 2019 remained stable compared to 2018, representing full year compensation for seven members (including the CEO). Further details are provided in section 4.8.

Variations in individual compensation components reflect the changes in compensation mix, resulting in a reallocation of Performance Shares into short-term compensation as described in section 4.2, as well as higher annual incentive achievement in 2019 vs 2018, as detailed in section 3.5.

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.

## XI. Executive Committee compensation summary

	Gilles Andrier CEO 2019	Gilles Andrier CEO 2018	Executive Committee members (excluding CEO) <sup>1</sup> 2019	Executive Committee members (excluding CEO) <sup>2</sup> 2018	Total 2019	Total 2018
in Swiss francs						
- Base salary	1,167,910	1,058,023	3,191,433	3,194,282	4,359,343	4,252,305
- Pension benefits <sup>3</sup>	577,527	571,766	1,005,412	947,880	1,582,939	1,519,646
- Other benefits <sup>4</sup>	141,730	139,048	562,795	819,837	704,525	958,885
<b>Total fixed compensation</b>	<b>1,887,167</b>	<b>1,768,837</b>	<b>4,759,640</b>	<b>4,961,999</b>	<b>6,646,807</b>	<b>6,730,836</b>
- Annual incentive <sup>5</sup>	1,438,925	954,070	2,830,707	1,824,033	4,269,632	2,778,103
- Number of performance shares granted <sup>6</sup>	1,092	1,446	2,448	3,263	3,540	4,709
- Value at grant <sup>7</sup>	2,500,243	2,882,312	5,604,941	6,504,138	8,105,184	9,386,450
<b>Total variable compensation</b>	<b>3,939,168</b>	<b>3,836,382</b>	<b>8,435,648</b>	<b>8,328,171</b>	<b>12,374,816</b>	<b>12,164,553</b>
<b>Total compensation</b>	<b>5,826,335</b>	<b>5,605,219</b>	<b>13,195,288</b>	<b>13,290,170</b>	<b>19,021,623</b>	<b>18,895,389</b>
Employer social security <sup>8</sup>	471,214	453,000	989,482	988,000	1,460,696	1,441,000

1. Represents full year compensation of six Executive Committee members

2. 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.

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. 2019 Performance shares vest on 15 April 2022, 2018 Performance Shares vest on 15 April 2021.

7. Value at grant calculated according to IFRS methodology and based on 100% achievement of performance targets.

8. 2019 estimated social security charges based on 2019 compensation; 2018 estimated social security charges based on 2018 compensation.



#### 4.4 Highest total compensation

The Chief Executive Officer, Gilles Andrier, received the highest total compensation in 2019. For compensation details, please refer to table XI.

#### 4.5 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 2019.

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

Members of the Executive Committee who stepped down during 2019 did not receive any special compensation as a result of their departure from the Company. All compensation is included in the compensation table XI.

#### 4.7 Employment contract termination clauses of Executive Committee members

Employment contracts of Executive Committee members comply 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.

#### 4.8 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 2019 was CHF 15,000,000 (2018: CHF 17,000,000).

The annual incentive, short term variable compensation amount for 2019 was CHF 4,269,632 and will be submitted for approval at the 2020 Annual General Meeting (2018: CHF 2,778,103).

### 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 fee structure remained unchanged versus prior year levels.

#### XII. Board of Directors fees – Summary

	Annual fees (CHF)	Restricted Shares Compensation (CHF) <sup>3</sup>
Chairman of the Board <sup>1</sup>	400,000	580,000
Vice-Chairman of the Board <sup>1</sup>	100,000	145,000
Board membership	100,000	145,000
Chairman – Audit Committee <sup>2</sup>	55,000	
Chairman – Other Committees <sup>2</sup>	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 2019 Annual General Meeting and with market practice. Board member compensation was benchmarked against a peer group of other Swiss multinational companies of a size similar to Givaudan, and has been validated as remaining market aligned. 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. Considering the constituents of the Index at that time, the benchmark included 17 companies: Adecco,



### XIII. Board of Directors compensation summary

2019 in Swiss francs	Calvin Grieder Chairman <sup>5</sup>	Victor Balli <sup>5</sup>	Prof. Dr.-Ing. Werner Bauer <sup>5</sup>	Lilian Biner <sup>5</sup>	Michael Carlos <sup>5</sup>	Ingrid Deltenre <sup>5</sup>	Thomas Rufer <sup>5</sup>	Total 2019 <sup>1</sup>
Director fees <sup>2</sup>	400,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000
Committee fees <sup>2</sup>	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 <sup>3</sup>	252	63	63	63	63	63	63	630
Value at grant <sup>4</sup>	576,980	144,245	144,245	144,245	144,245	144,245	144,245	1,442,450
<b>Total compensation</b>	<b>1,041,980</b>	<b>294,245</b>	<b>309,245</b>	<b>269,245</b>	<b>309,245</b>	<b>294,245</b>	<b>299,245</b>	<b>2,817,450</b>

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 2022.
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 is indicated on pages 5-6 in the 2019 Governance report.

Estimated social security charges based on 2019 compensation amounted to CHF 233,000 (2018: CHF 203,000).

2018 in Swiss francs	Calvin Grieder Chairman <sup>5</sup>	Victor Balli <sup>5</sup>	Prof. Dr.-Ing. Werner Bauer <sup>5</sup>	Lilian Biner <sup>5</sup>	Michael Carlos <sup>5</sup>	Ingrid Deltenre <sup>5</sup>	Thomas Rufer <sup>5</sup>	Total 2018 <sup>1</sup>
Director fees <sup>2</sup>	400,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000
Committee fees <sup>2</sup>	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 <sup>3</sup>	292	73	73	73	73	73	73	730
Value at grant <sup>4</sup>	582,044	145,511	145,511	145,511	145,511	145,511	145,511	1,455,110
<b>Total compensation</b>	<b>1,047,044</b>	<b>295,511</b>	<b>310,511</b>	<b>270,511</b>	<b>310,511</b>	<b>295,511</b>	<b>300,511</b>	<b>2,830,110</b>

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 is indicated on pages 104-105 in the Governance section of the 2018 Integrated Annual Report.

Alcon, AMS, Clariant, Geberit, Kuehne + Nagel, LafargeHolcim, Logitech, Lonza, 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 2019 was Calvin Grieder, Chairman of the Board since 23 March 2017. For compensation details please refer to table XIII.

#### 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 2019.

#### 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 2018 and 2019 Annual General Meetings (CHF 2,830,139) is again within the amount approved by shareholders at the 2018 Annual General Meeting (CHF 2,950,000). Amounts approved at the 2019 Annual General Meeting (CHF 2,950,000) will be paid by the end of the year in office and validated in the 2020 Compensation report. Such approved and paid amounts may 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. In general, the Guidelines should be met within five years from the beginning of the calendar year after joining the Executive Committee.

As the current Guidelines were implemented 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 2019 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 5,265 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 2019.
- The unvested Performance Shares that were granted in 2017 – 2019 and were still owned by members of the Executive Committee as per 31 December 2019.

No member of the Executive Committee held any share options or option rights as at 31 December 2019 (31 December 2018: 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 256 unvested Performance Shares as at 31 December 2019.

The Company is not aware of any other ownership of shares, share options/option rights, RSUs or Performance Shares as per 31 December 2019 by persons closely connected to members of the Executive Committee.

### XIV. Executive Committee: ownership of Givaudan securities

2019 in numbers	Shares	Unvested Performance Shares
Gilles Andrier, CEO	3,100	4,315
Tom Hallam	328	1,541
Louie D'Amico	275	1,258
Maurizio Volpi	634	2,156
Simon Halle-Smith	452	1,278
Willem Mutsaerts	351	1,278
Anne Tayac	125	1,247
<b>Total 2019</b>	<b>5,265</b>	<b>13,073</b>
Total 2018	5,097	13,776

### 7.2 Board of Directors

As per 31 December 2019, the Chairman and other Board members, including persons closely connected to them held 4,501 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 2019.
- The RSUs that were granted in 2017–2019 and were still owned by members of the Board as per 31 December 2019.

The Company is not aware of any other ownership of shares, share options/option rights, RSUs or Performance Shares as per 31 December 2019 by persons closely connected to members of the Board.

### XV. Board of Directors: ownership of Givaudan securities

2019 in numbers	Shares	Unvested RSUs
Calvin Grieder, Chairman	295	904
Victor Balli	85	226
Prof. Dr-Ing. Werner Bauer	1,265	226
Lilian Biner	672	226
Michael Carlos	1,097	226
Ingrid Deltenre	202	226
Thomas Rufer	885	226
<b>Total 2019</b>	<b>4,501</b>	<b>2,260</b>
Total 2018	3,906	2,225



Deloitte SA  
Rue du Pré-de-la-Bichette 1  
1202 Geneva  
Switzerland

Phone: +41 (0)58 279 8000  
Fax: +41 (0)58 279 8800  
www.deloitte.ch

## 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 compensation 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 2019. Our audit is limited to the information provided in sections 4 and 5 on page 25 to 28 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 judgement, 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 2019 comply with Swiss law and articles 14 – 16 of the Ordinance.

#### Deloitte SA

A handwritten signature in black ink, appearing to read "K. Szegedi Pingoud".

Karine Szegedi Pingoud  
Licensed Audit Expert  
Auditor in Charge

A handwritten signature in black ink, appearing to read "L. Cejudo Petit".

Laetitia Cejudo Petit  
Licensed Audit Expert

Geneva, 22 January 2020

# Consolidated financial report

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# Consolidated financial statements

## Consolidated Income Statement

For the year ended 31 December

in millions of Swiss francs, except for earnings per share data	Note	2019	2018
Sales	7	6,203	5,527
Cost of sales		(3,673)	(3,198)
<b>Gross profit</b>		<b>2,530</b>	<b>2,329</b>
as % of sales		40.8%	42.1%
Selling, marketing and distribution expenses		(791)	(716)
Research and product development expenses		(528)	(477)
Administration expenses		(221)	(208)
Share of results of joint ventures and associates	10	4	5
Other operating income	11	41	63
Other operating expense	12	(115)	(113)
<b>Operating income</b>		<b>920</b>	<b>883</b>
as % of sales		14.8%	16.0%
Financing costs	14	(79)	(55)
Other financial income (expense), net	15	(33)	(56)
<b>Income before taxes</b>		<b>808</b>	<b>772</b>
Income taxes	16	(106)	(109)
<b>Income for the period</b>		<b>702</b>	<b>663</b>
<b>Attribution</b>			
Income attributable to non-controlling interests		–	–
Income attributable to equity holders of the parent		702	663
as % of sales		11.3%	12.0%
<b>Earnings per share – basic (CHF)</b>	<b>17</b>	<b>76.17</b>	<b>71.92</b>
<b>Earnings per share – diluted (CHF)</b>	<b>17</b>	<b>75.59</b>	<b>71.36</b>

The notes on pages 37 to 93 form an integral part of these financial statements.

**Consolidated Statement of Comprehensive Income**

For the year ended 31 December

in millions of Swiss francs	Note	2019	2018
<b>Income for the period</b>		<b>702</b>	<b>663</b>
<b>Items that may be reclassified to the income statement</b>			
<b>Cash flow hedges</b>			
Movement in fair value, net		(56)	(4)
Gains (losses) removed from equity and recognised in the consolidated income statement		6	8
Movement on income tax	16	4	–
<b>Exchange differences arising on translation of foreign operations</b>			
Movement in fair value arising on hedging instruments of the net assets in foreign operations		51	37
Currency translation differences		(99)	(140)
Movement on income tax	16	(6)	–
<b>Items that will not be reclassified to the income statement</b>			
<b>Defined benefit pension plans</b>			
Remeasurement gains (losses) of post-employment benefit obligations	8	(91)	162
Movement on income tax	16	(3)	(35)
<b>Other comprehensive income for the period</b>		<b>(194)</b>	<b>28</b>
<b>Total comprehensive income for the period</b>		<b>508</b>	<b>691</b>
<b>Attribution</b>			
Total comprehensive income attributable to non-controlling interests		–	–
Total comprehensive income attributable to equity holders of the parent		508	691

The notes on pages 37 to 93 form an integral part of these financial statements.

**Consolidated Statement of Financial Position**

As at 31 December

in millions of Swiss francs	Note	2019	2018 <sup>a</sup>
Cash and cash equivalents	5, 18	452	423
Derivative financial instruments	5	24	11
Financial assets at fair value through income statement	5	4	4
Accounts receivable - trade	5, 19	1,365	1,253
Inventories	20	1,149	1,098
Current tax assets	16	50	41
Prepayments		35	53
Other current assets	5	163	238
<b>Current assets</b>		<b>3,242</b>	<b>3,121</b>
Derivative financial instruments	5	1	2
Property, plant and equipment	21	2,326	1,759
Intangible assets	22	4,286	4,008
Deferred tax assets	16	211	208
Post-employment benefit plan assets	8	32	22
Financial assets at fair value through income statement	5	177	61
Interests in joint ventures and investments in associates	10	34	33
Investment property	23		2
Other long-term assets		87	61
<b>Non-current assets</b>		<b>7,154</b>	<b>6,156</b>
<b>Total assets</b>		<b>10,396</b>	<b>9,277</b>
Short-term debt	5, 24	335	4
Derivative financial instruments	5	29	12
Accounts payable - trade and others	5	833	719
Accrued payroll and payroll taxes		189	178
Current tax liabilities	16	111	95
Financial liability - own equity instruments	27	108	93
Provisions	26	18	24
Other current liabilities		207	225
<b>Current liabilities</b>		<b>1,830</b>	<b>1,350</b>
Derivative financial instruments	5	79	43
Long-term debt	5, 24	3,796	3,266
Provisions	26	69	73
Post-employment benefit plan liabilities	8	601	490
Deferred tax liabilities	16	280	238
Other non-current liabilities		82	85
<b>Non-current liabilities</b>		<b>4,907</b>	<b>4,195</b>
<b>Total liabilities</b>		<b>6,737</b>	<b>5,545</b>
Share capital	28	92	92
Retained earnings and reserves	28	5,961	5,811
Own equity instruments	27, 28	(168)	(142)
Other components of equity		(2,245)	(2,051)
<b>Equity attributable to equity holders of the parent</b>		<b>3,640</b>	<b>3,710</b>
Non-controlling interests		19	22
<b>Total equity</b>		<b>3,659</b>	<b>3,732</b>
<b>Total liabilities and equity</b>		<b>10,396</b>	<b>9,277</b>

a) The financial position as at 31 December 2018 has been restated to reflect the Naturex acquisition price allocation adjustment of CHF 9 million explained and detailed in note 6 of these financial statements.

The notes on pages 37 to 93 form an integral part of these financial statements.



**Consolidated Statement of Changes in Equity**

For the year ended 31 December

2019 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasure- ment of post employment benefit obligations	Equity attributable to equity holders of the parents	Non- controlling interests	Total equity
Note	28	28	27, 28			8			
<b>Balance as at 1 January</b>	<b>92</b>	<b>5,811</b>	<b>(142)</b>	<b>(61)</b>	<b>(1,559)</b>	<b>(431)</b>	<b>3,710</b>	<b>22</b>	<b>3,732</b>
Income for the period		702					702	–	702
Other comprehensive income for the period				(46)	(54)	(94)	(194)		(194)
<b>Total comprehensive income for the period</b>		<b>702</b>		<b>(46)</b>	<b>(54)</b>	<b>(94)</b>	<b>508</b>	<b>–</b>	<b>508</b>
Dividends paid		(552)					(552)		(552)
Movement on own equity instruments, net			(26)				(26)		(26)
Non-controlling interests								(3)	(3)
<b>Net change in other equity items</b>		<b>(552)</b>	<b>(26)</b>				<b>(578)</b>	<b>(3)</b>	<b>(581)</b>
<b>Balance as at 31 December</b>	<b>92</b>	<b>5,961</b>	<b>(168)</b>	<b>(107)</b>	<b>(1,613)</b>	<b>(525)</b>	<b>3,640</b>	<b>19</b>	<b>3,659</b>

2018 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasure- ment of post employment benefit obligations	Equity attributable to equity holders of the parents	Non- controlling interests <sup>a</sup>	Total equity <sup>a</sup>
Note	28	28	27, 28			8			
<b>Balance as at 1 January</b>	<b>92</b>	<b>5,682</b>	<b>(157)</b>	<b>(65)</b>	<b>(1,456)</b>	<b>(558)</b>	<b>3,538</b>		<b>3,538</b>
Income for the period		663					663	–	663
Other comprehensive income for the period				4	(103)	127	28		28
<b>Total comprehensive income for the period</b>		<b>663</b>		<b>4</b>	<b>(103)</b>	<b>127</b>	<b>691</b>	<b>–</b>	<b>691</b>
Dividends paid		(534)					(534)		(534)
Movement on own equity instruments, net			15				15		15
Non-controlling interests								22	22
<b>Net change in other equity items</b>		<b>(534)</b>	<b>15</b>				<b>(519)</b>	<b>22</b>	<b>(497)</b>
<b>Balance as at 31 December</b>	<b>92</b>	<b>5,811</b>	<b>(142)</b>	<b>(61)</b>	<b>(1,559)</b>	<b>(431)</b>	<b>3,710</b>	<b>22</b>	<b>3,732</b>

a) The non-controlling interests as at 31 December 2018 have been restated to reflect the Naturex acquisition price allocation adjustment of CHF 9 million explained and detailed in note 6 of these financial statements.

The notes on pages 37 to 93 form an integral part of these financial statements.

**Consolidated Statement of Cash Flows**

For the year ended 31 December

in millions of Swiss francs	Note	2019	2018
Income for the period		702	663
Income tax expense	16	106	109
Interest expense	14	68	42
Non-operating income and expense	14, 15	44	69
<b>Operating income</b>		<b>920</b>	<b>883</b>
Depreciation of property, plant and equipment	21	193	127
Amortisation of intangible assets	22	161	125
Impairment of long-lived assets	21, 22	1	10
<b>Other non-cash items</b>			
- share-based payments		41	38
- pension expense	8	38	39
- additional and unused provisions, net	26	12	(7)
- other non-cash items		-	(43)
<b>Adjustments for non-cash items</b>		<b>446</b>	<b>289</b>
(Increase) decrease in inventories		(28)	(9)
(Increase) decrease in accounts receivable		(101)	(72)
(Increase) decrease in other current assets		25	(35)
Increase (decrease) in accounts payable		108	(11)
Increase (decrease) in other current liabilities		(19)	38
<b>(Increase) decrease in working capital</b>		<b>(15)</b>	<b>(89)</b>
<b>Income taxes paid</b>		<b>(106)</b>	<b>(73)</b>
Pension contributions paid	8	(37)	(46)
Provisions used	26	(21)	(25)
Purchase and sale of own equity instruments, net		(51)	(23)
<b>Cash flows from (for) operating activities</b>		<b>1,136</b>	<b>916</b>
Increase in long-term debt	25	660	1,971
(Decrease) in long-term debt	25	(184)	(258)
Increase in short-term debt	25	2,904	2,345
(Decrease) in short-term debt	25	(2,919)	(2,620)
<b>Cash flows from debt, net</b>		<b>461</b>	<b>1,438</b>
Interest paid	25	(51)	(29)
Purchase and sale of derivative financial instruments, net	25	-	(22)
Lease payments	25	(52)	
Transactions of non-controlling interests		(3)	
Other, net	25	(7)	(5)
<b>Cash flows from financial liabilities</b>		<b>348</b>	<b>1,382</b>
Distribution to the shareholders paid	28	(552)	(534)
<b>Cash flows from (for) financing activities</b>		<b>(204)</b>	<b>848</b>
Acquisition of property, plant and equipment	21	(275)	(239)
Acquisition of intangible assets	22	(45)	(55)
Acquisition of subsidiaries, net of cash acquired	6	(478)	(1,694)
Proceeds from the disposal of property, plant and equipment	21	74	110
Proceeds from disposal of investment property	23	2	14
Interest received		6	2
Dividend received from joint ventures and associates		2	4
Purchase and sale of financial assets at fair value through income statement, net		(105)	5
Impact of financial transactions on investing, net		(29)	(3)
Other, net		(43)	(3)
<b>Cash flows from (for) investing activities</b>		<b>(891)</b>	<b>(1,859)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>41</b>	<b>(95)</b>
Net effect of currency translation on cash and cash equivalents		(12)	(16)
Cash and cash equivalents at the beginning of the period	18	423	534
<b>Cash and cash equivalents at the end of the period</b>	<b>18</b>	<b>452</b>	<b>423</b>

The notes on pages 37 to 93 form an integral part of these financial statements.

# Notes to the consolidated financial statements

## 1. Group Organisation

Givaudan SA and its subsidiaries (hereafter 'the Group') operate under the name Givaudan. Givaudan SA is a limited liability company incorporated and domiciled in Switzerland. The Group is headquartered in Vernier, near Geneva, Switzerland. Givaudan is a leading supplier of creative fragrance and flavour products to the consumer goods industry. It operates in over 100 countries and has subsidiaries and branches in more than 40 countries. Worldwide, it employs 14,969 people. A list of the principal Group companies is shown in Note 33 to the consolidated financial statements.

The Group is listed on the SIX Swiss Exchange (GIVN).

## 2. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### 2.1 Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and Swiss law.

They are prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through the income statement, and of own equity instruments classified as derivatives. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Critical accounting estimates and judgments are disclosed in Note 3.

Givaudan SA's Board of Directors approved these consolidated financial statements on 22 January 2020.

#### 2.1.1 Changes in Accounting Policies and Disclosures Standards, amendments and interpretations effective in 2019

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in the 2018 consolidated financial statements, with the exception of the adoption as of 1 January 2019 of the standards and interpretations described below:

**IFRIC 23 Uncertainty over Income Tax Treatments** clarifies the accounting for uncertainties in income taxes. The clarification confirms the current practices of the Group.

**Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures** clarify that an entity must apply IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The adoption of these amendments has no impact on the joint arrangements currently held by the Group.

**Amendments to IFRS 9: Prepayment Features with Negative Compensation** address the concerns about how IFRS 9 Financial Instruments classifies particular prepayable financial assets. These amendments have no impact as the Group does not enter in such particular instruments.

**Annual Improvements to IFRS Standards Cycle 2015 - 2017** set out amendments across four different standards, related basis for conclusions and guidance, namely amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements, IAS 12 Income Tax and IAS 23 Borrowing Costs. These amendments are not relevant for the Group, and the adoption therefore has no impact.

**Plan Amendment, Curtailment or Settlement: Amendments to IAS 19** state that if a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. It also clarifies the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The adoption of the amendments confirms the current practice of the Group.

**IFRS 16 Leases** provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases and lessors to confirm the continuation of classifying leases as operating or finance. The Group is not a lessor and is impacted by the standard only for the lessee accounting. The standard replaces IAS 17 Leases, under which operating lease payments were charged to the income statement on a straight-line basis over the term of the contract.

The related lease accounting policy is in Note 2.16.

The Group applied the standard from its mandatory adoption date of 1 January 2019 and applied the cumulative catch-up approach without restating the comparative amounts for the year prior to first adoption. Furthermore, the Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. At the date of initial application, the Group excluded initial direct costs from the measurement of the right-of-use asset and used hindsight to assess the leases' terms.

On 1 January 2019 the Group recognised right-of-use assets and lease liabilities of CHF 253 million that were previously mainly classified as operating leases under IAS 17. The effect of applying the new standard IFRS 16 does not have a material impact on the presentation of the consolidated income statement and the consolidated statement of cash flows. The lease liability on leases previously classified as finance leases under IAS 17 and previously presented within other liabilities is now presented in the line lease liabilities. There has been no change in the liability recognised.

The difference between the non-discounted amount of the minimum commitments under operating leases disclosed at 31 December 2018 and the lease liability recognised at 1 January 2019 is as follows:

in millions of Swiss francs	
<b>Minimum commitment under operating leases as at 31 December 2018</b>	<b>377</b>
Lease arrangements with commencement date after 1 January 2019 <sup>a</sup>	(208)
Recognition exemption for low-value and short-term leases	(7)
Differences between the contractual non-cancellable period and the intended duration of the use of the assets	144
Other	(10)
<b>Undiscounted future lease payments continuing operations as of 1 January 2019</b>	<b>296</b>
Effect of discounting	(43)
<b>Lease liability recognised as at 1 January 2019</b>	<b>253</b>

a) Mainly related to the Zurich Innovation Centre (ZIC).

A weighted average incremental borrowing rate of 3% was applied to calculate the lease liability at 1 January 2019.

### 2.1.2. IFRSs and IFRICs issued but not yet effective

New and revised standards and interpretations, issued but not yet effective, have been reviewed to identify the nature of the future changes in accounting policy and to estimate the effect of any necessary changes in the consolidated financial statements and supporting notes upon their adoption.

#### a) Issued and effective for 2020

##### **Amendments to IFRS 10 and IAS 28: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture**

clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The adoption of these amendments has no impact on the accounting of the joint arrangements currently held by the Group.

**Definition of Material: Amendments to IAS 1 and IAS 8** align the definition used in the Conceptual Framework and the standards themselves. The clarification does not impact the current practice of the Group.

**Definition of Business: Amendments to IFRS 3** narrow and clarify the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments do not impact the current practice of the Group.

**Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform** provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. The amendments do not impact the current practice of the Group.

#### b) Issued and effective for 2021

**IFRS 17 Insurance Contracts** establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The standard is not relevant for the Group as it does not operate in the insurance business.

## 2.2 Consolidation

The subsidiaries that are consolidated are those companies controlled, directly or indirectly, by Givaudan SA. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if there are indications of a change in facts and circumstances.

Companies acquired during the year are consolidated from the date on which operating control is transferred to the Group, and subsidiaries to be divested are included up to the date on which control passes to the acquirer.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired, shares issued and liabilities undertaken or assumed at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. Acquisition related costs are expensed as incurred. The excess of the cost of acquisition over the fair value of the Group's share of net assets of the subsidiary acquired is recognised as goodwill.

Where necessary, changes are made to the accounting policies of subsidiaries to bring and ensure consistency with the policies adopted by the Group.

Assets and liabilities, equity, income, expenses and cash flows resulting from inter-company transactions are eliminated in full on consolidation.

## 2.3 Investments in Joint Ventures and Associates

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists when the strategic, financial and operating decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of joint ventures and associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture or an associate is initially recognised at cost and adjusted thereafter to recognise the Group's share of the income statement and the other comprehensive income of the joint venture or associate. Adjustments are made where necessary to bring the accounting policies in line with those adopted by the Group. Unrealised gains and losses on transactions between the Group and a jointly controlled entity or an associate are eliminated to the extent of the Group's interest in the joint arrangement or associate.

## 2.4 Foreign Currency Valuation

### 2.4.1 Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the functional currency of that entity. The functional currency is normally the one in which the entity primarily generates and expends cash. The consolidated financial statements are presented in millions of Swiss francs (CHF), the Swiss franc being the Group's presentation currency.

### 2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions, or using a rate that approximates the exchange rates on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in other financial income (expense), net, except for:

- Exchange differences deferred in equity as qualifying cash flow hedges on certain foreign currency risks and qualifying net investment hedges;
- Exchange differences on monetary items to a foreign operation for which settlement is neither planned nor likely to occur, therefore forming part of the net investment in the foreign operation, which are recognised initially in other comprehensive income and reclassified from equity to the income statement on disposal of the net investment or on partial disposal when there is a loss of control of subsidiary or a loss of joint control over a jointly controlled entity; and
- Exchange differences on foreign currency borrowings relating to assets under construction which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

### 2.4.3 Translation of the financial statements of foreign subsidiaries

For the purpose of presenting consolidated financial statements, the assets and liabilities of Group companies reporting in currencies other than Swiss francs (foreign operations) are translated into Swiss francs using exchange rates prevailing at the end of the reporting period. Cash flows, income and expenses items of Group companies are translated each month independently at the average exchange rates for the period when it is considered a reasonable approximation of the underlying transaction rate. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity.

### 2.4.4 Hyperinflationary economies

Restatement of financial statements is required for subsidiaries whose functional currencies have experienced a cumulative inflation rate of more than 100% over the past three years. The gain or loss on the net monetary position as well as the gain or loss

incurred upon adjusting the carrying amounts of non-monetary assets and liabilities for inflation are recognised in the consolidated income statement and then translated into Swiss francs. Restatement to current units of currency is made using the change in a general price index.

## 2.5 Segment Reporting

The operating segments are identified on the basis of internal reports that are regularly reviewed by the Executive Committee, the members of the Executive Committee being the chief operating decision makers, in order to allocate resources to the segments and to assess their performance. The internal financial reporting is consistently prepared along the lines of the two operating divisions: Fragrances and Flavours.

The business units of each division, respectively Fine Fragrances, Consumer Products, and Fragrance Ingredients and Active Beauty for the Fragrance Division and Beverages, Dairy, Savoury, Sweet Goods and Natural Ingredients for the Flavour Division, are not considered as separately reportable operating segments as decision making about the allocation of resources and the assessment of performance are not made at this level.

Inter-segment transfers or transactions are set on an arm's length basis.

Information about geographical areas is determined based on the Group's operations; Switzerland, Europe, Africa and Middle East; North America; Latin America and Asia Pacific. Revenues from external customers are shown by destination and by segment.

## 2.6 Revenue from Contracts with Customers

The Group manufactures and sells manufactured products and molecules of fragrance and flavour to the agreed upon specifications and may contain additional performance obligations for certain clients such as the assignment of specific application technologies, joint market research and particular stock conditions. Most of these additional performance obligations are not distinct because they are highly dependent on the delivery of manufactured products and molecules of fragrance and flavour.

Sales are recognised when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The goods are often sold with volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts provided that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with credit terms that are consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

## 2.7 Research and Product Development

The Group is active in research and in formulas, technologies and product developments. In addition to its internal scientific efforts, the Group collaborates with outside partners.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Internal developments or developments obtained through agreements on formula, technology and product costs are capitalised as intangible assets when there is an identifiable asset that will generate probable economic benefits and when the cost can be measured reliably. When the conditions for recognition of an intangible asset are not met, development expenditure is recognised in the income statement in the period in which it is incurred.

## 2.8 Employee Benefit Costs

Wages, salaries, social security contributions, annual leave and paid sick leave, bonuses and non-monetary benefits are expensed in the year in which the associated services are rendered by the Group's employees.



### 2.8.1 Pension obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, principally dependent on an employee's years of service and remuneration at retirement. Plans are usually funded by payments from the Group and employees to financially independent trusts. The liability recognised in the statement of financial position is the aggregate of the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. Where a plan is unfunded, only a liability representing the present value of the defined benefit obligation is recognised in the statement of financial position. The present value of the defined benefit obligation is calculated by independent actuaries using the projected unit credit method twice a year, at interim and annual publication. This reflects the discounted expected future payment required to settle the obligation resulting from employee service in the current and prior periods. The future cash outflows incorporate actuarial assumptions primarily regarding the projected rates of remuneration growth, and long-term indexation rates. Discount rates, used to determine the present value of the defined benefit obligation, are based on the market yields of high quality corporate bonds in the country concerned. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in the income statement. Pension assets and liabilities in different defined benefit schemes are not offset unless the Group has a legally enforceable right to use the surplus in one plan to settle obligations in another plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into publicly or privately administrated funds. The Group has no further payment obligations once the contributions have been made. The contributions are charged to the income statement in the year to which they relate.

### 2.8.2 Other post-retirement obligations

Some Group companies provide certain post-retirement healthcare and life insurance benefits to their retirees, the entitlement to which is usually based on the employee remaining in service up to retirement age and completing a minimum service period. The expected costs of these benefits are accrued over the periods in which employees render service to the Group.

## 2.9 Share-Based Payments

The Group has established a performance share plan to align the long-term interests of key executives and members of the Board of Directors with the interests of the shareholders.

Key executives are awarded a portion of their performance-related compensation in equity-settled share-based payment transactions. The costs are recorded in each relevant functions part of the employees' remuneration as personnel expenses with a corresponding entry in equity in own equity instruments for equity-settled share-based payment transactions. The different share-based payments are described below:

### 2.9.1 Performance Share Plan

Key executives are awarded a portion of their performance-related compensation in equity-settled share-based payment transactions in the form of a performance share plan.

The performance share plan is established with Givaudan registered shares and a vesting period of three years. The Group has at its disposal either treasury shares or conditional share capital.

The cost of equity-settled instruments is expensed as employee remuneration over the vesting period, together with a corresponding increase in equity in own equity instruments. The cost is determined by reference to the fair value of the shares expected to be delivered at the date of vesting. Performance conditions are included in the assumptions in which the number of shares varies. No market conditions are involved.

The fair value is determined as the market price at grant date reduced by the present value of dividends expected or any other expected distribution to the shareholders to be paid during the vesting period, as participants are not entitled to receive dividends or any other distribution to the shareholders during the vesting period.

At each statement of financial position date the Group revises its estimates of the number of shares that are expected to be delivered. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation.

### 2.9.2 Restricted Share Plan

The members of the Board of Directors receive a portion of their compensation in equity-settled share-based payment transactions in the form of restricted share units.

Restricted shares are set generally with a vesting period of three years, during which the restricted shares cannot be settled or transferred. The Group has at its disposal treasury shares for the delivery of the restricted shares.

The cost of these equity-settled instruments to be expensed, together with a corresponding increase in equity, over the vesting period, is determined by reference to the fair value of the restricted shares granted at the date of the grant. Service conditions are included in the assumptions about the number of restricted shares that are expected to become deliverable. No performance conditions are included.

The fair value is determined as the market price at grant date reduced by the present value of dividends expected or any other expected distribution to the shareholders to be paid during the vesting period, as participants are not entitled to receive dividends or any other distribution to the shareholders during the vesting period.

At each statement of financial position date the Group revises its estimates of the number of restricted shares that are expected to be delivered. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation.

## 2.10 Taxation

Income taxes include all taxes based upon the taxable profits of the Group, including withholding taxes payable on the distribution of retained earnings within the Group. Other taxes not based on income, such as property and capital taxes, are included either in operating expenses or in financial expenses according to their nature. The Group's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are provided based on the full liability method, under which deferred tax consequences are recognised for temporary differences between the tax bases of assets and liabilities and their carrying values. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which those items can be utilised. Management considers that these tax benefits are probable on the basis of business projections on the relevant entities.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor the taxable income.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and interests in jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Current tax assets and liabilities are offset and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items that are recognised outside the income statement, in which case the tax is also recognised outside the income statement.

## 2.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks and similar institutions. Cash equivalents are held for the purpose of meeting short-term cash commitments (maturity of three months or less from the date of acquisition) and are subject to an insignificant risk of changes in value.

## 2.12 Financial Assets

Financial assets are classified as financial assets at fair value through the income statement except for trade receivables which are classified at amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Regular way purchases or sales of financial assets require delivery of assets within the time frame established by regulation or convention in the marketplace. All regular way purchases or sales of financial assets are recognised and derecognised at the settlement date (i.e. the date that the asset is delivered to or by the Group). Financial assets are classified as current assets, unless they are expected to be realised beyond twelve months of the statement of financial position date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the following amounts are recognised in the income statement: (i) the difference between the asset's carrying amount and the sum of the consideration received and receivable; (ii) the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity.

Dividend income from investments is recognised in other financial income (expense), net when the right to receive payment has been established. Interest income is accrued on a time basis and included in other financial income (expense), net.

### 2.12.1 Financial assets at fair value through the income statement

Financial assets such as debt instruments, equity securities, investment funds and derivatives not designated as effective hedging instruments are classified in this category.

Debt instruments are held with the objective to manage cash flows by both collecting their contractual cash flows and selling them at market price when needed. The main purpose of such instruments is to fund obligations related to employees. They are designated as financial assets measured at fair value through the income statement to avoid recognition inconsistency resulting from changes in fair values of the financial assets and the obligations.

Other financial assets which are not debt instruments are held with the main objectives to participate in long-term partnerships, to hedge certain financial risks, and to fund obligations related to employees. Their designation as financial assets measured at fair value through the income statement is in line with management intentions to hold such assets.

These financial assets are initially measured at fair value whereas directly attributable transaction costs are expensed in the income statement. At the end of each period, the carrying value is adjusted to the fair value with a corresponding entry in the income statement until the investment is derecognised.

The subsidiaries in the United States of America entered over the years into various life insurance contracts called corporate owned life insurance (COLI) to fund long-term obligations related to employees. For both the COLI contracts and the associated long-term obligations, adjustments to the fair value, gains and losses, are recognised in the income statement.

For quoted equity instruments, the fair value is the market value, being calculated by reference to share exchange quoted selling prices at close of business on the statement of financial position date. Non-quoted financial assets are valued at fair value based on observable market transactions or if not available based on prices given by reputable financial institutions or on the price of the latest transaction.

### 2.12.2 Financial assets at amortised cost

Trade receivables are the only financial assets classified as subsequently measured at amortised cost. They reach the objective of collecting contractual cash flows over their life.

Trade receivables are carried at amortised cost less allowances for loss. They generally do not contain a significant financing component. The allowance loss measurement is then determined by applying a simplified approach equalling the lifetime expected credit losses. Under this approach the tracking of changes in credit risk is not required but instead the base lifetime expected credit loss at all times is applied. An allowance for loss is made for potentially impaired receivables during the year in which they are

identified based on a periodic review of all outstanding amounts. Losses are recorded within selling, marketing and distribution expenses in the income statement. Trade receivables are deemed as impaired when there is an indication of significant financial difficulties of the debtor (delinquency in or default on payments occurs, probability of bankruptcy or need for financial reorganisation).

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

## 2.13 Derivative Financial Instruments and Hedging Activities

Most derivative instruments are entered into to provide economic hedges. They are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method to recognise the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve in shareholders' equity are shown in the statement of changes in equity. These derivatives are presented as current or non-current on the basis of their settlement dates.

### 2.13.1 Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within other comprehensive income, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is immediately recognised in financing costs in the income statement.

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged transaction affects the income statement, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or liability, the amounts are transferred from equity and included in the initial measurement of the cost of the non-financial asset or liability.

When forward contracts are used to hedge forecast transactions such as future debt issuance, management assumes that the sources of hedge effectiveness in regards of the characteristics of the hedging relationship is sufficiently immaterial to exclusively perform a qualitative assessment.

When the hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the ultimate forecast transaction occurs. If the forecast transaction is no longer expected to occur, any cumulative gain or loss existing in equity is immediately taken to the income statement.

### 2.13.2 Derivatives at fair value through the income statement

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through the income statement. At each statement of financial position date these derivative instruments are valued at fair value based on quoted market prices, with the unrealised gain or loss recognised in the income statement. They are derecognised when the Group has lost control of the contractual rights of the derivatives, at which time a realised gain or loss is recognised in the income statement.

## 2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a weighted average cost formula. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads but excludes borrowing costs. Cost of sales includes the corresponding direct production costs of goods manufactured and services rendered as well as related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

## 2.15 Property, Plant and Equipment

Property, plant and equipment are initially recognised at cost of purchase or construction and subsequently at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes expenditure that is attributable to the purchase or construction. It includes, for qualifying assets, borrowing costs in accordance with the Group's accounting policy (Note 2.19), and cost of its dismantlement, removal or restoration, related to the obligation for which an entity incurs as a consequence of installing the asset.

The assets are depreciated on a straight-line basis, except for land, which is not depreciated. Estimated useful lives of major classes of depreciable assets are as follows:

- Buildings and land improvements 40 years
- Machinery and equipment 5 – 15 years
- Office equipment 3 years
- Motor vehicles 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

The carrying values of plant and equipment are written down to their recoverable amount when the carrying value is greater than their estimated recoverable amount (Note 2.18).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount with gains being recognised within other operating income and losses being recognised within other operating expense within the income statement. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent costs such as repairs and maintenance are recognised as expenses as incurred.

## 2.16 Leases

For all agreements containing a lease, a right-of-use asset and a corresponding lease liability are recognised, except for low-value assets and short-term leases, defined as leases with a lease term of 12 months or less. Those are recognised as an expense on a straight-line basis in the consolidated income statement. The Group accounts for contracts containing both lease and non-lease components as a single lease component.

The lease liability is initially measured at the present value of the future lease payments, as from commencement date of the lease until the expected termination date. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The lease term is reassessed if an option is, or not, actually exercised or the Group becomes obliged, or not, to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. The lease payments are discounted by using the interest rate implicit in the contract or, if not available, the incremental borrowing rate, which is defined as the interest rate that the Group would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The lease liability is subsequently measured to reflect interest, lease payments and any lease modifications. The lease liability is presented under the lines short-term debt and long-term debt in the consolidated statement of financial position. The interest expense is presented in the line financing costs in the consolidated income statement.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct costs and estimates of cost to put the underlying asset in the appropriate condition. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. They are depreciated over the shorter period of the lease term and the useful life of the underlying asset. Right-of-use-assets are presented in the consolidated statement of financial position under the line property, plant and equipment.

All lease payments on leases are presented as part of cash flows from financing activities, except for the short-term and low-value leases cash flows which are booked under operating activities.

## 2.17 Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions is recognised in the statement of financial position as an intangible asset. Goodwill is tested annually for impairment or more frequently when there are indications of impairment, and carried at cost less accumulated impairment losses. Impairment charges on goodwill are not reversed. Any goodwill or fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are recognised in the local currency at the effective date of the transaction and translated at year-end exchange rates. For the purpose of impairment testing, goodwill is allocated to the cash-generating units being the Group's reportable operating segments: Flavour Division and Fragrance Division, which itself includes two lower levels of cash-generating units related to Expressions Parfumées and Fragrance Oils.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill when they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Internal developments are capitalised as intangible assets when there is an identifiable asset that will generate probable economic benefits and when the cost can be measured reliably. Costs include all costs directly attributable to preparing the asset for use. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Separately acquired intangible assets are capitalised when the identifiable asset will generate probable economic benefits and when its cost can be measured reliably.

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is on a straight-line basis over the estimated economic useful life of the asset. Useful life is determined based on the character of the asset and may be indefinite. In that case, the asset is not amortised but annually tested for impairment. Estimated definite useful life of major classes of amortisable assets are as follows:

– Name and product brands	2 – 10 years
– Software/ERP system	3 – 7 years
– Process-oriented technology	5 – 20 years
– Client relationships	15 – 23 years
– Supplier relationships	3 years

Gains or losses arising on the disposal of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount with gains being recognised within other operating income and losses being recognised in other operating expense within the income statement.

## 2.18 Impairment of Long-Lived Assets

Non-financial assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When the recoverable amount of a non-financial asset, being the higher of its fair value less cost to sell and its value in use, is less than its carrying amount, then the carrying amount is reduced to the asset's recoverable value. This reduction is recognised as an impairment loss within other operating expense within the income statement. Value in use is determined by using pre-tax cash-flow projections over a five-year period and a terminal value. These are discounted using a pre-tax discount rate that reflects current market conditions of the time value of money and the risks specific to the asset.

Intangible assets with indefinite useful life are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

An impairment loss is reversed if there has been a change in the circumstances used to determine the recoverable amount. A previously recognised impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 2.19 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

## 2.20 Accounts Payable – Trade and Others

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are carried at amortised cost.

## 2.21 Debt

The proceeds of straight bonds, of private placements and of debt issued are recognised as the proceeds received, net of transaction costs incurred. Any discount arising from the coupon rate, represented by the difference between the net proceeds and the redemption value, is amortised using the effective interest rate method and charged to interest expense over the life of the bonds or the private placements. Debt is derecognised at redemption date.

Debt is classified within current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

## 2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and for which a reliable estimate of the amount of the obligation can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation.

## 2.23 Own Equity Instruments

Own equity instruments are own shares and derivatives on own shares. Purchases and sales are accounted for at the settlement date.

Purchases of own shares are recognised at acquisition cost including transaction costs as a deduction from equity. The original cost of acquisition, results from resale and other movements are recognised as changes in equity, net. Treasury shares acquired by the execution of own equity derivatives are recognised at the execution date market price.

The settlement and the contract for derivatives on own shares determine the categorisation of each instrument. When the contract assumes the settlement is made by exchanging a fixed amount of cash for a fixed number of treasury shares, the contract is recognised in equity except for a forward contract to buy and write put options which is recognised as a financial liability. When the contract assumes the settlement either net in cash or net in treasury shares or in the case of option of settlement, the contract is recognised as a derivative. Instruments recognised in equity are recognised at acquisition cost including transaction costs. Instruments recognised as financial liabilities are recognised at the net present value of the strike price of the derivative on own shares with the interest charge recognised over the life of the derivative in the line Financing costs of the income statement. They are derecognised when the Group has lost control of the contractual rights of the derivative, with the realised gain or loss recognised in equity.

At each statement of financial position date instruments recognised as derivatives are valued at fair value based on quoted market prices, with any unrealised gain or loss recognised in the line Other financial income (expense), net in the income statement. They are derecognised when the Group has lost control of the contractual rights of the derivatives, with any realised gain or loss recognised.

## 2.24 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.



## 2.25 Statement of Cash Flows

Cash flows from operating activities arise from the principal activities of the Group in the Fragrance and Flavour businesses. The indirect method is used whereby the operating income is adjusted for the transactions of a non-cash nature in order to derive the cash generated from operations. It includes income tax paid on all activities.

Cash flows from financing activities are primarily the proceeds from the issue and repayment of the debt instruments, the dividend payment to shareholders and interest paid. Cash flows from long-term and short-term borrowings are reported separately of gross cash receipts and gross cash payments.

Cash flows from investing activities arise principally from the investments in property, plant and equipment and intangible assets, from the acquisition of subsidiaries, and from the transactions with jointly controlled entities.

## 2.26 Distribution to the Shareholders

Dividend distributions or distributions out of statutory capital reserves from 'capital contributions – additional paid-in capital' are recognised in the period in which they are approved by the Group's shareholders.

## 3. Critical Accounting Estimates and Judgments

The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

### 3.1 Critical Accounting Estimates and Assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are for the most part related to:

- In a business combination, the determination of the fair value of the identifiable assets acquired, particularly intangibles, and the liability requiring estimations which are based on all available information and in some cases on assumptions with respect to the timing and amount of future revenues and expenses associated with an asset. The purchase price is allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The excess is reported as goodwill. As a result, the purchase price allocation impacts reported assets and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment charges (Note 6);
- The impairment of goodwill requiring estimates of the value in use of the cash-generating units to which goodwill is allocated (Note 22);
- The impairment of long-lived assets requiring estimates to measure the recoverable amount of an asset or group of assets (Note 21 and 22);
- The calculation of the present value of defined benefit obligations requiring financial and demographic assumptions (Note 8);
- The determination and provision for income taxes requiring estimated calculations for which the ultimate tax determination is uncertain (Note 16);
- The provisions requiring assumptions to determine reliable best estimates (Note 26); and
- The contingent liabilities assessment (Note 30).

If, in the future, estimates and assumptions, which are based on management's best judgment at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

### 3.2 Critical Judgments in Applying the Entity's Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- Computer software and Enterprise Resource Planning: Computer software is internally developed programmes or modifications that result in new or in substantial improvements of existing IT systems and applications (Note 22); and
- Internal developments on formulas, technologies and products: The outcome of these developments depends on their final assemblage and application, which varies to meet customer needs, and consequently the future economic benefits of these developments are not certain. Thus the criteria for the recognition as an asset of the internal developments on formulas, technologies and products are generally not met. The expenditures on these activities are recognised as expense in the period in which they are incurred.

## 4. Foreign Exchange Rates

Foreign currency to Swiss francs exchange rates	ISO code	Units	31 Dec 2019	Average 2019	31 Dec 2018	Average 2018	31 Dec 2017	Average 2017
US dollar	USD	1	0.97	0.99	0.98	0.98	0.97	0.98
Euro	EUR	1	1.09	1.11	1.13	1.15	1.17	1.11
Pound	GBP	1	1.28	1.27	1.25	1.30	1.32	1.27
Yen	JPY	100	0.89	0.91	0.90	0.88	0.86	0.88
Singapore dollar	SGD	1	0.72	0.73	0.72	0.72	0.73	0.71
Real	BRL	1	0.24	0.25	0.25	0.27	0.30	0.31
Renminbi	CNY	1	0.14	0.14	0.14	0.15	0.15	0.15
Mexican peso	MXN	100	5.13	5.13	5.01	5.08	4.96	5.20
Rupiah	IDR	10,000	0.70	0.70	0.68	0.69	0.72	0.73

## 5. Financial Risk Management

### 5.1 Capital Management

The objective of the Group when managing capital is to maintain the ability to continue as a going concern whilst maximising shareholder value through an optimal balance of debt and equity.

In order to maintain or adjust the capital structure, management may increase or decrease leverage by issuing or reimbursing debt, and may propose to adjust the amounts distributed to the shareholders, return capital to shareholders, issue new shares and cancel shares through share buyback programmes.

The Group monitors its capital structure on the basis of a leverage ratio, defined as net debt divided by the equity plus net debt. Net debt is calculated as the total of the consolidated short-term and long-term debt, less cash and cash equivalents. Equity is calculated as the total equity attributable to equity holders of the parent excluding the defined benefit pension plans remeasurement elements.

The Group has entered into several private placements which contain various covenants with externally imposed capital requirements. The Group was in compliance with these requirements as at 31 December 2019 and 2018.

The leverage ratio as at 31 December was as follows:

in millions of Swiss francs	Note	2019	2018
Short-term debt	24	335	4
Long-term debt	24	3,796	3,266
Less: cash and cash equivalents	18	(452)	(423)
<b>Net debt</b>		<b>3,679</b>	<b>2,847</b>
Total equity attributable to equity holders of the parent		3,640	3,710
Remeasurement of post-employment benefit obligations	8	525	431
<b>Equity</b>		<b>4,165</b>	<b>4,141</b>
<b>Net debt and equity</b>		<b>7,844</b>	<b>6,988</b>
<b>Leverage ratio</b>		<b>47%</b>	<b>41%</b>

The Group is committed to maintaining an investment grade credit profile, as defined by external ratings agencies. The net debt was CHF 3,679 million at December 2019 up from CHF 2,847 million as at December 2018, following the recent acquisitions and the adoption of IFRS 16.

## 5.2 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group generally enters into financial derivative transactions to hedge underlying business related exposures.

Risk management is carried out by a team within the central treasury department (hereafter 'Group Treasury') under the risk management policies approved by the Board of Directors. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Group Treasury monitors and manages financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risk. To manage the interest rate and currency risk arising from the Group's operations and its sources of finance, the Group enters into derivative transactions, primarily interest rate swaps, forward currency contracts and options. Compliance with policies and exposure limits is reviewed by the treasury controlling on a continuous basis. Group Treasury issues monthly reports for the Chief Financial Officer and quarterly reports for the Audit Committee.

## Categories of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

2019 in millions of Swiss francs	Note	At amortised cost	At fair value through the income statement	Derivatives used for hedge accounting	Other financial liabilities	Total
<b>Current financial assets</b>						
Cash and cash equivalents	18	452				452
Derivative financial instruments	5.3		24			24
Financial assets at fair value through income statement	5.3		4			4
Accounts receivable – trade	19	1,365				1,365
Other current assets <sup>a</sup>		163				163
<b>Non-current financial assets</b>						
Derivative financial instruments	5.3			1		1
Financial assets at fair value through income statement	5.3		177			177
<b>Total financial assets as at 31 December</b>		<b>1,980</b>	<b>205</b>	<b>1</b>		<b>2,186</b>
<b>Current financial liabilities</b>						
Short-term debt	24	42 <sup>b</sup>			293	335
Derivative financial instruments	5.3		10	19		29
Accounts payable					833	833
<b>Non-current financial liabilities</b>						
Derivative financial instruments	5.3			79		79
Long-term debt	24	399 <sup>b</sup>			3,397	3,796
<b>Total financial liabilities as at 31 December</b>		<b>441</b>	<b>10</b>	<b>98</b>	<b>4,523</b>	<b>5,072</b>

a) Other current assets consist of other receivables non trade.

b) Lease liabilities.

2018 in millions of Swiss francs	Note	At amortised cost	At fair value through the income statement	Derivatives used for hedge accounting	Other financial liabilities	Total
<b>Current financial assets</b>						
Cash and cash equivalents	18	423				423
Derivative financial instruments	5.3		11			11
Financial assets at fair value through income statement	5.3		4			4
Accounts receivable – trade	19	1,253				1,253
Other current assets <sup>a</sup>		238				238
<b>Non-current financial assets</b>						
Derivative financial instruments <sup>b</sup>	5.3			2		2
Financial assets at fair value through income statement	5.3		61			61
<b>Total financial assets as at 31 December</b>		<b>1,914</b>	<b>76</b>	<b>2</b>		<b>1,992</b>
<b>Current financial liabilities</b>						
Short-term debt	24				4	4
Derivative financial instruments	5.3		12			12
Accounts payable					719	719
<b>Non-current financial liabilities</b>						
Derivative financial instruments <sup>b</sup>	5.3			43		43
Long-term debt	24				3,266	3,266
<b>Total financial liabilities as at 31 December</b>			<b>12</b>	<b>43</b>	<b>3,989</b>	<b>4,044</b>

a) Other current assets consist of other receivables non trade.

b) Derivatives qualified as hedge accounting on non-current transactions are classified and presented as non-current liabilities (Note 2.13).

The carrying amount of each class of financial assets and liabilities disclosed in the previous tables approximates the fair value.

The fair value of each class of financial assets and liabilities, except financial assets and liabilities at amortised cost, is determined by reference to published price quotations and is estimated based on valuation techniques using the quoted market prices. Given the nature of the Group's accounts receivable trade items, the carrying value is considered as equivalent to the fair value.

### 5.2.1 Market Risk

The Group's activities primarily expose it to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices. The Group enters into a number of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

- Currency derivatives, mainly forward foreign exchange contracts, to hedge the exchange rate risk arising from recorded transactions; and
- Interest rate swaps and other instruments to mitigate the risk of interest rate increases and/or to optimally manage interest rate costs depending on the prevailing interest rate environment.

Market risk exposures are measured using sensitivity analysis. There has been no change during the year in the structure of the Group's exposure to market risks or the manner in which these risks are managed.

#### 5.2.1.1 Foreign Exchange Risk

The Group operates across the world and is exposed to movements in foreign currencies affecting its net income and financial position. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

It is the Group's policy to enter into derivative transactions to hedge current, forecasted foreign currency transactions, and translation risk arising from certain investments in foreign operations with a functional currency different from the Group's presentation currency.

In 2018 the Group applied hedge accounting on the net investment in foreign currency in Naturex SA with the aim of being protected from the foreign currency risk on the translation of the investment in Naturex (i.e. EUR) into the Group's presentation currency (i.e. CHF). In total EUR 1,292 million of Euro straight bonds were designated as hedge instruments, corresponding to the net investment in Naturex. This resulted in a gain of CHF 51 million (2018: CHF 37 million), recognised in currency translation differences in equity.

In 2018 and 2019 the Group applied hedge accounting on the foreign currency risk related to the Euro straight bonds coupons, and to the acquisitions of Albert Vieille SAS, drom and the cosmetic business of Indena.

Group Treasury centrally manages foreign exchange risk management activities against the functional currency of each subsidiary, and is required to hedge, whenever cost-effective, their largest exposures.

The measurement of the foreign currency risk expresses the total exposure by currency, which is in the opinion of Group Treasury a representative manner to monitor the risk. It measures the cumulative foreign exchange risk of all subsidiaries of recognised assets and liabilities that are denominated in a currency (e.g. USD) that is not the subsidiary's functional currency (e.g. other than USD).

The following table summarises the significant exposures to the foreign currency risk at the date of the consolidated statement of financial position:

<b>Currency exposure 2019</b> in millions of Swiss francs	USD	EUR	CHF	GBP	SGD
Currency exposure without hedge <sup>a</sup>	477	(159)	43	(149)	148
Hedged amount	(468)	83	(38)	156	(162)
Currency exposure including hedge	9 <sup>b</sup>	(76)	5	7	(14)

a) + long position; - short position.

b) Mainly due to unhedged positions in countries where hedging is not cost-effective.

<b>Currency exposure 2018</b> in millions of Swiss francs	USD	EUR	CHF	GBP	SGD
Currency exposure without hedge <sup>a</sup>	484	(334)	12	(152)	155
Hedged amount	(458)	327	9	151	(162)
Currency exposure including hedge	26 <sup>b</sup>	(7)	21	(1)	(7)

a) + long position; - short position.

b) Mainly due to unhedged positions in countries where hedging is not cost-effective.

In the exposure calculations the intra-Group positions, except those related to net investments in foreign operations, are included. The Euro straight bonds designated as hedge instrument for an amount of EUR 1,292 million corresponding to the net investment in the holding of Naturex has been excluded from the EUR exposure to align the currency risk.

The following table summarises the sensitivity to transactional currency exposures of the main currencies as at 31 December:

<b>Currency risks 2019</b> in millions of Swiss francs	USD	EUR	CHF	GBP	SGD
Reasonable shift	13%	6%	6%	8%	6%
Impact on income statement if the currency strengthens against all other currencies	1	(4)	1	1	(1)
Impact on income statement if the currency weakens against all other currencies	(1)	4	(1)	(1)	1

<b>Currency risks 2018</b> in millions of Swiss francs	USD	EUR	CHF	GBP	SGD
Reasonable shift	9%	14%	7%	8%	7%
Impact on income statement if the currency strengthens against all other currencies	2	(6)	1	–	(1)
Impact on income statement if the currency weakens against all other currencies	(2)	6	(1)	–	1

The sensitivity is based on the exposure at the date of the consolidated statement of financial position and based on assumptions deemed reasonable by management, showing the impact on income before tax. Management uses historical volatilities of the significant currencies contributing to the exposure to determine the reasonable change.

Argentina became hyperinflationary effective 1 July 2018, requiring retroactive implementation of hyperinflation accounting as of 1 January 2018. The impact of the restatement of the non-monetary assets and liabilities of the subsidiaries in Argentina with the general price index at the beginning of the period is recorded in the opening equity. In the current year the subsequent loss resulting from the restatement of non-monetary assets of CHF 8 million (2018: CHF 1 million gain) is recorded in other financial income (expense), net.

### 5.2.1.2 Interest Rate Risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates, and invests in debt financial instruments. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially counterbalanced by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Group Treasury manages interest rate risk centrally by simulating various scenarios on liabilities taking into consideration refinancing, renewal of existing positions and hedging. Hedging strategies are applied by either positioning the liabilities or protecting interest expense through different interest cycles. Hedging activities are regularly evaluated to align interest rate views and define risk limits. Group Treasury manages interest rate risk mainly by the use of interest rate swap contracts.

The following table shows the sensitivity to interest rate changes:

As at 31 December 2019 in millions of Swiss francs	150 basis points increase	25 basis points decrease
Impact on income statement	–	–
Impact on equity	126	(25)
As at 31 December 2018 in millions of Swiss francs	150 basis points increase	25 basis points decrease
Impact on income statement	–	–
Impact on equity	57	(11)

The sensitivity is based on exposure on net liabilities at the date of the consolidated statement of financial position using assumptions which have been deemed reasonable by management showing the impact on the income before tax.

### Cash flow hedges

Inception date	Hedged items	Hedge instruments	Objectives	Comments
2011/ 2012	Highly probable future debt issuances in 2014.	Several forward starting interest rate swaps commencing in 2014, totalling CHF 250 million with an average rate of 1.54% and a 5 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	In March 2014, the Group issued a 1.00% 6.5 year public bond with a nominal value of CHF 100 million; and a 1.75% 10 year public bond with a nominal value of CHF 150 million. Correspondingly, hedge positions assigned to this bond issuance have been closed. The amortisation of the realised loss of CHF 15 million was recognised in Financing costs over 5 years until 19 March 2019.
2012	Highly probable future debt issuances in 2016.	Several forward starting interest rate swaps commencing in 2016, totalling CHF 75 million with an average rate of 1.63% and a 5 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	In December 2016, the Group issued a 0.000% 6 year public bond with a nominal value of CHF 100 million; and a 0.625% 15 year public bond with a nominal value of CHF 200 million. Correspondingly, hedge positions assigned to this bond issuance have been closed. The amortisation of the realised loss of CHF 8 million is recognised in Financing costs over 5 years until 7 December 2021.
2012	Highly probable future private placements issuance in the USA in 2013.	Several derivatives instruments fixing the interest rate at 1.80% on average for a total amount of USD 100 million.	Protection against short-term increases in USD interest rates and to fix the interest rates.	The cash flow hedges were effective during the period. The amount of USD 1 million (equivalent to CHF 1 million) deferred in hedging reserve in other comprehensive income is recycled over the next 10 years as Financing cost from 6 February 2013, the date when the proceeds were received.
2012/ 2014	Highly probable future debt issuances in 2018.	Several forward starting interest rate swaps commencing in 2018, totalling CHF 150 million with an average rate of 1.90% and a 5 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	In April 2018, the Group issued a 2 year floating rate public bond with a nominal value of CHF 150 million; and a 7 year 0.375% fixed rate public bond with a nominal value of CHF 200 million. Correspondingly, hedge positions assigned to this bond issuance have been closed. The amortisation of the realised loss of CHF 15 million is recognised in Financing costs over 5 years until April 2023.



Inception date	Hedged items	Hedge instruments	Objectives	Comments
2014/ 2015	Highly probable future debt issuances in 2020.	Several forward starting interest rate swaps commencing in 2020, totalling CHF 75 million with an average rate of 2.12% and a 10 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2014/ 2015	Highly probable future debt issuances in 2021.	Several forward starting interest rate swaps commencing in 2021, totalling CHF 125 million with an average rate of 2.05% and a 10 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2014/ 2015	Highly probable future debt issuances in 2024.	Several forward starting interest rate swaps commencing in 2024, totalling CHF 100 million with an average rate of 2.35% and a 10 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2016/ 2017	Highly probable future debt issuances in 2031.	Several forward starting interest rate swaps commencing in 2031, totalling CHF 100 million with an average rate of 0.92% and a 10 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2018/ 2019	Highly probable future debt issuance in 2020.	Several forward starting interest rate swaps commencing in 2020, totalling CHF 50 million with an average rate of 0.27% and a 5 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2018	Highly probable future debt issuance in 2025.	One forward starting interest rate swap commencing in 2025, totalling CHF 25 million with an average rate of 1.28% and a 5 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
June 2018	Highly probable future debt issuance in December 2018.	Several forward starting interest rate swaps commencing in December 2018 totalling EUR 400 million with an average rate of 1.05% and respectively 7 and 10 year maturities.	Protection against future increase in EUR interest rates and to fix the interest rates	In September 2018, the Group issued a dual tranche placement of Euro bond, totalling EUR 1,300 million, respectively of EUR 500 million at a rate of 1.125% for 7 years and EUR 800 million at the rate of 2.000% for 12 years. Correspondingly, hedge positions assigned to this bond issuance have been closed. The amortisation of the realised loss is recognised in Financing costs for CHF 1 million over 7 years until September 2025, and CHF 5 million over 10 years until September 2028.
2019	Highly probable future debt issuance in 2024.	One forward starting interest rate swap commencing in 2024, totalling EUR 50 million with an average rate of 1.68% and a 7 year maturity.	Protection against future increases in EUR interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2019	Highly probable future debt issuance in 2025.	Several forward starting interest rate swaps commencing in 2025, totalling EUR 200 million with an average rate of 1.50% and a 7 year maturity.	Protection against future increases in EUR interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2019	Highly probable future debt issuance in 2030.	Several forward starting interest rate swaps commencing in 2030, totalling EUR 275 million with an average rate of 1.39% and a 10 year maturity.	Protection against future increases in EUR interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.

The carrying amount of the total cash flow hedges at 31 December 2019 is CHF 97 million (2018: CHF 41 million).

### 5.2.1.3 Price Risk

The Group is exposed to equity price risk arising from equity investments held classified at fair value through income statement. The Group manages its price risk through a diversification of portfolios within the limits approved by the Board of Directors.

The Group holds its own shares to meet future expected obligations under the various share-based payment schemes.

### Sensitivity analysis

The Group's equity portfolio is composed of US and EUR shares. The benchmark for the reasonable change is an average of historical volatility of US indexes (16% for the last three years) and of CAC PME index (18% for the last three years).

The sensitivity analysis has been determined based on the exposure to equity price risks at the end of the reporting period:

2019 in millions of Swiss francs	Equity price increase	Equity price decrease
Impact on income statement	26	(26)
2018 – reasonable shifts: 16% US in millions of Swiss francs	Equity price increase	Equity price decrease
Impact on income statement	5	(5)

### 5.2.2 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Commercial credit risk is managed by the Group's subsidiaries and monitored on a Group basis whilst counterparty risk related to financial institutions is centrally managed within the Group Treasury function.

Trade receivables are subject to a policy of active risk management which focuses on the assessment of country risk, credit limits, ongoing credit evaluation and account monitoring procedures. Generally, there is no significant concentration of trade receivables or commercial counterparty credit risk, due to the large number of customers that the Group deals with and their wide geographical spread with the exception of one single external customer that generates revenues, mainly attributable to the Fragrance Division, of approximately CHF 581 million (2018: CHF 573 million). Countries, credit limits and exposures are continuously monitored.

The credit risk on liquid funds, derivatives and other monetary financial assets is limited because the counterparties are financial institutions with investment grade ratings.

The following table presents the credit risk exposure to individual financial institutions:

	2019			2018		
	Total in Mio CHF	Max. with any individual bank in Mio CHF	Number of banks	Total in Mio CHF	Max. with any individual bank in Mio CHF	Number of banks
AAA – range	6	6	1	2	2	1
AA – range	6	4	4	75	74	2
A – range	136	95	10	102	72	11
BBB – range	271	132	7	232	128	7

The carrying amount of financial assets recognised in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

### 5.2.3 Liquidity Risk

The Group manages liquidity risk by maintaining sufficient cash, marketable securities, availability of funds through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed and uncommitted credit lines.

Group Treasury monitors and manages cash at the Group level and defines the maximum cash level at subsidiary level. Cash surpluses held by subsidiaries over and above amounts required for working capital management are transferred to the central treasury centre. The surplus of cash is generally invested in interest bearing current accounts, time deposits, money market deposits and funds. When necessary, intercompany loans are granted by the Group to subsidiaries to meet their non-recurrent payment obligations.

The following table analyses the Group's remaining contractual maturity for financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is obliged to pay. The table includes both interest and principal cash flows:

2019 in millions of Swiss francs	Up to 6 months	6 – 12 months	1 – 5 years	Over 5 years	Total
Short-term debt (excluding bank overdrafts)	(192)	(101)			(293)
Accounts payable	(833)				(833)
Net settled derivative financial instruments	–	(1)	(19)	(79)	(99)
Gross settled derivative financial instruments – outflows	(2,143)	(429)			(2,572)
Gross settled derivative financial instruments – inflows	2,155	431			2,586
Long-term debt	(15)	(33)	(1,709)	(1,993)	(3,750)
<b>Balance as at 31 December</b>	<b>(1,028)</b>	<b>(133)</b>	<b>(1,728)</b>	<b>(2,072)</b>	<b>(4,961)</b>
2018 in millions of Swiss francs	Up to 6 months	6 – 12 months	1 – 5 years	Over 5 years	Total
Short-term debt (excluding bank overdrafts)					
Accounts payable	(719)				(719)
Net settled derivative financial instruments			(11)	(30)	(41)
Gross settled derivative financial instruments – outflows	(1,435)	(420)			(1,855)
Gross settled derivative financial instruments – inflows	1,435	419			1,854
Long-term debt	(14)	(32)	(1,137)	(2,459)	(3,642)
<b>Balance as at 31 December</b>	<b>(733)</b>	<b>(33)</b>	<b>(1,148)</b>	<b>(2,489)</b>	<b>(4,403)</b>

The undiscounted cash flows related to lease liabilities are CHF 47 million within 1 year, CHF 92 million within 1 to 5 years and CHF 357 million thereafter.

### 5.3 Fair Value Measurements

The following tables present the Group's assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is measured:

- **Level 1** inputs to measure fair value are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** inputs to measure fair value are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3** inputs to measure fair value are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>2019</b> in millions of Swiss francs	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through income statement</b>				
Forward foreign exchange contracts		24		24
Swaps (hedge accounting)		1		1
Corporate owned life insurance		36		36
Equity securities	112	16		128
Debt securities		17		17
<b>Total assets</b>	<b>112</b>	<b>94</b>		<b>206</b>
<b>Financial liabilities at fair value through income statement</b>				
Forward foreign exchange contracts		10		10
Swaps (hedge accounting)		98		98
Swaps (no hedge accounting)		–		–
<b>Total liabilities</b>		<b>108</b>		<b>108</b>

<b>2018</b> in millions of Swiss francs	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through income statement</b>				
Forward foreign exchange contracts		11		11
Swaps (hedge accounting)		2		2
Corporate owned life insurance		31		31
Equity securities	2	13		15
Debt securities		19		19
<b>Total assets</b>	<b>2</b>	<b>76</b>		<b>78</b>
<b>Financial liabilities at fair value through income statement</b>				
Forward foreign exchange contracts		12		12
Swaps (hedge accounting)		43		43
Swaps (no hedge accounting)				
<b>Total liabilities</b>		<b>55</b>		<b>55</b>

Financial assets and liabilities at fair value through income statement are measured with Level 1 and Level 2 inputs. They mainly consist of marketable securities quoted on financial market, of forward foreign exchange contracts that are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts, of interest swaps that are measured using quoted interest rates and yield curves derived from quoted interest rates matching maturities of the contracts, and of corporate owned life insurance (COLI) that are measured on quoted instruments with similar credit ratings and terms in a mix of money market, fixed income and equity funds managed by unrelated fund managers.

There was no transfer between the level categories in the period.

## 6. Acquisitions

### Acquisitions 2019

During the year 2019 Givaudan made five acquisitions, AMSilk, Albert Vieille, Fragrance Oils, Golden Frog and drom.

#### AMSilk

On 25 April 2019 Givaudan acquired the cosmetics business of AMSilk GmbH for a purchase price of CHF 7 million. AMSilk is the world's first industrial supplier of vegan silk biopolymers and has its headquarters near Munich, Germany. AMSilk offers a range of high-performance biosourced polypeptides with unique functional properties in the field of cosmetics. These vegan biopolymers offer a broad range of applications across categories such as hair care and skin care with benefits like silk touch, anti-pollution or colour protection of the hair. Over the last 9 years, they have filed 10 patents for the use of biopolymers in cosmetic applications. From 25 April 2019, the acquisition contributed CHF 0.4 million of sales to the Group's consolidated results.

The identifiable assets and liabilities of the cosmetics business of AMSilk acquired are recorded at fair value at the date of acquisition and no goodwill has been recognised. In compliance with IFRS 3, these values determined are provisional and the Group has twelve months from the date of acquisition to finalise the allocation of the acquisition price.

#### Albert Vieille

On 3 May 2019 Givaudan acquired 100% of the share capital of Albert Vieille SAS and its affiliates for a purchase price of CHF 54 million. Albert Vieille has unique know-how in the realm of aromatic plants and specialises in 100% pure essential oils and speciality natural ingredients. The natural ingredients are used for the formulation of perfumes and aromatherapy products. With its origins dating back to 1920, and with more than 60 employees, Albert Vieille is based close to Grasse, in France, and has a manufacturing facility in Spain, with its products sold globally through a network of distributors. They source their raw materials across the world, where fragrant crops are harvested and have developed over many years strong capabilities in natural ingredients sourcing and processing. From 3 May 2019, the acquisition contributed CHF 15 million of sales to the Group's consolidated results.

The goodwill of CHF 27 million arising on the acquisition relates mainly to the value of the qualified workforce and expected synergies that do not meet the criteria for recognition as separable intangible assets. The identifiable assets and liabilities of Albert Vieille acquired are recorded at fair value at the date of acquisition.

In compliance with IFRS 3, these values determined are provisional and the Group has twelve months from the date of acquisition to finalise the allocation of the acquisition price.

#### Fragrance Oils

On 21 August 2019 Givaudan acquired 100% of the share capital of Fragrance Oils Limited and its affiliates for a purchase price of CHF 244 million. Founded in 1967, Fragrance Oils is a leading British-based manufacturer and marketer of innovative speciality fragrances for fine fragrances, personal and home care applications. Their state-of-the-art manufacturing facility in Radcliffe, UK, employs over 250 employees and sells its products in more than 90 countries, in particular in high growth markets. From 21 August 2019, the acquisition contributed CHF 22 million of sales to the Group's consolidated results.

The identifiable assets and liabilities of Fragrance Oils acquired are recorded at fair value at the date of acquisition. Total net assets acquired of CHF 139 million consist of cash (CHF 25 million), working capital (CHF 21 million), fixed assets (CHF 24 million), intangible assets which are comprised of process knowledge, client relationships and brand name (CHF 91 million), deferred tax liabilities (CHF 17 million) and other liabilities (CHF 5 million). The total purchase price of CHF 244 million was settled in cash, resulting in goodwill of CHF 105 million which relates mainly to the value of the qualified workforce and expected synergies that do not meet the criteria for recognition as separable intangible assets.

In compliance with IFRS 3, these values determined are provisional and the Group has twelve months from the date of acquisition to finalise the allocation of the acquisition price.

#### Golden Frog

On 30 August 2019 Givaudan acquired 100% of the share capital of Golden Frog Flavor-Fragrance Manufacture Corporation, a Vietnamese flavour company, for a purchase price of CHF 30 million. Golden Frog manufactures natural flavours, extracts and

essential oils for the food and beverage industry. It offers a wide range of natural ingredients including herbs, spices, fruit and vegetable extracts and essential oils from the great biodiversity of Vietnam. With headquarters and manufacturing facilities in the Ho Chi Minh area, Golden Frog employs 156 people and caters to the needs of the South East Asian markets. From 30 August 2019, the acquisition contributed CHF 4 million of sales to the Group's consolidated results.

The goodwill of CHF 11 million arising on the acquisition relates mainly to the value of the qualified workforce and expected synergies that do not meet the criteria for recognition as separable intangible assets. The identifiable assets and liabilities of Golden Frog acquired are recorded at fair value at the date of acquisition.

In compliance with IFRS 3, these values determined are provisional and the Group has twelve months from the date of acquisition to finalise the allocation of the acquisition price.

### **drom**

On 6 September 2019 Givaudan acquired 100% of the share capital of drom fragrances GmbH & Co. KG and its affiliates for a purchase price of CHF 180 million. Founded in 1911, drom is a global perfume house creating fragrances for consumer products and fine fragrance customers across the world. Headquartered near Munich, in Germany, drom has manufacturing facilities in Germany, China, the USA and Brazil. The company employs 489 people globally. From 6 September 2019, the acquisition contributed CHF 44 million of sales to the Group's consolidated results.

The identifiable assets and liabilities of drom acquired are recorded at fair value at the date of acquisition. Total net assets acquired of CHF 98 million consist of cash (CHF 11 million), working capital (CHF 40 million), fixed assets (CHF 28 million), intangible assets which are comprised of process knowledge, client relationships and brand name (CHF 98 million), deferred tax liabilities (CHF 27 million), short-term loans (CHF 25 million) and other liabilities (CHF 27 million). The total purchase price of CHF 180 million was settled in cash, resulting in goodwill of CHF 82 million which relates mainly to the value of the qualified workforce and expected synergies that do not meet the criteria for recognition as separable intangible assets.

In compliance with IFRS 3, these values determined are provisional and the Group has twelve months from the date of acquisition to finalise the allocation of the acquisition price.

## **Acquisitions 2018**

During the year 2018 Givaudan made three acquisitions, Naturex, Expressions Parfumées and Centroflora Nutra.

### **Naturex**

On 5 June 2018 Givaudan acquired 40.5% of the shares of Naturex for a price of EUR 135 per share and a total consideration of EUR 523 million, equivalent to CHF 606 million, and subsequently launched a mandatory public cash tender offer for the remaining shares on 28 June 2018. On 9 August 2018, following the primary tender offer period, Givaudan held 97.24% of the shares of Naturex and has taken effective control of the company. Following the completion of a second tender offer period on 13 September 2018, Givaudan held 98.06% of the shares of Naturex and achieved 100% share ownership on 18 September 2018, following completion of the 'squeeze out' process of the remaining shares. The total consideration paid for the completed acquisition amounts to EUR 1,292 million, equivalent to CHF 1,489 million.

Naturex is an international leader in plant extraction and the development of natural ingredients and solutions for the food, health and beauty sectors. Naturex is headquartered in Avignon, France and reported sales of EUR 405 million in 2017. It operates from 16 production sites around the world and employs 1,700 people.

Givaudan classified its initial investment in Naturex as a financial instrument, as it did not control or exert significant influence over Naturex, demonstrated by the absence of Givaudan representatives in the Board of Directors or Executive Management of Naturex. As of the acquisition date Naturex has been fully consolidated into the Givaudan Group. Immediately prior to the acquisition date the fair value of the initial investment remained unchanged at EUR 523 million (CHF 606 million), therefore no gain or loss has been recognised in the statement of comprehensive income.

In accordance with IFRS 3, the Group has completed the acquisition price allocation in the twelve months following the acquisition date. The identifiable assets and liabilities of Naturex acquired are recorded at fair value (at the date of acquisition) and are as follows:

in millions of Swiss francs	Provisional fair value	Acquisition price allocation adjustment	Final fair value at the date of acquisition
Cash and cash equivalents	20		20
Accounts receivable	85		85
Inventories	186		186
Other current assets	28		28
Property, plant and equipment	203		203
- Client relationships	285		285
- Supplier relationships	42		42
- Process-oriented technology and other	111		111
- Name and product brands	57		57
- Software / ERP system	3		3
Total identified intangible assets	498		498
Other non-current assets	28		28
Accounts payable	(52)		(52)
Other payables	(32)		(32)
Provisions	(13)		(13)
Debt	(248)		(248)
Deferred tax liabilities	(117)		(117)
<b>Net assets acquired</b>	<b>586</b>		<b>586</b>
Cash consideration	1,448		1,448
Non-controlling interest	54	9	63
<b>Goodwill</b>	<b>916</b>	<b>9</b>	<b>925</b>

An acquisition price allocation adjustment was recorded in order to account for CHF 9 million additional non-controlling interests that relate to 60,295 vested equity-settled share based instruments, not recognised in the provisional acquisition price allocation. Following this adjustment, the goodwill arising on the acquisition increased to CHF 925 million (EUR 802 million) and relates mainly to the value of the qualified workforce and expected synergies that do not meet the criteria for recognition as separable intangible assets. The total amount of goodwill that is expected to be deductible for tax purposes is nil.

The acquired receivables are fair valued at CHF 85 million. The gross contractual amounts of the receivables acquired are CHF 86 million. The best estimation at the acquisition date of the contractual cash flows not to be collected amounts to CHF 1 million.

The non-controlling interest at the date of acquisition consists of a non-controlling interest of 2.76% of the shares of Naturex valued at EUR 135 per share for a total amount of CHF 41 million (EUR 35 million). The non-controlling interest also includes 142,005 vested equity-settled share based instruments for an amount of CHF 22 million (EUR 19 million). At the point in time in the future when the vested equity-settled share based instruments will be exercised, Givaudan has the right to purchase the shares back at a price of EUR 135 per share.

### Expressions Parfumées

On 4 June 2018 Givaudan acquired 100% of the share capital of Expressions Parfumées and its affiliates for a purchase price of CHF 199 million. Expressions Parfumées, a French fragrance creation house, strengthens the access to local and regional customers and expands natural capabilities in the fragrance business. With headquarters in Grasse, France, the historic area of perfumery, Expressions Parfumées operates throughout Europe, Africa and the Middle East from locations in Grasse (France), Milan (Italy) and Dubai (United Arab Emirates), employing globally 200 people.

The identifiable assets and liabilities of Expressions Parfumées acquired are recorded at fair value at the date of acquisition. Total net assets acquired of CHF 54 million consist of cash (CHF 7 million), working capital (CHF 18 million), fixed assets (CHF 26 million), intangible assets which are comprised of process knowledge, client relationships, name brand (CHF 46 million), deferred tax



liabilities (CHF 16 million) and other liabilities (CHF 27 million). The total purchase price of CHF 199 million was settled in cash, resulting in goodwill of CHF 145 million that relates mainly to the value of the qualified workforce and expected synergies that do not meet the criteria for recognition as separable intangible assets. The allocation of the acquisition price has been finalised and no adjustments were made to the acquisition values.

### Centroflora Nutra

On 14 May 2018 Givaudan acquired 100% of the share capital of Centroflora Nutra, the Nutrition Division of Centroflora Group, for a purchase price of CHF 55 million. The company manufactures botanical extracts and dehydrated fruits for the food, beverage and consumer goods sectors and offers a wide variety of plant extracts from various regions of the world, with a particular focus on those from the great biodiversity of Brazil. With headquarters and a manufacturing facility in Botucatu, Brazil, Centroflora Nutra employs 116 people and exports products globally.

The goodwill of CHF 39 million arising on the acquisition relates mainly to the value of the qualified workforce and expected synergies that do not meet the criteria for recognition as separable intangible assets. The identifiable assets and liabilities of Centroflora Nutra acquired are recorded at fair value at the date of acquisition. The allocation of the acquisition price has been finalised in the twelve months following the acquisition date. The allocation of the acquisition price has been updated and an additional CHF 2 million has been allocated to the goodwill.

## 7. Segment Information

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to allocate resources to the segments and to assess their performance. The Executive Committee considers the business from a divisional perspective:

<b>Fragrances</b>	Manufacture and sale of fragrances into three global business units: Fine Fragrances, Consumer Products and, Fragrance Ingredients and Active Beauty. Expressions Parfumées and Fragrance Oils are both included in Fine Fragrances and Consumer Products; and
<b>Flavours</b>	Manufacture and sale of flavours into five business units: Beverages, Dairy, Savoury, Sweet Goods and Natural Ingredients. The information of these business units are reviewed by the Executive Committee primarily by region.

The performance of the operating segments is based on EBITDA as a percentage of sales.

### Business segments

in millions of Swiss francs	Note	Fragrances		Flavours		Group	
		2019	2018	2019	2018	2019	2018
Segment sales		2,799	2,525	3,410	3,009	6,209	5,534
Less inter segment sales <sup>a</sup>		–	–	(6)	(7)	(6)	(7)
<b>Segment sales to third parties</b>		<b>2,799</b>	<b>2,525</b>	<b>3,404</b>	<b>3,002</b>	<b>6,203</b>	<b>5,527</b>
<b>EBITDA</b>		<b>555</b>	<b>508</b>	<b>720</b>	<b>637</b>	<b>1,275</b>	<b>1,145</b>
as % of sales		19.8%	20.1%	21.1%	21.2%	20.6%	20.7%
Depreciation	21	(73)	(51)	(120)	(76)	(193)	(127)
Amortisation	22	(49)	(44)	(112)	(81)	(161)	(125)
Impairment of long-lived assets	21, 22	–	–	(1)	(10)	(1)	(10)
Additions to Property, plant and equipment	21	160	84	330	174	490	258
Acquisitions of Property, plant and equipment	6, 21	59	30	5	201	64	231
Additions to Intangible assets	22	27	26	26	29	53	55
Acquisitions of Intangible assets (excluding goodwill)	6, 22	210	47	13	513	223	560
<b>Total gross investments</b>		<b>456</b>	<b>187</b>	<b>374</b>	<b>917</b>	<b>830</b>	<b>1,104</b>

a) Transfer prices for inter-divisional sales are set on an arm's length basis.

The amounts by division provided to the Executive Committee are measured in a consistent manner in terms of accounting policies with the consolidated financial statements.

## Reconciliation table to Group's operating income

	Fragrances		Flavours		Group	
in millions of Swiss francs	2019	2018	2019	2018	2019	2018
<b>EBITDA</b>	<b>555</b>	<b>508</b>	<b>720</b>	<b>637</b>	<b>1,275</b>	<b>1,145</b>
Depreciation	(73)	(51)	(120)	(76)	(193)	(127)
Amortisation	(49)	(44)	(112)	(81)	(161)	(125)
Impairment of long-lived assets	–	–	(1)	(10)	(1)	(10)
<b>Operating income</b>	<b>433</b>	<b>413</b>	<b>487</b>	<b>470</b>	<b>920</b>	<b>883</b>
as % of sales	15.5%	16.4%	14.3%	15.7%	14.8%	16.0%
Financing costs					(79)	(55)
Other financial income (expense), net					(33)	(56)
<b>Income before taxes</b>					<b>808</b>	<b>772</b>
as % of sales					13.0%	14.0%

## Entity-wide disclosures

The breakdown of sales from the major group of similar products is as follows:

in millions of Swiss francs	2019	2018
<b>Fragrance Division</b>		
Fragrance Compounds	2,427	2,199
Fragrance Ingredients and Active Beauty	372	326
<b>Flavour Division</b>		
Flavour Compounds	3,404	3,002
<b>Total sales</b>	<b>6,203</b>	<b>5,527</b>

The Group operates in five geographical areas: Switzerland (country of domicile); Europe, Africa and Middle-East; North America; Latin America; and Asia Pacific.

	Fragrances Segment sales <sup>a</sup>		Flavours Segment sales <sup>a</sup>		Group Segment sales <sup>a</sup>		Group Non-current assets <sup>b</sup>	
in millions of Swiss francs	2019	2018	2019	2018	2019	2018	2019	2018 <sup>c</sup>
Switzerland	34	37	26	22	60	59	1,546	1,417
Europe	859	773	841	750	1,700	1,523	2,470	2,042
Africa and Middle-East	226	184	247	216	473	400	92	72
North America	559	491	1,082	950	1,641	1,441	1,409	1,365
Latin America	346	332	353	297	699	629	251	216
Asia Pacific	775	708	855	767	1,630	1,475	878	688
<b>Total geographical segments</b>	<b>2,799</b>	<b>2,525</b>	<b>3,404</b>	<b>3,002</b>	<b>6,203</b>	<b>5,527</b>	<b>6,646</b>	<b>5,800</b>

a) Segment sales are revenues from external customers and are shown by destination.

b) Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets. They consist of property, plant and equipment, intangible assets and investments in jointly controlled entities.

c) The Group non-current assets balance as at 31 December 2018 has been restated to reflect the Naturex acquisition price allocation adjustment of CHF 9 million explained and detailed in note 6.

Revenues of approximately CHF 581 million (2018: CHF 573 million) are derived from a single external customer. These revenues are mainly attributable to the Fragrance Division.

## 8. Employee Benefits

The following amounts related to employee remuneration and benefits are included in determining operating income:

in millions of Swiss francs	2019	2018
Wages and salaries	1,019	934
Social security costs	156	140
Post-employment benefits: defined benefit plans	38	39
Post-employment benefits: defined contribution plans	37	35
Equity-settled instruments	41	38
Change in fair value on own equity instruments	2	
Other employee benefits	112	103
<b>Total employees' remuneration</b>	<b>1,405</b>	<b>1,289</b>

### Retirement Benefit Plans

The Group operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking account of the recommendations of independent qualified actuaries. The most significant plans are held in Switzerland, United States of America and United Kingdom (further information by country is disclosed at the end of this note).

In December 2018 the benefits of the UK pension schemes were equalised for the inequality of Guaranteed Minimum Pensions between men and women. The change resulted in past service cost of CHF 1 million recognised in other operating income/ (expense) in the consolidated income statement.

Non-pension plans consist primarily of post-retirement healthcare and life insurance schemes, principally in the United States of America.

The amounts recognised in the consolidated income statement are as follows:

in millions of Swiss francs	2019			2018		
	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
Current service cost	37	1	38	37	1	38
Loss (gain) arising from settlement				1		1
<b>Total included in employees' remuneration</b>	<b>37</b>	<b>1</b>	<b>38</b>	<b>38</b>	<b>1</b>	<b>39</b>
Net interest cost included in financing costs	7	2	9	8	2	10
<b>Total components of defined benefit cost</b>	<b>44</b>	<b>3</b>	<b>47</b>	<b>46</b>	<b>3</b>	<b>49</b>
<b>Of which arising from:</b>						
Funded obligations	40	3	43	42	3	45
Unfunded obligations	4	–	4	4	–	4

The amounts recognised in other comprehensive income are as follows:

in millions of Swiss francs	2019			2018		
	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
(Gains) losses from change in demographic assumptions	(7)	3	(4)	(61)	–	(61)
(Gains) losses from change in financial assumptions	262	5	267	(104)	(2)	(106)
Experience (gains) losses	–	(5)	(5)	(12)	(1)	(13)
Return on plan assets less interest on plan assets	(167)	–	(167)	18	–	18
<b>Remeasurement (gains) losses of post-employment benefit obligations</b>	<b>88</b>	<b>3</b>	<b>91</b>	<b>(159)</b>	<b>(3)</b>	<b>(162)</b>
<b>Of which arising from:</b>						
Funded obligations	78	2	80	(155)	(3)	(158)
Unfunded obligations	10	1	11	(4)	–	(4)

The amounts recognised in the statement of financial position are as follows:

in millions of Swiss francs	2019			2018		
	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
<b>Funded obligations</b>						
Present value of funded obligations	(2,206)	(61)	(2,267)	(1,958)	(53)	(2,011)
Fair value of plan assets	1,783	–	1,783	1,618	–	1,618
<b>Recognised asset (liability) for funded obligations, net</b>	<b>(423)</b>	<b>(61)</b>	<b>(484)</b>	<b>(340)</b>	<b>(53)</b>	<b>(393)</b>
<b>Unfunded obligations</b>						
Present value of unfunded obligations	(84)	(8)	(92)	(71)	(11)	(82)
<b>Recognised asset (liability) for unfunded obligations</b>	<b>(84)</b>	<b>(8)</b>	<b>(92)</b>	<b>(71)</b>	<b>(11)</b>	<b>(82)</b>
<b>Total defined benefit asset (liability)</b>	<b>(507)</b>	<b>(69)</b>	<b>(576)</b>	<b>(411)</b>	<b>(64)</b>	<b>(475)</b>
Deficit recognised as liabilities for post-employment benefits	(539)	(69)	(608)	(433)	(64)	(497)
Surplus recognised as part of the other long-term assets	32		32	22		22
<b>Total net asset (liability) recognised</b>	<b>(507)</b>	<b>(69)</b>	<b>(576)</b>	<b>(411)</b>	<b>(64)</b>	<b>(475)</b>

Amounts recognised in the statement of financial position for post-employment defined benefit plans are predominantly non-current. The non-current portion is reported as non-current assets and non-current liabilities. The current portion is reported as current liabilities within other current liabilities.

Changes in the present value of the defined benefit obligations are as follows:

in millions of Swiss francs	2019			2018		
	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
<b>Balance as at 1 January</b>	<b>2,029</b>	<b>64</b>	<b>2,093</b>	<b>2,202</b>	<b>67</b>	<b>2,269</b>
<b>Amounts recognised in the income statement</b>						
Current service cost	37	1	38	37	1	38
Interest cost	39	2	41	38	2	40
<b>Amounts recognised in the other comprehensive income</b>						
(Gains) losses from change in demographic assumptions	(7)	3	(4)	(61)	–	(61)
(Gains) losses from change in financial assumptions	262	5	267	(104)	(2)	(106)
Experience (gains) losses		(5)	(5)	(12)	(1)	(13)
Employee contributions	14	–	14	14		14
Benefit payments	(82)	(3)	(85)	(79)	(3)	(82)
Settlements				(21)		(21)
Acquisitions	8		8	33		33
Currency translation effects	(10)	2	(8)	(18)		(18)
<b>Balance as at 31 December</b>	<b>2,290</b>	<b>69</b>	<b>2,359</b>	<b>2,029</b>	<b>64</b>	<b>2,093</b>

Changes in the fair value of the plan assets are as follows:

in millions of Swiss francs	2019			2018		
	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
<b>Balance as at 1 January</b>	<b>1,618</b>		<b>1,618</b>	<b>1,640</b>		<b>1,640</b>
<b>Amounts recognised in the income statement</b>						
Interest income	32		32	30		30
<b>Amounts recognised in the other comprehensive income</b>						
Return on plan assets less interest on plan assets	167		167	(18)		(18)
Employer contributions	34	3	37	43	3	46
Employee contributions	14	–	14	14		14
Benefit payments	(82)	(3)	(85)	(79)	(3)	(82)
Settlements				(22)		(22)
Acquisitions	1		1	26		26
Currency translation effects	(1)	–	(1)	(16)		(16)
<b>Balance as at 31 December</b>	<b>1,783</b>		<b>1,783</b>	<b>1,618</b>		<b>1,618</b>

Plan assets are comprised as follows:

in millions of Swiss francs	2019		2018	
Debt	560	31%	518	32%
Equity	309	17%	511	32%
Property	245	14%	222	13%
Insurances policies and other	669	38%	367	23%
<b>Total</b>	<b>1,783</b>	<b>100%</b>	<b>1,618</b>	<b>100%</b>

The investment strategies are diversified within the respective statutory requirements of each country providing long-term returns with an acceptable level of risk. The plan assets are primarily quoted in an active market with exception of the property and insurance policies.

The plan assets do not include Givaudan registered shares. They do not include any property occupied by, or other assets used by, the Group.

The Group operates defined benefit plans in many countries for which the actuarial assumptions vary based on local economic and social conditions. The assumptions used in the actuarial valuations of the most significant defined benefit plans, in countries with stable currencies and interest rates, are as follows:

Weighted percentage	2019	2018
Discount rates	1.2%	2.1%
Projected rates of remuneration growth	1.2%	1.2%
Future pension increases	0.5%	0.5%
Healthcare cost trend rate	1.1%	1.2%

The overall discount rate and the overall projected rates of remuneration growth are calculated by weighting the individual rates in accordance with the defined benefit obligation of the plans.

## Sensitivity analysis

The defined benefit obligations are calculated on the basis of various financial and demographic assumptions. The below information quantifies the consequences of a change in some key assumptions.

The effects ((gain)/loss) of the change in assumptions are as follows:

in millions of Swiss francs	Change in assumption	Effects of the change	Increase in assumption	Decrease in assumption
Discount rate	0.5%	on the current service cost	(6)	7
		on the defined benefit obligation	(193)	216
Salary increases	0.5%	on the current service cost	2	(2)
		on the defined benefit obligation	13	(12)
Pension increases	0.5%	on the current service cost	4	–
		on the defined benefit obligation	149	(39)
Medical cost trend	1.0%	on the current service cost	–	–
		on the defined benefit obligation	4	(3)
Life expectancy	1 year	on the current service cost	1	(1)
		on the defined benefit obligation	82	(83)

## Information by country

### Switzerland

According to the Swiss Federal Law on Occupational Retirement, Survivors and Disability (LPP/BVG), the pension plan is managed by an independent, legally autonomous entity which has the legal structure of a foundation. The plan was amended during the second half of 2017 principally by reducing the conversion rate used to convert the retirement savings capital into a pension and by increasing savings contributions from both the employee and employer.

The Board of Trustees of the foundation is composed of equal numbers of employee and employer representatives. Each year the Board of Trustees decides the level of interest, if any, to apply to the retirement accounts in accordance with the pension policy. It is also responsible for the investment of the assets defining the investment strategy for long-term returns with an acceptable level of risk. The foundation provides benefits on a defined contribution basis.

The majority of the employees are participants to the plan and are insured against the financial consequences of old age, disability and death. The employer and employees pay contributions to the pension plan at rates set out in the foundation rules based on a percentage of salary. The amount of the retirement account can be taken by the employee at retirement in the form of pension or capital.

Under IAS 19 employee benefits, the pension plan is classified as defined benefit plan due to the promises and underlying benefits guarantees. Consequently the pension obligation is calculated by using the projected unit credit method.

The Group expects to contribute CHF 25 million to these plans during 2020.

### United States of America

The main US pension plan is qualified under and is managed in accordance with the requirements of US federal law. In accordance with federal law the assets of the plan are legally separate from the employer and are held in a pension trust. The plan was frozen in 2016 and consequently no further accrual of benefits will continue as at the date of enforcement of the plan change.

The law requires minimum and maximum amounts that can be contributed to the trust, together with limitations on the amount of benefits that may be provided under the plan. There are named fiduciaries that are responsible for ensuring the plan is managed in accordance with the law. The fiduciaries are responsible for the investment of the assets defining the investment strategy for long-term returns with an acceptable level of risk. The plan provides benefits on a defined benefit basis.

The accrued benefits based on service to the plan freeze are payable at retirement and on death in service. With exceptions for optional lump sum amounts for certain sections of the plan, the benefits are paid out as annuities.

Under IAS 19 employee benefits, the pension obligations are calculated by using the projected unit credit method.

The Group expects to contribute CHF 5 million to these plans during 2020.

### United Kingdom

The two occupational pension schemes (Quest UK Pension Scheme and Givaudan UK Pension Plan) are arranged under the applicable UK Pension Schemes and Pensions Acts and managed as legally autonomous pension trusts by the Boards of Trustees. The plans were frozen during 2016 and consequently no further accrual benefits will continue as at the date of enforcement of the plan change.

The Boards of Trustees are composed of two employee representatives and four employer representatives, for the Quest UK Pension Scheme, and three employee representatives, three employer representatives plus two pensioner representatives for the Givaudan UK Pension Plan. The Boards of Trustees are responsible for the investment of the assets defining the investment strategy for long-term returns with an acceptable level of risk. In their respective sections, both trusts provide benefits on a defined benefit basis and are now frozen to future accruals and members.

The accrued benefits based on service to the plan freeze are payable at retirement and on death in service. With exceptions for trivial amounts, transfer values, lump sum death benefits and tax free lump sums, the benefits are paid out as annuities.

Under IAS 19 employee benefits, the pension obligations in the defined benefit sections of both the Quest UK Pension Scheme and the Givaudan UK Pension Plan are calculated by using the projected unit credit method.

The Group expects to contribute CHF 7 million to these plans during 2020.

### Rest of the world

The Group operates other retirement plans classified either as defined benefit or defined contribution plans in some other countries. No individual plan other than those described above is considered material to the Group.

The Group expects to contribute CHF 3 million to these plans in 2020.

The funding position of the funded defined benefit plans are as follows:

<b>As at 31 December 2019</b> in millions of Swiss francs	Switzerland	United States of America	United Kingdom	Other countries	Total
Present value of defined benefit obligation	1,306	450	361	89	2,206
Fair value of plan asset	957	393	392	41	1,783
<b>Deficit / (surplus)</b>	<b>349</b>	<b>57</b>	<b>(31)</b>	<b>48</b>	<b>423</b>
Funding ratio	73.3%	87.3%	108.6%	46.1%	80.8%

<b>As at 31 December 2018</b> in millions of Swiss francs	Switzerland	United States of America	United Kingdom	Other countries	Total
Present value of defined benefit obligation	1,161	404	317	76	1,958
Fair value of plan asset	894	348	337	39	1,618
<b>Deficit / (surplus)</b>	<b>267</b>	<b>56</b>	<b>(20)</b>	<b>37</b>	<b>340</b>
Funding ratio	77.0%	86.1%	106.3%	51.3%	82.6%

## Key assumptions

2019 in percentage	Switzerland	United States of America	United Kingdom
Discount rate	0.15	3.22	2.00
Future salary increases	1.99	n/a	n/a
Future pension increases	0.00	0.00	2.74
Future average life expectancy for a pensioner retiring at age 65	22.8	21.2	23.3

2018 in percentage	Switzerland	United States of America	United Kingdom
Discount rate	0.80	4.28	2.90
Future salary increases	1.99	n/a	n/a
Future pension increases	0.00	0.00	3.03
Future average life expectancy for a pensioner retiring at age 65	22.8	21.7	23.9

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for the most important countries are based on the following tables:

- Switzerland: BVG2015
- United States of America: Pri-2012
- United Kingdom: S2PA

Allowance for future improvements in mortality have been allowed for as appropriate in each country. In Switzerland the generational rates have been used adopting the CMI (2016) approach with a 1.50% long term rate of improvement. In the United States of America the published rates have been adjusted and projected in accordance with the MP-2019 scale. In the United Kingdom the rates reflect the latest (2018) CMI projections with a 1.25% long term rate of improvement.

## 9. Share-Based Payments

### Performance share plan

Performance shares are granted on a yearly basis. The performance shares are converted into tradable and transferable shares of Givaudan SA after the vesting period, subject to performance conditions. The performance metric is a combination of the average sales growth of selected peer companies and the cumulative free cash flow margin. There is no market vesting condition involved and participation in this plan is mandatory.

Year of grant	Commencing date	Vesting date	Number of shares expected to be delivered at vesting date	Fair value at grant date (CHF)
2017	31 Mar 2017	15 Apr 2020	21,713	1,621.6
2018	31 Mar 2018	15 Apr 2021	21,234	1,993.3
2019	31 Mar 2019	15 Apr 2022	17,237	2,289.6

The cost of the equity-settled instruments of CHF 40 million (2018: CHF 36 million) has been expensed in the consolidated income statement. A marginal portion of the number of shares expected to be delivered can be settled in cash in the jurisdictions where a physical delivery is not permitted.



## Equity-settled instruments related to restricted shares

Restricted shares shown in the table below have been granted on a yearly basis. These shares are tradable and transferable after the vesting period. Participation in these plans is mandatory.

Restricted shares outstanding at the end of the year have the following terms:

Year of grant	Commencing date	Vesting date	Restricted share at grant date (CHF)	Number of restricted share 2019	Number of restricted share 2018
2016	31 Mar 2016	15 Apr 2019	1,709.4		935
2017	31 Mar 2017	15 Apr 2020	1,621.6	900	900
2018	31 Mar 2018	15 Apr 2021	1,993.3	730	730
2019	31 Mar 2019	15 Apr 2022	2,289.6	630	

Of the 2,260 outstanding restricted shares (2018: 2,565), no share (2018: none) was deliverable. The cost of these equity-settled instruments of CHF 1 million (2018: CHF 2 million) has been expensed in the consolidated income statement.

Movements in the number of restricted shares outstanding are as follows:

Number of restricted shares	2019	2018
<b>As at 1 January</b>	<b>2,565</b>	<b>2,927</b>
Granted	630	730
Delivered/sold	(935)	(1,092)
<b>As at 31 December</b>	<b>2,260</b>	<b>2,565</b>

For these plans, the Group has at its disposal treasury shares.

## 10. Investments in Joint Ventures and Associates

Year of incorporation	Name of joint ventures	Principal activity	Country of incorporation	Ownership interest
2014	BGN Tech LLC	Innovative natural ingredients	USA	49%
2015	Natural Extracts International Ltd	Natural ingredient derivatives production	Mauritius	49%
2016	Vanilla International Ltd	Natural ingredient collection and extract	Mauritius	49%

Summarised financial information in respect of the Group's joint ventures is set out below. The following net assets represent 100% of the jointly controlled entities:

<b>As at 31 December</b> in millions of Swiss francs	<b>2019</b>	2018
Current assets	94	118
Non-current assets	7	40
Current liabilities	(37)	(49)
Non-current liabilities	(12)	(37)
<b>Total net assets of joint ventures</b>	<b>52</b>	<b>72</b>
<b>As at 31 December</b> in millions of Swiss francs	<b>2019</b>	2018
Income	17	29
Expenses	(16)	(28)

Jiangsu Xinrui Aromatics Ltd, manufacturing fragrance ingredients in China, became an associate in 2019 in accordance with the new terms and conditions set in the arrangement. The Group's ownership interest is 49%. As at 31 December 2019, the total assets were CHF 55 million (2018: CHF 67 million) with a total liabilities of CHF 36 million (2018: CHF 46 million) resulting in a total net assets of CHF 19 million (2018: CHF 21 million).

## 11. Other Operating Income

in millions of Swiss francs	2019	2018
Gains on disposal of fixed assets	1	26
Other income	40	37
<b>Total other operating income</b>	<b>41</b>	<b>63</b>

The other income in 2019 includes CHF 10 million of insurance income recoverable in relation to the provision that the Group has recorded for the Passaic river environmental matter (Note 26). Included in the gains on disposal of fixed assets in 2018, is a gain of CHF 25 million realised on the sale of the Zurich Innovation Centre (ZIC) (Note 21). For the year ended 31 December 2018 the Group received CHF 20 million of insurance proceeds in relation to prior year environmental litigation costs.

## 12. Other Operating Expense

in millions of Swiss francs	2019	2018
Project related expenses <sup>a</sup>	34	41
Amortisation of intangible assets	12	10
Impairment of long-lived assets	1	10
Losses on disposal of fixed assets	5	5
Environmental provisions	–	2
Business taxes	20	14
Acquisition and integration related expenses	29	19
Other expenses	14	12
<b>Total other operating expense</b>	<b>115</b>	<b>113</b>

a) Primarily relates to Givaudan Business Solutions (GBS).

## 13. Expenses by Nature

in millions of Swiss francs	Note	2019	2018
Raw materials and consumables used		2,714	2,374
Total employee remuneration	8	1,405	1,289
Depreciation, amortisation and impairment charges	21, 22	355	262
Transportation expenses		61	53
Freight expenses		131	112
Consulting and service expenses		146	151
Energies		78	64
IT related costs		63	53
Other expenses		330	286
<b>Total operating expenses by nature</b>		<b>5,283</b>	<b>4,644</b>

## 14. Financing Costs

in millions of Swiss francs	Note	2019	2018
Interest expense <sup>a</sup>		68	42
Net interest related to defined benefit pension plans	8	9	10
Derivative interest (gains) losses		1	
Amortisation of debt discounts		1	3
<b>Total financing costs</b>		<b>79</b>	<b>55</b>

a) Out of which CHF 9 million are interest expenses on lease liabilities.

## 15. Other Financial (Income) Expense, Net

in millions of Swiss francs	2019	2018
Fair value and realised (gains) losses from derivatives instruments, net (at fair value through income statement)	20	23
Exchange (gains) losses, net	5	16
Unrealised (gains) losses from financial instruments measured at fair value through income statement	(12)	4
Interest (income)	(5)	(3)
Capital taxes and other non-business taxes	11	10
Other (income) expense, net	14	6
<b>Total other financial (income) expense, net</b>	<b>33</b>	<b>56</b>

## 16. Income Taxes

Amounts charged to (credited in) the consolidated statement of comprehensive income are as follows:

in millions of Swiss francs	2019				2018			
	Income statement	Other comprehensive income	Own equity instruments	Total	Income statement	Other comprehensive income	Own equity instruments	Total
<b>Current taxes</b>								
- in respect of current year	140	(5)		135	129	2		131
- in respect of prior years	(9)			(9)	–			–
<b>Deferred taxes</b>								
- in respect of current year	(21)	(11)		(32)	(17)	33		16
- reclassified from equity to income statement					–	–		–
- in respect of prior years	(4)	21		17	(3)			(3)
<b>Total income tax expense</b>	<b>106</b>	<b>5</b>		<b>111</b>	<b>109</b>	<b>35</b>		<b>144</b>

Since the Group operates globally, it is subject to income taxes in many different tax jurisdictions. As such, in determining the provision for income taxes, judgment is required as there are transactions for which the ultimate tax determination is uncertain at the time of preparing the financial statements. As a result, any differences between the final tax outcome and the amounts that were initially recorded impact the current and deferred taxes in the period in which such final determinations are made.

The Group calculates on the basis of the income statement its average applicable tax rate as a weighted average of the tax rates in the tax jurisdictions in which the Group operates, including research tax credits and withholding tax on dividends, interest and royalties.

The Group's average applicable tax rate differs from the Group's effective tax rate as follows:

	2019	2018
<b>Group's average applicable tax rate</b>	<b>14%</b>	<b>15%</b>
<b>Tax effect of</b>		
Income not taxable	(4%)	(2%)
Expenses not deductible	4%	1%
Change in tax rate	–	–
Other adjustments of income taxes of prior years	(2%)	(1%)
Other differences	1%	1%
<b>Group's effective tax rate</b>	<b>13%</b>	<b>14%</b>

The variation in the Group's average applicable tax rate arises due to changes in the composition of the Group's profitability within the Group's subsidiaries, in accordance with the Group's business profile in terms of geographical presence, product mix and customer portfolio, as well as external factors related to changes in local statutory tax rates.

The Group has assessed the impact of the Swiss Tax Reform that will be effective as from 1 January 2020 and has revalued the deferred tax balances applicable in Switzerland.

In December 2017 the United States of America introduced a new tax law with an effective date of 1 January 2018. The new law contains a Corporate Tax rate of 21% compared to 35% under the previous tax law. The revised rate has been applied to the temporary differences recognised in the 2018 statement of financial position of the Group's United States subsidiaries.

## Income tax assets and liabilities

Amounts recognised in the statement of financial position related to income taxes are as follows:

As at 31 December in millions of Swiss francs	2019	2018
Current income tax assets	50	41
Current income tax liabilities	(111)	(95)
<b>Total net current income tax asset (liability)</b>	<b>(61)</b>	<b>(54)</b>

2019 in millions of Swiss francs	Property, plant & equipment	Intangible assets	Pension plans	Tax loss carry forward	Other differences	Total
<b>Net deferred tax asset (liability) as at 1 January</b>	<b>(140)</b>	<b>(178)</b>	<b>112</b>	<b>17</b>	<b>159</b>	<b>(30)</b>
Acquisition	(7)	(47)	1	–	1	(52)
(Credited) debited to consolidated income statement	18	15	5	12	(25)	25
(Credited) debited to other comprehensive income			(3)		(7)	(10)
(Credited) debited to own equity instruments					–	–
Currency translation effects	1	3	(2)	–	(4)	(2)
<b>Net deferred tax asset (liability) as at 31 December</b>	<b>(128)</b>	<b>(207)</b>	<b>113</b>	<b>29</b>	<b>124</b>	<b>(69)</b>
Deferred tax assets						211
Deferred tax liabilities						(280)
<b>Net deferred tax asset (liability) as at 31 December</b>						<b>(69)</b>

2018 in millions of Swiss francs	Property, plant & equipment	Intangible assets	Pension plans	Tax loss carry forward	Other differences	Total
<b>Net deferred tax asset (liability) as at 1 January</b>	<b>(87)</b>	<b>(59)</b>	<b>144</b>	<b>6</b>	<b>104</b>	<b>108</b>
Acquisition	(13)	(120)	1	12	3	(117)
(Credited) debited to consolidated income statement	8	3	3	(1)	7	20
(Credited) debited to other comprehensive income			(35)		2	(33)
(Credited) debited to own equity instruments					–	–
Currency translation effects	(3)	(2)	(1)	–	(2)	(8)
<b>Net deferred tax asset (liability) as at 31 December</b>	<b>(95)</b>	<b>(178)</b>	<b>112</b>	<b>17</b>	<b>114</b>	<b>(30)</b>
Deferred tax assets						208
Deferred tax liabilities						(238)
<b>Net deferred tax asset (liability) as at 31 December</b>						<b>(30)</b>

Amounts recognised in the statement of financial position for deferred taxes are reported as non-current assets and non-current liabilities. The current portion will be charged or credited to the consolidated income statement during 2020.

Deferred tax assets on loss carry forwards of CHF 29 million (2018: CHF 21 million) have been recognised principally in the subsidiaries in France and in the USA, the majority of which expires after 2022. The management considers that there will be future taxable profit available against which these tax losses can be recovered. Deferred tax assets on unused tax losses of CHF 17 million (2018: CHF 16 million) which have not been recognised are mainly located in subsidiaries in Spain and India.

Deferred tax assets on tax credits of CHF 71 million (2018: CHF 74 million) have been recognised.

A deferred tax liability of CHF 26 million has been recognised in 2019 (2018: CHF 28 million) for certain foreign subsidiaries which have undistributed earnings subject to withholding tax when paid out as dividend as the parent entity is in a position to forecast the timing of distributions expected in the foreseeable future, whereas no deferred tax liability could be recognised for undistributed earnings of CHF 534 million (2018: CHF 492 million).

## 17. Earnings per Share

### Basic earnings per share

Basic earnings per share is calculated by dividing the income for the period attributable to shareholders by the weighted average number of shares outstanding:

	2019	2018
<b>Income attributable to equity holder of the parent (in millions of Swiss francs)</b>	<b>702</b>	<b>663</b>
<b>Weighted average number of shares outstanding</b>		
Ordinary shares	9,233,586	9,233,586
Treasury shares	(17,354)	(14,812)
<b>Net weighted average number of shares outstanding</b>	<b>9,216,232</b>	<b>9,218,774</b>
<b>Basic earnings per share (CHF)</b>	<b>76.17</b>	<b>71.92</b>

### Diluted earnings per share

For the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted to assume conversion of all potentially dilutive shares:

	2019	2018
<b>Income attributable to equity holder of the parent (in millions of Swiss francs)</b>	<b>702</b>	<b>663</b>
<b>Weighted average number of shares outstanding for diluted earnings per share of 70,619 (2018: 72,781)</b>	<b>9,286,851</b>	<b>9,291,555</b>
<b>Diluted earnings per share (CHF)</b>	<b>75.59</b>	<b>71.36</b>

## 18. Cash and Cash Equivalents

in millions of Swiss francs	2019	2018
Cash on hand and balances with banks	379	267
Short-term investments	73	156
<b>Balance as at 31 December</b>	<b>452</b>	<b>423</b>

## 19. Accounts Receivable – Trade

in millions of Swiss francs	<b>2019</b>	2018
Accounts receivable	1,384	1,271
Notes receivable	1	3
Less: allowance for doubtful accounts	(20)	(21)
<b>Balance as at 31 December</b>	<b>1,365</b>	<b>1,253</b>

Ageing list:

in millions of Swiss francs	<b>2019</b>	2018
Neither past due nor impaired	1,269	1,154
Less than 30 days	78	77
30 – 60 days	17	17
60 – 90 days	7	6
Above 90 days	14	20
Less: allowance for doubtful accounts	(20)	(21)
<b>Balance as at 31 December</b>	<b>1,365</b>	<b>1,253</b>

Movement in the allowance for doubtful accounts:

in millions of Swiss francs	<b>2019</b>	2018
<b>Balance as at 1 January</b>	<b>(21)</b>	<b>(16)</b>
Increase in allowance for doubtful accounts recognised in consolidated income statement	(4)	(7)
Amounts written off as uncollectible	1	–
Reversal of allowance for doubtful accounts	3	1
Currency translation effects	1	1
<b>Balance as at 31 December</b>	<b>(20)</b>	<b>(21)</b>

No significant impairment charge has been recognised in the consolidated income statement in 2019 or in 2018. Past due and impaired receivables are still considered recoverable. The carrying amount of accounts receivable – trade is considered to correspond to the fair value.

## 20. Inventories

in millions of Swiss francs	<b>2019</b>	2018
Raw materials and supplies	438	425
Work in process	26	30
Intermediate and finished goods	747	706
Less: allowance for slow moving and obsolete inventories	(62)	(63)
<b>Balance as at 31 December</b>	<b>1,149</b>	<b>1,098</b>

In 2019 the amount of write-down of inventories was CHF 40 million (2018: CHF 36 million). At 31 December 2019 and 2018 no significant inventory was valued at net realisable value.

## 21. Property, Plant and Equipment

	Acquired Property, Plant & Equipment					Right-of-Use Assets			
	Land	Buildings and land improvements	Machinery, equipment and vehicles	Construction in progress	Total Acquired PP&E	Buildings, land and improvements	Machinery, equipment and vehicles	Right-of-Use Assets	Total Property, Plant & Equipment
<b>2019</b> in millions of Swiss francs									
<b>Net book value</b>									
<b>Balance as at 1 January</b>	<b>131</b>	<b>821</b>	<b>592</b>	<b>205</b>	<b>1,749</b>	<b>246</b>	<b>17</b>	<b>263</b>	<b>2,012</b>
Additions		1	7	270	278	198	14	212	490
Acquisitions	3	29	10	2	44	19	1	20	64
Disposals		(3)	(3)		(6)		(3)	(3)	(9)
Transfers		116	134	(250)					
Impairment		(1)	–		(1)				(1)
Depreciation		(46)	(101)		(147)	(39)	(7)	(46)	(193)
Reclassified as assets held for sale	(1)	(2)			(3)				(3)
Currency translation effects	(2)	(14)	(8)	(5)	(29)	(5)	–	(5)	(34)
<b>Balance as at 31 December</b>	<b>131</b>	<b>901</b>	<b>631</b>	<b>222</b>	<b>1,885</b>	<b>419</b>	<b>22</b>	<b>441</b>	<b>2,326</b>
Cost	131	1,449	1,855	222	3,657	457	29	486	4,143
Accumulated depreciation		(535)	(1,214)		(1,749)	(38)	(7)	(45)	(1,794)
Accumulated impairment		(13)	(10)		(23)				(23)
<b>Balance as at 31 December</b>	<b>131</b>	<b>901</b>	<b>631</b>	<b>222</b>	<b>1,885</b>	<b>419</b>	<b>22</b>	<b>441</b>	<b>2,326</b>

The expense related to the low-value and short-term leases amounts to CHF 1 million and CHF 6 million respectively.

The Group leases various offices, warehouses, machinery and equipment. Rental contracts are typically made for fixed periods of 1 to 30 years, but may have extension and termination options, used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. During the current financial year, no significant financial effect was triggered by revision of lease terms.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

2018 in millions of Swiss francs					
	Land	Buildings and land improvements	Machinery, equipment and vehicles	Construction in progress	Total
<b>Net book value</b>					
<b>Balance as at 1 January</b>	<b>109</b>	<b>738</b>	<b>535</b>	<b>197</b>	<b>1,579</b>
Additions	–	4	10	244	258
Acquisitions	24	112	73	22	231
Disposals	(7)	(135)	(3)		(145)
Transfers	10	155	84	(249)	
Impairment			(8)		(8)
Depreciation		(38)	(89)		(127)
Reclassified as investment property					
Currency translation effects	(2)	(8)	(10)	(9)	(29)
<b>Balance as at 31 December</b>	<b>134</b>	<b>828</b>	<b>592</b>	<b>205</b>	<b>1,759</b>
Cost	134	1,334	1,750	205	3,423
Accumulated depreciation		(491)	(1,146)		(1,637)
Accumulated impairment		(15)	(12)		(27)
<b>Balance as at 31 December</b>	<b>134</b>	<b>828</b>	<b>592</b>	<b>205</b>	<b>1,759</b>

At 31 December 2019 and 2018 no significant capitalised borrowing costs were accounted for.

In 2018 the Group sold and leased back the Zurich Innovation Centre (ZIC) for an amount of CHF 173 million. CHF 100 million was received in 2018 and the remainder was received at completion of the centre in 2019. The gain realised on the sale of CHF 25 million was recognised in other operating income in 2018.

## 22. Intangible Assets

2019 in millions of Swiss francs	Goodwill	Process-oriented technology and other	Client relationships	Supplier relationships	Name and product brands	Software/ERP system	Total
<b>Net book value</b>							
<b>Balance as at 1 January</b>	<b>2,968</b>	<b>287</b>	<b>511</b>	<b>37</b>	<b>57</b>	<b>148</b>	<b>4,008</b>
Additions						53	53
Acquisitions	225	61	152	2	7	1	448
Amortisation		(52)	(52)	(14)	(5)	(38)	(161)
Currency translation effects	(47)	(6)	(7)	–	(2)	–	(62)
<b>Balance as at 31 December</b>	<b>3,146</b>	<b>290</b>	<b>604</b>	<b>25</b>	<b>57</b>	<b>164</b>	<b>4,286</b>
Cost	3,146	1,059	931	44	69	774	6,023
Accumulated amortisation		(763)	(327)	(19)	(12)	(610)	(1,731)
Accumulated impairment		(6)					(6)
<b>Balance as at 31 December</b>	<b>3,146</b>	<b>290</b>	<b>604</b>	<b>25</b>	<b>57</b>	<b>164</b>	<b>4,286</b>

2018 in millions of Swiss francs	Goodwill <sup>a</sup>	Process-oriented technology and other	Client relationships	Supplier relationships	Name and product brands	Software/ERP system	Total <sup>a</sup>
<b>Net book value</b>							
<b>Balance as at 1 January</b>	<b>1,912</b>	<b>190</b>	<b>243</b>		<b>4</b>	<b>133</b>	<b>2,482</b>
Additions		7				48	55
Acquisitions	1,109	142	313	42	58	5	1,669
Disposals		(2)					(2)
Impairment		(2)					(2)
Amortisation		(42)	(36)	(5)	(4)	(38)	(125)
Currency translation effects	(53)	(6)	(9)		(1)	–	(69)
<b>Balance as at 31 December</b>	<b>2,968</b>	<b>287</b>	<b>511</b>	<b>37</b>	<b>57</b>	<b>148</b>	<b>4,008</b>
Cost	2,968	1,004	787	42	64	720	5,585
Accumulated amortisation		(711)	(276)	(5)	(7)	(572)	(1,571)
Accumulated impairment		(6)					(6)
<b>Balance as at 31 December</b>	<b>2,968</b>	<b>287</b>	<b>511</b>	<b>37</b>	<b>57</b>	<b>148</b>	<b>4,008</b>

a) The goodwill balance as at 31 December 2018 has been restated to reflect the Naturex acquisition price allocation adjustment of CHF 9 million explained and detailed in note 6.

Classification of amortisation expenses is as follows:

in millions of Swiss francs	2019			2018		
	Fragrances	Flavours	Total	Fragrances	Flavours	Total
Cost of sales	8	10	18	5	10	15
Selling, marketing and distribution expenses	21	24	45	16	24	40
Research and product development expenses	11	58	69	15	33	48
Administration expenses	4	13	17	4	8	12
Other operating expenses	5	7	12	4	6	10
<b>Total</b>	<b>49</b>	<b>112</b>	<b>161</b>	<b>44</b>	<b>81</b>	<b>125</b>



## Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs), which are defined as the Flavour Division and the Fragrance Division, which itself includes two lower levels of cash-generating units related to Expressions Parfumées and Fragrance Oils. Goodwill allocated to these CGUs was CHF 2,214 million (2018: CHF 2,245 million) to the Flavour Division, CHF 685 million (2018: CHF 574 million) to the Fragrance Division, CHF 135 million (2018: CHF 140 million) to Expressions Parfumées, and CHF 112 million (2018: none) to Fragrance Oils.

The recoverable amount of each CGU has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial business plans and budgets approved by management covering a five year period, as well as a terminal value. The basis of the key assumptions is market growth adjusted for estimated market share gains. The terminal value assumes the long-term inflation rate for growth beyond the five year period. The discount rate used to discount the estimated future cash flows has a number of components which are derived from capital market information where the cost of equity corresponds to the return expected by the shareholders by benchmarking with comparable companies in the fragrance and flavour industry, and where the cost of debt is based on the conditions on which companies with similar credit rating can obtain financing.

A discount rate of 8.9% (2018: 10.9%) was applied to cash flow projections of the Fragrance Division, 8.9% (2018: 10.7%) was applied to cash flow projections of the Flavour Division, 8.5% (2018: 11.8%) was applied to cash flow projections of Expressions Parfumées and 10.8% (2018: none) was applied to cash flow projections of Fragrance Oils. These discount rates are pre-tax.

No impairment loss in any of the CGUs resulted from the impairment tests for goodwill. The Group has conducted an analysis of the sensitivity of the impairment test to changes in the cash flows and in the discount rate in the periods presented. Management believes that any reasonable change in the assumptions would not cause the carrying amount to exceed the recoverable amount of each CGU.

## Process-oriented technology and other

This consists mainly of process-oriented technology, formulas, molecules, delivery systems as well as process knowledge and research expertise in innovative cosmetic solutions, acquired when the Group purchased Food Ingredients Specialties (FIS), International Bioflavors (IBF), Quest International, Soliance, Induchem, Spicetec, Activ International, Vika, Centroflora Nutra, Expressions Parfumées, Naturex, Albert Vieille, AMSilk, Golden Frog, drom and Fragrance Oils.

## Client relationships

As part of the acquisition of Quest International, Induchem, Spicetec, Activ International, Vika, Centroflora Nutra, Expressions Parfumées, Naturex, Albert Vieille, Golden Frog, drom and Fragrance Oils, the Group acquired client relationships in the Flavour and Fragrance Divisions, mainly consisting of client relationships with key customers.

## Supplier relationships

As part of the acquisition of Naturex and Albert Vieille, the Group acquired supplier relationships in the Flavour and Fragrance Divisions, mainly consisting of relationships with key suppliers.

## Name and product brands

In connection with the acquisition of Induchem, Spicetec, Activ International, Vika, Centroflora Nutra, Expressions Parfumées, Naturex, Albert Vieille, Golden Frog, drom and Fragrance Oils the Group acquired name and product brands in active beauty and in natural flavour businesses.

## Software/ERP system

This consists of internally generated intangible assets associated with the development of identifiable software products and ERP systems.

The residual useful lives of the acquired intangible assets carried at cost, being their fair value at acquisition date, are determined in accordance with the principles set out in Note 2.17. Remaining useful lives of major classes of amortisable intangible assets are as follows:

– Software	2.8 years
– Name and product brands	14.7 years
– Process-oriented technology and other	6.3 years
– Client relationships	14.9 years
– Supplier relationships	1.7 years

## 23. Investment Property

In 2017 the Group entered into an agreement to develop real estate at its facility in Kempththal with a third party. As the agreement met the criteria of IAS 40, the value of land and buildings was transferred to Investment property. During the year 2018 most of the asset was sold at cost price. The remaining asset of CHF 2 million was sold in 2019.

## 24. Debt

2019 in millions of Swiss francs	Bank borrowings	Bank facility	Bank overdrafts	Public bonds	Private placements	Total short-term and long-term debt	Total lease liabilities	Total debt
<b>Balance as at 1 January</b>	<b>11</b>	<b>169</b>	<b>3</b>	<b>2,505</b>	<b>582</b>	<b>3,270</b>	<b>260</b>	<b>3,530</b>
Cash flows	31	431	(1)			461	(52)	409
Non-cash changes								
- Amortisation of debt discount				1		1	9	10
- Acquisition / Divestment	31		1			32	20	52
- Currency effects	(5)		(1)	(53)	(15)	(74)	(2)	(76)
- Lease liabilities							206	206
<b>Balance as at 31 December</b>	<b>68</b>	<b>600</b>	<b>2</b>	<b>2,453</b>	<b>567</b>	<b>3,690</b>	<b>441</b>	<b>4,131</b>
Within 1 year	2		2	250	39	293	42	335
Within 1 to 3 years	18			249	108	375	49	424
Within 3 to 5 years	40	600		150	362	1,152	35	1,187
Thereafter	8			1,804	58	1,870	315	2,185
<b>Balance as at 31 December</b>	<b>68</b>	<b>600</b>	<b>2</b>	<b>2,453</b>	<b>567</b>	<b>3,690</b>	<b>441</b>	<b>4,131</b>

2018 in millions of Swiss francs	Bank borrowings	Bank facility	Bank overdrafts	Public bonds	Private placements	Total short-term and long-term debt
<b>Balance as at 1 January</b>	<b>10</b>		<b>7</b>	<b>998</b>	<b>593</b>	<b>1,608</b>
Cash flows	(229)	169	(5)	1,503		1,438
Non-cash changes						
- Amortisation of debt discount	2			1	–	3
- Acquisition / Divestment	259		1			260
- Currency effects	(31)	–		3	(11)	(39)
<b>Balance as at 31 December</b>	<b>11</b>	<b>169</b>	<b>3</b>	<b>2,505</b>	<b>582</b>	<b>3,270</b>
Within 1 year	1		3			4
Within 1 to 3 years	5			400	39	444
Within 3 to 5 years	4	169		100	259	532
Thereafter	1			2,005	284	2,290
<b>Balance as at 31 December</b>	<b>11</b>	<b>169</b>	<b>3</b>	<b>2,505</b>	<b>582</b>	<b>3,270</b>

The Group entered into the following debt transactions:

Issuer	Issue date	Type of debt	Currency of principal	Principal amount in millions	Redeemable	Interest rate	Type of interest	2019	2018	
								in millions of Swiss francs		
Givaudan SA	2011	Public bonds	CHF	150	07 Dec 2021	2.125%	Fixed	149	149	
Givaudan United States, Inc.	2012	Private placements <sup>a</sup>	USD	40	06 Feb 2020	2.740%		39	39	
			USD	150	06 Feb 2023	3.300%		145	147	
			USD	60	06 Feb 2025	3.450%		58	59	
			2014	Public bonds	CHF	100	18 Sep 2020	1.000%	100	100
CHF	150	19 Mar 2024			1.750%	150	150			
2016	CHF	100			07 Dec 2022	0.000%	100	100		
	CHF	200			05 Dec 2031	0.625%	200	200		
Givaudan SA	2017	Private placements	EUR	100	20 Dec 2022		Floating	108	112	
			EUR	200	20 Dec 2024	1.331%	Fixed	217	225	
	2018	Public bonds	CHF	150	09 Apr 2020		Floating	150	151	
			CHF	200	09 Apr 2025	0.375%	Fixed	200	200	
			EUR	500	17 Sep 2025	1.125%		540	559	
			EUR	800	17 Sep 2030	2.000%	864	896		
	2018	Group bank credit facility	EUR	150	26 Jun 2023		Floating		169	
	2019		CHF	600		600				
	Other entities	2018	Other local borrowings	EUR	10	Various maturities	1.20%	Fixed		11
		EUR		7	1.18%		8			
2019		CNY		426			Floating	59		
		other						3	3	
		Total short-term and long-term debt as at 31 December								3,690

a) There are various covenants contained in these transactions covering conditions on net worth, indebtedness and EBITDA ratio to net interest expense of Givaudan United States, Inc. The company is and has been in full compliance with the covenants set.

The weighted average effective interest rates at the statement of financial position date were as follows:

	2019	2018
Private placements (USD)	3.2%	3.2%
Private placements (EUR)	1.1%	1.1%
Straight bond (EUR)	1.7%	1.7%
Straight bond (CHF)	0.8%	0.8%
Bank facility	0.9%	0.5%
<b>Weighted average effective interest rate on gross debt</b>	<b>1.3%</b>	<b>1.4%</b>

## 25. Changes in Liabilities Arising from Financing Activities

	Cash impact		Non-cash changes				Balance as at 31 December
	Balance as at 1 January	Cash flows Inflow (Outflow)	Amortisation of debt discount / premium and interest expense	Acquisition / Divestment	Fair values changes and Others	Currency effects	
<b>2019</b> in millions of Swiss francs							
Total short-term and long-term debt	3,270	461	1	32		(74)	3,690
Interest on liabilities	13	(51)			51	–	13
Derivative financial instruments	43				55	–	98
Lease liabilities	260	(52)	9	20	206	(2)	441
Others, net	17	(7)			9	–	19
<b>Total liabilities from financing activities</b>	<b>3,603</b>	<b>351</b>	<b>10</b>	<b>52</b>	<b>321</b>	<b>(76)</b>	<b>4,261</b>

	Cash impact		Non-cash changes				Balance as at 31 December
	Balance as at 1 January	Cash flows Inflow (Outflow)	Amortisation of debt discount / premium	Acquisition / Divestment	Fair values changes and Others	Currency effects	
<b>2018</b> in millions of Swiss francs							
Total short-term and long-term debt	1,608	1,438	3	260		(39)	3,270
Interest on liabilities	8	(29)			34	–	13
Derivative financial instruments	60	(22)		2	3	–	43
Lease liabilities		–		7	–	–	7
Others, net	13	(5)		1	8	–	17
<b>Total liabilities from financing activities</b>	<b>1,689</b>	<b>1,382</b>	<b>3</b>	<b>270</b>	<b>45</b>	<b>(39)</b>	<b>3,350</b>

## 26. Provisions

<b>2019</b> in millions of Swiss francs	Restructuring	Claims and litigation	Environmental	Others	Total
<b>Balance as at 1 January</b>	<b>25</b>	<b>12</b>	<b>26</b>	<b>34</b>	<b>97</b>
Additional provisions		3	3	9	15
Unused amounts reversed	(2)	–	–	(1)	(3)
Utilised during the year	(9)	(5)	(2)	(5)	(21)
Currency translation effects	–	–	–	(1)	(1)
<b>Balance as at 31 December</b>	<b>14</b>	<b>10</b>	<b>27</b>	<b>36</b>	<b>87</b>
Current liabilities	10	2	3	3	18
Non-current liabilities	4	8	24	33	69
<b>Balance as at 31 December</b>	<b>14</b>	<b>10</b>	<b>27</b>	<b>36</b>	<b>87</b>

<b>2018</b> in millions of Swiss francs	Restructuring	Claims and litigation	Environmental	Others	Total
<b>Balance as at 1 January</b>	<b>58</b>	<b>10</b>	<b>24</b>	<b>32</b>	<b>124</b>
Acquisitions		4		1	5
Additional provisions	9	2	3	5	19
Unused amounts reversed	(24)	(1)		(1)	(26)
Utilised during the year	(18)	(3)	(1)	(3)	(25)
Currency translation effects	–	–	–	–	–
<b>Balance as at 31 December</b>	<b>25</b>	<b>12</b>	<b>26</b>	<b>34</b>	<b>97</b>
Current liabilities	17	2	4	1	24
Non-current liabilities	8	10	22	33	73
<b>Balance as at 31 December</b>	<b>25</b>	<b>12</b>	<b>26</b>	<b>34</b>	<b>97</b>

Significant judgment is required in determining the various provisions. A range of possible outcomes is determined to make reliable estimates of the obligation that is sufficient for the recognition of a provision. Differences between the final obligations and the amounts that were initially recognised impact the income statement in the period in which such determination is made.

### Restructuring provisions

Restructuring provisions arise from reorganisations of the Group's operations and management structure primarily related to Givaudan Business Solutions (GBS) and from reorganisations in the Flavour division. During the year 2018, CHF 24 million, that was initially related to the provision for GBS, was reversed due to the fact that the number of personnel eligible for severance was lower than originally estimated.

### Claims and litigation

These provisions are made in respect of legal claims brought against the Group and potential litigations. Related estimated legal fees are also included in these provisions.

### Environmental

Givaudan's affiliate, Givaudan Fragrances Corporation, is one of approximately 100 companies identified by the US Environmental Protection Agency ('EPA') as 'Potentially Responsible Parties' ('PRP') for alleged contamination of the Passaic River. The EPA released a Focused Feasibility Study ('FFS') covering only the lower 8 miles of the River in 2014. In March 2016, the EPA issued its Record of Decision ('ROD') to confirm the remediation solution related to the FFS. The chosen solution entails a bank-to-bank dredge of the River, and the installation of an engineered cap, with an estimated cost of CHF 1.4 billion. One PRP agreed in 2016 to conduct the detailed remediation design, which is expected to take up to four years to complete. The EPA has also selected an expert to work with the PRP's on the allocation of the remediation costs, which is expected to take approximately two years to conclude.

The Cooperating Parties Group ('CPG'), of which Givaudan had been a member, issued a draft Remedial Investigation/Feasibility Study ('RI/FS') in April 2014, which proposed a Sustainable Remedy for the entire lower 17 miles of the River. The CPG is still responding to EPA comments on the RI/FS, which remains in draft form today.

At this time, there are many uncertainties associated with the final remediation plan and the Company's share of the costs, if any. However, in accordance with accounting guidance, the Group has recorded a reserve which it believes can reasonably be expected to cover the Company's obligation, if any, given the information currently available.

The other material components of the environmental provisions consist of costs to sufficiently clean and refurbish contaminated sites and to treat where necessary.

### Other provisions

These consist largely of provisions related to long-term deferred compensation plan and to restoring expenses related to leased facilities.

## 27. Own Equity Instruments

Details of own equity instruments are as follows:

As at 31 December 2019	Settlement	Category	Maturity	Strike price (CHF)	in equivalent shares	Fair value in millions of Swiss francs
Registered shares		Equity			15,541	36
Purchased calls	Gross shares	Equity	2020 - 2021	1,704.0 - 2,884.0	49,000	37
Written puts	Gross shares	Financial liability	2020 - 2021	1,704.0 - 2,794.0	49,000	1

As at 31 December 2018	Settlement	Category	Maturity	Strike price (CHF)	in equivalent shares	Fair value in millions of Swiss francs
Registered shares		Equity			11,906	27
Purchased calls	Gross shares	Equity	2019	1,753.5 - 2,232.0	53,000	17
Written puts	Gross shares	Financial liability	2019	1,753.5 - 2,192.0	47,000	2

## 28. Equity

### Share capital

As at 31 December 2019 the share capital amounts to CHF 92,335,860, divided into 9,233,586 fully paid-up registered shares, with a nominal value of CHF 10.00 each. Every share gives the right to one vote.

The Board of Directors has at its disposal conditional capital of a maximum aggregate amount of CHF 7,481,980 that may be issued through a maximum of 748,198 registered shares, of which a maximum of CHF 1,618,200 can be used for executive share option plans.

At the Annual General Meeting held on 28 March 2019 the distribution of an ordinary dividend of CHF 60.00 per share (2018: CHF 58.00 per share) was approved. The dividend payment has been paid out of available retained earnings.

Movements in own equity instruments are as follows:

	Number	Price in Swiss francs			Total in millions of Swiss francs
		High	Average	Low	
<b>2019</b>					
<b>Balance as at 1 January</b>	<b>11,906</b>				<b>142</b>
Purchases at cost	26,000	2,154.0	1,968.3	1,800.0	51
Sales and transfers	(22,365)	1,858.0	1,858.0	1,858.0	(42)
(Gains) losses, net recognised in equity					
<b>Movement on registered shares, net</b>					<b>9</b>
<b>Movement on derivatives on own shares, net</b>					<b>17</b>
<b>Income taxes</b>					
<b>Balance as at 31 December</b>	<b>15,541</b>				<b>168</b>
	Number	Price in Swiss francs			Total in millions of Swiss francs
		High	Average	Low	
<b>2018</b>					
<b>Balance as at 1 January</b>	<b>23,838</b>				<b>157</b>
Purchases at cost	12,312	1,959.0	1,877.2	1,791.0	23
Sales and transfers	(24,244)	1,844.0	1,844.0	1,844.0	(45)
(Gains) losses, net recognised in equity					
<b>Movement on registered shares, net</b>					<b>(22)</b>
<b>Movement on derivatives on own shares, net</b>					<b>7</b>
<b>Income taxes</b>					
<b>Balance as at 31 December</b>	<b>11,906</b>				<b>142</b>

## 29. Commitments

As at 31 December 2018 the Group had operating lease commitments mainly related to buildings. Future minimum payments under non-cancellable operating leases in 2018 were as follows:

in millions of Swiss francs	2018
Within one year	46
Within two to five years	125
Thereafter	206
<b>Total minimum payments</b>	<b>377</b>

The total minimum operating lease commitments in 2018 include the lease back commitment of CHF 184 million of the Zurich Innovation Centre (ZIC) that was sold in December 2018 (Note 21).

From 1 January 2019, as in accordance with IFRS 16, the Group has recognised right-of-use assets and lease liabilities for these commitments, except for short-term and low-value leases (Note 2.1.1).

The charge in the consolidated income statement for all operating leases was CHF 14 million (2018: CHF 48 million).

The Group has capital commitments for the purchase or construction of property, plant and equipment totalling CHF 28 million (2018: CHF 111 million).

### 30. Contingent Liabilities

From time to time and in varying degrees, Group operations and earnings continue to be affected by political, legislative, fiscal and regulatory developments, including those relating to environmental protection, in the countries in which it operates.

The activities in which the Group is engaged are also subject to physical risks of various kinds. The nature and frequency of these developments and events, not all of which are covered by insurance, as well as their effect on the future operations and earnings are not predictable.

Givaudan Group companies are involved in various legal and regulatory proceedings of a nature considered typical of its business, including contractual disputes and employment litigation.

One of the Group's US affiliates, Givaudan Flavors Corporation was named as a defendant in several lawsuits brought against it and other flavour and raw chemical supply companies. The plaintiffs alleged that they sustained pulmonary injuries due to diacetyl-containing butter flavours manufactured by one or more of the flavour and raw chemical supply company defendants. The majority of the cases filed against Givaudan Flavors Corporation have been settled. The Group has already recovered or will recover amounts it is entitled to under the terms of its insurance policies.

### 31. Related Parties

Transactions between Givaudan SA and its subsidiaries, which are related parties of Givaudan SA, have been eliminated on consolidation and are not disclosed in this note.

#### Compensation of key management personnel

The compensation of the Board of Directors and the Executive Committee during the year was as follows:

in millions of Swiss francs	2019	2018
Salaries and other short-term benefits	12	11
Post-employment benefits	1	1
Share-based payments	11	13
<b>Total compensation</b>	<b>24</b>	<b>25</b>

No other related party transactions have taken place during 2019 (2018: nil) between the Group and the key management personnel.

#### Reconciliation table to the Swiss code of obligations

in millions of Swiss francs	IFRS		Adjustments <sup>a</sup>		Swiss CO (Art. 663b <sup>bb</sup> )	
	2019	2018	2019	2018	2019	2018
Salaries and other short-term benefits	12	11	(4)	(4)	8	7
Post-employment benefits	1	1	1	1	2	2
Share-based payments	11	13	(1)	(2)	10	11
<b>Total compensation</b>	<b>24</b>	<b>25</b>	<b>(4)</b>	<b>(5)</b>	<b>20</b>	<b>20</b>

a) IFRS information is adjusted mainly to the recognition of the share-based payments, IFRS 2 versus economic value at grant date. IFRS information also includes security costs.

There are no other significant related party transactions including in the jointly controlled entities.

## 32. Board of Directors and Executive Committee Compensation

### Compensation of members of the Board of Directors

Compensation of Board members consists of Director fees, Committee fees and Restricted Share Units (RSUs). Fees are paid at the end of each year in office completed. RSUs give participants the right to receive Givaudan shares (or a cash equivalent in countries where securities laws prevent the offering of Givaudan securities) at the end of a three-year blocking period.

The Chairman of the Board does not receive any additional Board Membership fees. Similarly, a Committee Chairman does not receive any additional Committee Membership fees. Each Board member receives an additional amount of CHF 10,000 to cover out-of-pocket expenses. This amount is paid for the coming year in office. The RSUs are also granted for the same period. The compensation paid to the Board members for the reporting period is shown in the table below:

2019 in Swiss francs	Calvin Grieder Chairman <sup>e</sup>	Victor Balli <sup>e</sup>	Prof. Dr.-Ing. Werner Bauer <sup>e</sup>	Lilian Biner <sup>e</sup>	Michael Carlos <sup>e</sup>	Ingrid Deltenre <sup>e</sup>	Thomas Rufer <sup>e</sup>	Total 2019 <sup>a</sup>
Director fees <sup>b</sup>	400,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000
Committee fees <sup>b</sup>	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 <sup>c</sup>	252	63	63	63	63	63	63	630
Value at grant <sup>d</sup>	576,980	144,245	144,245	144,245	144,245	144,245	144,245	1,442,450
<b>Total compensation</b>	<b>1,041,980</b>	<b>294,245</b>	<b>309,245</b>	<b>269,245</b>	<b>309,245</b>	<b>294,245</b>	<b>299,245</b>	<b>2,817,450</b>

a) Represents total compensation for the Board of Director paid in respect of the reporting year, reported in accordance with the accrual principle.

b) Represents Director and Committee fees paid in respect of the reporting year, reported in accordance with the accrual principle.

c) RSUs blocking period ends on 15 April 2022.

d) Economic value at grant according to IFRS methodology, with no discount applied for the blocking period.

e) The function of each member of the Board of Directors is indicated on pages 5-6 in the 2019 Governance report.

Estimated social security charges based on 2019 compensation amounted to CHF 233,000 (2018: CHF 203,000).

2018 in Swiss francs	Calvin Grieder Chairman <sup>e</sup>	Victor Balli <sup>e</sup>	Prof. Dr.-Ing. Werner Bauer <sup>e</sup>	Lilian Biner <sup>e</sup>	Michael Carlos <sup>e</sup>	Ingrid Deltenre <sup>e</sup>	Thomas Rufer <sup>e</sup>	Total 2018 <sup>a</sup>
Director fees <sup>b</sup>	400,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000
Committee fees <sup>b</sup>	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 <sup>c</sup>	292	73	73	73	73	73	73	730
Value at grant <sup>d</sup>	582,044	145,511	145,511	145,511	145,511	145,511	145,511	1,455,110
<b>Total compensation</b>	<b>1,047,044</b>	<b>295,511</b>	<b>310,511</b>	<b>270,511</b>	<b>310,511</b>	<b>295,511</b>	<b>300,511</b>	<b>2,830,110</b>

a) Represents total compensation for the Board of Director paid in respect of the reporting year, reported in accordance with the accrual principle.

b) Represents Director and Committee fees paid in respect of the reporting year, reported in accordance with the accrual principle.

c) RSUs blocking period ends on 15 April 2021.

d) Economic value at grant according to IFRS methodology, with no discount applied for the blocking period.

e) The function of each member of the Board of Directors is indicated on pages 104-105 in the Governance section of the 2018 Integrated Annual Report.

### 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 2019.

### Special compensation of members of the Board who left the company during the reporting period

No such compensation was incurred during the reporting period.



## Compensation of members of the Executive Committee

The compensation of the Executive Committee during the year was as follows:

in Swiss francs	Gilles Andrier CEO 2019	Gilles Andrier CEO 2018	Executive Committee members (excluding CEO) <sup>a</sup> 2019	Executive Committee members (excluding CEO) <sup>b</sup> 2018	<b>Total 2019</b>	<b>Total 2018</b>
- Base salary	1,167,910	1,058,023	3,191,433	3,194,282	4,359,343	4,252,305
- Pension benefits <sup>c</sup>	577,527	571,766	1,005,412	947,880	1,582,939	1,519,646
- Other benefits <sup>d</sup>	141,730	139,048	562,795	819,837	704,525	958,885
<b>Total fixed compensation</b>	<b>1,887,167</b>	<b>1,768,837</b>	<b>4,759,640</b>	<b>4,961,999</b>	<b>6,646,807</b>	<b>6,730,836</b>
- Annual incentive <sup>e</sup>	1,438,925	954,070	2,830,707	1,824,033	4,269,632	2,778,103
- Number of performance shares granted <sup>f</sup>	1,092	1,446	2,448	3,263	3,540	4,709
- Value at grant <sup>g</sup>	2,500,243	2,882,312	5,604,941	6,504,138	8,105,184	9,386,450
<b>Total variable compensation</b>	<b>3,939,168</b>	<b>3,836,382</b>	<b>8,435,648</b>	<b>8,328,171</b>	<b>12,374,816</b>	<b>12,164,553</b>
<b>Total compensation</b>	<b>5,826,335</b>	<b>5,605,219</b>	<b>13,195,288</b>	<b>13,290,170</b>	<b>19,021,623</b>	<b>18,895,389</b>
Employer social security <sup>h</sup>	471,214	453,000	989,482	988,000	1,460,696	1,441,000

a) Represents full year compensation of six Executive Committee members.

b) 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.

c) Company contributions to broad-based pension and retirement savings plans and annualised expenses accrued for supplementary executive retirement benefit.

d) Represents annual value of health and welfare plans, international assignment benefits and other benefits in kind.

e) Annual incentive accrued in reporting period based on performance in the reporting period.

f) 2019 Performance shares vest on 15 April 2022, 2018 Performance Shares vest on 15 April 2021.

g) Value at grant calculated according to IFRS methodology and based on 100% achievement of performance targets.

h) 2019 estimated social security charges based on 2019 compensation; 2018 estimated social security charges based on 2018 compensation.

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

No other compensation or fees were accrued for or paid to any member or former member of the Executive Committee during the reporting period. No member or former member of the Executive Committee or related parties had any loan outstanding as of 31 December 2019.

## Special compensation of Executive Committee members who left the company during the reporting period

Members of the Executive Committee that stepped down during 2019 did not receive any special compensation as a result of their departure from the Company.

## Ownership of shares and unvested share rights

Details on the Givaudan share based payment plans are described in Note 9.

As per 31 December 2019, the Chairman and other Board members including persons closely connected to them held 4,501 Givaudan shares in total. For further details, please refer to the following table on the next page showing:

- The shares held individually by each Board member as per 31 December 2019.
- The RSUs that were granted in 2016 – 2018 and were still owned by members of the Board as per 31 December 2019.

<b>2019</b> in numbers	Shares	Unvested RSUs
Calvin Grieder, Chairman	295	904
Victor Balli	85	226
Prof. Dr-Ing. Werner Bauer	1,265	226
Lilian Biner	672	226
Michael Carlos	1,097	226
Ingrid Deltenre	202	226
Thomas Rufer	885	226
<b>Total 2019</b>	<b>4,501</b>	<b>2,260</b>
Total 2018	3,906	2,225

The company is not aware of any other ownership of shares, share options/option rights, RSUs or performance shares as per 31 December 2019 by persons closely connected to members of the Board.

The Chief Executive Officer and other members of the Executive Committee, including persons closely connected to them, held 5,265 Givaudan shares. For further details, please refer to the table below showing:

- The shares held individually by each member of the Executive Committee as per 31 December 2019.
- The unvested performance shares that were granted in 2016-2018 and were still owned by members of the Executive Committee as per 31 December 2019.

<b>2019</b> in numbers	Shares	Unvested Performance Shares
Gilles Andrier, CEO	3,100	4,315
Tom Hallam	328	1,541
Louie D'Amico	275	1,258
Maurizio Volpi	634	2,156
Simon Halle-Smith	452	1,278
Willem Mutsaerts	351	1,278
Anne Tayac	125	1,247
<b>Total 2019</b>	<b>5,265</b>	<b>13,073</b>
Total 2018	5,097	13,776

No member of the Executive Committee held any share options or option rights as at 31 December 2019 (31 December 2018: 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 256 unvested Performance Shares as at 31 December 2019.

The company is not aware of any other ownership of shares, share options/option rights, RSUs or performance shares as per 31 December 2019 by persons closely connected to members of the Executive Committee.

### 33. List of Principal Group Companies

The following are the principal companies fully owned by the Group. Share capital is shown in thousands of currency units:

<b>Switzerland</b>	Givaudan SA	CHF	92,336
	Givaudan Suisse SA	CHF	4,000
	Givaudan Finance SA	CHF	100,000
	Givaudan International SA	CHF	100
	Vamara Holding SA	CHF	100
	Givaudan Treasury International SA	CHF	1,000
	Naturex AG	CHF	15,288
	Fondation Givaudan	-	-
<b>Argentina</b>	Givaudan Argentina SA	ARS	30,000
	Givaudan Argentina Servicios SA	ARS	8,000
<b>Australia</b>	Givaudan Australia Pty Ltd	AUD	93,703
	Naturex Australia Pty Ltd	AUD	0.003
	drom International Pty Ltd	AUD	50
<b>Austria</b>	Givaudan Austria GmbH	EUR	40
<b>Belgium</b>	Naturex SPRL	EUR	1,000
<b>Bermuda</b>	FF Holdings (Bermuda) Ltd	USD	12
	Givaudan International Ltd	USD	12
	FF Insurance Ltd	CHF	170
<b>Brazil</b>	Givaudan do Brasil Ltda	BRL	345,381
	G Nutra Ind Com Prod Alim e Nutricionais Ltda	BRL	31,219
	Naturex Ingredientes Naturais Ltda	BRL	7,035
	drom Internacional Fragrâncias Indústria e Comércio Ltda.	BRL	14,388
<b>Canada</b>	Givaudan Canada Co	CAD	12,901
	Naturex Inc (Canada)	CAD	500
<b>Chile</b>	Givaudan Chile Ltda	CLP	5,000
	Chile Botanics SA	CLP	1,837,205
	Naturex Chile SA	CLP	1,731,600
<b>China</b>	Givaudan Fragrances (Shanghai) Ltd	USD	7,750
	Givaudan Flavors (Shanghai) Ltd	USD	10,783
	Givaudan Specialty Products (Shanghai) Ltd	USD	12,000
	Givaudan Hong Kong Ltd	HKD	7,374
	Givaudan Flavors (Nantong) Ltd	USD	39,000
	Naturex Trading Shanghai Co Ltd	CNY	5,608
	drom Fragrances International (Guangzhou) Co Ltd	CNY	14,058
<b>Colombia</b>	Givaudan Colombia SA	COP	6,965,925
<b>Czech Republic</b>	Givaudan CR, s.r.o.	CZK	200
<b>Egypt</b>	Givaudan Egypt SAE	USD	21,360
	Givaudan Egypt Fragrances LLC	EGP	50
<b>France</b>	Givaudan France SAS	EUR	5,006
	Expressions Parfumées SAS	EUR	3,548
	Naturex SA	EUR	14,435
	SCI Les Broquetons	EUR	495
	Albert Vieille SAS	EUR	908
	drom International SARL	EUR	1,011

<b>Germany</b>	Givaudan Deutschland GmbH	EUR	4,100
	Naturex GmbH	EUR	150
	drom fragrances GmbH & Co. KG	EUR	48,063
	drom Holding GmbH	EUR	4,747
	drom Verwaltungsgesellschaft mbH	EUR	25
	Dr.rer.nat.Storp Vermögensverwaltungs-GmbH	EUR	2,773
	drom Perfume Trade GmbH	EUR	44,276
<b>Hong Kong</b>	drom Asia Pacific Ltd.	HKD	10
<b>Hungary</b>	Givaudan Hungary Kft	EUR	15
	Givaudan Business Solutions Kft	EUR	12
<b>India</b>	Givaudan (India) Private Ltd	INR	87,330
	Naturex India Private Ltd	INR	64,416
	Valentine Foods Private Ltd	INR	100
<b>Indonesia</b>	P.T. Givaudan Indonesia	IDR	2,608,000
	P.T. drom Fragrances Indonesia	IDR	3,462,600
	P.T. Fragrance Oils Indonesia	USD	30
<b>Italy</b>	Givaudan Italia SpA	EUR	520
	Expressions Parfumées SRLA	EUR	10
	Naturex SpA	EUR	1,200
	drom International Italia S.r.l.	EUR	26
<b>Ivory Coast</b>	Naturex Ivory Coast Abidjan Purchasing	XOF	6,000
<b>Japan</b>	Givaudan Japan K.K.	JPY	1,000,000
	Naturex K.K.	JPY	5,000
<b>Korea</b>	Givaudan Korea Ltd	KRW	550,020
	Naturex Korea Seoul sales office	KRW	284,000
<b>Malaysia</b>	Givaudan Business Solutions Asia Pacific Sdn.Bhd	MYR	2,000
	Givaudan Flavours & Fragrances Malaysia Sdn.Bhd	MYR	3,981
	Fragrance Oils (Malaysia) Sdn.Bhd	MYR	-
<b>Morocco</b>	Naturex Morocco Casablanca	MAD	24,640
<b>Mexico</b>	Givaudan de Mexico SA de CV	MXN	53,611
	Naturex Ingredientes Naturales SA de CV	MXN	62,768
<b>Netherlands</b>	Givaudan Nederland B.V.	EUR	402
	Vika B.V.	EUR	20
	Virgula B.V.	EUR	20
	Naturex Coöperatief UA	EUR	1
<b>New Zealand</b>	Givaudan NZ Ltd	NZD	71
<b>Nigeria</b>	Givaudan (Nigeria) Ltd	NGN	10,000
	Fragrance Oils (West Africa) Ltd	NGN	15,000
<b>Peru</b>	Givaudan Peru SAC	PEN	1,303
	Activ International SAC	PEN	14,043
<b>Poland</b>	Givaudan Polska Sp. Z.o.o.	PLN	50
	Naturex Polska Sp. Z.o.o.	PLN	2,000
<b>Russia</b>	Givaudan Rus LLC	RUB	9,000
	Naturex LLC	RUB	1,500
<b>Singapore</b>	Givaudan Singapore Pte Ltd	SGD	24,000
	Naturex Holdings Singapore Private Ltd	SGD	160
	Fragrance Oils (Far East) Pte Ltd	GBP	5
<b>South Africa</b>	Givaudan South Africa (Pty) Ltd	ZAR	360,002
<b>Spain</b>	Givaudan Iberica, SA	EUR	8,020
	Naturex Iberian Partners, SL	EUR	13,497
	Aromasur S.L.U.	EUR	1,320
	Tierra Aromatical del Sur SL	EUR	3
	drom Spain SL	EUR	10

<b>Sweden</b>	Givaudan North Europe AB	SEK	120
	Swedish Oat Fiber AB	SEK	1,000
<b>Thailand</b>	Givaudan (Thailand) Ltd	THB	100,000
<b>Turkey</b>	Givaudan Aroma Ve Esans Sanayi Ve Ticaret Limited Sirketi	TRY	34
<b>United Kingdom</b>	Givaudan UK Ltd	GBP	70
	Major International Ltd	GBP	50
	Givaudan Holdings UK Ltd	GBP	317,348
	Naturex Ltd	GBP	1,006
	drom International UK Limited	GBP	30
	Fragrance Oils Limited	GBP	80
	Fragrance Oils (International) Limited	GBP	16
	Fragrance Oils (Purchasing) Limited	GBP	1
<b>United Arab Emirates</b>	Givaudan Middle East & Africa FZE	AED	1,000
	Expression Parfumées LLC	AED	300
<b>United States of America</b>	Givaudan United States, Inc.	USD	0.05
	Givaudan Flavors Corporation	USD	0.1
	Givaudan Fragrances Corporation	USD	0.1
	Givaudan Flavors and Fragrances, Inc.	USD	0.1
	Naturex Holdings, Inc.	USD	0.1
	Naturex, Inc.	USD	1
	Vegetable Juices, Inc.	USD	-
	drom International, Inc.	USD	20
<b>Venezuela</b>	Givaudan Venezuela SA	VES	4.5
<b>Vietnam</b>	Golden Frog Flavor-Fragrance Manufacture Corporation	USD	3,279

### 34. Disclosure of the Process of Risk Assessment

Risk management in Givaudan is an integral part of the business. It is a structured and continuous process of identifying, assessing and deciding on responses to risks. The reporting of the opportunities and threats that these risks create and how they might hinder the business in achieving its objectives is also part of managing risks.

Risk management is the responsibility of the Board of Directors, which delegates to the Executive Committee the management of the overall company risk management process. The Group actively promotes the continuous monitoring and management of risks at the operational management level.

The Givaudan Enterprise Risk Management Charter describes the principles, framework and process of the Givaudan Enterprise Risk Management, which ensure that material risks are identified, managed and reported. It defines the associated roles and responsibilities which are reflected in the delegated authorities. Enterprise Risk Management encompasses both the Fragrance and Flavour businesses, as well as Givaudan Group functions. It includes all types of risks in terms of their nature, their source or their consequences.

The process aims to be comprehensive, organised and documented in order to improve compliance with corporate governance regulations, guidelines and good practices; better understand the risk profile of the business; and provide additional risk-based management information for decision making.

The objectives of the Risk Management process are to continuously ensure and improve compliance with good corporate governance guidelines and practices as well as laws and regulations, where applicable; facilitate disclosure to key stakeholders of potential risks and the company's philosophy for dealing with them. At the same time, the process creates the awareness of all key executives of the magnitude of risks; provides risk-based management information for effective decision-making; and safeguard the values of the company and its assets, and protect the interests of shareholders.

Givaudan's management, at all levels, is accountable for ensuring the appropriateness, timeliness and adequacy of the risk analysis. Mitigation decisions are taken at individual and combined levels. This management is also responsible for implementing, tracking and reporting the risk mitigation directives of the Executive Committee, including periodic reporting to the Board. The assessment is performed in collaboration between the Executive Committee, divisional and functional management teams and the Corporate Compliance Officer.

The Board of Directors' Audit Committee also promotes the effective communication between the Board, Givaudan's Executive Committee, other senior corporate functions and Corporate Internal Audit in order to foster openness and accountability.

Givaudan has carried out its annual review of internal controls over accounting and financial reporting. A risk assessment is performed throughout the Internal Control System for those identified risks which may arise from the accounting and financial reporting. Then, relevant financial reporting controls are defined for each risk.

### 35. Other Information

In November 2019 the Group reached an agreement to acquire Ungerer & Company which will strengthen the Group's specialty ingredient capabilities and leadership in the fast growing local and regional customer segment. Headquartered in New Jersey, USA, Ungerer is a leading independent company in the flavour and fragrance specialty ingredients business, most notably in essential oils, which provides a rich palette of predominantly natural ingredients for flavour and fragrance creation, as well as for end customers of such specialties. Founded more than 125 years ago, Ungerer has developed a strong market position in all segments and a high quality reputation with its customer base. With a presence in more than 60 countries, a total of eight manufacturing facilities and six R&D centres, Ungerer's capabilities and its 650 employees will further extend Givaudan's market leadership in its core flavour and fragrance activities.

The closing of the acquisition is expected to take place in 2020. These negotiations have therefore no impact on the 2019 financial statements.

As part of the Group's 2020 strategy to expand the capabilities of its Active Beauty business, Givaudan reached an agreement to acquire the cosmetics business of Indena. Headquartered in Milan, Italy, Indena is a world leading company dedicated to the identification, development and production of high quality active ingredients derived from plants, for use in the pharmaceutical, health-food and personal care industries. With almost a century of botanical experience, Indena has developed an extensive breadth of expertise in this field, while ensuring bio-diversity and protecting the ecosystem from uncontrolled harvesting.

Givaudan and Indena will also sign a long-term partnership agreement under which Indena will continue to manufacture ingredients for Givaudan, as well as providing innovation capabilities and other supporting services. This partnership will allow both companies to enhance their capabilities and to focus on their respective core competencies, a win-win strategy to the benefit of customers and consumers.

The closing of the acquisition and the signing of the long-term partnership agreement are expected to take place in 2020. These negotiations have therefore no impact on the 2019 financial statements.



Deloitte SA  
Rue du Pré-de-la-Bichette 1  
1202 Geneva  
Switzerland

Phone: +41 (0)58 279 8000  
Fax: +41 (0)58 279 8800  
www.deloitte.ch

## Statutory Auditor's Report

### To the General Meeting of GIVAUDAN SA, Vernier

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Givaudan SA and its subsidiaries (the Group), which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows for the year ended 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements, presented on pages 32 to 93, give a true and fair view of the consolidated Financial Position of the Group as at 31 December 2019, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

#### Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Our Audit Approach

#### Summary

<b>Key audit matters</b>	Based on our audit scoping, we identified the following key audit matters: – Acquisition accounting; – Carrying value of intangible assets; and – Taxation.
<b>Materiality</b>	Based on our professional judgement we determined materiality for the Group as a whole to be CHF 56 million.
<b>Scoping</b>	Based on our understanding of Givaudan's operations, we have defined 16 component operations in 11 countries that are in scope for group reporting purposes. We have requested from the auditors in these countries to perform audit procedures to address the risks identified in our risk assessment phase. Coverages as a ratio of group sales, operating income and total assets are disclosed below.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





## Acquisition accounting

Key audit matter	How the scope of our audit responded to the key audit matter
<p>As described in the Critical Accounting Estimates and Judgements in Note 3, significant judgement is required in determining the fair value of the identifiable assets acquired, particularly intangibles, and the liabilities assumed. Such judgements require estimates that are not only based on available information but as well on assumptions with respect to the timing and amount of future revenues and expenses associated with an asset and a liability. In addition, judgement is required to allocate the purchase price to the underlying acquired assets and liabilities based on their estimated fair value.</p> <p>As described in Note 6 to the consolidated financial statements, the Group completed the following five acquisitions during 2019:</p> <ul style="list-style-type: none"> <li>– Acquisition of the AMSilk cosmetics business on 25 April 2019 for a purchase price of CHF 7 million; with no recognition of goodwill.</li> <li>– Acquisition of 100% of the share capital of Albert Vieille on 3 May 2019 for a total consideration of CHF 54 million. The acquisition resulted in the recognition of goodwill of CHF 27 million.</li> <li>– Acquisition of 100% of the share capital of Fragrance Oils Limited and its subsidiaries on 21 August 2019 for a total purchase price of CHF 244 million. The acquisition resulted in the recognition of goodwill of CHF 105 million.</li> <li>– Acquisition of 100% of the share capital of Golden Frog on 30 August 2019 for a total purchase price of CHF 30 million, resulting in CHF 11 million of goodwill recognition.</li> <li>– Acquisition of 100% of the share capital of drom fragrances GmbH &amp; CO. KG. and its subsidiaries on 6 September 2019 for consideration of CHF 180 million. The acquisition resulted in the recognition of goodwill of CHF 82 million.</li> </ul> <p>These transactions are considered as business combinations as defined by IFRS 3 Business Combinations which requires management to perform a purchase price allocation. The purchase price allocation apportions the consideration paid against the net assets acquired and fair valued and against goodwill. This requires exercise of judgements over the accounting and disclosure for the transactions.</p> <p>The accounting for the acquisition of assets and liabilities of these entities, including the valuation of intangible assets identified, requires a number of complex accounting judgements sensitive to key assumptions such as discount rate, growth rate and other assumptions used in the business plan, internal rate of return, attrition rate and royalty rate.</p> <p>In addition, the amortisation period retained for intangibles acquired also requires judgement and constitutes a significant estimate that affects current and future financial periods.</p> <p>We focused on this area because of the complexity of acquisition accounting, the level of judgement relating to the identification and valuation of intangible assets and the liabilities assumed and the significance of considerations paid in 2019.</p>	<p>We obtained legal documents such as sale and purchase agreements to evaluate the key terms and conditions, and confirming our understanding of the transactions by conducting inquiries with management.</p> <p>We have tested the payments of considerations by tracing them to the bank statements evidencing the payments of the funds.</p> <p>We challenged management on the identification and valuation of tangible and intangible assets acquired and liabilities identified in the acquisition accounting against the terms of the sale and purchase agreements.</p> <p>We reviewed and assessed the work performed by management's external valuation experts including valuation methodology for each category of intangible assets, along with the key judgements made in determining the fair values including any fair value adjustments. We have involved our own valuation specialists to test the reasonableness of the discount rates used in the valuation of intangible assets.</p> <p>We performed procedures to assess the compliance with IFRS 13 Fair Value Measurement of the methods used by the management's valuation expert.</p> <p>We considered and challenged the reasonableness of the assumptions. In particular, we challenged sales forecasts with historical data and market trends. Using previous acquisitions and available market data, we benchmarked the assumptions used in determining the attrition and royalty rate as well as the contributory asset charges ('CAC') used in the valuation.</p> <p>We also challenged the duration estimated by management for the amortisation of the intangible assets acquired, comparing them to current Group accounting policies and other recent acquisitions.</p> <p>We validated the appropriateness and completeness of the related disclosures in Note 3 and Note 6 to the consolidated financial statements.</p> <p>Based on the procedures performed above, we found the assumptions to be within an acceptable range and we considered the estimates used in the measurement of the acquired assets and liabilities to be reasonable.</p>



## Carrying value of intangible assets

Key audit matter	How the scope of our audit responded to the key audit matter
<p>As of 31 December 2019, Givaudan has recognised intangible assets of CHF 4,286 million of which goodwill of CHF 3,146 million and other intangible assets of CHF 1,140 million.</p> <p>The goodwill has been allocated to the following Cash Generating Units (CGUs) as follows:</p> <ul style="list-style-type: none"> <li>– Flavour Division: CHF 2,214 million,</li> <li>– Fragrance Division: CHF 685 million,</li> <li>– Expressions Parfumées: CHF 135 million,</li> <li>– Fragrance Oils: CHF 112 million.</li> </ul> <p>Furthermore, Givaudan holds intangible assets that were recognised from acquisitions amounting to CHF 976 million. These assets are mainly technology-related, customer and suppliers' relationships and brand names. These assets have been recognised from the initial purchase price allocations in accordance with IFRS 3 Business Combination. The valuation of software is not part of our Key Audit Matter consideration as Software and ERP system assets have not been recognized from purchase accounting.</p> <p>As stated in Note 2.17 to the consolidated financial statements, the carrying value of goodwill is tested for impairment annually or more frequently if impairment indicators are present. Management has not identified any indicators of impairment in the period. However, for Goodwill, Management has proceeded to an evaluation of the recoverable amount by comparing the recoverable value of the assets with their carrying values. Management performed its annual impairment test of goodwill in the fourth quarter of 2019 and has calculated the value in use in order to estimate the recoverable value of the assets. Management has prepared discounted cash flows models to derive the value in use of the assets attributable to the CGUs. The key inputs that require judgement are:</p> <ul style="list-style-type: none"> <li>– The identification of the relevant CGUs;</li> <li>– The estimate of the future cash flows the entity expects to derive from each of the CGUs; and</li> <li>– The long-term growth and discount rates applied to the cash flows.</li> </ul> <p>Management concluded that in all cases, value-in-use formed the basis of the impairment conclusions and that no impairment should be recognised on that basis. A sensitivity analysis considering changes in assumptions in the cash flows and in the discount rates does not give rise to any material impairment.</p> <p>Further details in relation to management impairment considerations have been provided in Note 22, with details regarding the discount rates used for each of the CGUs.</p> <p>Intangible assets with definite useful life are carried at cost less accumulated amortisation and accumulated impairment losses. In addition to the amortisation booked on a straight-line basis over the estimated economic useful life of the asset, management assessed impairment indicators on a regular basis.</p> <p>Due to the significance of the carrying values for goodwill and acquisition-related intangible assets and the judgements involved in performing the impairment test, this matter was considered significant to our audit.</p>	<p>We gained an understanding of management's process for identifying indicators of impairment and for performing the impairment assessment.</p> <p>We assessed internal processes in relation to the identification of impairment indicators and challenged independently the results. We reviewed the appropriateness of the amortisation method and related charges for intangible assets with definite useful life.</p> <p>We assessed the design and implementation of the relevant controls relating to the projected financial information process and approval, the preparation and review of the weighted average cost of capital and preparation and review of the asset impairment models for Goodwill and intangible assets with indefinite useful life.</p> <p>We evaluated and challenged the key assumptions and inputs into the impairment models by independently estimating a range of acceptable outcome and performing sensitivity analyses in order to evaluate the impact of selecting alternative assumptions.</p> <p>In challenging the assumptions, we have:</p> <ul style="list-style-type: none"> <li>– Considered the appropriateness of the judgement that Expressions Parfumées and Fragrance Oils constitute individual CGUs and that the other acquisitions are to be included in the Fragrance and Flavour CGUs;</li> <li>– Assessed the discount rates applied. In doing so, we involved our internal valuation specialists to assess the appropriateness of management's key assumptions used in deriving the discount rates. This included benchmarking these rates against available market views;</li> <li>– Evaluated the appropriateness of the long term growth rates applied to derive the terminal value by tracing them back to a prominent source of macroeconomic projections;</li> <li>– Tested the extent to which projected financial information can be reliably prepared by management by performing retrospective review to compare prior period forecasts with actual results and reviewed any budget revision;</li> <li>– Confirmed that forecasted cash flows were consistent with Board approved forecasts and analysed reasonably possible downside sensitivities;</li> <li>– Evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied.</li> </ul> <p>We audited the integrity of the impairment models and cash flow forecasts to test their arithmetical accuracy. We considered the compliance of management's impairment models with the requirements of IAS 36 'Impairment of Assets'.</p> <p>We have also compared management estimates of Economic Useful Life with the actual usage of the assets.</p>



## Carrying value of intangible assets

Key audit matter	How the scope of our audit responded to the key audit matter
	<p>We have inquired with management the presence of impairment indicators for the intangible assets that have been recognized from current and past business combinations. We have corroborated the results of our inquiries with review of the financial performance of the underlying markets as well as inquiries with personnel outside the finance function.</p> <p>We have validated the appropriateness and completeness of the related disclosures in Note 22 to the consolidated financial statements.</p> <p>Based on the procedures performed, we obtained sufficient appropriate audit evidence to corroborate management's judgements and estimates regarding carrying values for intangibles assets.</p>

## Taxation

Key audit matter	How the scope of our audit responded to the key audit matter
<p>The Group operates in a large number of different jurisdictions and is therefore subject to many tax regimes with differing rules and regulations. As described in the Summary of Significant Accounting Policies in Note 2 and in Note 3 on Critical Accounting Estimates and Judgements, significant judgement is required in determining provision for income taxes, both current and deferred, as well as the assessment of provisions for uncertain tax positions including estimates of interest and penalties where appropriate.</p> <p>The effective tax rate of the group decreased from 14% in 2018 to 13% in 2019. The consolidated statement of financial position includes current tax assets of CHF 50 million, current tax liabilities of CHF 111 million, together with deferred tax assets of CHF 211 million and deferred tax liabilities of CHF 280 million. The tax expense recognised in the consolidated income statement amounts to CHF 106 million. Details of all current and deferred tax balances are disclosed in Note 16 to the consolidated financial statements.</p> <p>Due to their significance to the financial statements as a whole, combined with the level of judgement and estimation required to determine their values and the geographical spread with different jurisdictions, the evaluation of current and deferred tax balances including the assessment of provisions for uncertain tax positions is considered a key audit matter.</p>	<p>We evaluated management's implementation of Group policies and controls regarding current and deferred tax, as well as the reporting of uncertain tax positions.</p> <p>We assessed the design and implementation of controls in respect to provisions for current tax and the recognition and recoverability of deferred tax assets.</p> <p>We examined the procedures in place for the current and deferred tax calculations for completeness and valuation and audited the related tax computations and estimates in the light of our knowledge of the tax circumstances. Our work was conducted with the support of our tax specialists.</p> <p>We performed an assessment of the material components affecting the Group's tax expense, balances and exposures. With the support of our tax specialists, we reviewed and challenged the information reported by components including the information related to deferred tax assets on loss carry forwards. With the support of our tax specialists, we verified the consolidation and analysis of tax balances.</p> <p>We considered management's assessment of the validity and adequacy of provisions for uncertain tax positions, evaluating the basis of assessment and reviewing relevant correspondence and legal advice where available including any information regarding similar cases with the relevant tax authorities. We reviewed that Givaudan has adopted the requirements of IFRIC 23 - Uncertainty over Income Tax Treatments.</p> <p>For the deferred tax assets and liabilities, we assessed the appropriateness of management's assumptions and estimates.</p> <p>We validated the appropriateness and completeness of the related disclosures in Note 16 to the consolidated financial statements.</p> <p>Based on the procedures performed, we obtained sufficient appropriate audit evidence to corroborate management's judgement and estimates regarding current and deferred tax balances including provisions for uncertain tax positions.</p>

# Deloitte.

## Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement we determined materiality for the Group as a whole to be CHF 56 million, based on a calculation of 7% of Group income before taxes, adjusted for non-recurring transactions. We selected Group income before taxes as the basis for determining our materiality because, in our view, this measure represents the performance of the Group and is one of the indicators against which Givaudan is commonly assessed and is a generally accepted benchmark.

The materiality applied by the component auditors ranged from CHF 42.0 million to CHF 16.8 million depending on the scale of the component's operations, the component's contribution to Group sales, Group income before taxes, Group total assets and our assessment of risks specific to each location.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of CHF 2.8 million, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

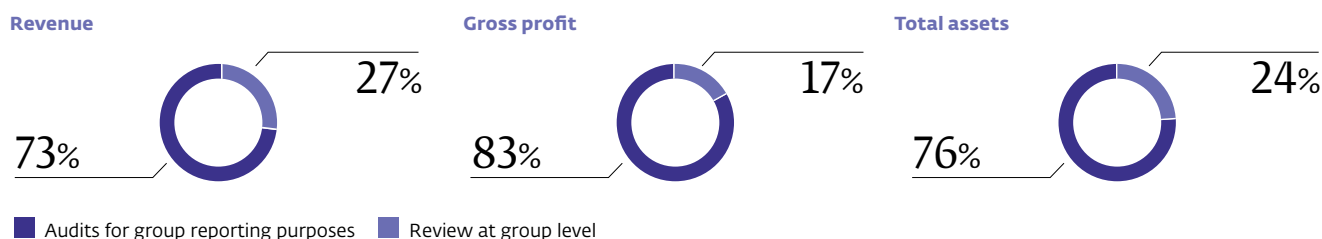
## An overview of the scope of our audit

We designed our audit by obtaining an understanding of the Group and its environment, including Group-wide controls, determining materiality and assessing the risks of material misstatement in the consolidated financial statements.

Based on our understanding of Givaudan's operations, we have defined 16 component operations in 11 countries that are in scope for the group reporting purposes. We have requested these countries to perform audit procedures to address the risks identified in our risk assessment phase.

These countries are spread across all regions, reflecting Givaudan's operations. We obtain assurance over these countries through a combination of audit procedures performed locally, within the Givaudan shared service centres and centrally at the Head office.

In aggregate, these components represented scope coverage of:



All other wholly owned and joint venture businesses were subject to analytical review procedures for the purpose of the Group audit. Annual statutory audits are conducted by Deloitte at the majority of the Group's affiliates, although these are predominantly completed subsequent to our audit report on the consolidated financial statements.

At the parent entity level we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to a full scope audit.

The group audit team visited some countries in scope as defined at planning stage. We are defining our visits based on significance of the affiliates and main events occurred during the year. All component audit partners were included in our team briefing, we discussed their risk assessment and reviewed documentation of the findings from their work.



## Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTSuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

## Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

## Deloitte SA

Karine Szegedi Pingoud  
Licensed Audit Expert  
Auditor in Charge

Laetitia Cejudo Petit  
Licensed Audit Expert

Geneva 22 January 2020

# Statutory financial report

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# Statutory financial statements of Givaudan SA (Group Holding Company)

## Income Statement

For the year ended 31 December

in millions of Swiss francs	Note	2019	2018
Income from investments in Group companies	3	286	205
Royalties from Group companies		997	973
Other operating income		1	1
Share of results of joint ventures and associates	4	2	3
<b>Total Operating income</b>		<b>1,286</b>	<b>1,182</b>
Research and development expenses to Group companies		(331)	(331)
Other operating expenses		(60)	(62)
Amortisation and impairment of intangible assets		(61)	(60)
<b>Total Operating expenses</b>		<b>(452)</b>	<b>(453)</b>
<b>Operating income</b>		<b>834</b>	<b>729</b>
Financial expenses		(294)	(257)
Financial income		165	196
Non-operating expenses		(93)	(91)
<b>Income before taxes</b>		<b>612</b>	<b>577</b>
Income taxes		(27)	(31)
<b>Net income</b>		<b>585</b>	<b>546</b>

## Statement of Financial Position

in millions of Swiss francs	Note	31 December 2019	31 December 2018
Cash and cash equivalents		10	143
Marketable securities		108	
Accounts receivable from Group companies		186	218
Other current assets		41	20
Accrued income and prepaid expenses		2	1
<b>Current assets</b>		<b>347</b>	<b>382</b>
Loans to Group companies		150	150
Other long-term assets		11	12
Investments in Group companies	3	5,253	4,666
Interests in joint ventures and investments in associates	4	32	32
Other financial assets		15	10
Intangible assets		222	230
<b>Non-current assets</b>		<b>5,683</b>	<b>5,100</b>
<b>Total assets</b>		<b>6,030</b>	<b>5,482</b>
Short-term debt	5	290	
Accounts payable to Group companies		78	99
Other current liabilities		89	51
Deferred income and accrued expenses		79	15
<b>Current liabilities</b>		<b>536</b>	<b>165</b>
Long-term debt	5	3,128	3,010
Other non-current liabilities		79	44
<b>Non-current liabilities</b>		<b>3,207</b>	<b>3,054</b>
<b>Total liabilities</b>		<b>3,743</b>	<b>3,219</b>
Share capital	7	92	92
Statutory retained earnings	7	18	18
Statutory capital reserves from capital contributions - additional paid-in capital	7	3	3
Voluntary retained earnings	7	1,542	1,542
Own shares	7,8	(31)	(22)
Available retained earnings			
- Balance brought forward from previous year		78	84
- Net (loss) income for the year		585	546
<b>Equity</b>		<b>2,287</b>	<b>2,263</b>
<b>Total liabilities and equity</b>		<b>6,030</b>	<b>5,482</b>



# Notes to the statutory financial statements

## 1. General Information

### 1.1. Structure and description of the activity

Givaudan SA is a holding company based in Vernier, near Geneva, whose main goal is to manage its investments in subsidiaries.

More specifically Givaudan SA invests in companies whose aim is to manufacture and commercialise natural and synthetic aromatic or fragrance raw materials as well as other related products. In addition, Givaudan SA invests in research and development and supplies services for the use of these products. Givaudan SA develops, registers and makes use of all trademarks, patents, licenses, manufacturing processes and formulas.

### 1.2. Employees

The average number of employees during the year was less than ten (2018: less than ten).

## 2. Summary of Accounting Principles Adopted

The financial statements at 31 December 2019 are prepared in accordance with Swiss law.

The company is classified as a large entity as it meets the criteria to present group accounts under the definition of art. 961d al. 1 of the Swiss Code of Obligations. As Givaudan prepares and reports comprehensive consolidated financial statements under International Financial Reporting Standards (IFRS) including a cash flow statement, accompanying notes and a management report, Givaudan SA is exempt from preparing this information.

### Valuation Methods and Translation of Foreign Currencies

Investments in, and loans to, Group companies are stated at cost less appropriate write-downs. Marketable securities are shown at the lower of cost and market value. Derivatives are recorded at fair value.

The currency in which Givaudan SA operates is Swiss francs (CHF) and the accounts are presented in Swiss francs. In the statement of financial position, foreign currency assets and liabilities are remeasured at year-end exchange rates with the exception of investments in Group companies which are valued at historical exchange rates. In the income statement, expenses and income in foreign currencies are converted in Swiss francs using the daily exchange rate of the transaction date. Foreign currency gains and losses are recognised in the income statement as they occur with the exception of unrealised gains which are deferred.

### 3. Subsidiaries

List of the direct subsidiaries of the company, which are wholly-owned unless otherwise indicated (percentage of voting rights):

<b>Switzerland</b>	Givaudan Suisse SA
	Givaudan Finance SA
	Prodiga AG
	Givaudan International SA
	Vamara Holding SA
	Kemptthal Immobilien Nord AG
	Givaudan Treasury International SA
<b>Argentina</b>	Givaudan Argentina SA
	Givaudan Argentina Servicios SA
<b>Australia</b>	Givaudan Australia Pty Ltd
<b>Austria</b>	Givaudan Austria GmbH
<b>Bermuda</b>	Givaudan Capital Transactions Ltd
<b>Brazil</b>	Givaudan do Brasil Ltda
	Naturex Ingredientes Naturais Ltda
<b>Canada</b>	Givaudan Canada Co
<b>Chile</b>	Givaudan Chile Ltda
<b>China</b>	Givaudan Fragrances (Shanghai) Ltd
	Givaudan Flavors (Shanghai) Ltd
	Givaudan Specialty Products (Shanghai) Ltd
	Givaudan Hong Kong Ltd
	Givaudan Flavors (Nantong) Ltd
	Givaudan Management Consulting (Shanghai) Ltd
	Givaudan Fragrances (Changzhou) Ltd
<b>Colombia</b>	Givaudan Colombia SA
<b>Czech Republic</b>	Givaudan CR, s.r.o.
<b>Egypt</b>	Givaudan Egypt SAE
	Givaudan Egypt Fragrances LLC
<b>France</b>	Givaudan France SAS
	Activ International SAS
	Naturex SA
	Albert Vieille SAS
<b>Germany</b>	Givaudan Deutschland GmbH
	drom fragrances GmbH & Co. KG
	drom Verwaltungsgesellschaft mbH
	Dr. rer.nat. Storp Vermögensverwaltungs-GmbH
<b>Guatemala</b>	Givaudan Guatemala SA
<b>Hungary</b>	Givaudan Hungary Kft
	Givaudan Finance Services Kft
<b>India</b>	Givaudan (India) Private Ltd
<b>Indonesia</b>	P.T. Givaudan Indonesia
	P.T. Givaudan Flavours and Fragrances Indonesia
<b>Italy</b>	Givaudan Italia SpA
<b>Japan</b>	Givaudan Japan K.K.
<b>Korea</b>	Givaudan Korea Ltd
<b>Malaysia</b>	Givaudan Malaysia Sdn.Bhd
	Givaudan Flavours & Fragrances Malaysia Sdn.Bhd
<b>Mexico</b>	Givaudan de Mexico SA de CV
	Grupo Givaudan SA de CV
<b>Netherlands</b>	Givaudan Nederland B.V.
	Virgula B.V.
<b>Nigeria</b>	Givaudan (Nigeria) Ltd
<b>Peru</b>	Givaudan Peru SAC
<b>Poland</b>	Givaudan Polska Sp. Z.o.o.
<b>Russia</b>	Givaudan Rus LLC
<b>Singapore</b>	Givaudan Singapore Pte Ltd
<b>South Africa</b>	Givaudan South Africa (Pty) Ltd

<b>Spain</b>	Givaudan Iberica, SA
<b>Sweden</b>	Givaudan North Europe AB
<b>Thailand</b>	Givaudan (Thailand) Ltd
<b>Turkey</b>	Givaudan Aroma Ve Esans Sanayi Ve Ticaret Limited Sirketi
<b>United Kingdom</b>	Givaudan Holdings UK Ltd Fragrance Oils Limited
<b>United Arab Emirates</b>	Givaudan Middle East & Africa FZE
<b>United States of America</b>	Givaudan United States, Inc.
<b>Venezuela</b>	Givaudan Venezuela SA
<b>Vietnam</b>	Golden Frog Flavor-Fragrance Manufacture Corporation

In 2019 Givaudan SA increased its investments in Givaudan Argentina SA and Givaudan Australia Pty Ltd. Furthermore Givaudan SA incorporated Naturex Ingredientes Naturais Ltda, drom fragrances GmbH & Co.KG, drom Verwaltungsgesellschaft mbH, Dr. rer.nat. Storp Vermögensverwaltungs-GmbH, Fragrance Oils Limited and Golden Flavor-Fragrance Manufacture Corporation. Oressences SAS has been merged into Expressions Parfumées SAS and SAS SGD into Naturex SA during 2019.

#### 4. Investments in Joint Ventures and Associates

Name of joint ventures	Principal activity	Country of incorporation	Ownership interest / Voting rights
BGN Tech LLC	Innovative natural ingredients	USA	49%
Natural Extracts International Ltd	Natural ingredient derivatives production	Mauritius	49%
Vanilla International Ltd	Natural ingredient collection and extract	Mauritius	49%

Jiangsu Xinrui Aromatics Ltd, manufacturing fragrance ingredients in China, became in 2019 an associate in accordance with the new terms and conditions set in the arrangement. The Givaudan SA's ownership interest is 49%.

#### 5. Debt

Givaudan SA entered into the following debt transactions:

Issue date	Type of debt	Currency of principal	Principal amount in millions	Redeemable	Interest rate	Type of interest	2019	2018
							in millions of Swiss francs	
2011	Public bonds	CHF	150	07 Dec 2021	2.125%	Fixed	149	149
2014		CHF	100	18 Sep 2020	1.000%		100	100
		CHF	150	19 Mar 2024	1.750%		150	150
2016		CHF	100	07 Dec 2022	0.000%		100	100
		CHF	200	05 Dec 2031	0.625%		200	200
2017	Private placements	EUR	100	20 Dec 2022		Floating	108	112
		EUR	200	20 Dec 2024	1.331%	Fixed	217	225
2018	Public bonds	CHF	150	09 Apr 2020		Floating	150	151
		CHF	200	09 Apr 2025	0.375%	Fixed	200	200
		EUR	500	17 Sep 2025	1.125%		540	559
		EUR	800	17 Sep 2030	2.000%		864	896
		2018	Group bank credit facility	EUR	150	26 Jun 2023	Floating	
2019	CHF	600	600					
Total debt as at 31 December							3,378	3,010

As at 31 December 2019, short term debt include an overdraft of CHF 40 million related to the cash pooling agreements with a Group company. In 2018 an amount of CHF 133 million related to the cash pooling agreements was included in cash and cash equivalents.

## 6. Indirect Taxes

The company is part of a Group for VAT purposes with two other affiliates of the Group in Switzerland. The company is jointly and severally liable towards the tax authorities for current and future VAT payables of the VAT Group to which it belongs.

## 7. Equity

As at 31 December 2019 the share capital amounts to CHF 92,335,860, divided into 9,233,586 fully paid-up registered shares, with a nominal value of CHF 10.00 each. Every share gives the right to one vote.

The Board of Directors has at its disposal conditional capital of a maximum aggregate amount of CHF 7,481,980 that may be issued through a maximum of 748,198 registered shares, of which a maximum of CHF 1,618,200 can be used for executive share option plans.

At the Annual General Meeting held on 28 March 2019 the distribution of an ordinary dividend of CHF 60.00 per share (2018: CHF 58.00 per share) was approved. The dividend payment has been made out of available retained earnings.

The movements in equity are as follows:

2019 in millions of Swiss francs	Share Capital	Statutory retained earnings	Additional paid-in capital	Voluntary retained earnings	Available retained earnings	Own shares	Total
<b>Balance as at 1 January</b>	<b>92</b>	<b>18</b>	<b>3</b>	<b>1,542</b>	<b>630</b>	<b>(22)</b>	<b>2,263</b>
Registered shares							
Issuance of shares							
Movement of shares						(9)	(9)
Appropriation of available earnings							
Distribution to the shareholders paid relating to 2018					(552)		(552)
<b>Net profit for the year</b>					<b>585</b>		<b>585</b>
<b>Balance as at 31 December</b>	<b>92</b>	<b>18</b>	<b>3</b>	<b>1,542</b>	<b>663</b>	<b>(31)</b>	<b>2,287</b>

2018 in millions of Swiss francs	Share Capital	Statutory retained earnings	Additional paid-in capital	Voluntary retained earnings	Available retained earnings	Own shares	Total
<b>Balance as at 1 January</b>	<b>92</b>	<b>18</b>	<b>3</b>	<b>1,542</b>	<b>618</b>	<b>(43)</b>	<b>2,230</b>
Registered shares							
Issuance of shares							
Movement of shares						21	21
Appropriation of available earnings							
Distribution to the shareholders paid relating to 2017					(534)		(534)
<b>Net profit for the year</b>					<b>546</b>		<b>546</b>
<b>Balance as at 31 December</b>	<b>92</b>	<b>18</b>	<b>3</b>	<b>1,542</b>	<b>630</b>	<b>(22)</b>	<b>2,263</b>

Statutory capital reserves from capital contributions – additional paid-in capital are presented separately in equity. Any payments made out of these reserves are not subject to Swiss withholding tax, nor subject to income tax on individual shareholders who are resident in Switzerland.

## 8. Own Shares

The movements in own shares are as follows:

2019	Number	Price in Swiss francs			Total in millions of Swiss francs
		High	Average	Low	
<b>Balance as at 1 January</b>	<b>11,906</b>				<b>22</b>
Purchases at cost	26,000	2,154.0	1,968.3	1,800.0	51
Sales and transfers at cost	(22,365)	1,857.9	1,857.9	1,857.9	(42)
<b>Balance as at 31 December</b>	<b>15,541</b>				<b>31</b>

2018	Number	Price in Swiss francs			Total in millions of Swiss francs
		High	Average	Low	
<b>Balance as at 1 January</b>	<b>23,838</b>				<b>43</b>
Purchases at cost	12,312	1,959.0	1,909.0	1,791.0	24
Sales and transfers at cost	(24,244)	1,843.5	1,843.5	1,843.5	(45)
<b>Balance as at 31 December</b>	<b>11,906</b>				<b>22</b>

As at 31 December 2019 and 2018, there were no other companies controlled by Givaudan SA that held Givaudan SA shares.

As at 31 December 2019, William H. Gates III (13.86%), BlackRock Inc. (5.06%), MFS Investment Management (5.04%), Nortrust Nominees Ltd (nominee; 15.07%), Chase Nominees Ltd (nominee; 7.21%) and Banque Pictet & Cie SA (nominee; 4.45%) were the only shareholders holding more than 3% of total voting rights.

## 9. Board of Directors and Executive Committee Compensation

Information required by Swiss law, as per art. 663b bis CO, on the Board of Directors and Executive Committee compensation are disclosed in the Givaudan consolidated financial statements, Note 32.

## 10. Other Information

In November 2019 the Group reached an agreement to acquire Ungerer & Company which will strengthen the Group's specialty ingredient capabilities and leadership in the fast growing local and regional customer segment. Headquartered in New Jersey, USA, Ungerer is a leading independent company in the flavour and fragrance specialty ingredients business, most notably in essential oils, which provides a rich palette of predominantly natural ingredients for flavour and fragrance creation, as well as for end customers of such specialties. Founded more than 125 years ago, Ungerer has developed a strong market position in all segments and a high quality reputation with its customer base. With a presence in more than 60 countries, a total of eight manufacturing facilities and six R&D centres, Ungerer's capabilities and its 650 employees will further extend Givaudan's market leadership in its core flavour and fragrance activities. The closing of the acquisition is expected to take place in 2020. These negotiations have therefore no impact on the 2019 financial statements.

As part of the Group's 2020 strategy to expand the capabilities of its Active Beauty business, Givaudan reached an agreement to acquire the cosmetics business of Indena. Headquartered in Milan, Italy, Indena is a world leading company dedicated to the identification, development and production of high quality active ingredients derived from plants, for use in the pharmaceutical, health-food and personal care industries. With almost a century of botanical experience, Indena has developed an extensive breadth of expertise in this field, while ensuring bio-diversity and protecting the ecosystem from uncontrolled harvesting. The closing of the acquisition is expected to take place in 2020. These negotiations have therefore no impact on the 2019 financial statements.

# Appropriation of available earnings and distribution from the statutory capital reserves from contributions – additional paid-in capital of Givaudan SA

## Proposal of the Board of Directors to the General Meeting of Shareholders

### Available earnings

in Swiss francs	2019	2018
Net income for the year	584,670,019	545,997,253
Balance brought forward from previous year	77,650,373	84,113,920
<b>Total available earnings</b>	<b>662,320,392</b>	<b>630,111,173</b>
2018 distribution proposal of CHF 60.00 gross per share		554,015,160
2019 distribution proposal of CHF 62.00 gross per share	572,482,332	
<b>Total appropriation of available earnings</b>	<b>572,482,332</b>	<b>554,015,160</b>
<b>Distribution not paid on Treasury shares held by the Group</b>		<b>1,554,360</b>
<b>Amount to be carried forward</b>	<b>89,838,060</b>	<b>77,650,373</b>

### Statutory capital reserves from capital contributions – additional paid-in capital

in Swiss francs	2019	2018
Balance brought forward from previous year	3,322,955	3,322,955
<b>Total additional paid-in capital</b>	<b>3,322,955</b>	<b>3,322,955</b>
<b>Amount to be carried forward</b>	<b>3,322,955</b>	<b>3,322,955</b>



Deloitte SA  
Rue du Pré-de-la-Bichette 1  
1202 Geneva  
Switzerland

Phone: +41 (0)58 279 8000  
Fax: +41 (0)58 279 8800  
www.deloitte.ch

## Statutory Auditor's Report

### To the General Meeting of GIVAUDAN SA, Vernier

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Givaudan SA, which comprise the income statement, the statement of financial position for the year ended 31 December 2019, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2019, presented on pages 101 to 108, comply with Swiss law and the company's articles of incorporation.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Valuation of Investments in Group companies

Key audit matter	How the scope of our audit responded to the Key Audit Matter
<p>As described in Note 3 to the financial statements, the Company holds investments in Givaudan Group companies with a carrying value of CHF 5,253 million as of 31 December 2019, representing 87% of total assets.</p> <p>In accordance with Article 960 CO, each investment held is valued individually and reviewed annually for impairment indicators. Each investment showing another than temporary impairment indicator must be tested for impairment and an impairment would need to be recorded if the recoverable amount is lower than the carrying amount.</p> <p>The impairment test performed by Givaudan management is subject to judgement around the valuation method, key assumptions used and the susceptibility to the expected future market developments that could affect the profitability and positive cash flows of these entities.</p> <p>Accordingly, for the purposes of our audit, we identified judgement and estimates applied by management on the valuation of these investments as representing a key audit matter.</p>	<p>We evaluated management's implementation of accounting policies and controls regarding the valuation of investments in Group companies.</p> <p>We evaluated the design and implementation of controls around the valuation of investments to determine whether appropriate controls are in place.</p> <p>We challenged the assessment of the existence of impairment indicators done by the Company.</p> <p>We tested the valuations by critically assessing the methodology applied and the reasonableness of the underlying assumptions and judgements. We assessed the impairment testing models and calculations by:</p> <ul style="list-style-type: none"> <li>– checking the arithmetical accuracy of the impairment models and the extraction of inputs from source documents; and</li> <li>– challenging the significant inputs and assumptions used in impairment testing for investments in Givaudan Group companies, such as the ability of the Group companies to generate positive cash flows in the future.</li> </ul> <p>We validated the appropriateness and completeness of the related disclosures in Note 3 to the financial statements.</p> <p>Based on the procedures performed, we consider judgement and estimates applied by management on the valuation of investments in Group companies to be reasonable.</p>





## Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

## Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

## Deloitte SA

Karine Szegedi Pingoud  
Licensed Audit Expert  
Auditor in Charge

Laetitia Cejudo Petit  
Licensed Audit Expert

Geneva 22 January 2020

# Appendix

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## In this section

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# Alternative performance measures

## Appendix to the 2019 Full Year Results

### Introduction

On 1 January 2019 the Directive Alternative Performance Measures (DAPM), issued by the SIX Exchange Regulation, came into force with the purpose to promote the clear and transparent use of alternative performance measures.

The Directive prescribes that clear and comprehensible definitions must be disclosed for all alternative performance measures used. Also, for alternative performance measures that are based on a measure included in the financial statements prepared in accordance with recognised accounting standards and which have been adjusted by adding or omitting specific items, a reconciliation statement must be disclosed to a comparable measure in the financial statement according to the recognised accounting standard. Significant reconciliation items must be explained.

### Givaudan's Alternative Performance Measures

In the 2019 Full Year Results Media Release and on pages 31 to 35 of the 2019 Integrated Annual Report, the Group uses a number of Alternative Performance Measures that are listed and defined below.

#### Like-for-Like (LFL)

LFL is defined as: (a) sales calculated using the invoicing exchange rates of the prior year, and (b) excluding sales of businesses acquired from the acquisition date until the period end date, up to 12 months from the acquisition date.

Reconciliation tables of the LFL sales to the reported sales in accordance with IFRS have been included in the 2019 Full Year Results Media Release.

#### EBITDA

EBITDA defined as Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation, corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

in millions of Swiss francs	2019	2018
<b>Income for the period</b>	<b>702</b>	<b>663</b>
Interest and other financial (income) expense, net	112	111
Income taxes	106	109
<b>Operating income</b>	<b>920</b>	<b>883</b>
Depreciation	193	127
Amortisation	161	125
Impairment	1	10
<b>EBITDA*</b>	<b>1,275</b>	<b>1,145</b>

\* The adoption of IFRS 16 Leases resulted in an increase in EBITDA of CHF 34 million, or 0.6% in 2019. The Group has not restated the comparable 2018 EBITDA figures, as permitted by IFRS 16.

## Comparable EBITDA

Comparable EBITDA is the reported EBITDA, as adjusted for significant items of a non-recurring nature which have an impact on the understanding of the underlying normal operating activities.

A reconciliation table of the published EBITDA to the Comparable EBITDA (EBITDA as defined in the section EBITDA above) has been included in the 2019 Full Year Results Media Release. In that reconciliation table, all significant one-off items have been explained.

## Free Cash Flow (FCF)

FCF refers to operating cash flow after net investments, interest paid and lease payments.

in millions of Swiss francs	2019	2018
<b>Cash flows from (for) operating activities</b>	<b>1,136</b>	<b>916</b>
Acquisition of property, plant and equipment	(275)	(239)
Proceeds from the disposal of property, plant and equipment	74	110
Acquisition of intangible assets	(45)	(55)
Proceeds from the disposal of intangible assets		
Interest paid	(51)	(29)
Lease payments*	(52)	
<b>Free cash flow (FCF)</b>	<b>787</b>	<b>703</b>
Sales	6,203	5,527
<b>Free cash flow (FCF) as a % of sales</b>	<b>12.7%</b>	<b>12.7%</b>

\* Lease payments became part of the reconciliation in 2019, as a consequence of the adoption of IFRS 16. This was not applicable in 2018 as lease payments were included in Cash Flows from (for) operating activities.

## Leverage Ratio

Leverage ratio is defined as net debt divided by the sum of net debt and equity (as defined for leverage ratio in the table below).

In millions of Swiss francs	31 December 2019	31 December 2018
Short-term debt	335	4
Long-term debt	3,796	3,266
Less: cash and cash equivalents	(452)	(423)
<b>Net debt*</b>	<b>3,679</b>	<b>2,847</b>
Total equity attributable to equity holders of the parent	3,640	3,710
Remeasurement of post-employment benefit obligations	525	431
<b>Equity (as defined for leverage ratio)</b>	<b>4,165</b>	<b>4,141</b>
<b>Net debt and equity (as defined for leverage ratio)</b>	<b>7,844</b>	<b>6,988</b>
<b>Leverage ratio*</b>	<b>47%</b>	<b>41%</b>

\* As a consequence of the adoption of IFRS 16 the net debt increased by CHF 441 million. Excluding the impact of IFRS 16, the leverage ratio would have been 44%.

# Givaudan registered offices

Country	Legal Entity name	Address
<b>Algeria</b>	Givaudan International SA (Suisse) Bureau de Liaison Algérie	Tour A – 4 <sup>ème</sup> Etage, Business Centre Dar El Madina, Micro Zone d'activité Hydra Lot No. 20, 16035 Algiers
<b>Argentina</b>	Givaudan Argentina SA	Nicolàs Rodriguez Peña 1568, 5° B, 1021, C.A.B.A.
	Givaudan Argentina Servicios SA	Rodriguez Peña 1568, piso 5, oficina B, Ciudad Autónoma de Buenos Aires
<b>Australia</b>	Givaudan Australia Pty Ltd	12 – 14 Britton Street, Smithfield, Sydney NSW 2164
	drom International Pty. Ltd.	Parkview Business Centre, suite 2/1, 1 Maitland Place, Baulkham Hills, Sydney, NSW 2153
	Naturex Australia Pty Ltd	9 Garling Road, Kings Park NSW 2148
<b>Austria</b>	Givaudan Austria GmbH	Twin Tower Vienna, Wienerbergstrasse 11, 1109 Vienna
<b>Bermuda</b>	Givaudan International Ltd	Hamilton
	FF Holdings (Bermuda) Ltd	Hamilton
	FF Insurance Ltd	Hamilton
<b>Belgium</b>	Naska Ingredients NV	Lausbedstraat 4, 3630 Maasmechelen
	Naturex SPRL	Val d'Or, Gulledele, 96 – 5 <sup>th</sup> Floor, 1200 Brussels
<b>Brazil</b>	Givaudan do Brasil Ltda	Avenida Engenheiro Billings 2185, Jaguaré, São Paulo SP – 05321-010
	G. Nutra Industria e Comércio de Produtos. Alimentícios e Nutricionais Ltda	Rodovia Eduardo Zucari, Km 21,5 - Zona Rural - CEP 18603-970, Botucatu/ São Paulo
	drom Internacional Fragrâncias Ind. e Com. Ltda.	Via Natalino Verdi 120, 120 Bairro Bela Vista, 13515-000 Charqueada, São Paulo
	Naturex Ingredients Naturais Ltda	Avenida Buriti no. 5.391, Distrito Industrial, city of Manaus, state of Amazonas, Zip Code: 69075-000
<b>Canada</b>	Givaudan Canada Co.	2400 Matheson Blvd. East, Mississauga, Ontario L4W 5G9
	Naturex Inc (Canada)	44 Chipman Hill, Suite 1000 – Saint John, New Brunswick E2L 2A9
<b>Chile</b>	Givaudan Chile Ltda	Avda Del Valle 869, oficina 203, Ciudad Empresarial, Comuna de Huechuraba, Santiago de Chile
	Naturex CHILE SPA	Avenida Apoquindo 3001, piso 9, Las Condes, Santiago de Chile
	Chile Botanics SPA	Panamericana Sur, Kilómetro 297, Comuna de Linares

Country	Legal Entity name	Address
<b>China</b>	Givaudan Flavors (Shanghai) Ltd Beijing Branch	15F Tower 2, Kun Sha Center, No. 16 Xin Yuan Li Road, Chao Yang District, Beijing 100027
	Givaudan Fragrances (Shanghai) Ltd Beijing Branch	15F Tower 2, Kun Sha Center, No. 16 Xin Yuan Li Road, Chao Yang District, Beijing 100027
	Givaudan Flavors (Shanghai) Ltd	668 Jing Ye Road, Jin Qiao Export Area, Pu Dong New Area, Shanghai 201201
	Givaudan Fragrances (Shanghai) Ltd	298 Li Shi Zhen Road, pilote Free Trade Zone, Shanghai 201303
	Givaudan Flavors (Shanghai) Ltd Guangzhou Branch	15F The Centrepoint, No 374 – 2 Beijing Road, Yue Xiu District, Guangzhou 510030
	Givaudan Fragrances (Shanghai) Ltd Guangzhou Branch	15F The Centrepoint, No 374 – 2 Beijing Road, Yue Xiu District, Guangzhou 510030
	Givaudan Flavors (Shanghai) Ltd Chengdu Branch	Room 2001, 2 Fu Nian Plaza, Ji Tai Road, Gao Xin District, Chengdu 610041, Sichuan Province
	Givaudan Flavors (Nantong) Ltd	No. 7 Jiang Hai Road, Nantong Economic and Technology Development Area, Nantong, Jiangsu Province 226017
	Givaudan Flavors (Shanghai) Ltd Zhengzhou Branch	Room A1301, Bldg 2, no. 80 Jin Shui Road (East), New Green City, Zhengzhou, He Nan Province
	Givaudan Fragrances (Changzhou) Ltd	Room 232, no. 238 Chunjiang Zhongyang, Huayuan, Xinbei District, Changzhou 213034, Jiangsu Province
	Givaudan Specialty Products (Shanghai) Ltd	222, Jiangtian East Road, Songjiang District, 201600 Shanghai
	Givaudan Management Consulting (Shanghai) Ltd	3 <sup>rd</sup> floor, no. 5 building, 298 Lishizhen Road, Zhangjiang High-Tech Park, Pudong New Area, 201203 Shanghai
	Givaudan Hong Kong Ltd	6 <sup>th</sup> Floor Alexandra House, 18 Chater Road, Central , Hong Kong
	drom Fragrances International (Guangzhou) Co., Ltd.	no. 66, Hongjing Road East Section of GETDD, 510760 Guangzhou
	drom Asia Pacific Ltd.	8 Sham Shing Road, Cheung Sha Wan, new Kowloon, Hong Kong
<b>Colombia</b>	Naturex Trading Shanghai Co. Ltd	6 <sup>th</sup> Floor, Building 4, no. 333 Gui Ping Rd, Xuhui DST, Shanghai, 200233
	Givaudan Colombia SAS	Carrera 98 no. 25 G – 40, 151196 Bogotá D.C.
<b>Czech Republic</b>	Givaudan CR, s.r.o.	Klimentská 10, Praha 110 00
<b>Egypt</b>	Givaudan Egypt SAE	Piece 37, Industrial Zone 3, 6 <sup>th</sup> of October City
	Givaudan Egypt Fragrances LLC	46 El Thawra st., 3 <sup>rd</sup> floor, Appt 304, Heliopolis
<b>Finland</b>	Givaudan International SA, Branch in Finland	Niemenkatu 73, 15140 Lahti
<b>France</b>	Givaudan France SAS	55 Rue de la Voie des Bans, CS500024, 95102 Argenteuil Cedex
	Expressions Parfumées	136 Chemin de Saint-Marc, 06130 Grasse
	Albert Vieille SAS	629 Route de Grasse, 6220 Vallauris
	drom International S.A.R.L.	4 et 6 rue Curie, 92150 Suresnes, Paris
	Naturex SA	250 rue Pierre Bayle – BP 81218, 84911 Avignon Cedex 9
<b>Germany</b>	Givaudan Deutschland GmbH	Giselherstrasse 11, 44319 Dortmund
	drom fragrances GmbH & Co. KG	Oberdiller str. 18, 82065 Baierbrunn
	drom Holding GmbH	Oberdiller str. 18, 82065 Baierbrunn
	drom perfume trade GmbH	Oberdiller str. 18, 82065 Baierbrunn
	drom Verwaltungsgesellschaft mbH	Oberdiller str. 18, 82065 Baierbrunn
	Naturex GmbH	Im Zollhafen 24, Kranhaus Süd, 50678 Köln
<b>Guatemala</b>	Givaudan Guatemala SA	Boulevard Los Proceres 18, Calle 24 – 69 Zona 10, Empresarial Zona Pradera, Torre 1, Oficiana 1201-01010
<b>Hungary</b>	Givaudan Hungary Kft	Királyhegyesi út 3, 6900 Makó
	Givaudan Business Solutions Kft	Bence utca 1. , Váci Greens B, 1138 Budapest

Country	Legal Entity name	Address
<b>India</b>	Givaudan (India) Pvt Ltd	Plot no. 26, 2 <sup>nd</sup> Cross Jigani Industrial Area, Anekal Taluk, Jigani, Bangalore, Karnataka 560 105
	Naturex India Pty Ltd (ex. Valentine Agro Private Ltd)	302, Bldg no. 2, Star Hub. Next to ITC Grand Maratha Hotel, Sahar Road, Andheri (East) Mumbai – 400 059
<b>Indonesia</b>	PT. Givaudan Indonesia	Jl. Raya Jakarta-Bogor Km 35, Cimanggis Depok, 16951 West Java
	PT drom fragrances Indonesia	German Center Building, 6th floor, suites 6120-6130, Jl. Kapt. Subijanto Dj., 15321 South Tangerang City, Banten
	PT Fragrance Oils Indonesia	Rukan Permata Senayan blok B-22. Jalan Tentara Pelajar, Senayan, 12210 Jakarta
<b>Iran</b>	Givaudan International SA, Iran Branch	P.O. Box 15175/534 – No.202 – 204, Gol Bld., Gol Alley, After Park Saei, Vali Asr, Tehran
<b>Italy</b>	Givaudan Italia SpA	Via Borgogne 5, 20121 Milano
	drom International Italia Srl	Via Valassina 24, 20159 Milano
	Expressions Parfumées Srl	Via Varesina 162, 20156 Milano
	Naturex SPA	Caronno Pertusella, Via Galileo Ferraris, 44, 21042 Caronno Pertusella (VA)
<b>Ivory Coast</b>	Givaudan International. SA Côte d'Ivoire	Immeuble RMO, 5 <sup>ème</sup> étage, Rue du Docteur Blanchard Zone 4C, Abidjan
	ITRAD	Abidjan Yopougon, Chaumière du Banco, 04 BP 1682 Abidjan
<b>Japan</b>	Givaudan Japan K.K.	6-6 Osaki 3-chome, Shinagawa-ku, Tokyo 141-0032
	Naturex K.K	6-6 Osaki 3-chome, Shinagawa-ku, Tokyo 141-0032
<b>Kenya</b>	Givaudan MEA FZE - Kenya Branch	Vienna Court, Ground floor, West Wing Building, State House Crescent Road (P.O. Box 44168-00100) Nairobi
<b>Malaysia</b>	Givaudan Flavours & Fragrances Malaysia Sdn. Bhd	48 Jalan Kota Laksamana 2/15, Taman Kota Laksamana, Seksyen 2, 75200 Melaka
	Givaudan Business Solutions Asia Pacific Sdn. Bhd	1 First Avenue, Banda Utama, level 12, Bandar Utama, PJU 6, 47800 Petaling Jaya, Selangor
	Fragrance Oils (Malaysia) Sdn Bhd	Suite 733, Block B2, Level 7, Leisure Commerce Square, 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor
<b>Mexico</b>	Givaudan de México SA de CV	Av. Eje Norte-Sur no. 11 Civac, 62578 Jiutepec Morelos
	Grupo Givaudan SA de CV	Av. Eje Norte-Sur no. 11 Civac, 62578 Jiutepec Morelos
	Naturex Ingredientes Naturales SA de CV	Av. Paseo de la Reforma 483, Piso 21 Col. Cuauhtémoc, Ciudad de México - 06500
<b>Morocco</b>	Givaudan MEA FZE Morocco Branch	8 Rue Ibnou Binna Aladdadi, Bourgogne, 20053 Casablanca
	Naturex Maroc SA	Technopole ONDA – BP 42 20240 Nouasser, Casablanca
<b>Myanmar</b>	Givaudan Singapore Pte Ltd (Myanmar Branch)	46A – 2C Excellent Condo, Pantra Street, Dagon Township, Yangon
<b>Netherlands</b>	Givaudan Nederland B.V.	Huizerstraatweg 28, 1411 GP Naarden
	Givaudan Finance Europe BV	Huizerstraatweg 28, 1411 GP Naarden
	Vika B.V.	Nizolaan 4, 6718 ZC Ede
	Virgula B.V.	Nizolaan 4, 6718 ZC Ede
	Vika Nutrition B.V.	Nizolaan 4, 6718 ZC Ede
	G.A.L.M International B.V.	Nizolaan 4, 6718 ZC Ede
	Naturex Coöperatief U.A	Strawinskylaan 3127, 1077 ZX Amsterdam
<b>New Zealand</b>	Givaudan NZ Ltd	Level 1 The Lane, Botany Town Center, Te Irirangi Drive, Botany 2010
	Cuisine Resources NZ limited	15 Crosbie Road, Pukekohe 2120
<b>Nigeria</b>	Givaudan (Nigeria) Limited	Plot 2 and 4, Block D, Amuwo Odofin Industrial scheme, Apapa/Oshodi Expressway, Lagos
	Fragrance Oils (West Africa) Limited	A2 Billings Way, Oregun, Lagos

Country	Legal Entity name	Address
<b>Pakistan</b>	Givaudan International SA Pakistan	25 <sup>th</sup> Floor, The Ocean Tower, Block – 9, Clifton, Karachi – 75600
<b>Peru</b>	Givaudan Peru SAC	Av. Victor Andrés Belaúnde 147, Centro Empresarial Real, Torre Real 1, Piso 11, San Isidro 27, Lima
	Activ International SAC	Ambrosio Vucetich, 200 Parque Industrial Mz K – Lt 3, Arequipa
<b>Philippines</b>	Givaudan Singapore Pte Ltd, Regional Operating Headquarter	37/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City 1605
<b>Poland</b>	Givaudan Polska Sp. z o.o.	Ul. Puławska 182, IO-1 Building, 02-670 Warszawa
	Naturex Polska Sp. z o.o.	Ul. K.K. Baczyńskiego 29, 38-200 Jasło
<b>Russian Federation</b>	Givaudan Rus LLC	Riverside Towers Business Centre, Kosmodamianskaya Naberezhnaya 52/5, 115054 Moscow
	Naturex LLC (Russia)	Shuhova Str, 14, building 9, Office 201, 115162 Moscow
<b>Singapore</b>	Givaudan Singapore Pte Ltd	1 Woodland Avenue 8, Singapore 738972
	Fragrance Oils (Far East) Pte. Ltd	510 Thomson Rd, #04-01 SLF Building, 298135 Singapore
	Naturex Holdings Singapore Private Ltd	20 Changi Business Park Central 2, #05-04A, Singapore 486031
<b>South Africa</b>	Givaudan South Africa (Pty) Ltd	9 – 11 Brunei Road, Tulisa Park, Johannesburg 2197
	Naturex (Pty) Ltd	Granger Bay Court Building, Block B-Ground Floor, V&A, Waterfront, Cape Town, 8002
<b>South Korea</b>	Givaudan Korea Ltd	11 – 12/F Trus Tower Building, 60 Mabang-Ro, Seocho-Gu, Seoul
	Naturex (Korea)	Room 503, Leaders Bldg, 14, Hwangsaoul-Ro 311 beon-gil, Bundang-gu, SeongNam-si, GyeongGi-do, 13590
<b>Spain</b>	Givaudan Ibérica, SA	Pla d'en Batllé s/n, 8470 Sant Celoni, Barcelona
	Aromasur SL	Carretera De Santa Olalla, S/n, 41240 Almaden de la Plata, Sevilla
	drom spain S.L.	Sant Cugat Business Park, Edificio B2, Planta 5a, Of. Núm. 15, av. via Augusta 15-25, 8174 Sant Cugat Del Vallès, Barcelona
	Naturex Iberian Partners S.L.U	Autovía A3, salida 343. Camino de Torrent s/n 46930 Quart de Poblet
	Tierras Aromaticas del Sur SL	Carretera De Santa Olalla, Km 1, 41240 Almaden de la Plata, Sevilla
<b>Sweden</b>	Givaudan North Europe AB	Hyllie Vattenparksgata 12, 215 32 Malmö
	Swedish Oat Fiber AB	Båtafjordsvägen 12, 432 63 BUA
<b>Switzerland</b>	Givaudan SA	Chemin de la Parfumerie 5, 1214 Vernier
	Givaudan Finance SA	Chemin de la Parfumerie 5, 1214 Vernier
	Givaudan Suisse SA	Chemin de la Parfumerie 5, 1214 Vernier
	Givaudan International SA	Chemin de la Parfumerie 5, 1214 Vernier
	Givaudan Treasury International SA	Chemin de la Parfumerie 5, 1214 Vernier
	Vamara Holding SA	Mettlenweg 17, 2504 Bienne
	Naturex AG	Industriestrasse 8, 9220 Bischofszell
<b>Taiwan, Republic of China</b>	Givaudan Singapore Pte Ltd, Taiwan Branch	7/F No 303, Hsin Yi Road, Sec 4, Taipei City Taiwan 106
<b>Thailand</b>	Givaudan (Thailand) Ltd	719 KPN Tower, Floor 16 & 25, Rama 9 Road, Bangkok Huaykwang, Bangkok 10310
<b>Turkey</b>	Givaudan Aroma ve Esans Sanayi ve Ticaret Ltd. Sirketi	Akat mahallesi, Bilge sokak, Park Maya Sitesi Barclay 19 no. 1 daire 6/7 Besiktas, Istanbul
	Expressions Parfumées, Turkey Liason Office	Edin&Suner Plaza, Meydan sok n°14/2B, 34335 Akatlar Istanbul



Country	Legal Entity name	Address
<b>UAE</b>	Givaudan Gulf Trading LLC	Concord Tower, Floor 20 & 36 , Media City, Dubai
	Givaudan Middle East & Africa FZE	Free Zone Establishment, Jafza View 19, First floor, office no. 129, Jebel Ali Free Zone, Dubai
	Expressions Parfumées LLC	Hamsah-A Bldg, Office 210, Khalid Bin Al Waleed St., Dubai
	Naturex S.A (Middle East)	Building P6 Office #132, Sharjah Airport International Free Zone (SAIF Zone), P.O. Box 121873, SHARJAH
<b>United Kingdom</b>	Givaudan UK Ltd	Kennington Road, Ashford, Kent TN24 0LT
	Givaudan Holdings UK Ltd	Kennington Road, Ashford, Kent TN24 0LT
	drom International UK Ltd.	Northline Business Consultants Ltd, 3-4 Wharfside, The Boatyard, M28 2WN Worseley, Manchester
	Major International Limited	Higham Business Park, Bury Close, Higham Ferrers, Rushden NN10 8HQ
	Naturex Ltd	Park Road, Overseal, Swadlincote, Derbyshire DE12 6JX
	Fragrance Oils Limited	Eton Hill Industrial Estate, Eton Hill road, Radcliffe, Manchester, M26 2FR
	Fragrance Oils (International) Limited	Eton Hill Industrial Estate, Eton Hill road, Radcliffe, Manchester, M26 2FR
	Fragrance Oils (Purchasing) Limited	Eton Hill Industrial Estate, Eton Hill road, Radcliffe, Manchester, M26 2FR
	Northern Aromatics (Sales) Limited	Eton Hill Industrial Estate, Eton Hill road, Radcliffe, Manchester, M26 2FR
<b>Ukraine</b>	Odouraze Limited	Eton Hill Industrial Estate, Eton Hill road, Radcliffe, Manchester, M26 2FR
	Givaudan International SA, Representative Office	Pimonenko Str. 13 6B/18, 04050 Kiev
<b>United States of America</b>	Givaudan Flavors Corporation	1199 Edison Drive, Cincinnati, OH 45216
	Givaudan Fragrances Corporation	1199 Edison Drive, Cincinnati, OH 45216
	Givaudan Flavors and Fragrances Inc.	1199 Edison Drive, Cincinnati, OH 45216
	Givaudan United States Inc.	15 East North Street, Dover, DE 19901
	drom International Inc.	5 Jacksonville Road, Towaco, NJ 7082
	Naturex Inc	251 Little Falls Drive, Wilmington, DE 19808
	Naturex Holdings Inc	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808
	Vegetable Juices Inc	c/o Illinois Corporation Service Company 801 Adlai Stevenson Drive – Springfield, IL 62703
<b>Vietnam</b>	Naturex Cooperative LLC	801 Adlai Stevenson Drive – Springfield, IL 62703
	Givaudan Singapore Pte Ltd, Vietnam Representative Office	Giay Viet Plaza 5 <sup>th</sup> Fl., 180 – 182 Ly Chinh Thang Street, District 3, Ho Chi Minh City
	Golden Frog Flavour-Fragrance Manufacture Company Ltd	31 Road No.8, Vietnam-Singapore Industrial Park , Binh Dang Quarter, Binh Hoa Ward , Thuan An Town, Binh Duong Province
	Golden Frog Flavor-Fragrance Manufacture Corporation - Branch 3	VSIP II-A, Road no 31, Vietnam-Singapore II-A Industrial Zone, Vinh Tan Commune, Tan U yenTown, Binh Duong Province
	Branch of Golden Frog Flavor- Fragrance Manufacture Corporation	Tan Hoa Hamlet , Tan Hoi Dong Commune Chau Thanh District , Tien Giang Province

# Givaudan sites worldwide

Country	Address	Legal Entity name	Fragrances	Flavours	Sales or Rep office	Creation/ Application	Production	GRI Scope <sup>1</sup>	GBS Centre
<b>Algeria</b>	Tour A – 4 <sup>ème</sup> étage, Business Centre Dar El Madina, Micro Zone d'activité Hydra Lot No. 20, 16035 Algiers	Givaudan International SA (Suisse) Bureau de Liaison Algérie	✓		✓				
<b>Argentina</b>	San Lorenzo 4759, Esquina Ave Mitre, Munro, Prov. Buenos Aires B 1605 EIO	Givaudan Argentina SA		✓	✓	✓	✓	✓	
	Ruta 9 Panamericana Km 36.5, Partido Malvinas Argentinas, Buenos Aires B1667KOV	Givaudan Argentina SA	✓		✓	●	✓	✓	
	Tronador 4890, 8° piso, Buenos Aires C 1430 DNN CABA	Givaudan Argentina Servicios SA							✓
<b>Australia</b>	12 – 14 Britton Street, Smithfield, Sydney NSW 2164	Givaudan Australia Pty Ltd		✓			✓	✓	
	Unit 36, 5 Inglewood Place, Baulkham Hills, Sydney NSW 2153	Givaudan Australia Pty Ltd	✓	✓	✓	✓		☑	
	Suite West 11A, ground fl., 215 Bell Street, Preston VIC 3072	Givaudan Australia Pty Ltd		✓	✓				
	9 Garling Road, Kings Park, NSW2148, PO Box 4165, Marayong NSW 2148, Sydney	Naturex Australia Pty Ltd.		✓	✓		✓		
	Parkview business centre suite 2, 1 Maitland place, Baulkham Hills, Sydney, NSW 2153	drom international Pty Ltd.	✓		✓				
<b>Austria</b>	Twin Tower Vienna, Wienerbergstrasse 11, 1109 Vienna	Givaudan Austria GmbH		✓	✓	✓		☑	
<b>Belgium</b>	Lausbedstraat 4, 3630 Maasmechelen	Naska Ingredients NV		✓	✓		✓		
	Val d'Or, Gulledele, 96 BE-1200 Woluwe Saint Lambert, Brussels	Naturex SPRL		✓	✓				
<b>Brazil</b>	Avenida Engenheiro Billings 2185, Jaguaré, São Paulo, 05321-010	Givaudan do Brasil Ltda	✓	✓	✓	✓	✓	✓	
	Avenida Engenheiro Billings 1653 & 1729, Jaguaré, São Paulo, 05321-010	Givaudan do Brasil Ltda	✓		✓	✓		✓	
	Rodovia Eduardo Zuccari, Km 21,5, Chácara Recreio Vista Alegre, Botucatu, São Paulo, 18603-970	G Nutra (Givaudan)		✓			✓		
	Av. Buriti, no. 5391, Distrito Industrial, CEP: 69.075-000, Manaus	Naturex Ingredientes Naturais Ltda		✓			✓		
	Rua George Ohm, 230, Conj. 22 (Torre B), 04576-020 Brooklin Novo, São Paulo	Naturex Ingredientes Naturais Ltda		✓	✓				
	Via Natalino Verdi 120, 13515-000 Charqueada, São Paulo	drom internacional Fragrâncias ind. e com. Ltda.	✓				✓		
	Maj. Gustavo Adolfo Storch 125, 13209-080 Vila Virginia, undiaí, São Paulo	drom internacional Fragrâncias ind. e com. Ltda.	✓		✓	✓			
<b>Canada</b>	2400 Matheson Blvd. East, Mississauga, Ontario L4W 5G9	Givaudan Canada Co.		✓	✓				
<b>Chile</b>	Avda Del Valle 869, oficina 202, Ciudad Empresarial, Comuna de Huechuraba, Santiago de Chile	Givaudan Chile Ltda		✓	✓	✓			
	Avenida Suecia 0142 – oficina 303, Providencia, Santiago de Chile	Chile Botanics SA		✓	✓				
	Panamericana sur Kilometro 297, Linares	Naturex Chile SPA		✓			✓		

Country	Address	Legal Entity name	Fragrances	Flavours	Sales or Rep office	Creation/ Application	Production	GRI Scope <sup>1</sup>	GBS Centre
China	15F, Tower 2, Kun Sha Center, no. 16 Xin Yuan Li Road, Chao Yang District, 100027 Beijing	Givaudan Flavors (Shanghai) Ltd Beijing Branch		✓	✓	●		✓	
	15F, Tower 2, Kun Sha Center, no. 16 Xin Yuan Li Road, Chao Yang District, 100027 Beijing	Givaudan Fragrances (Shanghai) Ltd Beijing Branch	✓		✓			✓	
	668 Jing Ye Road, Jin Qiao Export Area, Pu Dong New Area, 201201 Shanghai	Givaudan Flavors (Shanghai) Ltd		✓	✓	✓	✓	✓	
	298 Li Shi Zhen Road, Zhangjiang High-Tech Park, Pudong New Area, 201203 Shanghai	Givaudan Fragrances (Shanghai) Ltd	✓		✓	✓	✓	✓	
	222, Jiang Tian East Road, Songjiang Development Zone, 201600 Shanghai	Givaudan Specialty Products (Shanghai) Ltd	✓	✓			✓	✓	
	No. 7 Jianghai Road, Nantong Economic and Technological Development Area, 226017 Nantong, Jiangsu Province	Givaudan Flavours (Nantong) Ltd		✓			✓	✓	
	Unit 5, 15F Shuion Center, no. 374 – 2 Beijing Road, Yue Xiu District, 510030 Guangzhou	Givaudan Flavors (Shanghai) Ltd Guangzhou Branch		✓	✓	●		✓	
	Unit 6 – 7, 15F Shuion Center, no. 374 – 2 Beijing Road, Yue Xiu District, 510030 Guangzhou	Givaudan Fragrances (Shanghai) Ltd Guangzhou Branch	✓		✓			✓	
	Room 2001, 20F Funian Plaza-2, no. 666 Jitai Road, Gaoxin District, 610041 Chengdu, Sichuan Province	Givaudan Flavors (Shanghai) Ltd Chengdu Branch		✓	✓	●			
	Room A1301, Bldg 2, no. 80 Jin Shui Road (East), New Green City, Zhengzhou, He Nan Province	Givaudan Flavors (Shanghai) Ltd Zhengzhou Branch		✓	✓				
	Shanghai Juke Biotech Park, 6 <sup>th</sup> Floor, Bdg 4, no.333 Guiping Road, Xuhui District, 200233 Shanghai	Naturex Trading Shanghai Co, Ltd		✓	✓				
	Unit 1001, 10 F Miramar Tower, 132 Nathan Road, Tsim Sha Tsui	Givaudan Hong Kong Ltd	✓	✓	✓				
	8 Sham Shing Road, Cheung Sha Wan, new Kowloon	drom Hong Kong	✓		✓				
	Room.237, building 7, Zhong Tian Hi-Tech Park , 787 Kangqiao road, Pudong New Area, 201315 Shanghai	drom Shanghai	✓		✓	✓			
	no. 66, Hongjing Road, 510760 Guangdong	drom fragrances international (Guangzhou) Ltd.	✓		✓	✓	✓		
Colombia	Carrera 98 no. 25 G – 40, 151196 Bogotá D.C.	Givaudan Colombia SAS	✓	✓	✓	✓		✓	
Czech Republic	Klimentská 10, Praha 110 00	Givaudan CR, s.r.o.		✓	✓				
Egypt	Piece 37, Industrial Zone 3, 6 <sup>th</sup> of October City	Givaudan Egypt SAE		✓	✓	✓	✓	✓	
	46 El Thawra st., 3 <sup>rd</sup> floor, Appt 304, Heliopolis	Givaudan Egypt Fragrances LLC	✓		✓			✓	
Finland	Niemenkatu 73, 15140 Lahti	Givaudan International SA, Branch in Finland		✓	✓				

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France	46 avenue Kléber, 75116 Paris	Givaudan France SAS	✓		✓	✓		☑	
	4 rue Lord Byron, 75008 Paris	Expressions Parfumées	✓		✓				
	4 Rue Lord Byron, 75008 Paris	Expressions Parfumées	✓		✓				
	4 et 6 rue Curie, 92150 Suresnes, Paris	drom international S.A.R.L.	✓		✓	✓			
	55 rue de la Voie des Bans, 95102 Argenteuil Cedex	Givaudan France SAS	✓		✓	✓		✓	
	19 – 23 rue de la Voie des Bans, 95102 Argenteuil Cedex	Givaudan France SAS		✓	✓	✓		✓	
	16 rue Henri Becquerel, BP 525 – ZI Mitry Compans, 77295 Mitry Mory	Activ International SAS		✓			✓		
	Route de Bazancourt, 51110 Pomacle	Givaudan France SAS	✓		✓		✓	✓	
	Anse du Pors Gelin, 22560 Pleumeur Bodou	Givaudan France SAS	✓				✓	✓	
	3 Rue des Satellites, 31400 Toulouse	Givaudan France SAS	✓			●		☑	
	136 Chemin de Saint- Marc, 06130 Grasse	Expressions Parfumées	✓		✓		✓		
	250 rue Pierre Bayle – BP 81218 – 84911 Avignon Cedex 9	Naturex SA		✓	✓		✓		
	Actiparc de Pont de Vaux /Les Chapelles Sud – 01190 Reysouze	Naturex SA		✓			✓		
	St Jean Baptiste 629 Route de Grasse, 6220 Vallauris	Albert Vieille SAS	✓		✓				
Germany	Giselherstrasse 11, 44319 Dortmund	Givaudan Deutschland GmbH		✓	✓	✓	✓	✓	
	Lehmweg 17, 20251 Hamburg	Givaudan Deutschland GmbH	✓		✓			☑	
	Im Zollhafen 24, Kranhaus Süd, 50678 Köln	Naturex GmbH		✓	✓				
	Am Klopferspitz 19 im IZB, 82152 Planegg, Munich	AMSilk GmbH	✓		✓				
	Oberdiller str. 18, 82065 Baierbrunn	drom fragrances GmbH & Co. KG	✓		✓	✓	✓		
Guatemala	Boulevard Los Proceres 18, Calle 24 – 69 Zona 10, Empresarial Zona Pradera, Torre 1, Oficiana 1201-01010	Givaudan Guatemala SA	✓	✓	✓				
Hungary	Királyhegyesi út 3, 6900 Makó	Givaudan Hungary Kft		✓	✓		✓	✓	
	Bence utca 1., Váci Greens B, 1138 Budapest	Givaudan Business Solutions Kft						☑	✓
India	Plot No. 30, Survey no. 168, Dabhel Industrial Estate, Daman 396210	Givaudan (India) Pvt Ltd		✓			✓	✓	
	Survey no. 57/3 (2) & 3, Village Dunetha, Daman 396 210	Givaudan (India) Pvt Ltd		✓			✓		
	Plot no. 26, 2nd Cross Jigani Industrial Area, Anekal Taluk, Jigani, Bangalore, Karnataka 560 105	Givaudan (India) Pvt Ltd	✓				✓	✓	
	13 <sup>th</sup> Floor Prestige Meridian 1, 29 MG Road, Bangalore, 560001	Givaudan (India) Pvt Ltd	✓	✓	✓			☑	
	401 Akruti Centre Point, 4 <sup>th</sup> Floor, MIDC Central Road, MIDC, Andheri (East), Mumbai 400093	Givaudan (India) Pvt Ltd	✓	✓	✓	✓		☑	
	406 – 410, 4 <sup>th</sup> Floor, JMD Pacific Square, Sector 15, Part II, Gurgaon 122001, Haryana	Givaudan (India) Pvt Ltd	✓	✓	✓			☑	
	H-2 Ranjangaon Industrial Area Phase II, Pune 412209	Givaudan (India) Pvt Ltd	✓	✓			✓	✓	
	Star Hub, Building no. 02, 3 <sup>rd</sup> Floor, 302, Sahar Airport Road, Near ITC Grand Maratha, Andheri (E), 400 059 Mumbai	Naturex India Pty Ltd		✓	✓				
	Plot no. 15/2, Dhatav, Roha, District, Raigad, 402116 Mumbai	Naturex SA		✓			✓		
Indonesia	Jl. Raya Jakarta-Bogor Km 35, Cimanggis Depok, 16951 West Java	PT. Givaudan Indonesia	✓	✓			✓	✓	
	Capital Place, 9 <sup>th</sup> floor, Jl. Jend. Gatot Subroto Kav. 18, 12710 Jakarta	PT. Givaudan Indonesia	✓	✓	✓	✓			
	Rukan Permata Senayan blok B-22. Jalan Tentara Pelajar, Senayan, 12210 Jakarta	PT Fragrance Oils Indonesia	✓		✓				
	German Center Building, 6th floor, suites 6120-6130, Jl. kapt. subijanto dj., 15321 South Tangerang City, Banten	PT drom fragrances Indonesia	✓			✓			

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<b>Iran</b>	P.O. Box 15175/534 – no.202 – 204, Gol Bld., Gol Alley, After Park Saei, Vali Asr, Tehran	Givaudan International SA, Iran Branch	✓	✓	✓				
<b>Italy</b>	Via XI Febbraio 99, 20090 Vimodrone (MI)	Givaudan Italia SpA	✓	✓	✓	●			
	Via Galileo Ferraris, 44, 21042 Caronno Pertusella (VA)	Naturex SpA		✓	✓		✓		
	Via Valassina 24, 2015 Milan	drom international Italia S.R.L.	✓		✓				
	Via Varesina 162, 20156 Milan	Expressions Parfumées	✓		✓				
<b>Ivory Coast</b>	Immeuble RMO, 5ème étage, rue du Docteur Blanchard Zone 4C, Abidjan	Givaudan International. SA Côte d'Ivoire	✓	✓	✓				
	Abidjan Yopougon, Chaumière du Banco, 04 BP 1682, Abidjan	ITRAD	✓		✓				
<b>Japan</b>	3014 – 1 Shinohara-cho, Yokohama-shi, Kanagawa 222-0026	Givaudan Japan K.K.	✓		✓	✓		☑	
	3056 Kuno, Fukuroi-shi, Shizuoka 437-0061	Givaudan Japan K.K.			✓		✓	✓	
	3 – 6 – 6 Tokiwa New Building, Osaki, Sinagawa-Ku, Tokyo 141-0032	Givaudan Japan K.K.		✓	✓	✓		☑	
	NBC MITA Building 7F, 5 – 29 – 18, Shiba, Minato-ku, Tokyo 108-0014	Naturex KK		✓	✓				
<b>Kenya</b>	Vienna Court, Ground floor, West Wing Building, State House Crescent Road, P.O. Box 44168-00100 Nairobi	Givaudan MEA FZE - Kenya		✓	✓				
<b>Korea (Republic of)</b>	11/F Trust Tower Bldg, 60 Mabang-ro, Seocho-Gu, Seoul 06775	Givaudan Korea Ltd	✓		✓	●			
	12/F Trust Tower Bldg, 60 Mabang-ro, Seocho-Gu, Seoul 06775	Givaudan Korea Ltd		✓	✓	●			
	Room 503, 14, Hwangsaoul-ro 311beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do 13590	Naturex (Korea)		✓	✓				
<b>Malaysia</b>	A-901 Menara 1, Kelana Brem Towers, Jalan SS 7/15 (Jalan Stadium), 47301 Petaling Jaya Selangor Darul Ehsan	Givaudan Flavours & Fragrances Malaysia Sdn. Bhd	✓	✓	✓	✓			
	No. 121, Jalan Usaha 10, Kawasan Perindustrian Ayer Keroh, 75450 Malacca	Givaudan Flavours & Fragrances Malaysia Sdn. Bhd		✓	✓		✓	✓	
	1 First Avenue, Banda Utama, level 12, Bandar Utama, PJU 6, 47800 Petaling Jaya, Selangor	Givaudan Business Solutions Asia Pacific Sdn Bhd							✓
	Suite 733, Block B2, Level 7, Leisure Commerce Square 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor	Fragrance Oils (Malaysia) Sdn Bhd	✓		✓				
<b>Mexico</b>	Camino a Quintanares Km. 1.5, Pedro Escobedo, 76700 Querétaro	Givaudan de México SA de CV	✓				✓	✓	
	Av. Eje Norte-Sur No. 11 Civac, 62578 Jiutepec Morelos	Givaudan de México SA de CV		✓	✓	✓	✓	✓	
	Av. Paseo de la Reforma #2620, piso 12 Edificio Reforma Plus, Col. Lomas Altas, 11950 Mexico, D.F	Givaudan de México SA de CV		✓	✓				
	Lago Alberto 319, Piso 12, Col. Granada, 11520 Del. M. Hidalgo, Ciudad de México	Givaudan de México SA de CV	✓		✓	✓			
	Avenida Paseo de la Reforma 483 Piso 21, 2101 Colonia Cuauhtémoc Delegación Cuauhtémoc Ciudad de México, CP 06500	Naturex Ingredientes Naturales SA de CV		✓	✓				
<b>Morocco</b>	8 rue Ibnou Binna Aladdadi, Bourgogne, 20053 Casablanca	Givaudan MEA FZE Morocco Branch	✓	✓	✓				
	Technopole ONDA – BP 42 – 20240 Nouasser – Casablanca	Naturex Maroc SA		✓			✓		
<b>Myanmar</b>	46A – 2C Excellent Condo, Pantra Street, Dagon Township, Yangon	Givaudan Singapore Pte Ltd (Myanmar Branch)	✓	✓	✓	●			
<b>Netherlands</b>	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Nederland B.V.		✓	✓	✓	✓	✓	
	Nijverheidsweg 60, 3771 ME Barneveld	Givaudan Nederland B.V.		✓			✓	✓	
	Nizolaan 4, 6718 ZC Ede	Vika B.V.		✓	✓	✓	✓		

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<b>New Zealand</b>	Level 1, The Lane, Botany Town Center, Te Irirangi Drive, Botany 2010	Givaudan NZ Ltd		✓	✓			☑	
	15 Crosbie Road, Pukekohe 2120	Cuisine Resources NZ limited		✓	✓		✓		
<b>Nigeria</b>	Plot 2 and 4, Block D, Amuwo Odofin Industrial scheme, Apapa/ Oshodi Expressway, Lagos	Givaudan (Nigeria) Limited	✓	✓	✓	●			
	Suite 4, 7th floor, Nestoil tower, 41-42 Akin Adesola Street, Victoria Island, Lagoas	Givaudan (Nigeria) Limited	✓		✓				
	A2 Billings Way, Oregun, Lagos	Fragrance Oils (West Africa) Limited	✓		✓				
<b>Pakistan</b>	25 <sup>th</sup> floor, Ocean Tower, Block 9, Clifton, Karachi - 75600	Givaudan International SA Pakistan		✓	✓	●			
<b>Peru</b>	Av. Victor Andrés Belaúnde 147, Centro Empresarial Real, Torre Real 1 Piso 11, San Isidro 27, Lima	Givaudan Peru SAC	✓	✓	✓	●			
	Ambrosio Vucetich, 200 Parque Industrial Mz K – Lt 3, Arequipa	Activ International SAC		✓			✓		
<b>Philippines</b>	37/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City 1605	Givaudan Singapore Pte Ltd, Regional Operating Headquarter	✓	✓	✓	●			
<b>Poland</b>	Ul. Puławska 182, IO-1 Building, 02-670 Warszawa	Givaudan Polska Sp. z o.o.		✓	✓			☑	
	Ul. Postępu 17A, 06-676 Warszawa	Naturex Polska Sp. z o.o Biuro Handlowe		✓	✓				
	Ul. K.K. Baczyńskiego 29, 38-200 Jasło	Naturex Polska Sp. z o.o.		✓			✓		
<b>Russian Federation</b>	Riverside Towers Business Centre, Kosmodamianskaya Naberezhnaya 52/5, 115054 Moscow	Givaudan Rus LLC		✓	✓	✓		☑	
	Delovoy dom B-5, floor 9, Botanicheskiy pereulok 5, 129090 Moscow	Givaudan Rus LLC	✓		✓	✓		☑	
	Shuhova Str, 14, building 9, Office 201, 115162 Moscow	Naturex LLC		✓	✓				
	Korpus 2, office 201, Dmitriya Ulianova str. 16, 117292 Moscow	drom fragrances GmbH & Co. KG	✓		✓				
<b>Singapore</b>	1 Woodlands Avenue 8, Singapore 738972	Givaudan Singapore Pte Ltd	✓	✓	✓	✓	✓	✓	
	1 Pioneer Turn, Singapore 627576	Givaudan Singapore Pte Ltd	✓		✓	✓	✓	✓	
	19 Chin Bee Road, Singapore 619833	Givaudan Singapore Pte Ltd		✓			✓	✓	
	510 Thomson Rd, #04-01 SLF Building, Singapore 198135	Fragrance Oils (Far East) Pte.Ltd	✓		✓				
<b>South Africa</b>	9 – 11 Brunel Road, Tulisa Park, Johannesburg 2197	Givaudan South Africa (Pty) Ltd		✓	✓	✓	✓	✓	
	51A Galaxy Avenue, Linbro Business Park, Frankenswald, Sandton 2065	Givaudan South Africa (Pty) Ltd	✓		✓	●		☑	
<b>Spain</b>	Pla d'en Batllé s/n, 8470 Sant Celoni, Barcelona	Givaudan Ibérica, SA	✓	✓	✓	△	✓	✓	
	Edificio Géminis, Bloque B 1º 2a, Parque de Negocios Mas Blau, 8820 El Prat de Llobregat, Barcelona	Givaudan Ibérica, SA	✓		✓			☑	
	Sant Cugat Bbusiness Park, Planta 5a, office 15; av. via Augusta, 15-25, 8174 Sant cugat del vallès, Barcelona	drom spain S.L.	✓		✓				
	Plaça Europa 9-11; Plta 17, Torre Inbisa, 8908 L'hospitalet de Llobregat	Expressions Parfumées Iberica	✓		✓				
	Autovia A3, salida 343. Camino de Torrent s/n – 46930 Quart de Poblet	Naturex Iberian Partners, S.L.U		✓			✓		
	Carretera Santa Olalla, KM 1; 41240 Almaden de la Plata, Seville	Aromasur	✓				✓		
<b>Sweden</b>	Hyllie Vattenparksgata 12, 215 32 Malmö	Givaudan North Europe AB		✓	✓		✓		
	Båtafjordsvägen 12, 432 63 Bua	Swedish Oat Fiber AB		✓			✓		

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Switzerland	c/o Python, Baarerstrasse 21, 6300 Zug	Givaudan SA	✓	✓	✓				
	Zweigniederlassung Dübendorf 138, Neugutstrasse 46 , 8600 Dübendorf	Givaudan Schweiz AG		✓			✓	✓	
	Zweigniederlassung Dübendorf 138, Neugutstrasse 46 , 8600 Dübendorf	Givaudan International AG		✓	✓	✓		✓	
	Kemptpark 50, 8310 Kemptthal	Givaudan Schweiz AG		✓		●	✓	✓	
	Kemptpark 50, 8310 Kemptthal	Givaudan International AG		✓		△		✓	
	Chemin de la Parfumerie 5, 1214 Vernier	Givaudan Suisse SA	✓				✓	✓	
	Chemin de la Parfumerie 5, 1214 Vernier	Givaudan International SA	✓		✓			✓	
	Industriestrasse 8A, 8604 Volketswil	Givaudan Suisse AG	✓			✓	✓	✓	
	Kirchbergstrasse 211, 3400 Burgdorf	Naturex AG		✓			✓		
	Industriestrasse 8, 9220 Bischofszell	Naturex AG		✓			✓		
Taiwan, PR China	7/F, no. 303, Hsin Yi Road, Sec 4, Taipei City, Taiwan 106	Givaudan Singapore Pte Ltd, Taiwan Branch	✓	✓	✓	●			
Thailand	719 KPN Tower, floor 16 & 25, Rama 9 Road, Bangkok Huaykwang, Bangkok 10310	Givaudan (Thailand) Ltd	✓	✓	✓	●			
	Bangkok Business Centre Building, 19 <sup>th</sup> floor, Unit 1903, 29 Sukhumvit 63 Road, Klongton Nua, Wattana, Bangkok 10110	Naturex AG		✓	✓				
	25 Bangkok Insurance Building, 23rd Floor, Sathon Tai Road, Kwang Thung Maha Mek, Khet Sathon, Bangkok 10120	Expressions Parfumées	✓		✓				
Turkey	Ebulula Cad. Lale Sok., Park Maya Sitesi Barclay 19A Daire 6 – 7, Akatlar, Besiktas / Istanbul 34335	Givaudan Aroma ve Esans Sanayi ve Ticaret Ltd. Sirketi	✓		✓				
	Büyükdere Cad. Telpa Plaza., no. 195 K.3, Levent, Istanbul 34394	Givaudan Aroma ve Esans Sanayi ve Ticaret Ltd. Sirketi		✓	✓	✓			
	ms. cise osmanoglu, Istanbul	drom fragrances GmbH & Co. KG	✓		✓				
	Edin&Suner Plaza, Meydan sok n°14/2B, 34335 Akatlar Istanbul	Expressions Parfumées, Turkey Liason Office	✓		✓				
UAE	Concord Tower, floor 20 & 36, Media City, Dubai	Givaudan Gulf Trading LLC	✓	✓	✓	✓		☑	
	Jafza Views 18, Office NO LB180502, PO Box 33170, Jebel Ali, Dubai	Givaudan Middle East & Africa FZE	✓	✓	✓			☑	
	Building P6 – 132, Post Box – 121873, SAIF Zone, Sharjah	Naturex S.A (Middle East)		✓	✓				
	Hamsa-A Bldg, Office 210, Khalid Bin Al Waleed St., Dubai	Expressions Parfumées	✓		✓				
United Kingdom	Magna House, 76 – 80 Church Street, Staines, Middx. TW18 4XR	Givaudan UK Ltd	✓		✓				
	Chippenham Drive, Kingston, Milton Keynes MK10 OAE	Givaudan UK Ltd		✓	✓	✓		☑	
	Kennington Road, Ashford, Kent TN24 0LT	Givaudan UK Ltd	✓		✓	✓	✓	✓	
	Atria, Spa Road, Bolton, Greater Manchester B11 4AG	drom fragrances international UK Ltd.	✓		✓				
	Eton Hill Industrial Estate, Eton Hill Road, Radcliffe, Greater Manchester M26 2FR	Fragrance Oils (International) Ltd	✓		✓	✓	✓		
	Higham Business Park, Bury Close, Higham Ferrers, Rushden NN10 8HQ	Major International Limited		✓			✓		
	Park Road, Overseal, Swadlincote, Derbyshire DE12 6JX	Naturex Ltd		✓	✓		✓		
Ukraine	Pimonenko Str. 13 6B/18, 04050 Kiev	Givaudan International SA, Representative Office		✓	✓			☑	

Country	Address	Legal Entity name	Fragrances	Flavours	Sales or Rep office	Creation/ Application	Production	GRI Scope <sup>1</sup>	GBS Centre
United States of America	880 West Thorndale Avenue, Itasca, IL 60143	Givaudan Flavors Corporation		✓			✓	✓	
	580 Tollgate Road, Suite A, Elgin, IL 60123	Givaudan Flavors Corporation		✓	✓	✓			
	1199 Edison Drive 1 – 2, Cincinnati, OH 45216	Givaudan Flavors Corporation		✓	✓	✓		✓	
	245 Merry Lane, East Hanover, NJ 07936	Givaudan Flavors Corporation		✓	✓	✓	✓	✓	
	9500 Sam Neace Drive, Florence, KY 41042	Givaudan Flavors Corporation		✓			✓	✓	
	4705 U.S. Highway 92 East, Lakeland, FL 33801-3255	Givaudan Flavors Corporation		✓	✓		✓	✓	
	100 East 69 <sup>th</sup> Street, Cincinnati, OH 45216	Givaudan Flavors Corporation		✓			✓	✓	
	195 Alexandra Way, Carol Stream, IL 60188	Givaudan Flavors Corporation		✓			✓	✓	
	6 Santa Fe Way, Cranbury, NJ 08512	Givaudan Flavors Corporation		✓			✓	✓	
	256 Lackland Drive East, Middlesex, NJ 08846	Givaudan Flavors Corporation		✓			✓		
	808 ConAgra Drive, Omaha, NE 68102	Givaudan Flavors Corporation		✓	✓				
	895 Dove Street, Newport Beach, CA 92660	Naturex USA California		✓	✓				
	39 Pleasant Street – Sagamore, MA 02561	Naturex DBS		✓	✓				
	375 Huyler Street, South Hackensack, NJ 07606	Naturex Inc.		✓	✓		✓		
	7400 S Narragansett Ave, Bedford Park, IL 60638	Vegetable Juices Inc		✓			✓		
	10000 Highway 55, Minneapolis, MN 55441	Activ International		✓		✓			
	International Trade Center, 300 Waterloo Valley Road, Mount Olive, NJ 07828	Givaudan Fragrances Corporation	✓				✓	✓	
	40 West 57 <sup>th</sup> St. 11 <sup>th</sup> and 17 <sup>th</sup> floors, New York, NY 10019	Givaudan Fragrances Corporation	✓	✓	✓	✓		☑	
	717 Ridgedale Avenue, East Hanover, NJ 07936	Givaudan Fragrances Corporation	✓		✓	✓		☑	
	5 Jacksonville Road, Towaco, New Jersey 7082	Fine Fragrance Studio - drom fragrances, Inc. USA	✓			✓	✓		
	144 Duane Street, NewYork, New York 10013	drom fragrances, Inc. USA	✓		✓	✓			
Vietnam	Léman Luxury Building, 6th Floor, 117 Nguyen Dinh Chieu St., Dist. 3,, Ho Chi Minh City	Givaudan Singapore Pte Ltd, Vietnam Representative Office	✓	✓	✓	●			
	31 Road No.8, Vietnam-Singapore Industrial Park , Binh Dang Quarter, Binh Hoa Ward , Thuan An Town, Binh Duong Province	Golden Frog Flavour-Fragrance Manufacture Company Ltd		✓			✓		
	VSIP II-A, Road no 31, Vietnam-Singapore II-A Industrial Zone, Vinh Tan Commune, Tan U yenTown, Binh Duong Province	Golden Frog Flavor-Fragrance Manufacture Corporation - Branch 3		✓	✓				
	Tan Hoa Hamlet , Tan Hoi Dong Commune Chau Thanh District, Tien Giang Province	Branch of Golden Frog Flavor-Fragrance Manufacture Corporation		✓			✓		

1. Locations taken into account for ☑ health & safety performance or ✓ environment, health & safety indicators.

Icons within the category Creation/Application indicate the following: ● Application only    △ Creation only



# Our reporting suite

The 2019 Integrated Annual Report offers a holistic explanation of our value creation, financial and non-financial capitals and performance. The full Governance, Compensation and Financial reports are available in one separate PDF.

The 2019 Sustainability Highlights offers case studies and data for the three focus areas of our sustainability approach as well as eco-efficiency targets versus progress.

Our website hosts the online Integrated Annual Report and the full Sustainability GRI Index.

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

## 2019 Governance, Compensation and Financial Report

**Available in English**

PDF from 24 January 2020  
www.givaudan.com – media – publications



## Our Sustainability Approach

**Available in English**

PDF from 24 January 2020  
www.givaudan.com – sustainability – publications

## Online version

**Available in English**



Integrated Annual Report and Sustainability GRI Index\*  
Available from 24 January 2020  
www.givaudan.com – investors – online annual report



## 2019 Integrated Annual Report

**Available in English**

PDF from 24 January 2020  
Print from 25 March 2020  
www.givaudan.com – media – publications

## 2019 Company Highlights

**Available in English, French and German**

PDF and print from 25 March 2020  
www.givaudan.com – media – publications



## 2019 Sustainability Highlights

**Available in English**

PDF from 25 March 2020  
www.givaudan.com – sustainability – publications

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\* Sustainability GRI Index will be updated in March 2020 with full-year 2019 environmental data and external assurance statement.

# Givaudan SA

Chemin de la Parfumerie 5  
1214 Vernier, Switzerland

## General information

T + 41 22 780 91 11

## Media and investor relations

T + 41 22 780 90 53

## Share registry

Computershare Schweiz AG  
Postfach  
4601 Olten, Switzerland  
T + 41 62 205 77 00

## Share information

Symbol: GIVN  
Security number: 1064593  
ISIN: CH0010645932

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[www.PETRANIX.com](http://www.PETRANIX.com)

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