Annual Report 2014

Givaudan

engage your senses

Givaudan captures the essence of fragrances and flavours and offers an endless source of surprising experiences.

As the industry leader, with approximately 25% share of the fragrance and flavour market, we constantly challenge ourselves to build partnerships worldwide and to offer exceptional service to our customers with innovative products and distinctive concepts.

We create the pleasures of taste and scent in millions of ways, touching billions of lives. From fine fragrances to laundry care, from your favourite beverage to your daily meal, Givaudan is delighted to engage your senses, every day, everywhere.

Givaudan. Our name is an invitation to engage your senses

The world we live in is a place of infinite opportunities, filled with a myriad of scents and tastes. Some familiar to us, others untouched, exotic and still mysterious.

People across the planet want to express their individuality – through distinctive tastes and scents that enrich their lives, that add to their personality.

At Givaudan, we unveil the fragrances and flavours that suit you best, that you love most. We bring them to you. Every day. Everywhere.

Giving you fresh and inspiring moments. With a dash of the unexpected and a hint of the unknown.

Stirring your emotions, evoking memories, enhancing your senses. Expanding your taste and smell experiences, enriching your world.

An invitation to engage your senses and to enjoy the essence of your life. Express yourself.

Targets and strategy
Ambitious targets driven by our growth strategy

In 2010, Givaudan set itself ambitious mid-term financial targets. By executing our five-pillar growth strategy, we deliver on these goals: sales and market share gains that outperform the underlying market growth, achieving industry-leading EBITDA margins, an annual free cash flow (FCF) of 14-16% of sales in 2015, whilst returning over 60% of FCF to shareholders[1].

Ambitious mid-term guidance

4.5 to 5.5%
organic sales growth per annum[2]

Best-in-class
EBITDA

14 to 16%
free cash flow as % of sales in 2015

Above 60%
free cash flow return to shareholders[1]

Five-pillar growth strategy

Developing markets

Research and Development

Health and Wellness

Sustainable sourcing of raw materials

Targeted customers and segments

For more information see pages 18 to 28

1 Above 60% return to shareholders whilst maintaining a leverage ratio of no more than 25%.
2 Sales growth assumes a market growth of 2-3%.

Key figures
Solid performance in a challenging environment

CHF 4.4 billion
Sales up 3,7% LFL[1]

23.9%
EBITDA margin

13.7%
Free cash flow as % of sales

46% of sales
in developing markets

CHF 563 million
Net income, up 14.9% year-on-year

CHF 50.00 per share
Proposed cash dividend[3]

CHF 1,053 million
EBITDA

CHF 604 million
Free cash flow

CHF 6.5 billion
Total assets

For the 12 months ended 31 December, in million of CHF, except per share and employee data	2014	2013
Group sales	**4,404**	4,369
Fragrance sales	2,108	2,083
Flavour sales	2,296	2,286
Gross profit	**2,027**	1,954
as % of sales	46.0%	44.7%
EBITDA[2]	**1,053**	970
as % of sales	23.9%	22.2%
Operating income	**760**	693
as % of sales	17.3%	15.9%
Income attributable to equity holders of the parent	**563**	490
as % of sales	12.8%	11.2%
Earnings per share – basic (CHF)	**61.18**	53.43
Earnings per share – diluted (CHF)	**60.35**	52.83
Operating cash flow	**806**	888
as % of sales	18.3%	20.3%
Free cash flow	**604**	662
as % of sales	13.7%	15.2%
Number of employees	**9,704**	9,331

[1] LFL = Like-for-like excludes the impact of currency, acquisitions and disposals.

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

[3] Subject to shareholder approval at the Annual General Meeting on 19 March 2015.

Our business model
We touch people's emotions and create value for stakeholders

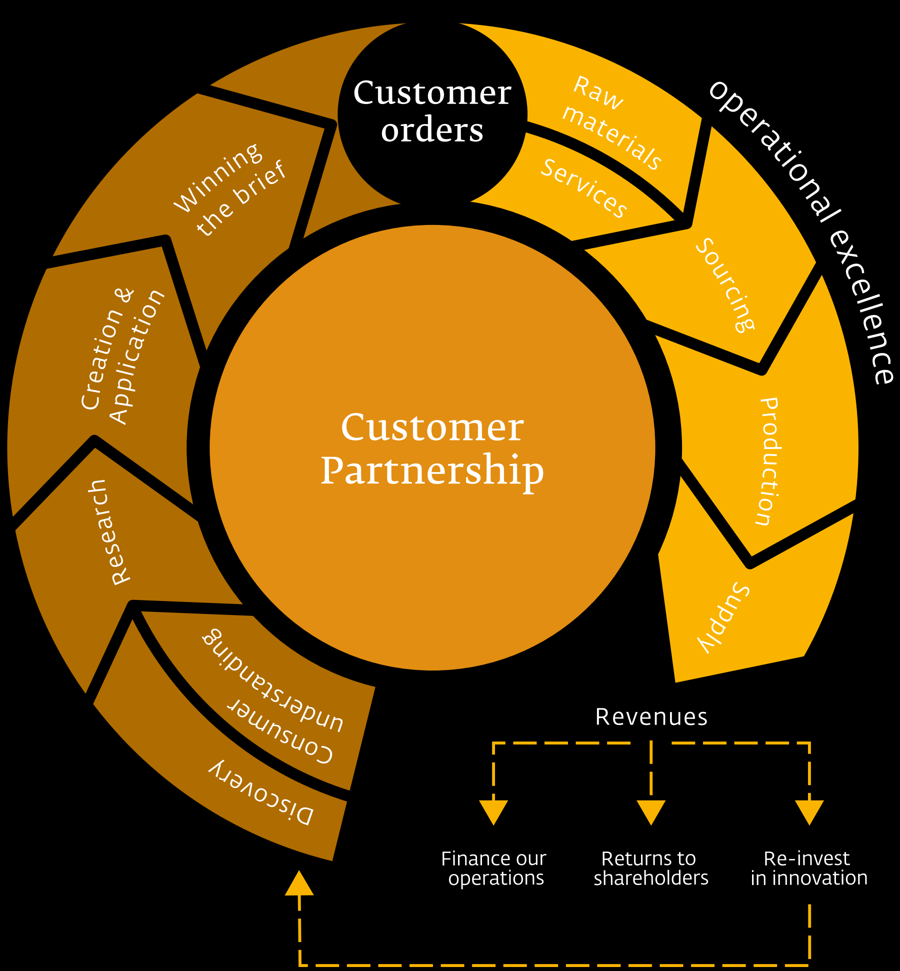
With a passion to understand market trends, consumers' desires and a relentless drive to innovate, Givaudan is committed to investing in innovation: consumer insights, new ingredients, technologies, platforms and partnerships.

As a true partner, we want to be close to our customers. That is why we are expanding our global market presence.

Consumers' taste and scent desires are continuously evolving, with a myriad of individual and regional preferences. Creating tastes and scents that touch people's emotions is our mission. That is why we put their desires at the centre of our business.

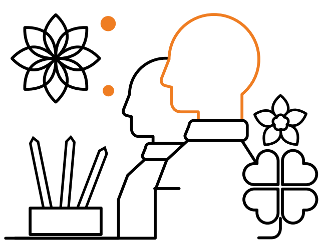
We are passionate about developing creative, innovative solutions for our customers. Inspired by our consumer insights, discovery and research, our teams work in close relationship with our customers on new creations.

As we create the next essence for people to enjoy, we are committed to operational excellence, a sustainable business model and creating value for our stakeholders.



Our capabilities
Surprising and delighting consumers with creative solutions

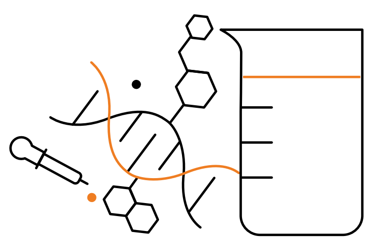
As our customers' loyal partner, we offer our capabilities in innovation and operational excellence, all inspired through extensive consumer insights. Committed to our customers' success, we translate our knowledge of local preferences into creations that delight consumers.



Creation

Inspiring delight and touching consumers' emotions is what drives us every day

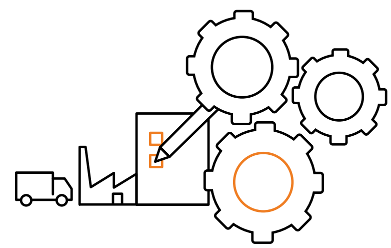
- A team of passionate perfumers and flavourists
- Extensive consumer understanding and close partnership with customers
- Unique product palette and ingredients



Innovation

With a relentless drive to innovate, we are offering cutting- edge solutions, the core to our customers' and our commercial success

- Pioneering Research and Development teams
- Focus on the science of taste and smell
- Broad product offering for diverse client portfolio



Operational excellence

With our global operations and rapid speed to market, we are at your service wherever you may be, whenever you need us

- Global spread of operations, with local presence
- Supply chain excellence, addressing customers' needs
- Sustainable sourcing of raw materials

Our business
Close partnership, always by our customers' side

Collaborating together, we surprise consumers with unique, innovative ideas. We create moments of delight and touch people's emotions.

Our customers

Our customers are global, regional and local. They serve end consumer markets with fragrances for personal, home and laundry care brands, as well as prestige perfumes. In flavours, our customers are in beverages, savoury, snacks, sweet goods and dairy products. With local presence in over 80 countries, we are working in close partnership with customers around the world.

Our divisions

Fragrance Division

Our talents extend across three business areas – Fine Fragrances, Consumer Products, Fragrance and Cosmetics Ingredients – through which we create scents for leading brands worldwide. The Soliance acquisition strengthened our process development and research capabilities in cosmetic active ingredients. In-depth consumer understanding, a high-performing research and development organisation and an efficient global operations network support our business. Our perfumery team is the largest in the industry.

Flavour Division

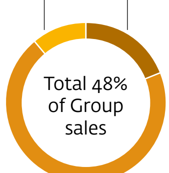
We work with food and beverage manufacturers to develop flavours and tastes for market-leading products across all continents. We are a trusted partner to the world's leading food and beverage companies, combining our global expertise in sensory understanding, analysis and consumer-led innovation in support of unique product applications and new market opportunities.

13%

Fragrance and Cosmetic Ingredients
Internal use
Third party sales

18%

Fine Fragrances
Signature fragrances
Line extensions



69%

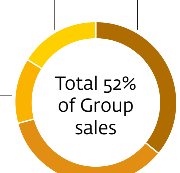
Consumer Products
Fabric & personal care
Hair & skin care
Household & air care
Oral care

15%

Confectionary
Confectionary
Baked goods
Sugar confectionary
Chocolate
Chewing gum

36%

Beverages
Soft drinks
Fruit juices
Instant beverages



14%

Dairy
Ice cream & yoghurt
Desserts
Yellow fats (margarines)

35%

Savoury
Ready-made meals
Snacks
Soups & sauces
Meat and poultry

88
Locations worldwide

34
Production sites

25%
Market share

9,704
Employees

Our markets

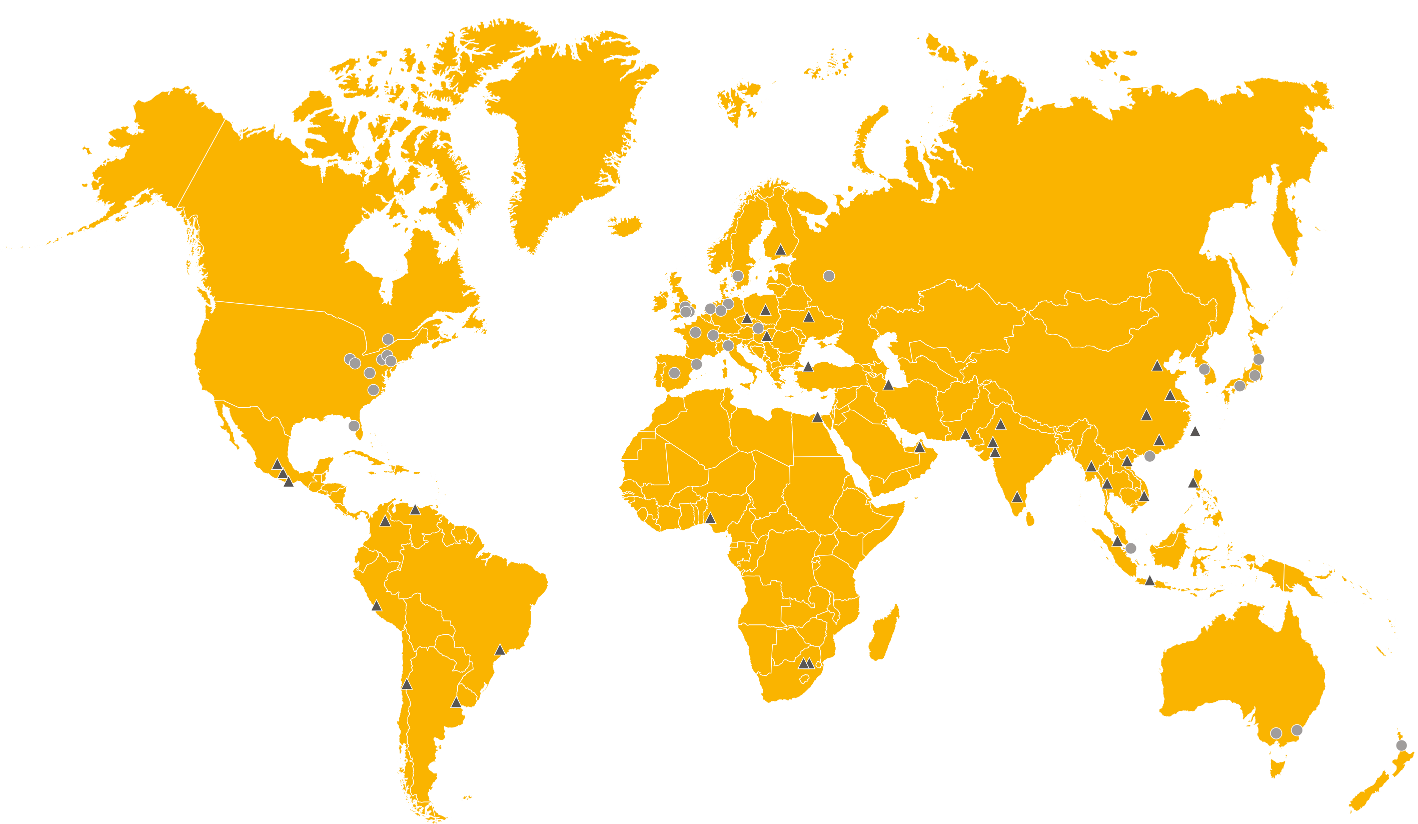
Mature markets

Representing 54% of the annual sales, mature markets such as North America, Western Europe and Japan are expected to grow slower than the developing markets, but at the same time offer potential for growth in areas such as the increase in demand for Health and Wellness products.

Developing markets

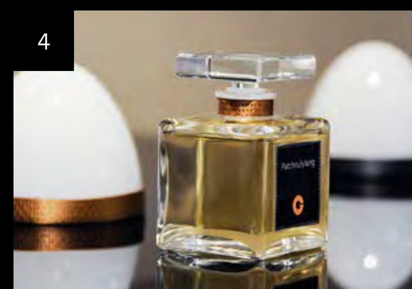
Asia Pacific, Latin America, Eastern Europe and the Middle East account for 46% of our annual sales and this is expected to continue increasing year-on-year. Market growth is expected to be higher due to urbanisation, changes in lifestyle and the increase in consumers' disposable income. We have a dedicated presence with creation and production facilities in all key regions to fully capture this potential.

● Mature markets
▲ Developing markets



A year of action
Our activities around the world: Top stories

1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5

6

9


11

1. Givaudan's Natural Beauty in Dubai

Givaudan presented four of our exclusive natural ethical sourcing ingredients – Vanilla Madagascar, Vetiver Haiti, Benzoin Laos and Sandalwood Australia – at the Beautyworld Middle East exhibition in Dubai. The event offered a chance to showcase our products to potential customers from the Middle East, Africa and South East Asia, all of which are growing and exciting markets.

2. Enriching our Fragrance Ingredients Palette

A joint venture between Givaudan and Zhejiang Xinhua Chemical, a leader in aroma chemical manufacture, opened new avenues for strengthening our position in developing markets, being closer to our customers and anticipating their demands. It will also allow us to continuously improve our existing sites and enrich our palette of quality fragrance ingredients.

3. Flavour Division Expands Capabilities in Asia Pacific

A new state-of-the-art spray dry flavour facility at Givaudan's Cimanggis site in Indonesia is the next exciting chapter in our long history in Asia. One of our most technologically advanced sites in the region, Cimanggis will help to meet our customers' requirements at record speed and expands our local capabilities.

4. Patchouli: Beautiful, Complex, Sustainable

Multifaceted and complex, patchouli is an iconic ingredient in the perfumer's palette. To secure this precious material native to Indonesia, Givaudan launched two ethical sourcing initiatives in Sulawesi and Borneo by building long-term partnerships directly with growers. A customer event in December 2014 offered a close look at Givaudan's unique fair trade supply model.

5. Launch of the Givaudan Foundation[1]

Givaudan not only makes the world a better scented and flavoured place, it creates a meaningful difference in people's lives with its community-oriented initiatives. The launch of the Givaudan Foundation in 2014 strengthened the Company's links to the regions where it operates by supporting charitable causes in the areas of health, education and development.

6. Culinary innovation at Givaudan Chef's Council

In collaboration with an outstanding range of international culinary talent, Givaudan hosted the Givaudan Chef's Council 2014 in New York. Exploring how to bring freshly cooked taste to convenience foods, the event was a part of Givaudan's drive to identify and offer innovative, original solutions to our customers.

7. Flavour Delivery for Powdered Juice Drinks

Capturing the effervescent, mouthwatering citrus flavour in powdered juice drinks required an innovative approach. Givaudan's Science and Technology group worked in close partnership with Latin America to develop a new delivery system. A solution for natural antioxidants will provide stable citrus flavours, allowing our customers to create new delicious beverages.

8. Making an Impression at the World Perfumery Congress

The interactive Givaudan exhibit booth at the World Perfumery Congress 2014 in Deauville, France, was a main attraction. Showcasing our Naturals Ethical Sourcing programmes, it featured a multimedia presentation telling the story of our search for the best natural ingredients, our commitment to producers and local communities, and our passion for quality.

9. Health and Wellness in Latin America

Givaudan's initiatives to help our customers develop healthier products are supported by diverse programmes to share our expertise. Such was the case at our TasteSolutions® Symposium, the second edition of which was presented to our Latin American customers in 2014. Dedicated to healthy, delicious food alternatives, the symposium also unveiled TasteSolutions® Richness, our new taste technology.

10. Sustainable Palm Oil Commitment Signed

Sustainable palm oil stands for environmental protection and respecting the needs of local populations. By signing the Alliance Commitment Charter on 100% sustainable palm oil by 2020 at the Paris International Agricultural Show, Givaudan showed its dedication to supporting sustainable initiatives and shaping the debate on greater sourcing responsibility industry-wide.

11. Close Your Eyes and Enjoy: New Brand Visuals

Tastes and scents have an incomparable power to touch our emotions, to stir memories. Creating such special moments of delight is Givaudan's mission. We put the desires and experiences of our customers and consumers at the heart of all we do, and this is what we aim to capture with our new visual representations. Close your eyes. Enjoy the essence of taste and scent. Let the journey begin.

12. Givaudan's Acquisition of Soliance

Givaudan completed the acquisition of Soliance SA, a producer of innovative active cosmetic ingredients with an impeccable reputation. Its original products and high added-value active ingredients will enhance our portfolio and strengthen our process development and research capabilities. The acquisitions will bring new expertise and ideas to create new state-of-the-art cosmetic ingredients for our customers.

[1] www.givaudan-foundation.org/

Chairman's introduction
Solid business performance

2014 brought another year of solid business performance for Givaudan. With healthy topline growth and rigorous attention to costs, we were able to generate a free cash flow of CHF 604 million.

Despite the uncertainties on consumer demand and the continued currency volatility, we remain confident that we will achieve the financial targets we had set out for 2015.

As a result of this year's solid performance and the overall strength of our financial position, the Board of Directors will propose a cash distribution of CHF 50.00 at the Annual General Meeting to be held on 19 March 2015. This dividend will be paid out of reserves for additional paid-in capital. This cash return will be the fourteenth consecutive increase to the dividend offered to shareholders since our listing on the Swiss stock exchange.

Our business has continued to thrive in recent years despite significant economic turmoil. Projections for the year ahead indicate that the growth momentum in the U.S. will continue whereas in other mature markets recovery will be slower than expected. Coupled by slower growth than we have seen in previous years in developing countries, including in regions in which our Company has recently seen significant opportunity, we must remain vigilant in our commitment to our strategic priorities. To ensure we achieve our performance targets, we will regularly review cost-saving opportunities, continue to diversify our investments across markets and focus on excellence in delivering value to our customers. As we celebrate the 120th anniversary of the founding of Givaudan by Léon and Xavier Givaudan, we will also draw inspiration from our rich heritage and the sound principles that have enabled our long-term success. Furthermore, I am confident that the demand for high-quality, consumer relevant flavour and fragrance solutions will not weaken significantly as our customers seek to keep pace with ever-changing consumer trends.

> "We continuously strive to be closer to our customers so that we can better understand their needs and create the flavours and scents that will help them to build their brands."

As the market leader, Givaudan continues to focus on a number of key drivers to ensure continued strong performance. Firstly, the Company invests significantly in consumer understanding. By increasing our local presence we are able to connect directly to the cultures and trends that are driving consumer behaviour. Recently the Board had the pleasure of visiting the new fragrance and flavour creation facilities in Mumbai, India, to experience first-hand the sights and sounds of this dynamic market. With an ever-increasing footprint in emerging markets we continue to build capacity to address growing demand. We continuously strive to be closer to our customers so that we can better understand their needs and create the flavours and scents that will help them to build their brands. In order to design products that go beyond the expectations of our customers, creation and innovation will remain at the heart of our business activities. Finally, another important driver of Givaudan's success is our unrelenting approach to operational excellence in all facets of our work.

Dr Jürg Witmer, Chairman

In anticipation of the modifications that will be mandatory as of 1 January 2015 according to recent changes to Swiss law, the compensation report of the previous year, as well as the 2014 remuneration package for the Board of Directors and Executive Committee, were put to a consultative vote and accepted at the 2014 Annual General Meeting. In addition, the new Articles of Incorporation related to compensation were approved. At the upcoming Annual General Meeting, to satisfy the new requirements, the annual incentive compensation of the Executive Committee for the calendar year 2014, as well as the 2015 proposed remuneration for the Executive Committee and the Board of Directors for the period until the following Annual General Meeting, will be put to a binding vote. Overall, the compensation packages proposed promote long-term value creation and reward not only profitability but also sustainable growth. In order to align the interests of our executives to those of our shareholders, we have ensured that a significant portion of our total compensation offering is delivered in Givaudan shares.

> "Succession planning at Board and senior management level remains a key priority for the Company."

Succession planning at Board and senior management level remains a key priority for the Company. At the end of this year there was a change in the composition of the Executive Committee with Michael Carlos taking his retirement. Michael leaves his position as President of the Givaudan Fragrance Division in the capable hands of Maurizio Volpi who most recently held the position of Regional Head of Western and Eastern Europe for Consumer Products. The Board thanks Michael for his contributions in the more than 30 years he was with Givaudan. While Michael will no longer be involved in the daily operations of our business, we will nominate him as a new candidate to the Board of Directors at the 2015 Annual General Meeting, thus ensuring that Givaudan can continue to benefit from his many decades of industry experience.

On behalf of the Board of Directors, I would like to thank the Givaudan management team and staff around the world for the work that they do day-in and day-out to ensure that the Company delivers on its promises to our shareholders. While the external environment will continue to be unpredictable, we are confident in our business model and have strong leadership and a dedicated staff that are aligned in their commitment to excellence, a key driver of our future success.

Finally, I take this opportunity to thank you, our shareholders, for your confidence. I expect that Givaudan's unique business model will continue to deliver increased value for many years to come.

Dr Jürg Witmer Chairman

Chief Executive Officer's review
On track to deliver our mid-term guidance

Dear Shareholder,
Continued commitment to our five-pillar growth strategy resulted in another year of solid performance. In 2014, growth was balanced across our Divisions, geographies, customers, categories, and product segments, minimising our exposure to market volatility.

As we head into the last year of our current strategy cycle Givaudan will continue to diversify investments and activities so that we are positioned to continue this growth.

Sales for the Group totalled CHF 4,404 million, an increase of 3.7% on a like-for-like basis compared to 2013. Sales in the Flavour Division were CHF 2,296 million, a 3.7% increase on a like-for-like basis and the Fragrance Division sales were CHF 2,108 million, a 3.6% increase on a like-for-like basis. Our free cash flow at the end of 2014 was CHF 604 million, equivalent to 13.7% of our sales.

This year's focus was to deliver our finest flavour and fragrance products while managing costs and keeping our customers and their consumers at the forefront of our efforts. In the coming paragraphs I will provide more detail about our 2014 milestones and share with you what makes our business truly inspiring.

Five pillars of strategic priority

Our ability to capitalise on the exciting opportunities in developing flavour and fragrance markets is of paramount importance to Givaudan. As one of the five pillars in the corporate strategy that is guiding our business objectives through 2015, we continue to prioritise investments in developing markets. This year, our global footprint expanded to include Nigeria and Givaudan became the first fragrance and flavour company to establish a presence in Myanmar. To meet the growing needs of Asian consumers, we announced a joint venture with Zhejiang Xinhua Chemical in China for the production of fragrance ingredients. With our expanded facilities in Cimanggis, Indonesia our Flavour Division can now offer our spray dry capabilities to customers in the region. We also completed the expansion of our technical centre and regional offices in Dubai to develop our expertise in the creation and application of flavours specifically for Middle Eastern markets. We are committed to understanding the needs and aspirations of consumers in developing markets so that we can create inviting products that enable our customers to satisfy a broad diversity of preferences.

> "We continue to prioritise investments in developing markets."

Research and development remain at the core of Givaudan's priorities and we continue to lead the industry with approximately 10% of our annual sales reinvested in innovation. As in recent years, our Flavour Division's TasteSolutions® programme took centre stage in 2014 with the launch of TasteSolutions® Richness, a new generation of flavour solutions that capture the authentic flavours of home-made cooking for use in prepared foods. This new technology will help our customers meet the growing demand for healthier and more convenient meal options with delicious flavours. The launch of TasteSolutions® Richness in June coincided with the latest edition of the Givaudan Chef's Council event which was held in New York City: an ideal venue to develop original ideas centred on this year's theme of 'freshness'. The event was an opportunity to draw inspiration from top chefs from around the world as well as other food and flavour experts. It was a delicious stop along the journey to discovering the flavours of the future.

Our Fragrance Division introduced an exciting new ingredient to our palette this year. The ingredient MAHONIAL™, with its long-lasting floral character and slight jasmine undertones, replaces a product that was recently withdrawn from the market due to changes in regulation.

Gilles Andrier, Chief Executive Officer

Also in 2014, we expanded the use of our encapsulation technology, a fragrance delivery system that offers the controlled release of scents, to include deodorants and beauty care. The expanded application of this technology demonstrates our efforts to offer integrated solutions to our customers. Our customers will also benefit from our acquisition of Soliance and their innovations in cosmetic naturals as well as their biotechnology platform for our continued research of sustainable fragrance ingredients.

"Meeting our key performance targets cannot come at the expense of tomorrow's resources."

Having identified the growing consumer interest in health and wellness as an opportunity for our business many years ago, today we lead the industry in the development of new technologies to address this trend. We are actively researching the impact of fragrance on health and well-being and are particularly interested in the potential positive effect fragrances can have on areas including stress reduction and enhanced cognitive development. With an increased understanding of the role protein plays in human health, there has been an increase in demand for this important macronutrient with a growing interest in non-animal sources of protein. As protein from alternatives to meat and dairy is often derived from sources that have less salt and fat content, their taste is also different. Our Flavour Division is actively working to commercialise solutions to compensate for these changes in taste so that consumers can find the protein they need matched with the flavours they enjoy presented in a healthier overall product.

We understand the importance of meeting our key performance targets but also acknowledge that today's success cannot come at the expense of tomorrow's resources. To align our business activities with this perspective we assembled a dedicated origination team in 2013 to secure the future supply of key ingredients. Our priorities in 2014 were to safeguard the supply of two important ingredients; patchouli oil and clove leaf oil. With new relationships developed directly with smallholder producers on the Indonesian island of Sulawesi, we were able to establish a collection network to provide a sustainable supply of patchouli oil. In Madagascar, the ethical sourcing programme for vanilla beans that was developed in cooperation with one of our long-standing partners has taken on new dimensions with our Ecocert certified organic vanilla now sourced from over 2,000 vanilla farmers in 26 rural villages. With a joint venture agreement signed in 2014 the partnership will go one step further to produce natural ingredient derivatives with clove leaf oil, the first ingredient to be transformed directly in its country of origin. With increased customer interest in our sustainable sourcing activities, we expect to soon add more key ingredients to our portfolio.

Maintaining performance today while planning for tomorrow

As we approach the close of the 2010-2015 strategy cycle, we remain diligent in our adherence to the five-pillar growth strategy and are confident that we will meet our targets. In parallel, we are taking the necessary steps to formulate our strategic plan through 2020. By taking into account trends that have the potential to highly impact our business and staying focused on our core activities while identifying new opportunities that add value to our customers, I am confident that we are well-positioned to achieve success during the course of the foreseeable future.

"We remain diligent in our adherence to the five-pillar growth strategy and are confident that we will meet our targets."

Evolving our commitment to sustainable business

In 2013, the Global Reporting Initiative (GRI) released their new standards for sustainability reporting, the G4 Sustainability Reporting Guidelines, giving companies through the end of 2015 to implement the changes. To demonstrate our commitment to transparent reporting, we will deliver the 2014 Givaudan GRI Report to these standards in March 2015, a full year in advance of mandatory use of the new reporting requirements. We have also streamlined our reporting to make it easier for our stakeholders to find the information that is most relevant to them. In addition to our annual GRI report where you can review our progress against our key performance indicators, you will find stories about our sustainable business initiatives embedded in our new website. The site will be regularly updated throughout the year to show our progress in integrating sustainable practices into our business activities. As a result, you will no longer find our editorial-style sustainability report as has been published in previous years. We hope you find our more dynamic approach to sharing our sustainability activities both informative and refreshing.

To enable Givaudan's commitment to supporting the communities within which we work and the charitable causes that are important to us, we announced the creation of the Givaudan Foundation in June 2014. The Foundation will focus on three areas of activity where the Company's core business can be leveraged to make a positive impact: communities at source, blindness, and family nutrition. Our corporate philanthropy, employee giving and community outreach activities are now directed through the foundation to maximise our positive impact. For example, the Foundation is now backing the community programmes that run alongside our sustainable sourcing initiative in Madagascar. In response to local needs, we have built schools, provided improved access to clean water and health services, and promoted revenue-generating activities.

Change from the inside out

This year, we also revisited our corporate positioning. As a result, we have a new brand that puts our customer focused approach into the foreground and further differentiates us within the industry. You will notice our new logo, bold colour scheme and fresh tagline all on display on our newly released corporate website with its active content and more user-friendly interface. Alongside the substantial changes to our look and feel, we had the opportunity to look inward and create a common language to express our corporate values. These values, which have been fostered over many decades, represent the DNA of Givaudan and are what make this company exceptional. Our clearly articulated DNA can now be leveraged to guide decision making and stimulate aligned action throughout the organisation. Together, these updates to our brand provide us with a solid platform from which we can ‘engage your senses’ and drive our future success.

> “We aim to ensure that employees feel that they work for a company that will recognise their achievements and nurture their ambitions.”

In another effort to reflect on our internal culture, the Executive Committee reviewed the detailed results of the 2013 Employee Engagement survey and established a series of commitments to improve key aspects of the working environment based on employee feedback. The Executive Committee and I share the responsibility to ensure that employees feel that they work for a company that will recognise their achievements and nurture their ambitions, encourage learning and professional development and provide a supportive working environment. These commitments are our promise to employees to listen to their feedback and deliver on areas of our culture that need improvement.

As announced in September 2014, Michael Carlos is taking his retirement. On behalf of the Executive Committee, I thank Michael for the thirty years he dedicated to Givaudan, the past ten of which he spent driving the success of our Fragrance Division. Effective as of January 2015, Maurizio Volpi, who has already enjoyed a fifteen year career with Givaudan, will become President, Fragrance Division. The Executive Committee is confident that our Fragrance business will continue to grow under his leadership and we wish him well as he takes on his new role.

On behalf of the Executive Committee, I would like to thank Givaudan’s employees, each of whom contributes their insight, enthusiasm, curiosity and skill to strengthen the Company each day. As a team, we were able to deliver another year of strong performance thanks to our common ‘Mindset of Best’ and we will continue to inspire and challenge one another to meet our performance targets in the coming year.

I hope you enjoy reading about the ways in which we were able to surprise customers with our innovative fragrance and flavour solutions. It is a source of great pride to be able to collaborate with these partners to create moments of delight for consumers worldwide.

Gilles Andrier Chief Executive Officer


SCALA
Shanghai Mansion
โรงแรมเซี่ยงไฮ้แมนชั่น
SCALA RESTAURANT

Strategy

We continue our commitment to outperform the underlying market growth and further expand our leadership position in the industry.

In this section:

Developing markets
Continuous investment into growth regions

While they are widely diverse in culture, style and of course geography, developing markets around the world are fast-moving, dynamic and exciting places for Givaudan and our customers.

Consumer trends and interests seem to change daily and desire for new, great products is constant especially for packaged food, beverages, household and personal care products. Our success is being achieved through focusing on maximising growth opportunities, and through experienced local talent, capabilities and consumer understanding, supported by investments.

Fragrance Division

Fragrance Division sales continued to grow in developing markets and accounted for 47% of total division sales.

The focus for Fragrances in the growing developing markets of Asia, Latin America, Africa and the Middle East continued during the year. The new Singapore Creative Centre will set an industry benchmark for the Asia Pacific region when it opens in 2015. Together with Shanghai, these creative centres are home to our growing teams in Asia Pacific and provide a hub for us to join creative forces with consumers and clients, as well as to train new talent for these important markets. In 2014, we announced a joint venture in China with Zhejiang Xinhua Chemical for the production of fragrance ingredients, strengthening our position and ability to meet the growing demand in the region.

Singapore and Shanghai are home to our growing Fragrance teams in Asia Pacific and provide a hub for us to join creative forces with consumers and clients.

Brazil is the largest fine fragrance market in the world, and in 2014 we had sustained growth in this market.

At the Sustainable Cosmetics Summit in São Paulo we were given the opportunity to showcase our portfolio of natural and nature-inspired fragrance and cosmetic ingredients, a portfolio acquired through the acquisition of Soliance.

In 2014, Givaudan became the first fragrance and flavour company to establish a modern office in Myanmar, a country with a promising growth potential in its fragrance and flavour market. The office in Yangon, which has application laboratories for fragrances and flavours, enables us to offer our expertise to the local market and gain closer collaboration with customers.

Flavour Division

Flavour Division sales in developing markets also continued to grow and in 2014 accounted for 44% of total division sales.

A new spray dry facility was opened in Indonesia during the year to enhance our capabilities in meeting rising demand for flavours in savoury, dairy and beverage applications. The CHF 24 million investment at our Cimanggis Flavours site makes it one of the most technologically advanced Givaudan sites in the region and brings production closer to customers. It delivers both conventional spray dries and the latest UltraSeal® technology, which are in high demand throughout Asia Pacific.

As part of our strategy to increase sales in developing markets and in response to growing demand for flavours in these markets, an expanded technical centre and regional offices were opened during the year in Dubai, UAE.

New Modern Fragrance Facilities in India

India, with its intricate and diverse market, offers thrilling opportunities for the fragrance business.

To keep pace with rapid market development, we inaugurated the Commercial and Creative Centre in Mumbai. The centre features sophisticated facilities, an efficient applications lab, and innovative evaluation space. Our team brings its fine-tuned fragrance expertise and in-depth understanding of local preferences to our customers, allowing them to offer exceptional products to Indian consumers. We stay by our partners' side and ahead of the trends.

Indonesia Opening: New Chapter for Flavours

The Asia Pacific region with its growing markets has long been one of Givaudan's priorities. We have continuously expanded our local capabilities and investments to respond faster to our customers' requirements.

The opening of the new spray dry flavour facility at our Cimanggis site in Indonesia will further enhance our ability to offer innovative, unique products. With expanded production, creation and application facilities, Cimanggis will become one of our most technologically advanced sites in Asia. As the local demand for flavours in savoury, dairy and beverage products rises, we are prepared to offer novel solutions and share our creative expertise with our customers wherever they may be.

The expansion of facilities will enable closer collaboration with customers in creating and applying flavours for the Middle Eastern markets. For the first time, customers from across the region can benefit from local access to flavour creation for Savoury, Snacks, Sweet Goods and Beverages and flavour application capabilities for Savoury and Snacks. These capabilities complement our existing capabilities in Sweet Goods and Beverages.

In 2014 we also continued to expand our vast coverage in China for Flavours customers with the opening of a new facility in Chengdu, in the southwest region of China.

With culinary and dairy applications labs in addition to sales, we are able to offer customers easily accessible, local expertise.

During the year, Flavours also celebrated the opening of new offices and applications laboratories in Lagos, Nigeria, the 65th anniversary of a presence in Brazil, and its 60th anniversary in Argentina.

> Our expanded technical centre and regional offices in Dubai enable a closer collaboration with customers in creating and applying flavours for the Middle Eastern markets.

Our investments in local facilities in developing markets strengthen the capabilities of our innovation teams who can increasingly focus on locally relevant creations and applications.

These teams, with local talent, are able to provide expertise and insight to customers in new ways. Examples of such initiatives in 2014 included:

- customer innovation days in the growing African markets of Ghana and Egypt
- a TasteTrek® Coffee study in Vietnam, a lemon and lime stability study in Bangladesh and a citrus understanding and stability study in China, all of which led to new business
- support through product reformulation, for customers in Mexico aiming to deliver delicious tasting, low calorie beverages.

Research and Development
Industry-leading investment into innovation

We are committed to investing for the mid- to long-term in our creative and innovative Research and Development (R&D) programmes, in which we spent CHF 405 million in 2014, more than any other company in the fragrance and flavour industry.

At Givaudan, it is our Science and Technology teams in Fragrances and Flavours that drive R&D value in innovation and make it possible for us to engage and delight the senses of consumers around the world.

Fragrance Division

Our Fragrance Science and Technology teams focus on the development of novel scent molecules, technologies and sensory solutions. These areas of expertise enable our perfumers and development teams to create high-performing, consumer-preferred fragrances that help bring our customers market success.

The development of novel scent molecules, technologies and sensory solutions enable us to create high-performing, consumer-preferred fragrances.

The Science and Technology focus areas of Fragrance Ingredients, Fragrance Delivery and Sensory are supported by five regional technology departments to bring research ideas into practical execution for the marketplace.

Their organisation underpins superior and differentiated fragrances that help position Givaudan as the essential fragrance partner for customer brands around the world.

Delivery systems

Fragrance technologies can draw on various methods to ensure the perfume experience occurs at the right moment in product use. We have developed sophisticated encapsulates, or caps, that control the release of the sensory experience or create an 'olfactive boost'. New sensory benefits can be obtained from these and other delivery systems that essentially change the way perfumes are created.

We extended the use of our caps technologies from the traditional application areas such as laundry and home care to deodorants and beauty care.

In 2014, we extended the use of our caps technologies from the traditional application areas such as laundry and home care to deodorants and beauty care. This was not a simple process and was achieved through adaptations according to varying consumer needs and regulatory requirements. The extension of our fragrance delivery technology enables formulations for perfumers that offer more complete and efficient solutions for our customers.

Ingredient discovery

In 2014, we introduced a new fragrance ingredient to our palette. The MAHONIAL™ fragrance ingredient has a long-lasting floral character with top-to-middle notes and a fresh, transparent character with a slight jasmine undertone.

Perfume benefits

The work by our Science and Technology teams to measure and identify perfume benefits is wide-ranging, but one area of expansion in 2014 was in the understanding of the human perception of odour and its effect on behaviours. Our well-established work on the benefits of perfume on sleep continues, but additional behaviours such as stress and alertness are now being studied. This work is being carried out through collaborations with academia as well as in-house projects, and the data collected provides valuable insight to our perfumers and fragrance development programmes.

Flavour Division

Our Flavour Science and Technology organisation focuses on innovation to support Givaudan's business strategy and to help drive the brand growth of our food and beverage customers. In 2014, Science and Technology's activities included Health and Wellness, delivering authentic flavours and taste experiences, naturals, and developing and achieving sustainable and cost-effective technologies to meet the needs of mature and developing markets.

> We are committed to remaining the key provider of innovative flavour solutions across flexible technology platforms.

We are committed to continuing current collaborations and alliances, and to seeking new opportunities and remaining the key provider of innovative flavour solutions across flexible technology platforms. These platforms allow us to design and commercialise customised and differentiated proprietary solutions for a range of product segments.

Health and Wellness

Food and its role in maintaining and improving health are of increasing interest to consumers. Our vision in Health and Wellness – a global market that grew by 7-9% in 2014 – is to create game-changing approaches to wellness discovery, exclusive functional offerings and unmatchable wellness benefits for our customers and consumers.

One area of focus for Science and Technology during the year was protein, an essential part of the human diet and which, after water, is the most important macro-nutrient for human growth and maintenance. Most protein we consume is derived from animals, but there are health-related concerns about this source as well as economic and environmental questions. We have for several years been developing technologies and flavours for meat and dairy protein alternatives, with much of this effort directed to overcoming taste, aroma and mouthfeel issues. In 2014, we increased our focus on further developing and commercialising our animal protein alternative flavour technologies and solutions. More on our work on protein can be found in the Health and Wellness section on page 25.

Authenticity and freshness

Our well-established TasteSolutions® programme allows us to work with customers to achieve superior taste performance for their brands in compensating for the removal of sugar, salt and fat in a large range of food and beverage applications. With the launch in 2014 of TasteSolutions® Richness, we introduced a new generation of flavours that enables prepared foods to retain the balance and authenticity of home-cooked dishes while meeting today's demand for healthier product formulation and convenience. This new global technology, with local relevance, ushers in a revolution in our taste capabilities, going beyond aroma to redefining the taste dimension as part of the flavour design. Customers say they have been seeking this type of offering for some time and have already praised it as unique.

TrailAir™ for Perfect Sillage

In the world of fine fragrances, the French word 'sillage' describes the scented wake left by a perfume wearer. As a decisive criterion requested by clients and consumers, a strong sillage means that a fragrance projects well.

To evaluate the trail performance of perfumes using a reproducible and rigorous method is challenging, but in our relentless drive to surprise customers with innovations, we developed an exciting, cutting-edge solution. TrailAir™ is an original technology created by Givaudan's Fine Fragrance Creative and Modelling/Perfume Performance teams. Modelled on the conditions of measurement encountered in real life trail situations, TrailAir™ is used in our centres worldwide to optimise trail properties and, of course, to compose perfumes with the perfect sillage.

MAHONIAL™ : New Muguet Captive

MAHONIAL™, our new muguet molecule, captures the exquisite aroma of iconic spring flowers. The green floral notes reminiscent of muguet, or lily of the valley, are beloved by both perfumer and consumer, and finding the perfect replica is a challenge for fragrance chemists.

Developed by our research labs in Zurich and Shanghai and screened by our perfumers, our ingredient MAHONIAL™ has the distinctive character of muguet, great volume and excellent stability. It is also an ideal replacement for molecules facing increasing pressure under the new regulatory requirements. Exclusive for the use of Givaudan perfumers, this elegant material allows them to create new enchanting floral accords across all categories to delight consumers.

Great Flavours, Clean Labels

Few mediums are as challenging for a flavourist as liquid concentrates. The high concentration of insoluble components in the final product and an acidic environment translate into a stability challenge.

Conventional fixes involving additives have a number of downsides, not least of which are the labelling issues. Our answer entails the development of a new platform which results in a clean label, physically stable liquid concentrate product. This new technology can be used across the whole spectrum of flavours, from citrus to berries, and can help our customers to create delicious products with consumer-friendly labels.

New Shanghai Research Platform

In order to deliver delicious flavours to our customers and anticipate ever evolving consumer demands, Givaudan invests considerably into the improvement of ingredients and delivery technologies.

In response to the growth of our China and Asia Pacific business, we have recently established natural ingredients discovery and development capabilities in Shanghai. Enzyme and fermentation technologies and a variety of other processing technologies comprise our multi-disciplinary platform. It is a powerful tool that enables our scientists to develop complex natural ingredients. These authentic, multifaceted materials provide a unique body and mouthfeel our flavourists can use in an infinite variety of applications.

The launch of TasteSolutions® Richness coincided with the Givaudan Chef's Council in New York, where food and flavour experts from around the world provided a source of inspiration for Science and Technology to enable the translation 'from chef to shelf'. The theme in New York was 'convenience food that delivers the eating experience of freshly prepared food' and our Science and Technology teams will work to turn this knowledge into tangible products and customer value.

Building on our expertise with TasteSolutions® Richness, during the year we expanded our offerings in beef and chicken flavours. By combining targeted aroma modules and TasteSolutions® Richness, we have enhanced our flavour authenticity. This technology helps build accurate, easily recognisable profiles of different cuts of meat such as beef entrecote and chicken thighs, as well as different cooking techniques such as searing and braising.

Naturals

The supply of citrus continues to be affected by the global spread of citrus greening disease, which is caused by a bacterium and transmitted by the Asian citrus psyllid. In 2014, we further embedded our offerings to customers so they may maintain product quality and expanded our SUNthesis® engineered citrus ingredients collection.

Science and Technology is exploring and developing alternative ways to sustainably supply customers with citrus oils and is adding new tools to the SUNthesis® collection to minimise cost fluctuations. We work closely with customers to ensure they obtain the right citrus profile with the lowest possible exposure to citrus quality and price volatility.

Flavour innovation for developing markets

In developing markets, our current focus is on cost-effectiveness for our TasteSolutions® programme and on seeking authentic flavours in food and beverages such as noodles, powdered soft drinks, snacks and taste/flavour technologies that are globally developed and locally relevant. This approach to studying regional and ethnic cuisines and then relating the findings to the delivery of unique creation tools for our flavourists is a benchmark for the industry.

> Our current focus in developing markets is on cost-effectiveness for our TasteSolutions® programme and on seeking authentic flavours in food and beverages.

Our work on plant protein sources for developing markets is an important area and we are producing more intense flavours to match the stronger taste profiles that are common in these markets. In flavour delivery, we also expanded our halal offering for savoury applications during the year.

In China, our research team works closely with customers to answer market needs, and several natural solutions have been produced to answer customer demands in the areas of sweet, savoury and tea, helping to position Givaudan in China as a preferred innovation partner.

Flavour innovation for mature markets

Our work on developing 'non-dairy dairy' flavours to add additional dairy taste without animal protein is important in mature markets for yoghurt, cheese and non-dairy milk. We have solutions to ensure these products offer high-quality consumer sensorial experiences. The effect of having such non-dairy flavours is particularly positive for people with dairy-related food allergies or sensitivities. In Europe, we extended our efforts in natural sweetness modification and in meeting the related regulatory changes. In flavour delivery, we increased authenticity for hot tea by offering a better retention and a superior flavour profile.

Health and Wellness
Serving a growing need of society

We maintain a leading position in the Health and Wellness arena and continue to invest in new ingredient development, sensory methodologies and consumer understanding to help our customers in their product development challenges and to meet demands by consumers for healthier, great tasting food and beverages.

Well-being is dependent in part on protein, which is sourced mostly from animals. With health-related concerns over the consumption of red meat, there is growing interest in vegetable or plant-based proteins that can at least partially replace animal proteins. Alongside this is a growing awareness of health issues and with health services under pressure as well, people are seeking food and beverage products that can promote their health. The ageing population in particular has a need for protein to maintain muscle mass and bone density.

With a growing awareness of health issues and with health services under pressure, people are seeking food and beverage products that can promote their health.

Flavour Division

In 2014, our Flavour Division continued to develop and commercialise technologies and flavours for meat and dairy alternatives. Fat compensation is an example of one of the many challenges we address as the lower levels of fat in these products greatly alters the mouthfeel and the overall sensorial experience. Also during the year, we increased our focus on protein and built prospective collaborations with customers and ingredient innovators for good tasting, nutritious and sustainable proteins and products.

We are focused on both high protein as well as alternative proteins, building on and expanding our tools and expertise in established protein ingredients such as soy, whey, milk and pea. This area of protein sources, applications and use is evolving, and there are significant opportunities to improve and optimise flavour and taste for a new generation of consumer products.

Fragrance Division

During the year our Fragrance Division broadened its programmes of scientific discovery that characterise the benefits of fragrance on health and well-being. Our work in the area of sleep is well-established, but we are increasing our activity in seeking to quantify and validate known fragrance benefits on additional behaviours including relaxation, reduced stress and enhanced cognitive development such as alertness.

Sustainable sourcing of raw materials
Safeguarding the efficient use of resources

The sustainable sourcing of raw materials is an integral part of our operations to service our customers. It is also one of our strategic pillars, as well as being part of our Sustainability programme.

In sourcing these materials, we take care to do so in ways that preserve the environment, stimulate the development and well-being of communities from which we source, and safeguard the efficient use of resources for the long-term.

Suppliers' compliance with our sustainability standards is constantly monitored, and we ask our top suppliers of raw materials to register on the Supplier Ethical Data Exchange (Sedex), a non-profit organisation that promotes improvements in ethical and responsible business practices in global supply chains. In 2014, the number of our suppliers registered on Sedex, including suppliers of indirect materials and services, totalled 285.

Sedex has developed an ethical audit methodology called SMETA (Sedex Members Ethical Trade Audit), that focuses on labour standards, environment, health and safety, as well as business integrity. The total number of our suppliers audited was 125 at the end of 2014.

125 suppliers have been audited, and 285 suppliers are now on Sedex.

Our sourcing initiatives include unique partnerships that bring high-quality, sustainable ingredients to our perfumers and flavourists. We have a dedicated organisation to reinforce the direct presence in countries of origin for the sourcing of these key natural ingredients. Most members of this Origination team are part of our Procurement function (see page 48) and are based in the countries of origin where we are setting up collection networks to source natural ingredients directly from producers.

For example, we have established a collection network in the Indonesian island of Sulawesi for the sustainable supply of patchouli, an iconic natural raw material used in fine fragrance and functional fragrance formulation. Givaudan sources most of its patchouli oil from this collection network. Our representatives provide local farmers with training support in the techniques of harvesting, preparing and distilling patchouli, for which we aim to have a reliable supply in terms of quality and quantity. The field teams use tablet computers with the Givaudan-developed I-Source program, on which data such as the volume of essential oil purchased and the location and yield of the crop are entered, and this information helps deepen our knowledge of the market.

Givaudan Collection network established on the Indonesian island of Sulawesi for the sustainable supply of patchouli.

For patchouli as well, and to complement our Indonesian collection network, we have initiated a local, exclusive partnership agreement on a large patchouli plantation with its own distillery in the northeast of the island of Borneo in Malaysia. With one farm and a single distillation site, this open-air laboratory enables Givaudan to develop unique, totally traceable qualities of essential oil for our perfumers. Givaudan has financed plantation machinery, production and equipment, as well as new homes for workers.


Patchouli harvesting in Sulawesi, Indonesia

In 2010, we initiated an ethical sourcing programme for vanilla beans together with our long-standing partner Henri Fraise Fils in Madagascar. Vanilla supply from Madagascar is complex, due to a rural structure made up of thousands of small farmers. This raises traceability questions in the supply chain, as well as social and sustainability issues. Our Ecocert certified organic vanilla and rural development programme aims at improving supply chain transparency and producers' living conditions. When the programme began we initially worked with 14 villages that rely on vanilla production for their livelihood. This figure has since increased to 26 villages, representing some 2,000 organic vanilla farmers in total. Support is in the areas of food security and education. To date, we have been involved in the construction or repair and maintenance of 16 schools.

Additionally, the programme promotes alternative revenue streams such as beekeeping, handicrafts, livestock and fishery. It also helps to provide better access to water and to health, and the first healthcare centre was built recently.

Joint venture agreement for extraction of strategic naturals in Madagascar.

In 2014, we signed a joint venture agreement with Henri Fraise Fils that will enable us to establish a footprint for extraction supplied by our own collection network of strategic naturals in Madagascar. Clove leaf oil will be the first ingredient that will be sourced through our existing collection network and processed into clove extracts.

Another milestone for the Origination team took place in late 2014 with the inauguration of a new cassia leaf extraction plant in China. Cassia is traditionally an important ingredient for Asian cooking and a unique flavour for the beverage industry. The facility is in the centre of the cassia growing area of Guangdong province and will produce cassia oil exclusively for Givaudan for use as a flavour ingredient. The new plant is a further example of our initiatives aimed at gaining better control of the quality and quantity of raw material supplies and a footprint at the origin of supply, wherever in the world. It also shows that Givaudan can successfully transform the traditional way of collecting and processing naturals to make it more secure and cost-optimised, while setting new standards in responsible sourcing and quality.

Targeted customers and segments

Growing our presence in categories offering an opportunity for expansion

Customers are at the heart of what we do. We are passionate about translating our knowledge of consumer preferences into creations that give our customers a competitive edge and help build their brands.

Innovation, creativity and commercial expertise are the hallmarks of our dedication in bringing delight to consumers' lives.

We seek to grow our market share in mature as well as developing markets by building strategic partnerships with our main customers and developing our presence with accounts or product categories where we are under-represented relative to our overall industry position.

Innovation, creativity and commercial expertise are the hallmarks of our dedication in bringing delight to consumers' lives.

Fragrance Division

In our Fragrance Division in 2014, Givaudan acquired Soliance SA and its subsidiaries, an investment that expands our business in active cosmetic ingredients derived from natural sources. The Consumer Products business has seen continued growth and the main driver of this growth is sales in developing markets, which remains a major opportunity for Givaudan as consumers enter the market through personal and home care products. Our international customers continue to benefit from these markets, while local and regional customer sales have increased as we seek ways to support smaller clients effectively from both our existing product portfolios and through impactful fragrance design. Fragrance technologies are increasingly important to this category of our business and we once again saw significant growth in the sale of encapsulated fragrances.

In Fine Fragrances we remain focused on two key strategic goals: creating fragrances with sustained success and growth in developing markets. A combination of new wins and volume growth in Latin America and the Middle East, both markets with a high fragrance affinity, has driven sales growth in developing markets. We continue to invest in our teams and in consumer insights for these regions. In Western Europe and North America we have created masculine and feminine fragrances for our clients that have been among the most successful new launches of the year.

Flavour Division

Flavours continued to bring customers fresh thinking and new insights to support their business growth, underpinned by an understanding of the trends of the future and translating these into new categories, markets and offerings that appeal and inspire. Our passion in bringing delight to consumers' lives stems from a desire for them to love and enjoy the flavour of our customers' products – we know how to touch emotions.

In 2014, Flavours again achieved strong growth, particularly in the Beverages, Dairy and Snacks segments. Our strategic target area of Health and Wellness also showed continued strength and achieved double-digit growth for the year. During the year we increased our focus on protein and built prospective collaborations with customers and ingredient innovators for good tasting, nutritious and sustainable flavours for non-meat proteins and products (see Health and Wellness, page 25). We strengthened our partnership with targeted customers by bringing to them new thinking and innovation in flavours and TasteSolutions®. As an example, in 2014 we launched TasteSolutions® Richness, a new generation of flavours that enables the creation of prepared foods to retain the balance and authenticity of home-cooked dishes while meeting today's demand for healthier product formulation and convenience.

TasteTrek® Citrus Mixology

The surprising spicy, bitter notes of pummelo or the floral nuances of kishu mandarins make these citrus fruits different from the everyday grapefruit and orange varietals. They are exotic and intriguing, but also challenging for flavourists.

To discover effective ways of incorporating such unusual flavours, we conducted a TasteTrek® Citrus Mixology event. Six of the best mixologists in the USA were invited to discover the unique fruit in the Citrus Variety Collection at the University of California, Riverside, and then use these flavours in cocktails. As our team was inspired by this fun gustatory challenge, the creations were then turned into unique beverage concepts to be shared with our customers and to ultimately create memorable consumer experiences.

Soliance: Cosmetic Active Ingredients

As a partner, we constantly search for new outstanding products to offer to our customers in the active cosmetic ingredients business. With the acquisition of Soliance SA, Givaudan adds an impressive variety of unique products to our current portfolio.

Soliance, an active cosmetic ingredients manufacturer based in France, has built its excellent reputation by developing high added-value active ingredients derived from vegetable sources, microorganisms and microalgae. It also strengthens both our process development and research capabilities. By becoming an integral part of the Fragrance Division, Soliance will contribute to our quest for innovation and our mastery of advanced technologies.

Performance

Executing our five-pillar growth strategy, we achieved solid performance in 2014 in a challenging environment. In this section, the Fragrance Division and Flavour Division detail their performance.

In this section:

Business performance
Solid performance in a challenging environment

Givaudan Group full year sales were CHF 4,404 million, an increase of 3.7% on a like-for-like basis and 0.8% in Swiss francs when compared to 2013.

Fragrance Division sales were CHF 2,108 million, an increase of 3.6% on a like-for-like basis and 1.2% in Swiss francs.

Flavour Division sales were CHF 2,296 million, an increase of 3.7% on a like-for-like basis and 0.4% in Swiss francs.

Gross margin

The gross margin increased to 46.0% from 44.7%, driven by the positive leverage effect from the volume gains and lower operational costs following the closure of the Flavours facilities in Bromborough, UK, and Kemptthal, Switzerland. In addition, the Company continued to benefit from supply chain efficiencies.

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

The EBITDA increased by 8.5% to CHF 1,053 million from CHF 970 million. An improved gross profit was the main driver behind the increased EBITDA. The Group recognised a one-off gain of CHF 42 million in the Flavour Division on the disposal of land at its Dübendorf location in Switzerland. When measured in local currency terms, the EBITDA increased by 11.6%. The EBITDA margin increased to 23.9% in 2014 from 22.2% in 2013.

Operating income

The operating income increased by 9.6% to CHF 760 million from CHF 693 million for the same period in 2013. When measured in local currency terms, the operating income increased by 13.5%. The operating margin increased to 17.3% in 2014 from 15.9% in 2013.

Financial performance

Financing costs in 2014 were CHF 63 million, versus CHF 85 million for the same period in 2013. In 2014 the Group continued to refinance at lower interest rates. Other financial expense, net of income, was CHF 20 million in 2014, down versus the CHF 28 million reported in 2013, despite the currency volatility in certain markets.

In 2014 the Group's income taxes as a percentage of income before taxes were 17% versus 16% in 2013.

Net income

The net income increased to CHF 563 million in 2014 from CHF 490 million in 2013, an increase of 14.9%, driven by an improved operating performance and stable financial expenses. This results in a net profit margin of 12.8%, versus 11.2% in 2013. Basic earnings per share increased to CHF 61.18 versus CHF 53.43 for the same period in 2013.

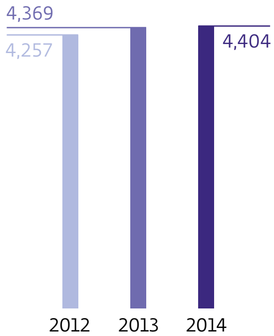
Cash flow

Givaudan delivered an operating cash flow of CHF 806 million in 2014, compared to CHF 888 million in 2013, driven by a higher EBITDA offset by short term working capital requirements. As a percentage of sales, working capital increased, as customer accounts receivables were exceptionally high at the end of the year.

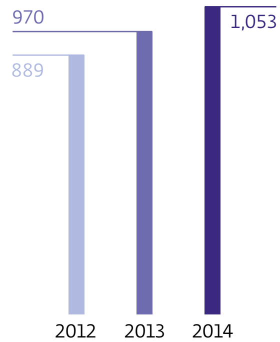
CHF 604 million

Free cash flow

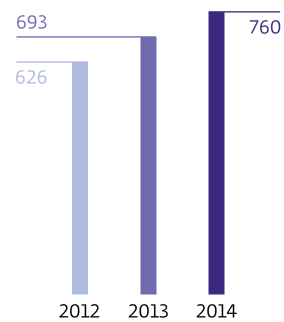
Sales
in millions of Swiss francs



EBITDA[a]
in millions of Swiss francs



Operating income
in millions of Swiss francs



Total net investments in property, plant and equipment were CHF 110 million, down from CHF 123 million incurred in 2013. During 2014 the Group continued its investments to support growth in developing markets, most notably a new flavours savoury facility in Nantong, China and a fragrance creative centre and compounding facility in Singapore. In addition, the Group received cash of CHF 58 million as a result of the sale of land at its Dübendorf location in Switzerland.

Intangible asset additions were CHF 46 million in 2014 compared to CHF 51 million in 2013 as the Company continued to invest in its IT platform. Total net investments in tangible and intangible assets were 3.6% of sales, compared to 4.0% in 2013.

Operating cash flow after net investments was CHF 650 million in 2014, versus the CHF 714 million recorded in 2013. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 604 million in 2014, versus CHF 662 million for the comparable period in 2013, mainly driven by a higher EBITDA, lower investments, offset by higher working capital requirements. As a percentage of sales, free cash flow in 2014 was 13.7%, compared to 15.2% in 2013.

Financial position

Givaudan's financial position remained solid at the end of the year. Net debt at December 2014 was CHF 795 million, down from CHF 816 million at December 2013. At the end of December 2014 the leverage ratio was 17%, compared to 18% at the end of 2013.

Dividend proposal

At the Annual General Meeting on 19 March 2015, Givaudan's Board of Directors will propose a cash dividend of CHF 50.00 per share for the financial year 2014, an increase of 6.4% versus 2013. This is the fourteenth consecutive dividend increase following Givaudan's listing at the Swiss stock exchange in 2000. The total amount of this distribution will be made out of reserves for additional paid-in capital which Givaudan shows in equity as at the end of 2014.

Mid-term guidance

Mid-term, the overall objective is to grow organically between 4.5% and 5.5% per annum, assuming a market growth of 2-3%, and to continue on the path of market share gains. By delivering on the Company's five-pillar growth strategy – developing markets, Health and Wellness, market share gains with targeted customers and segments, research and sustainable sourcing – Givaudan expects to outgrow the underlying market and to continue to achieve its industry-leading EBITDA margin while targeting an annual free cash flow of between 14% and 16% of sales in 2015. Givaudan confirms its intention to return above 60% of the Company's free cash flow to shareholders while maintaining a medium term leverage ratio target below 25%.

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and long-lived assets.

Fragrance Division

Fragrance Division sales were CHF 2,108 million, an increase of 3.6% on a like-for-like basis and 1.2% in Swiss francs. The sales of Soliance were CHF 14 million, following the acquisition on the 2nd of June 2014.

Total sales for Fragrance compounds (Fine Fragrances and Consumer Products combined) increased by 3.2% on a like-for-like basis. In Swiss francs, sales of compounds decreased to CHF 1,844 million from CHF 1,847 million.

3.6%

Sales growth in Fragrances on a like-for-like basis

Fine Fragrances sales grew 2.5% on a like-for-like basis. The growth was mainly driven by strong growth in developing markets.

Consumer Products sales increased by 3.3% on a like-for-like basis, driven by a good performance in developing markets and a moderate growth in the mature markets.

Sales of Fragrance and Cosmetic Ingredients increased by 7.4% on a like-for-like basis, driven by good growth of all product groups, led by double-digit growth of Specialities.

EBITDA increased by 0.2% to CHF 505 million from CHF 503 million in 2013. The EBITDA margin decreased to 23.9% in 2014, from 24.2% in 2013.

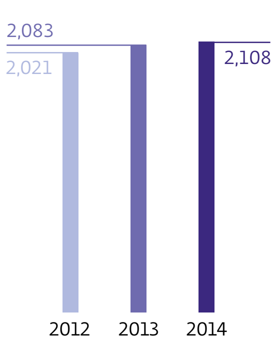
The operating income decreased by 2.8% to CHF 370 million in 2014, versus CHF 380 million for the same period in 2013. The operating margin decreased to 17.5% in 2014 from 18.3% in 2013.

Fine Fragrances

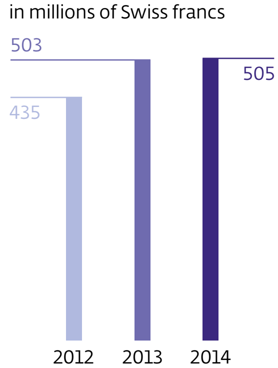
Fine Fragrances sales grew 2.5% on a like-for-like basis with strong growth in developing markets more than offsetting lower sales in mature markets.

In developing markets, growth was driven by significant new wins in both Latin America and the Middle East. In Latin America the increase in new business was with established key accounts while in the Middle East the company made strong gains with a number of new customers. In mature markets growth in North America was not able to compensate for lower business in other regions.

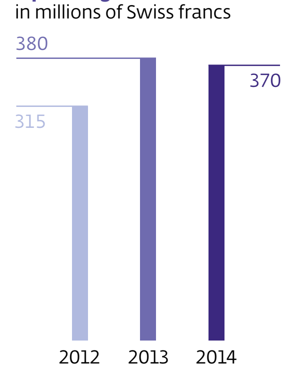
Sales
in millions of Swiss francs



EBITDA[a]
in millions of Swiss francs



Operating income
in millions of Swiss francs



a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and long-lived assets..

Reinforcing our position in developing markets through the signing of a joint venture with Zhejiang Xinhua Chemical

At the major award ceremonies in Europe and the USA, Givaudan delivered another strong showing led by: Tom Ford's Plum Japonais, Tobacco Oud and Rive D'Ambre, Bottega Veneta pour Homme, James Bond Quantum, Ralph Lauren Polo Red, Le Male by Jean Paul Gaultier, Narciso Rodriguez for her, One Million Intense, Black for Comme des Garçons, Victoria by Victoria's Secret and Playing with the Devil by Kilian.

Consumer Products

The Consumer Products Business Unit sales grew by 3.3% on a like-for-like basis against strong prior year comparables. Sales in developing countries were the main driver of the growth, while sales performance in mature markets was moderate.

Sales in Latin America grew double-digit for the third consecutive year, driven by international customers, across the fabric care and the personal care segments. Sales in Asia increased with all customer types against high comparables, led by a strong growth with local and regional customers. The performance was also sustained by a double-digit increase on the personal wash, deodorant and conditioning categories. In Europe, Africa and the Middle East, the good sales growth was supported by all sub-regions and customer types, spread across all product segments. In Africa and the Middle East the business delivered double-digit growth. Sales in North America declined against last year, due to international customers, whereas local and regional customers posted growth against the prior year's double-digit increase.

On a product segment basis, sales growth was sustained by the strong increase on the fabric care and personal care segments, followed by household.

Fragrance and Cosmetic Ingredients

Sales of Fragrance and Cosmetic Ingredients grew by 7.4% on a like-for-like basis. The growth was mainly driven by the good results achieved in North America, Asia and Europe. Each product category finished well above last year's results, particularly the specialities category which demonstrated double-digit growth.

During the year Givaudan announced the signing of a joint venture with Zhejiang Xinhua Chemical for the production of fragrance ingredients in China. This is an additional step in Givaudan's strategy to reinforce its position in developing markets to meet the growing demand in the region and improve its competitive position on a selected portfolio of products. As part of this strategy, the Company also continued to invest in its Mexican ingredient manufacturing plant.

The New Challenges for Fragrances

The industry has changed dramatically over the last ten years. Michael Carlos, President of Givaudan's Fragrance Division, emphasised this during his speech at the World Perfumery Congress 2014. With a greater demand for transparency, the shrinking synthetic palette and the need for sustainable natural ingredients, the role of perfumers and the development process for fragrances will change significantly.

Givaudan has always treated industry challenges as exciting opportunities by investing in new research, anticipating trends, creating innovative collaborations, and performing to the highest standards as partners. In Michael Carlos's words, "It is up to us, as individuals and as companies, to seize the moment and come out best."

Fragrance Lab at London's Selfridges

In partnership with Givaudan perfumers and consumer insight experts, Selfridges, the iconic London department store, revealed how the fragrance shopping experience can be surprising and thrilling.

Consumers made a captivating journey through a series of interactive zones, which analysed their character and perfume preferences. At the end of their multi-sensory exploration, they were delighted to discover three personalised fragrances composed by perfumers Louise Turner, Antoine Maisondieu, Shyamala Maisondieu and Nadège Le Garlantezec. A fun departure from the traditional way of selecting scents, Fragrance Lab surprised with a glimpse into the future of retail by using information about consumer habits and tastes in an interactive, avant-garde manner.

Business Masterclass for Fragrance Development

To build a team of world class experts able to impact tomorrow's world, we invest in learning and development today, and the Business Masterclass has proven to be a valuable initiative.

Since its launch in 2013, the programme has included representatives from Sales, Evaluation, Marketing, Perfumery, Consumer Market Insights, Science and Technology, Oral Care and Regulatory. Many modules are presented by senior managers, who tailor the content to our industry and share their insights. The objective is to make our managers well prepared for future strategic challenges. The Masterclass gives them a complete view of the business and empowers them to meet the most ambitious goals.

Key fragrance wins 2014

Women

Bath and Body Works
– A Thousand Wishes

Shiseido
– Narciso

Boticario
– Linda Brasil
– Lady Lily

Coty
– Roberto Cavalli Oud Al Qsar
– Bottega Veneta Knot

Estee Lauder
– Tom Ford Velvet Orchid

Avon
– Luck For Her
– Far Away Gold

Bulgari
– Le Gemme Collection

Men

Natura
– Urbano
– Kaiak Extremo

Procter & Gamble
– Lacoste L12.12 Yellow

Elizabeth Arden
– John Varvatos Artisan Acqua

L'Oreal
– Diesel Only The Brave Wild

Coty
– Enrique Iglesias Adrenaline

Groupe Inter Parfums
– Mont Blanc Emblem

Flavour Division

Flavour Division sales were CHF 2,296 million in 2014, an increase of 3.7% on a like-for-like basis and 0.4% in Swiss francs.

All major business segments grew favourably with Beverages, Dairy and Snacks leading the way. The strategic growth pillars of Health and Wellness, Developing Markets and Targeted Customers contributed to the overall performance. Strong double-digit growth in Latin America was driven by improved taste solutions involving sweetness, salt and masking capabilities.

EBITDA increased by 17.4% to CHF 548 million from CHF 467 million in 2013. The EBITDA margin was 23.9% in 2014, up from 20.4% in 2013. The Group recognised a one-off gain of CHF 42 million in the Flavour Division on the disposal of land at its Dübendorf location in Switzerland.

3.7%

Sales growth in Flavours on a like-for-like basis

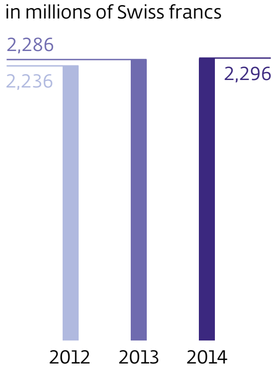
The operating income increased by 24.8% to CHF 390 million in 2014 from CHF 313 million for the same period in 2013. The operating margin increased to 17.0% in 2014 from 13.7% in 2013.

Asia Pacific

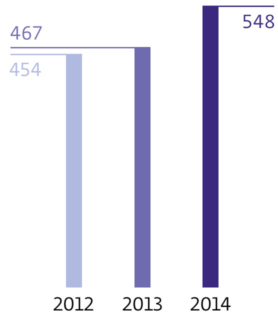
Sales in Asia Pacific grew 3.9% on a like-for-like basis. The developing markets achieved mid-single-digit growth, led by China, India, and the Philippines. The mature markets increased slightly reflecting growth in Oceania and Korea offset by slow economic conditions in Japan.

New wins and growth of existing business fuelled the expansion across all segments with gains coming from Beverages, Dairy, and Snacks. The region delivered growth in the divisional strategic growth pillars, with strong emphasis on Health and Wellness sales.

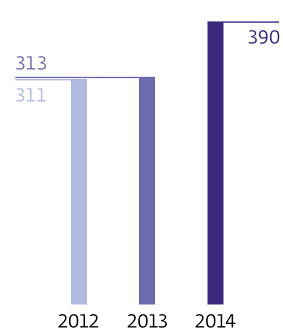
Sales
in millions of Swiss francs



EBITDA[a]
in millions of Swiss francs



Operating income
in millions of Swiss francs



a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and long-lived assets.

CHF 24 million

investment in our new spray dry facility in Indonesia

Europe, Africa and Middle East

Sales increased 2.3% on a like-for-like basis driven mainly by growth in the developing markets of Africa, Middle East and Poland. The mature markets were flat with gains in Benelux, Northern Europe and Italy offset by declines in UK, Ireland and Germany.

Snacks, Beverages and Dairy provided good year-over-year growth whilst sales for Confectionary and Savoury were flat. The strategic pillars experienced good growth with strong influence coming from developing markets, Food Service and the Health and Wellness areas.

North America

Sales increased 2.3% on a like-for-like basis. Growth in Beverages, Dairy and Snacks was driven by new wins and volume increase from existing business. The strategic pillars growth was favourably influenced by increases in targeted customers and Health and Wellness solutions.

Latin America

Sales improved 10.7% on a like-for-like basis with strong growth coming from Argentina and Brazil. New win revenue and expansion of existing business contributed to the growth. All major business segments improved with solid growth in Beverages, Dairy and Savoury.

Growth in the region was led by market share gains with targeted customers as well as delivery of improved taste solutions in the Health and Wellness platform.

Culinary Inspiration at Chef's Council 2014

As the Givaudan Chef's Council 2014 event in New York revealed, fruitful collaboration is a key to success. Addressing how to provide the taste of freshly prepared foods for convenience products, Givaudan's Flavours teams and renowned guest chefs cooked, tasted, and brainstormed together.

The insights learned at the Givaudan Chef's Council are known to provide an element of surprise and will inspire the creation of memorable, winning flavour solutions.

Real Taste with TasteSolution® Richness

Even the simplest cooking techniques entail complex chemical reactions, resulting in the balanced, layered taste of home-cooked food. Long thought to be impossible to translate into flavour design, this taste complexity is now within reach thanks to Givaudan's TasteSolutions® Richness.

We investigated what gives home-cooked food such taste and discovered how to recreate this dimension through the use of flavour and taste technology. The new approach restores home-cooked authenticity in many consumer applications and revolutionises how we create flavours. It also responds to today's health and wellness concerns with the emphasis on intense taste experiences, without high salt or MSG additions.

Celebrating Brazil's 65th Anniversary

Happy Birthday, Givaudan Brazil! 65 days of celebrations, from 15 May to 18 July, marked the 65th anniversary at our Brazil site. It has been 65 years of creating great flavours and cents and partnering with and delighting our customers. A variety of fun activities allowed us to reflect back on our history, recognise those who contributed to our success and inspire each other.

The 'Memories and History' exhibition of photos and products from Givaudan Brazil, 1950s themed musical performances and events involving our employees' families made our anniversary unforgettable. At the conclusion, everyone was invited to leave messages and wishes inside a capsule to be opened on our 100th anniversary.

Sustainable business model

Sustainability is central to our business model. It helps us maintain and expand a business that delivers long-term benefits for all stakeholders. This section complements our separate Sustainability reporting suite.

In this section:

Sustainability across our business
Delivering long-term benefits

We help create products that consumers desire and trust, working in the interest of the world and well-being of people.

Together with our customers, we create products that consumers desire and trust. As a company that enables consumers to express themselves through great flavours and fragrances, we want to be sure that we are also working to the broader benefit of our key stakeholders and of the planet.

For us, operating a Sustainable Business Model means generating a solid performance and ensuring longevity, while also meeting pressing sustainability needs and advancing the economic and social conditions of the communities in which we operate. We seek to develop a business model that creates value for our shareholders, customers, employees and partners. At the same time, we aim to protect the environment, source materials in a responsible and sustainable way, use materials and energy efficiently, and create a safe environment for our employees.

Operating sustainably at all levels of the organisation is an integral part of who we are.

Operating sustainably at all levels of the organisation is an integral part of who we are. We acknowledge the need to promote sustainability reporting in the continuing building of trust and delivering progress. Givaudan is therefore committed to reporting its sustainability status and performance. Our 2013 Sustainability Report, published in 2014, achieved GRI application level B+. We continue to make progress against our operational sustainability targets, and our Sustainability Report detailing the progress and performance in 2014 will be published in March 2015.

Beyond our Sustainability Report, this section provides an overview of key areas that are central to our sustainable business model. It outlines developments in 2014 in the areas of Investor relations, Customers, Our people, Procurement, Information technology, Environment, Health and Safety (EHS), Risk management, Compliance and Regulatory.

1. Investor relations

Givaudan adheres to good corporate governance and follows best practices consistent with those of major international companies. All information published in our Annual Report complies with the Swiss Code of Best Practice for Corporate Governance and the SIX Directive for Corporate Governance. Further information can be found in a separate section on Corporate Governance starting on page 60.

We use media releases, teleconferences and publications on our website to disseminate material information about our performance and activities, helping us to inform different stakeholders in timely and responsible ways and ensuring transparency and equal treatment. The principles of our disclosure and information policy can be found on www.givaudan.com – our company– corporate governance – rules and policies.

Givaudan has created over CHF 12 billion in value for shareholders in the form of dividend payments and share price appreciation since the Company's spin-off in 2000 and the end of 2014. Also at the end of 2014, Givaudan had approximately 21,400 shareholders, 99% of whom were registered, owning 58.7% of the capital. The top 20 shareholders, registered and non-registered, owned 65.8% of the capital. Around 40% of the holdings are based in North America.

Madagascar's Natural Treasures: Joint Venture Agreement

Preserving the integrity and high quality of ingredients allow our flavourists to design a wide range of sensations and tastes that surprise and delight.

This is why the sustainable sourcing of raw materials forms an essential pillar of Givaudan's strategy. Our commitment is reinforced by signing a joint venture with Henri Fraise Fils for the transformation of naturals, directly sourced from Givaudan's own collection network in Madagascar.

Clove leaf oil, an essential ingredient in Savoury and Sweet Goods, will be produced first, and eventually we will include other natural materials from the island and neighbouring countries. Our aim is to protect key naturals, give back to the local communities, and delight our flavour customers.

In 2014, our management team conducted 47 roadshows, meeting existing and potential shareholders in more than 20 financial centres globally. Two conference calls and 38 Group presentations and conferences were held, attracting a total of 1,400 participants, a slight decrease compared to the 1,600 participants in 2013. Over 450 individual meetings and conference calls with fund managers around the world contributed to improved awareness about Givaudan.
In addition, more than a dozen visits to Givaudan sites globally, with a total of more than 150 participants, mainly fund managers, provided in-depth views of our activities.

The 2014 site visit programme included a two-day investor event in Vienna and at our new flavours facility in Makó in Hungary, where 22 sell-side analysts and fund managers heard about our activities in Central and Eastern Europe and saw our new Savoury production facility. For the seventh consecutive year, Givaudan organised presentations in our fragrance creation centres in New York and Paris. The agenda and events for the financial community for 2015 are published on www.givaudan.com – investors – shareholder information – investor calendar.

2. Customers

We are proud to be the leader in the global fragrance and flavour industry, and we maintain this position by challenging ourselves each day and by putting the customer at the heart of what we do.

Our discovery programmes in market research and consumer understanding enable us to anticipate the trends of the future and translate these into the ideas that will support our customers' business growth. Alongside this, our global understanding of legislation that affects our industry, and our active roles in industry associations and advocacy to engage in debates about future regulations are crucial to the support we can offer our customers.

We have a history of passion and high performance – a commitment we are determined to continue in the years ahead – and our aim is to tailor our products and services to our customers' needs. As part of this approach, we are committed to maintain strict confidentiality on proprietary customer information and projects, as well as fully respecting intellectual property.

Our extensive global footprint and strategic insights enables us to provide our customers with the best solutions. Our global, regional and local customers are served through a network and supply chain that spans the globe. In 2014, the top 15 customers accounted for about 64% of Fragrance Divisions sales and 34% of Flavour Division sales.

Matthew, Flavours Process Engineer, North America

Matt, a graduate in Biomedical Engineering, recently completed Givaudan's Operations Leadership programme in North America.

The Leadership programme has been a great opportunity to try things before jumping straight into a job. No day is the same, which makes it exciting; it's everything I had hoped for.

I work with extremely talented people across the organisation. There are passionate, engaged people at every level and it's great to soak up the expertise.

Working in this industry means I'm attuned to smells. Cinnamon gets me every time! It reminds me of being a kid at Christmas; it reminds me of home.

3. Our people

Our Human Resources (HR) teams deliver innovative programmes that enable employees to achieve their career aspirations, be rewarded for high performance and offer the best development opportunities.

Articulating the Givaudan DNA

In late 2014, we introduced a fresh way for Givaudan to present itself to the world. We also took the opportunity to articulate the unique Givaudan culture in a consistent way to help us guide the way we think, act and make decisions. We call this articulation the 'Givaudan DNA' and it expresses that everyone at Givaudan is Inspiring, Challenging, and acts with Heart and Soul in everything they do.

The Givaudan DNA: Inspiring, Challenging, with Heart and Soul.

We believe that our unique DNA is a fundamental element of our success and we will continue to embed the behaviours and expectations through our people management processes and DNA workshops during 2015.

Employer Value Proposition

In addition to the way we act, it has been important for us to define and stand by how we want to be perceived as an employer. We have unveiled a new Employer Value Proposition (EVP) that reflects our unique offering as an employer, our culture and what we stand for, summarised as 'Impact Your World'.

'Impact Your World' reflects our ultimate purpose as a business, which is to positively impact the lives of people around the world with memorable fragrances and flavours as well as empowering employees to impact their own world, making Givaudan a great place to develop their career, whatever their interests. Our new EVP will help us continue to grow as an employer, ensuring that we retain our talented workforce while also attracting new people to join our Company.

Engagement survey

During the year we identified three key areas of improvement from the findings of our first Employee Engagement Survey, conducted in late 2013:

- Career: achieving employees goals and providing recognition
- Collaboration: sharing knowledge across our business
- Inclusiveness: enabling everyone's best contribution.

The Executive Committee and management committees have finalised key commitments under each of these global priorities:

- For Career, we are focusing on performance and development and encouraging recognition and reward for performance that goes 'above and beyond'
- For Collaboration, we are making it easier for colleagues to share knowledge and connect with others around the business
- For Inclusiveness, we will focus on the diversity of our business in senior positions, and promote Givaudan's common values and ways of working.

We will be tracking the progress of our commitments throughout 2015 and will keep employees informed at regular intervals.

Kate, Fragrances Management Associate

A Biology graduate and MBA, Kate is currently mid-way through an International Graduate Management Trainee Programme in Singapore.

Since joining Givaudan, I have definitely become more curious. If I'm in a supermarket, I open and smell the products, to put myself in the shoes of the consumer. I am starting to understand what they're buying, what scents they're attracted to, and why.

When I spray a scent, it doesn't just make me feel good: it awakens my senses and makes me feel alive! I feel very proud and flattered to be part of an organisation that helps create that moment.

Providing life-long learning

The Learning Academy concept has been a fundamental element of our learning and development strategy over the past few years. Launched originally by the Fragrance Division, we are building on the success of this pioneering programme across divisions and functions. These academies provide us with the framework to support our employees to grow and develop through meaningful learning assignments, clear career progression and a curriculum for functional training within and outside the divisions.

> Our Masterclass programmes: supporting our employees to grow and develop.

Following the success of the Fragrance Business Masterclass programme, the first Flavour Business Masterclass was attended by senior sales team members from all regions in Frankfurt, Germany in 2014. The first Flavour cohort, 'Leading a Business', was delivered over five days by senior Givaudan leaders, including the CEO and the heads of both divisions.

Six Flavour Business Masterclasses are planned for 2015 and the goal is for 450 sales team members to participate. This successful format will subsequently be cascaded throughout the division via cross-functional programmes, giving many employees the chance to take advantage of this strategic learning event and the opportunity to interact and learn from our senior leaders.

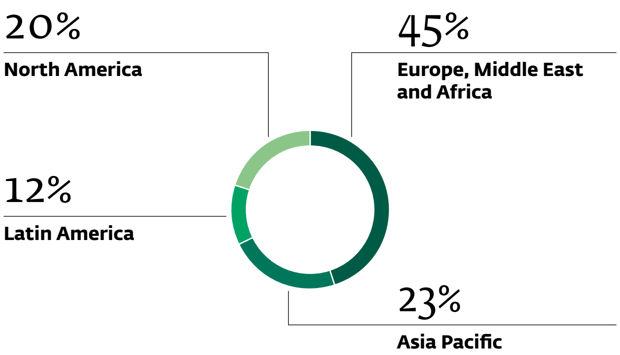
In 2014, the Fragrance Division extended the academy concept beyond the commercial functions to support colleagues from across the division, including evaluation, consumer market research and regulatory. The objective of this diverse programme is to give participants a better understanding of the Givaudan business environment and strategy. In addition, it aims to expose participants to a wider cross-section of the business and to further develop management skills. The programme will continue in 2015.

Also during the year, the Finance function held 'Collaborate', a strategic learning event attended by senior finance professionals from across the regions. The five-day event was designed to enable people to work together, improve their business acumen and develop leadership skills.

Ensuring sustainable success

To complement functional and business learning with critical leadership skills, in 2014 we launched Leadership Senses, a suite of leadership development programmes aimed at enabling our leaders to support us in delivering our ambitious targets and ensuring our future success. In late 2014, we developed and initiated two programmes: Leadership Senses – Begin, which is aimed at those early in their leadership journey; and Leadership Senses – Evolve, which has been designed for those embarking on more senior assignments. Both programmes will continue to be rolled out in 2015.

Employees per region



Head count development by region

	Number of employees 31.12.2014	%	Number of employees 31.12.2013	%	Growth 2013 to 2014 %
Switzerland	1,477	15	1,528	16	-3.3
Other Europe, Middle East, Africa	2,894	30	2,666	30	8.6
Asia Pacific	2,249	23	2,084	22	7.9
Latin America	1,192	12	1,158	12	2.9
North America	1,892	20	1,895	20	-0.2
Total	**9,704**	**100**	**9,331**	**100**	**4.0**

4. Procurement

In the fragrance and flavour industry Givaudan is one of the largest buyers, and the procurement of raw materials and Indirect Materials & Services (IM&S) is a strategic pillar to support our profitable growth. A significant percentage of our sales is spent on raw materials and each ingredient we buy has a direct impact on the cost and quality of end products.

More than 10,000 different synthetic and natural ingredients are used in our flavours and fragrances formulas and these are sourced from 100 countries in some of the remotest parts of the world. Each ingredient must fulfil the highest quality standards and have a unique profile to contribute to the creations of our perfumers and flavourists. Procurement aims to ensure the continuous security of supply of these raw materials at optimised and predictable costs, and to provide the best and most innovative palette to our creation teams. Increasing transparency is being achieved through more accurate monitoring and measurement in raw materials pricing.

Each raw material we purchase has a potential supply risk. We have successfully implemented a risk management system that allows us to identify those materials at high risk in terms of sourcing and to correlate these risks with the potential business impact of the material. Almost all the materials in our portfolio have been screened through this sophisticated SAP-based system that combines quantitative and qualitative input to provide information that helps us reduce the supply risk to our portfolio. This risk management process, integrated with global supply chain management, enables us to identify and mitigate raw materials sourcing risks.

As part of the Procurement strategy introduced in 2013, we are further deepening our partnerships with strategic suppliers through formal partnership programmes and joint ventures to drive performance and foster access to innovation. In 2014, for example, we signed a joint venture with Zhejiang Xinhua Chemical for the production of fragrance ingredients in China. Other examples of partnerships, all of which enable Procurement to become more involved in creating value proposals for customers, can be found in the section on Sustainable sourcing of raw materials on page 26.

> Through partnership programmes and joint ventures, we drive performance and foster access to innovation.

The dedicated Origination team established in 2013 has developed further initiatives to reinforce our direct presence in countries of origin for the sourcing of key natural ingredients. Our mission is to ensure a continued supply of the high-quality traceable naturals at optimised costs, while applying sustainable sourcing standards. We also bring differentiation to the business by offering innovative ingredients and solutions to the palettes of our perfumers and flavourists.

To help reach these ambitious goals, most members of our Origination team are based in the countries of origin. We are setting up collection networks and source natural ingredients directly from producers, and are also developing farming partnerships for exclusive ingredients. Patchouli is one example, with our collection infrastructure in Indonesia and our farming partnership in Malaysia. We also selectively develop extraction facilities in the country of origin, for example in Madagascar. In parallel, we closely follow our current ethical sourcing projects such as benzoin in Laos, vanilla in Madagascar, ylang ylang in Comoros and vetiver in Haiti. In all sourcing models we aim to provide technical support and social improvement benefits to producers and communities.

Staff turnover by region

	2014	Turnover rate %	2013	Turnover rate %
Europe, Middle East, Africa	420	9.1	562	12.8
Asia Pacific	198	8.7	200	9.4
Latin America	144	12.0	143	12.2
North America	202	10.7	178	9.4
Total	**964**	**9.7**	**1,083**	**11.3**

Our patchouli initiative is an example of sourcing natural ingredients while applying sustainable sourcing standards.

Procurement is overseeing projects related to sustainable sourcing of raw materials which are funded through the Givaudan Foundation, an independent non-profit organisation established in 2014. In addition, our sustainable sourcing initiative in Madagascar won a Creating Shared Value award from Nestlé in the Responsible Sourcing Vanilla category. Nestlé has donated money to help us in the construction of schools on the island. Givaudan was again a main sponsor of the AIM-PROGRESS Responsible Sourcing Forum, which aims to promote the commitment by manufacturers and suppliers to improve responsible sourcing standards and sustainability of the supply chain.

The second year of the Procurement Academy was completed during 2014. Two-thirds of the available courses in the programme have now been provided and about 150 people had attended by the end of the year. These tailor-made programmes are enabling us to strengthen our global network of procurement professionals.

Our IM&S procurement organisation manages a large portfolio of items and services required to operate our business, ranging from basic supplies to complex equipment or services. With a significant number of users, suppliers and transactions, our main objectives are to provide optimal items and services to the organisation while containing the costs. In 2014, a particular focus was placed on increasing the efficiency of the transactional process. A key enabler of this has been a substantial increase in the proportion of IM&S procurement conducted through online catalogues which has led to a more efficient process for users.

The purchase-to-pay process for IM&S is integrated with the global Finance Service Centres and supported by the Purchasing Support Centres in Europe and North America. This end-to-end process has been optimised to provide control and compliance with global processes and procedures in a user-friendly manner.

The IM&S category management team continues to be involved in a number of joint initiatives with supply chain management and operations which have resulted in a range of improved ways of working and efficiencies, as well as supporting the Company's capital expenditure programme. During the year, the IM&S team began incorporating indirect purchases within the Givaudan Sustainability programme.

5. Supply chain

Our supply chain vision is to deliver superior value to customers through agile, reliable service and continuity of supply at optimised cost and minimal environmental impact.

Fully aligned with the Givaudan business strategy, supply chain's Excellence programme focuses on improving customer service levels while optimising inventory and other supply chain costs. Introduced in 2011, this programme is now fully embedded in the organisation and remains on course to achieve its targets for 2015.

We aim to deliver superior value to our customers through agile, reliable service and continuity of supply at optimised cost and minimal environmental impact.

In 2014, the dedicated supply chain organisation delivered solid results through increased cross-functional collaboration, better alignment of objectives and enhanced

iSphinx – Creation on the Move

Anything can be a source of inspiration for a beautiful perfume - the taste of a perfectly ripe mango, delicate sweetness of rain-drenched lilacs, or sunset light shimmering on the water. To help perfumers capture their ideas instantly, Information Technology offers an original smartphone application called iSphinx.

This simple and intuitive way of capturing notes or concepts on the move was built using the latest technology and agile methodology. Whether it means saving memorable impressions from travels or explaining a new fragrance idea to a customer, iSphinx can help perfumers create winning fragrances. It is all about using technology in an artistic way.

transparency and risk management. This results in synergies with all parts of the organisation as well as with customers and suppliers.

6. Information technology

Our Information Technology (IT) teams aim to continually partner and help the business drive innovation and create opportunities through technology.

In 2014, expected benefits from IT transformation initiatives launched in 2013 were fully delivered. The handover of the management of our global IT assets to Atos, a European leader in IT-managed services, became fully operational during the year. This transition was performed with no business disruption. Our IT presence in Asia Pacific was strengthened with the creation of a new delivery centre in Singapore, which is now fully staffed with new talent, bringing solutions and adding value to the rapidly growing business in the region.

> Our new delivery centre in Singapore strengthens our IT presence in Asia Pacific and brings solutions and value to the rapidly growing business in the region.

Aiming at fostering innovation for the organisation, the Knowledge Management programme launched in 2013 delivered its first important results in 2014 with the launch of the 'Givaudan goes Google' project – an initial but significant step in creating an integrated collaboration platform using Google Apps for Business. By the end of 2014, about 400 employees were early adopters of our new and innovative email and collaborative solution using Google's cloud services; all other employees will be migrated to this platform during 2015.

Several projects were undertaken to deliver best-in-class tools to support our core capabilities and bring compelling benefits for our operations, research, creation, and sales and marketing teams. Particular attention was given in 2014 to ingredient formula management as well as on briefs and pricing areas.

> Meeting needs for advanced reporting, SAP HANA brings major performance improvements in reporting existing key performance indicators and dashboards.

To meet a growing need for advanced reporting and data exploration features, the IT teams started a major project in 2014 to upgrade the Business Intelligence global platform to the latest 'in memory' technology (SAP HANA – High-Performance Analytic Appliance), bringing major performance improvements in reporting existing key performance indicators and dashboards. This is a solid foundation for the Company's approach to 'big data', where the use of traditional data processing applications for large and complex data sets becomes difficult.

Last but not least, the new Company website, www.givaudan.com, was launched in December 2014, delivering new content and reflecting the Company's new visual Identity.

7. Environment, Health and Safety (EHS)

As a responsible company and employer, we are committed to protecting the environment in which we operate and to promoting the health, safety and well-being of all our employees.

Our Safety Ground Rules

When it comes to safety, we can all be leaders. Such is the message of Our Safety Ground Rules, a set of simple, timeless practices designed to make Givaudan's working environment accident-free. Its successful development and implementation speaks for itself.

The idea started as an Operations initiative and then blossomed through Company-wide collaboration into a global framework. Our Safety Ground Rules not only ensure that we are free from harm in our workplace, but more importantly, they encourage each individual to lead by example and take care of others. The Ground Rules convert common sense into common practice.

Our global EHS strategy to achieve this includes programmes that help business innovation and performance without compromising the safety of our people, products, assets and the environment. In 2014, we continued the successful implementation of this strategy, ensuring the implementation of EHS activities around the world and strengthening the skills and competencies of our EHS professionals in the regions to become valued partners for our operations and business teams.

Successful worldwide implementation of the global EHS strategy strengthens the skills and competencies of our EHS professionals in the regions.

As part of this programme, a set of ten corporate EHS Directives defining EHS roles and responsibilities for all employees was introduced during the year to ensure we maintain a safe and sustainable workplace as well as to protect our property and the environment. The EHS Directives, which will harmonise global EHS requirements for the Company, have now been successfully launched in all regions and will continue to be rolled out in 2015. The overall effect is to help promote the shared ownership of a unified approach to EHS across the organisation.

We continued to strengthen our corporate EHS Centre of Expertise (CoE) and to embed EHS aspects into operations meetings and decision governance. By leveraging common management systems and reporting tools to identify trends, opportunities and ultimately improve performance, each site now uses a sustainability 'cockpit chart' of key performance indicators to monitor its progress and contribution to Givaudan's overall sustainability efforts as well as to help identify opportunities for improvements.

In 2015, we will be establishing a Givaudan EHS Academy, an important step in improving our EHS culture and achieving our 2020 sustainability targets. The EHS Academy will help increase the capabilities of the EHS organisation and ensure we are united in the same vision.

Occupational safety

We continued to build on our SafeStart™ safety awareness training, which is part of our global behavioural-based safety programme 'Zero is Possible'. This included the introduction in 2014 of 'Our Safety Ground Rules'. These rules, designed by employees, will be a catalyst to take our safety performance to the next level by addressing common situations that may be encountered every day. The rules leverage the benefits of SafeStart™ training and key learnings from all accidents, near-misses and unsafe situations reported throughout Givaudan since 2009.

Process safety

Our corporate EHS CoE continued to focus on the management of occupational health and process safety, moving during the year to be more proactive than reactive in its programmes.

The CoE's responsibilities include the Company's programmes on industrial hygiene, process safety management, odour emissions control, EHS engineering support, internal audits, our Global Safety Laboratory and business continuity planning. A focus in 2014 was placed on process safety management training, with workshops to improve skills in assessing and managing risks in process safety.

Our Global Safety Laboratory is an internal centre for providing chemical safety data for the safe manufacture of our ingredients and products. The laboratory continued a project during the year to strengthen the management of risk across both divisions.

Occupational health

Our management and control of industrial hygiene involves the comprehensive, systematic and efficient identification, evaluation and control of potential health risks in the workplace. Elements of this programme include exposure assessments, risk prioritisation, control strategies, medical surveillance and documentation.

Hazardous materials

Our Hazardous Materials Compliance Centre of Expertise is responsible for, and manages risk associated with, hazardous materials and dangerous goods. It advises and supports the business on a global basis in employee and industrial safety, dangerous goods, transport, data compliance management, material stewardship and packaging and labelling, while ensuring compliance with regulations.

During 2014, we continued ensuring the compliance of our classification and labelling for all our products (raw materials, intermediates and finished products) that we are selling, producing and shipping. In 2015 we will continue with our efforts to harmonise and optimise packages and labels. We will keep implementing the various requirements for classification and labelling according to the different national legislations (e.g. Globally Harmonized System in Brazil) and proceeding the CLP (Classification, Labelling and Packaging) notifications in additional European countries to conform with the European Union requisites.

Environment

We have ambitious but realistic eco-efficiency targets for 2020 on energy, CO_2 emissions, water consumption and waste. We continue to measure and report on progress towards achieving these targets.

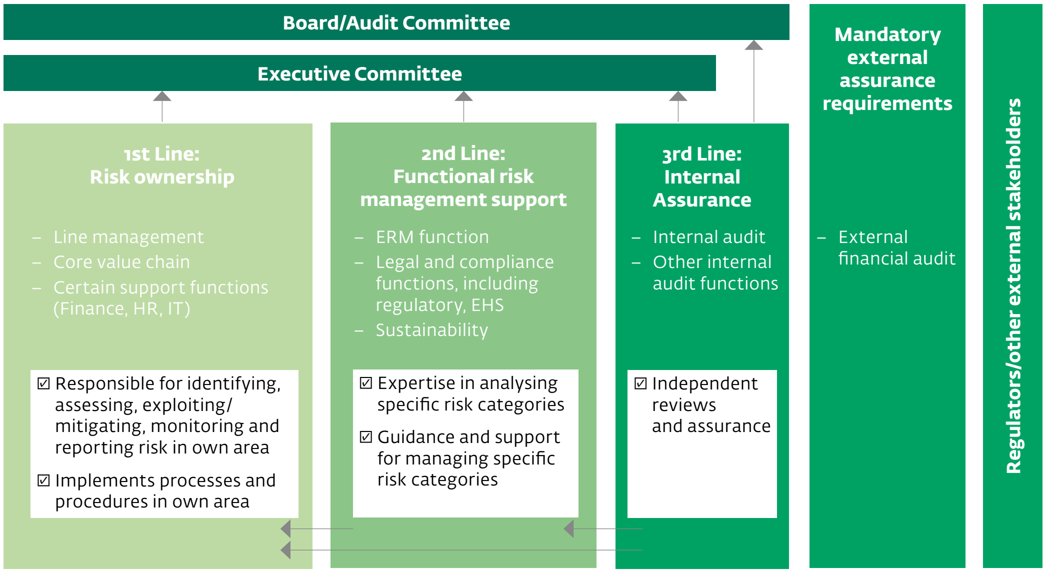
For the fourth time we applied the Global Reporting Initiative (GRI) guidelines to report on our sustainability status and performance. Our 2013 Sustainability Report, published in March 2014, achieved GRI application level B+, checked and confirmed by the GRI organisation. In keeping with our continuous improvement principles we have acquired the + status through an external assurance process from a third-party auditing firm. This level of achievement provides increased rigour and credibility expected of sustainability reporting, while serving the information needs of a broad range of stakeholders.

> We continue to measure and report on achieving our ambitious but realistic eco-efficient targets for 2020 on energy, CO_2 emissions, water consumption and waste.

For the eighth consecutive year we participated in the Carbon Disclosure Project (CDP) through the reporting of CO_2 emissions and risks and opportunities regarding climate change, in relation to our activities. Givaudan was recognised as a top 'B-band' performer due to a 20% reduction of CO_2 emissions against 2009 (baseline year) on a per tonne basis.

Cross-divisional and cross-functional workshops were held during the year to identify and share best practice in energy savings. These proactive sessions, conducted by business leaders with help from EHS, were the first to be held.

A dedicated Environment Centre of Expertise was established in 2014 to build capabilities providing specialised knowledge to the field organisation. The CoE will support the regions and their field organisations in implementing eco-efficiency practices and guaranteeing compliance with applicable legal requirements, local regulations and EHS Directives to reduce the Company's overall environmental footprint. It will also leverage synergies from global activities such as transport, packaging and odour management.



8. Risk management

Managing risk is integral to Givaudan's business. The Company operates a structured and continuous process of identifying, assessing and deciding on responses to mitigate key risks at all levels.

Risk management principles and responsibilities

Enterprise Risk Management (ERM) at Givaudan is based on our Enterprise Risk Management Charter. The 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. ERM encompasses both the Fragrance and Flavours businesses, as well as Givaudan Group functions. It includes all types of risks in terms of their nature, their source or their consequences.

The Board of Directors is responsible for defining and approving the Givaudan Enterprise Risk Management approach as articulated in this Charter. Execution of the overall risk management process is delegated to the Executive Committee. The Givaudan ERM approach is compliant with applicable law, SIX Directives, the Swiss Code of Best Practice for Corporate Governance and in line with best practice. Givaudan uses the COSO framework and ISO 31000 as references and adopts compatible processes and terminology.

The overall approach to risk management at Givaudan is based on the following principles:

- is pragmatic and tailored to Givaudan
- aims at value creation and protection
- is an integral part of processes and decision-making
- addresses uncertainty explicitly
- is structured, dynamic, iterative and responsive to change
- is based on the best available information.

The framework outlined above describes the respective roles and responsibilities of each function.

The ERM process is an annual process which includes the structured and continuous risk identification (on the basis of an overall risk universe), and risk analysis (to understand the underlying drivers) and risk assessment, the formulation of the appropriate risk exploitation and/or mitigating responses and the tracking and reporting of risks to provide comfort regarding the achievement of corporate objectives.

Strategic risks

The strategic risk assessment and management process follows an annual cycle. The process is coordinated by the Corporate Compliance Officer in order to ensure a harmonised Group-wide approach. It involves managers from all business areas to identify risk profiles and understand the threats and opportunities they present for Givaudan. This in turn permits adequate management and mitigation plans to be put in place to address the different risks.

For each 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. Corporate internal audit provides assurance on the effectiveness of the risk management process. The 2014 strategic risk management process re-evaluated and confirmed the top Company strategic risks and focused on further risk mitigation actions for the top Company risks on the basis of the work done in previous years.

Procurement and supply chain risk management

Please see pages 48-49 for our management of procurement and supply chain risks.

Product safety risk

Our fragrance and flavour product safety assessment programme is designed to ensure that all products are safe for consumer use. At the core of the programme is a systematic safety evaluation of the ingredients used in our fragrance and flavour products, and control of their use which is managed by our global IT systems. All new ingredients are evaluated for human and environmental safety, as required, prior to their use.

Our fragrance and flavour products are created to comply with all appropriate end consumer product safety and regulations in the markets in which they will be sold. In addition, Givaudan supports, and in many cases leads, industry-wide programmes of the respective industry associations (the International Fragrance Association and the International Organization of the Flavor Industry) for assuring the safe use of fragrances and flavours in consumer products.

Environment, Health and Safety and operational risk management

Environment, Health and Safety (EHS) regularly carries out comprehensive risk assessments for Givaudan's production and major commercial sites. In 2013, we established a Centre of Expertise in our global EHS organisation to oversee risk assessment and mitigation strategies, staffed by experts in this field. In 2014 this group enhanced our Process Risk Analysis Methodology and capabilities in line with leading industry standards in order to identify actions and manage them internally using a proprietary EHS Management System with formally documented solutions and closure records. In the focus are our chemical and powder handling processes.

Information technology risks

Information Technology (IT) risk management has been enhanced and extended in 2014 to cover outsourced IT Operations. Furthermore, a new risk governance has been put in place going beyond IT system covering now as well information protection risks. Risk assessments are carried out on a regular basis and mitigation actions documented in a risk treatment plan.

Financial risk

Please consult pages 23-30 of the Financial Report regarding our financial risk management.

9. Compliance

We are committed to high ethical standards in business conduct and to compliance with the laws, regulations and internal policies. This includes all our relations with customers, suppliers, shareholders, employees, competitors, government agencies and the communities in which we operate.

Our Principles of Business Conduct set out this commitment and underline our ambition to create an environment where trust and confidence is integral to all our endeavours. This will in turn help to provide enhanced value to customers, shareholders and other stakeholders. The Principles of Business Conduct are supplemented by a number of other policies, including our Global Anti-Bribery, Gifts, Entertainment and Hospitality Policy, the Memento on Competition Law, or our Insider Dealing Policy.

The Principles of Business Conduct, as well as the supplementing policies, have been translated into 13 major languages used at Givaudan sites. An English version of the Principles of Business Conduct is available on www.givaudan.com – our company – corporate governance – rules and policies.

Organisation and processes

Givaudan recognises different aspects of risk-based compliance management, from general compliance management to compliance management regarding specific areas of risk such as product safety, import and export compliance, environment, and occupational health and safety (EHS) for instance. For these specific areas, compliance is ensured by dedicated corporate functions, including the regulatory product safety team, the trade affairs team or the EHS team.

The Corporate Compliance Officer ensures compliance with the Principles of Business Conduct in all areas of business activity and coordinates compliance measures with the dedicated functions for effective compliance management. The Corporate Compliance Officer is assisted by a network of local compliance officers around the globe to further enhance the function.

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

Other compliance processes include the process for selection and engagement of third-party agents and distributors, the global vendor selection process of the Procurement organisation or the Group-wide Compliance Helpline, which allows reporting of suspected or actual misconduct or violations of the Company's policies on a confidential basis and without fear of retaliation. The global roll-out of the Compliance Helpline was essentially completed worldwide in 2013, with France to follow in January 2015.

Focus 2014

Givaudan's compliance training programme remained a focus area in 2014. The e-training programme on Givaudan's Principles of Business Conduct that is mandatory for all employees, except those in the USA, who accomplish a similar programme adapted to the specific US requirements, continues to be applied. The completion rate for this programme, which is available in 13 corporate languages, is 97% for Givaudan's employees and 100% for the senior management of the Group. In 2014, a refresher training on Givaudan's Principles of Business Conduct was launched, which will be rolled out over the coming months in all corporate languages.

The specific anti-bribery training also continued in 2014: 4,830 senior managers, including all members of the Executive Committee and other employees whose work involves regular and direct contact with external stakeholders, have completed this specific anti-bribery training.

10. Regulatory

Our regulatory compliance teams work at local and global levels to meet the increasing demands of customers and consumers alike. We pride ourselves in leading efforts to help shape the industry through the commitment of our resources and sharing of our expertise, and we are advocates for our industry through the support of regulatory developments which are science-based and in the best interests of consumers of fragranced and flavoured products.

> We pride ourselves in leading efforts to help shape the industry through the commitment of our resources and sharing of our expertise.

Fragrances

Givaudan continues to take a lead in supporting the work of the International Fragrance Association (IFRA), which is playing an increasingly critical role in representing the industry and its strategic positioning with customers. We encourage greater participation and commitment from others in the global fragrance industry to enable IFRA to better anticipate and strongly manage macro-scale changes that are rapidly affecting the industry as a whole. Two examples of these macro issues are formula transparency in the USA and fragrance allergen labelling of cosmetics in Europe.

We have been actively engaged with IFRA in the USA, and sister organisations in that country such as the Consumer Specialty Products Association and the Personal Care Products Council, on a possible common platform for transparency of fragrance ingredient information. It is critical that we strive for a common approach to enable clear and aligned information so consumers are not confused, and that there is protection for the intellectual property of the creations that perfumers provide and which build brand equity for their customers.

Allergen labelling in Europe continues to be a major topic. The fragrance industry has taken significant strides in the past 12-18 months in demonstrating to the European Commission its willingness to engage in a programme that reflects safety in the use of fragrance materials that are dermal sensitisers in a range of consumer products. A solid programme – the International Dialogue for the Evaluation of Allergens project (IDEA) – has been designed to provide a broadly agreed and transparent framework for assessing fragrance sensitisers on a global basis. The IDEA project is an opportunity to build partnerships between the international fragrance industry and its stakeholders to improve the risk assessment of those fragrance ingredients identified as allergens and to enhance consumer protection. This project is developing approaches for further evaluation of materials as well as establishing risk management approaches that all stakeholders can agree to and define how we manage the use of these materials in the future. We continue to believe the IFRA ingredients standard programme is the gold standard and that the IDEA project will strengthen this programme significantly. The IDEA project has developed a framework for the IFRA standards which has been submitted to the European Commission for assessment, and feedback is expected by mid-2015.

Givaudan is committed to meeting the final phase of the registration obligations of Europe's REACH regulations governing chemical control by registering the final 754 materials by 2018. The consequences of the initial submissions as part of the REACH regulations are already starting to have an impact. There has been a disproportionate interest, for example, by the European Chemical Agency (ECHA) and EU Member States in raw materials since their registration, along with demands for the re-evaluation and additional testing of some registered materials. This has significant cost implications that will continue to burden the industry, particularly affecting some of the smaller fragrance houses. Givaudan is working closely with its suppliers to ensure the materials are defended effectively and that we are managing the expectations of ECHU by contributing appropriately to the development of further data to support the materials.

We are committed to meeting the final phase of the registration obligations of Europe's REACH regulations governing chemical control by registering the final 754 materials by 2018.

The integration of Soliance in 2014 was a particular challenge for Givaudan from a regulatory point of view because the cosmetics ingredients industry manages raw materials very differently to the fragrance industry. A structure for appropriate support was completed during the year without reapplying the fragrance model, and processes to enhance the capabilities of the Soliance business were established, particularly in the development of pipeline innovation materials. We have assessed various compliance obligations for the new business such as REACH and have integrated these into our 2015 budget projections to ensure its continuity. We see an opportunity to bring value to the Soliance business from a customer perspective through the strength of the Givaudan regulatory and toxicology organisation.

Flavours

2014 saw the development and implementation of several new regional and country-specific food and flavouring regulations covering areas related to ingredient purity, flavour labelling and ingredient registration. In addition, there was a significant increase in the activities of NGOs in the area of organic food certification, genetically modified organism (GMO) labelling in developed markets and natural flavour labelling in developing markets. In particular, there was increased attention paid to GMO-derived food ingredients in the USA, where there is a push at the state and national level to develop a guideline for GMO food labelling. To respond to these developments, Givaudan maintains leadership positions within national, regional and international trade associations that have been effective in working with government authorities to ensure that new regulations and flavour requirements are harmonised around the world, ensuring a consistent approach to the commercialisation of new technology and the free flow of flavours on a global basis.

We maintain leadership positions within national, regional and international trade associations to ensure that new regulations and flavour requirements are harmonised around the world.

In Europe, Givaudan maintains a leadership position on an industry task force supporting the European Food Safety Authority (EFSA) and the European Commission on the re-evaluation of flavouring ingredients and the finalisation of the recently adopted flavour positive list. This has led to the acceptance of thousands of existing flavouring ingredients included in the initial positive list and the development of additional registrational information in support of other ingredients currently under safety review by the EFSA that will be amended to the European positive list.

Another important aspect of our advocacy activities includes the sharing of knowledge and expertise regarding the use of flavourings in foods with members of the broader food industry and regulatory authorities. Givaudan has supported several associations including the International Organization of the Flavor Industry (IOFI), the European Flavour and Fragrance Association (EFFA) and the Flavor and Extract Manufacturers Association (FEMA) in meetings with regulatory authorities and international scientific organisations. The result of our advocacy programme has significantly improved the understanding of the use and safety of flavourings and has led to the adoption of more harmonised regulations around the world. Continuing advocacy activities focus on allowing the use of new technologies in the development and production of new flavouring ingredients.

With the significant increase in demand for regulatory information for our products by customers and consumers alike, Givaudan continues to build regulatory capabilities. We are currently finalising the implementation of a new platform to allow for the rapid evaluation of the regulatory status of our flavour products produced and used anywhere in the world. This will improve our ability to respond to our customers' rapid product development cycle times. We are also exploring opportunities to improve the transfer of regulatory product information needed by our customers. This improved capability will increase the reliability of our customer support and reduce our response time to customer requests for critical data that support demands by consumers for regulatory and safety information.

Governance

Givaudan's corporate governance system is aligned with international standards and practices to ensure proper checks and balances and to safeguard the effective functioning of the governing bodies of the Company.

In this section:

Corporate governance
Aligned with international standards

Givaudan's corporate governance system is aligned with international standards and practices to ensure proper checks and balances and to safeguard the effective functioning of the governing bodies of the Company.

This section 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. It takes into consideration relevant international governance standards and practices.

The basis of the internal corporate governance framework is included in Givaudan's Articles of Incorporation.

The Company's organisational regulation, 'Board Regulations of Givaudan SA' further clarifies the duties, powers and regulations of the governing bodies of the Company. This document is published on the Company's website: www.givaudan.com – our company – corporate governance – rules and policies.

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 specify the duties and the functioning of its three Board Committees.

The Articles of Incorporation and other documentation regarding Givaudan's principles of corporate governance can be found at: www.givaudan.com – our company – corporate governance – rules and policies.

1. Group structure and shareholders

1.1 Group structure

1.1.1 Description of the issuer's operational Group structure

Givaudan SA ('the Company'), Chemin de la Parfumerie 5,1214 Vernier, Switzerland, the parent company of the Givaudan Group, is listed on the SIX Swiss Exchange under security number 1064593, ISIN CH0010645932.

Givaudan SA is the global leader in the fragrance and flavour industry, offering its products to global, regional and local food, beverage, consumer goods and fragrance companies.

The Company operates around the world and has two principal divisions: Fragrance and Flavour. The Fragrance Division has three business units: Fine Fragrances, Consumer Products and Fragrance & Cosmetic Ingredients. The Flavour Division consists of four business units: Beverages, Dairy, Savoury and Sweet Goods.

Both divisions have sales and marketing presence in all major countries and markets and operate separate Research and Development organisations. Whenever appropriate, the divisions share resources and knowledge in the areas of research, consumer understanding and purchasing.

Corporate functions include finance, information technology, legal, compliance and communications, as well as human resources.

1.1.2 Listed companies within the scope of consolidation

The Company does not have any subsidiaries that are publicly listed.

1.1.3 Unlisted companies within the scope of consolidation

The list of principal consolidated companies, their domiciles and the shareholding is presented in note 31 to the consolidated financial statements of the Financial Report 2014.

For more details regarding the structure of the Group, please refer to notes 1 and 5 to the consolidated financial statements 2014.

The Financial Report 2014 can be viewed in the Annual Report 2014 or can be accessed on the Company website: www.givaudan.com - media - publications.

Share price development against SMI (CHF '000)

Givaudan shares are traded at virt-x ticker symbol 1064593

Givaudan SMI

1.2 Significant shareholders

To our knowledge, the following were the only shareholders holding more than 3% of the share capital of Givaudan SA as at 31 December 2014 (or as at the date of their last notification under article 20 of the Stock Exchange Act): William H. Gates III (10.29%), BlackRock Inc. (5.02%), MSF Investment Management (3.01%), Nortrust Nominees Ltd (nominee; 15.21%), Chase Nominees Ltd (nominee; 6.77%) and the Bank of New York Mellon SA/NV (nominee: 3.78%).

The Company has not entered into any shareholder agreements with any of its key shareholders.

1.3 Cross-shareholdings

The Company does not have any cross-shareholdings with any other company.

For further information, please visit the SIX internet site:

www.six-swiss-exchange.com – market data – shares – company – significant shareholders

2. Capital structure

2.1 Capital on the disclosure deadline

Ordinary share capital

As at 31 December 2014, 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 2014 was CHF 16,555,819,698. The Company has also conditional share capital as described in the next section.

2.2 Authorised and conditional capital in particular

Authorised share capital

The Company does not have any authorised share capital.

Conditional share capital

The Company's share capital can be increased:

- by issuing up to 161,820 shares through the exercise of option rights granted to employees and Directors of the Group
- by issuing up to 463,215 shares through the exercise of option or conversion rights granted in connection with bond issues of Givaudan SA or a Group company. The Board of Directors is authorised to exclude the shareholders' preferential right to subscribe to such bonds if the purpose is to finance acquisitions or to issue convertible bonds or warrants on the international capital market. In that case, the bonds or warrants must be offered to the public at market conditions, the deadline for exercising option rights must be not more than six years and the deadline for exercising conversion rights must be not more than 15 years from the issue of the bond or warrants and the exercise or conversion price for new shares must be at a level corresponding at least to the market conditions at the time of issue
- by issuing up to 123,163 shares through the exercise of option rights granted to the shareholders of Givaudan SA.

For the conditional share capital, the subscription rights of the shareholders are excluded.

The acquisition of shares through the exercise of option or conversion rights and the transfer of such shares are subject to restrictions as described in the next section.

2.3 Changes in capital

The information regarding the year 2012 is available in notes 6 and 7 to the statutory financial statements of the 2012 Financial Report. Details of the changes in equity for the years 2013 and 2014 are given in notes 6 and 7 to the statutory financial statements of the 2014 Financial Report.

2.4 Shares and participation certificates

The Company has one class of shares only. All shares are registered shares with a par value of CHF 10.00 each. Subject to the limitations described below, all shares have the same rights in all respects. Every share gives the right to one vote and to an equal dividend.

2.5 Dividend-right certificates

There exist no dividend-right certificates nor participation certificates other than the registered shares.

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.

2.6.2 Reasons for granting exceptions in the year under review

Not applicable as there are no longer any limitations on transferability.

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 and number of shares held by the beneficial owners.

2.6.4 Procedure and conditions for cancelling statutory privileges and limitations on transferability

The 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 the Articles of Incorporation of Givaudan, the Board of Directors may consist of between seven and nine members.

Givaudan's Board of Directors, currently eight members, has in-depth knowledge of finance, strategy and the fragrance and flavour industry, with long-standing experience in many areas of the Company's business, from research and innovation to marketing and regulatory affairs. The Board's knowledge, diversity and expertise make an important contribution in leading a company of Givaudan's size in a complex and fast-changing environment.

3.1 Members of the Board of Directors

Dr Jürg Witmer, Chairman

- Attorney
- Swiss national, born 1948
- Non-executive
- First elected 1999

In 1978, Jürg Witmer joined Hoffmann-La-Roche in Basel and subsequently held a number of positions including Legal Counsel, Assistant to the CEO, General Manager and China Project Manager of Roche Far East based in Hong Kong, Head of Corporate Communications and Public Affairs at Roche headquarters in Basel, Switzerland, and General Manager of Roche Austria. From 1999 to 2005 he acted as Chief Executive Officer of the Givaudan Group in Vernier/Geneva and since then as Chairman of the Board. From 2008 to 2012 he was also Chairman of the Board of Directors of Clariant AG, Basel.

Jürg Witmer holds the following mandates in companies that are quoted on an official stock exchange: Vice-Chairman of the Board of Syngenta AG, Basel.

He holds the following mandates in companies that are non-quoted: Chairman of Interpharma Investments Ltd, Hong Kong and non-executive Director of A. Menarini IFR, Florence, Italy.

Jürg Witmer has a Doctorate in law from the University of Zurich, as well as a degree in international studies from the Graduate Institute of the University of Geneva.

André Hoffmann, Vice-Chairman

- Businessman
- Swiss national, born 1958
- Non-executive
- First elected 2000

In 1983, André Hoffmann was the Head of Administration of la Tour du Valat, a research centre for the conservation of Mediterranean wetlands in France. In 1985, he relocated to London and worked several years for James Capel and Co. Corporate Finance Ltd, then for Nestlé UK in corporate finance and business development.

André Hoffmann holds the following mandates in companies that are quoted on an official stock exchange: Vice-Chairman of the Board of Roche Holding Ltd.

He holds the following mandates in companies and entities that are non-quoted: member of the Boards of Genentech Inc., INSEAD, Inovalon Inc., Amazentis SA and Glyndebourne Productions Ltd, Chairman of MAVA Foundation, Massellaz SA, as well as Vice-President of WWF International and the Tour du Valat Foundation.

André Hoffmann studied economics at the University of St. Gallen and holds a Master of Business Administration from INSEAD.

Dr Nabil Y. Sakkab, Director

- Businessman
- American national, born 1947
- Non-executive
- First elected 2008

Dr Nabil Y. Sakkab joined Procter & Gamble in Cincinnati in 1974 and retired from the same company in 2007 as Senior Vice President, Corporate Research and Development. During this time, he served on P&G's Leadership Council and the Innovation Committee of P&G's Board of Directors. Dr. Nabil Y. Sakkab is the author of several scientific and innovation management publications and co-inventor on more than 27 patents. He was awarded the IRI Medal for R&D Leadership in 2007 and the P&G Alumni Innovation award in 2014.

Dr Sakkab holds the following mandates in companies that are quoted on an official stock exchange: member of the Boards of Altria Group Inc. and Deinove SA.

He holds the following mandates in companies that are non-quoted: member of the Boards of Biowish Technologies Inc., Celltex Therapeutics Corporation and Pharnext SAS.

Dr Nabil Y. Sakkab is a graduate from the American University of Beirut with a BSc in chemistry and from the Illinois Institute of Technology with a PhD in chemistry.

Thomas Rufer, Director

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

Thomas Rufer joined Arthur Andersen in 1976, where he held several positions in audit and business consulting (accounting, organisation, internal control and risk management). He was Country Managing Partner for Arthur Andersen Switzerland from 1993 to 2001. Since 2002, he has been an independent consultant in accounting, corporate governance, risk management and internal control.

Thomas Rufer holds the following mandates in companies that are quoted on an official stock exchange: Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of the Berner Kantonalbank.

He also holds the following mandates: Chairman of the Board of Directors of the Federal Audit Oversight Authority and 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.

Peter Kappeler, Director

- Businessman
- Swiss national, born 1947
- Non-executive
- First elected 2005

Peter Kappeler has served in different industrial and banking companies. For 17 years, he was head of BEKB/BCBE (Berner Kantonalbank), from 1992 to 2003 as CEO and until 2008 as Chairman of the Board of Directors. Peter Kappeler acts as owner or co-owner of some small industrial and start-up companies and is also a member of various boards, including the Summer Academy Foundation at the Paul Klee Centre.

Peter Kappeler does not hold any mandates in companies that are quoted on an official stock exchange.

He holds the following mandates in companies that are non-quoted: member of the Boards of Cendres et Métaux SA, Schweizerische Mobiliar Holding AG and Schweizerische Mobiliar Genossenschaf.

Peter Kappeler has a Master of Business Administration from INSEAD as well as a degree in engineering from the ETH Zurich.

Lilian Biner, Director

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

Lilian Biner has senior management experience from retail and consumer goods companies. These posts have most recently included Chief Financial Officer and Executive Vice President with Axel Johnson AB in 2007 and Head of Strategic Pricing for Electrolux Major Appliances Europe, a company she joined in 2000 as head of HR and Organisational Development.

Lilian Biner holds the following mandates in companies that are quoted on an official stock exchange: member of the Boards of Oriflame Cosmetics SA, Thule Group AB, LE Lundbergföretagen and Nobia AB.

She holds the following mandates in companies that are non-quoted: member of the Board of a-connect (group) ag.

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

Prof. Dr-Ing. Werner Bauer, Director

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

Prof. Dr-Ing. Werner Bauer started his career as a university professor in chemical engineering at the Technical University in Hamburg, Germany. After serving as the Director of the Fraunhofer Institute for Food Technology & Packaging and as Professor in Food Processing Technology at the Technical University of Munich from 1985 to 1990, he entered 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 eventually became Executive Vice-President and Head of Innovation, Technology, Research and Development, a post 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 GEA Group AG.

He holds the following mandates in companies that are non-quoted: Chairman of the Board of Trustees for the Bertelsmann Foundation and the Board of Nestlé Deutschland AG, and a member 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.

Calvin Grieder, Director

- Engineer
- Swiss national, born in 1955 in the USA
- Non-executive
- First elected in 2014

In 1980, Calvin Grieder started his career as Marketing Manager with Georg Fischer Ltd in Switzerland and continued in various executive positions at Swiss and German companies including Bürkert Controls Ltd., Mikron Machines Ltd, 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. As CEO, Calvin Grieder leads the international engineering group Bühler since 2001.

Calvin Grieder holds the following mandates in companies that are quoted on an official stock exchange: Chairman of the Board of Bühler and member of the Board of Implenia AG.

He does not hold any mandates in companies that are non-quoted.

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

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 2014, all members of the Board of Directors were non-executive. None of the Board members has important business connections with Givaudan SA or any of its affiliates. Dr Jürg Witmer, non-executive Chairman, was the Chief Executive Officer of Givaudan until 27 April 2005.

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 permit 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 fifteen such mandates.

'Mandates' mean mandates in the supreme governing body of a legal entity which is required to be registered in the Swiss commercial register or a corresponding foreign register. Mandates in different legal entities which are under joint control are deemed one mandate.

3.4 Elections and terms of office

3.4.1 Principles of the election procedure, rules differing from the statutory legal provisions with regard to the appointment of the Chairman, the members of the Compensation Committee and the independent proxy

The Company has amended its Articles of Incorporation at the Annual General Meeting 2014 to align with the new requirements of the OaEC. There are no differing rules from the statutory legal provisions with regard to the appointment of the Chairman, the members of the Compensation Committee and the independent proxy. 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 between one Annual General Meeting and the next following one.

Meetings: election date and attendance

Board member	Year of first election	Number of Board meetings attended in 2014	Number of Audit Committee meetings attended in 2014	Number of Compensation Committee meetings attended in 2014	Number of Nomination and Governance Committee meetings attended in 2014
Dr Jürg Witmer	1999	7			2
André Hoffmann	2000	6		4	
Peter Kappeler	2005	6	2	3	
Dr Nabil Y. Sakkab	2008	7			2
Thomas Rufer	2009	7	5		
Lilian Biner	2011	7	5		2
Calvin Grieder*	2014	5	3		
Prof. Dr-Ing. Werner Bauer*	2014	4		2	

* joined the Board in March 2014

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 table above.

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 convenes, prepares and chairs the meetings of the Board of Directors, 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, proposes the global remuneration of the Chief Executive Officer and other members of the Executive Committee to the Compensation Committee and coordinates the work of the Committees of the Board of Directors.

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.

3.5.2 For each committee of the Board of Directors: list of members – tasks – areas of responsibility

The Board of Directors has established three Committees: an Audit Committee, a Nomination and Governance Committee and a Compensation 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 at the top of page 69.

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.

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 Chief Financial Officer attends the meetings of the Audit Committee on the invitation of its chairman.

The Audit Committee met five times in the course of 2014. Each meeting lasted approximately half a day. The Head of Internal Audit and the Corporate Compliance Officer attended four meetings. The external auditors attended all meetings, apart from certain private sessions.

Membership of Committees

Committee of the Board	Dr Jürg Witmer (Chairman)	André Hoffmann	Lilian Biner	Peter Kappeler	Thomas Rufer	Dr Nabil Y. Sakkab	Calvin Grieder	Prof. Dr-Ing. Werner Bauer
Audit			○		●		○	
Nomination and Governance	●		○			○		
Compensation		●		○				○

● Chairman of the Committee
○ Member of the Committee

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. From the entry into force of the OaEC, the Committee prepares the Compensation Report to be established by the Board.

The Compensation Committee consists of three members of the Board. The Committee takes advice from external independent compensation specialists and consults with the Chairman and the Chief Executive Officer on specific matters where appropriate. As from the Annual General Meeting 2014 onwards, the members of the Compensation Committee are elected by the shareholders from amongst the re-elected Board members.

In 2014, the Compensation Committee met four times and passed one resolution in writing. The average duration of each meeting was between one and a half and two hours. During these meetings and among other things, the Committee reviewed the impact of the OaEC on the remuneration policy and compensation principles of the Company. It prepared changes in the compensation policy and a new Performance Share Plan programme (PSP).

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 two times during 2014 to prepare changes in the composition of the Board and senior management succession.

More information on the Board of Directors and the roles of the Committees are described in the following sections of Givaudan's website: www.givaudan.com – our company – management - board of directors and www.givaudan.com – our company – management – committees of the board.

3.5.3 Work methods of the Board and its Committees

Board meetings are held periodically and also when matters require a meeting or on the written request of one of the members of the Board. The Chairman, after consultation with the Chief Executive Officer, determines the agenda for the Board meetings. Decisions may also be taken by circulation (including telefax and electronic data transmission) 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 directly before or directly following a Board meeting, with additional meetings scheduled as required. The Board of Directors receives regular reports from its Committees and the Chairman, as well as from the Executive Committee.

The minutes of all Committee meetings are circulated to all Board members.

In preparation for Board meetings, Board members receive pertinent information for pre-reading via a secure electronic document sharing system.

In 2014, the Givaudan Board of Directors held seven meetings, including one constitutive meeting directly following the general meeting of shareholders and one extraordinary meeting by telephone. Regular meetings in Switzerland usually last for one to one and a half days, Board meetings at Givaudan locations outside Switzerland last for two days, including visits to sites and strategic locations and discussion with the management of the visited region. Extraordinary meetings are usually shorter. In October 2014, the Board visited the Company's creative centre in France and in December 2014, the Board visited the Company's enlarged Flavour and Fragrance creation centre in Mumbai, India.

Apart from the constitutive meeting directly following the general meeting of shareholders, 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 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 members of the Executive Committee were present at all regular meetings apart from the one by telephone, which only the Chief Executive Officer and the Chief Financial Officer attended. Selected members of the management team were regularly invited to address specific projects at regular Board meetings.

In 2014, the Board conducted one annual self-assessment and had continuous discussion of its own succession planning.

The attendance of Board members at Board and Committee meetings in 2014 can be seen in the table on page 68.

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.

3.7 Information and control instruments vis-à-vis senior management

The Board recognises that in order to be able to carry out its tasks of ultimate direction of the Company and supervision of the management, it needs to be fully informed about all matters that materially impact Givaudan. To ensure this, the Board has at its disposal an information and control system which comprises the following instruments:

Management information system

The Board ensures that it has sufficient information for appropriate decision-making through a management information system with wide-ranging information rights for the Board members:

- The Chairman of the Board receives invitations and minutes of Executive Committee meetings on a regular basis and the Chief Executive Officer and the Chief Financial Officer report regularly to the Chairman of the Board of Directors
- The Chief Executive Officer and the Chief Financial Officer are present and report at all regular Board meetings and answer all requests for information by the Board members about any matter concerning Givaudan that is transacted. Other members of the Executive Committee and selected senior managers are regularly invited to address specific projects at regular Board meetings. All members of the Executive Committee have a duty to provide information at meetings of the Board of Directors on request
- The Head of Internal Audit and the Corporate Compliance Officer report to the Board once annually. The Board also receives annual reports on Environment, Health and Safety, Sustainability and Risk Management

- The Head of Internal Audit is present and reports at each meeting of the Audit Committee. The Chief Financial Officer and the Corporate Compliance Officer are also present at all meetings of the Audit Committee, as are the external auditors. The Head of Human Resources, the Head of Compensation & Benefits and the Chief Executive Officer are present at each Compensation Committee meeting, except when questions of compensation for Executive Committee members are being deliberated. The Chairman also attends regularly the meetings of the Compensation Committee
- All Board members have access to all Committee meeting minutes
- The Board of Directors receives summarised monthly reports including performance against key performance indicators from the Executive Committee. 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 press 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 it meets members of senior local management. Additionally, Board members are encouraged to visit country operations when travelling and meet with local and regional senior management directly to allow Board members the opportunity of getting first-hand information on local and regional developments and interacting directly with management across the globe
- The Board has regular access to the Chief Executive Officer, Chief Financial Officer and the other members of the Executive Committee. Any Board member may request from the Chief Executive Officer and other members of the Executive Committee information concerning the course of the business.

Risk Management

Givaudan has established an internal risk management process that is based on the Givaudan Enterprise Risk Management Charter. It focuses on identifying and managing/exploiting risks.

The Board of Directors defines the strategic risk management framework. This process is under the responsibility of the Executive Committee. The risk management process follows a structured assessment, review and reporting cycle that is coordinated by the Corporate Compliance Officer to ensure a harmonised Group-wide approach.

For each identified strategic top-level Company risk a member of the Executive Committee is designated as the risk owner with the responsibility to manage the risk on a Group-wide basis. Once a year the Executive Committee reports to the Board on the risk management process, the strategic risks and the mitigation actions. Corporate Internal Audit provides assurance on the effectiveness of the risk management process.

For further information on risk management please refer to pages 53-54 and pages 23-30 in the Financial report.

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.

The Executive Committee meets generally on a monthly basis to discuss general Company business and strategy. In 2014, the Committee held 12 meetings at Company sites around the world, each meeting lasting between one and three 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

Gilles Andrier, Chief Executive Officer

French national, born 1961. Gilles Andrier graduated with two Masters in Engineering from ENSEEIH Toulouse.

He 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. Gilles Andrier later held various positions including Head of Fragrances Operations in the USA and Head of Consumer Products in Europe. In 2001 he was appointed Head of Fine Fragrances, Europe before becoming Global Head of Fine Fragrances in 2003 and then CEO of Givaudan in 2005.

Gilles Andrier holds the following mandates in companies that are quoted on an official stock exchange: Independent non-executive Director of Albea SA.

He also holds the following mandates: Member of the Board of the Swiss-American Chamber of Commerce, and Co-Chairman of the Board of the Natural Resources Stewardship Circle.

Mauricio Graber, President Flavour Division

Mexican national, born 1963. Mauricio Graber holds a BSc in Electronic Engineering from Universidad Autónoma Metropolitana and a Masters in Management from the JL Kellogg Graduate School of Management, Northwestern University, USA.

He began his career with Givaudan in 1995 as Managing Director for Latin America with Tastemaker. When Tastemaker was acquired by Givaudan, Mauricio Graber became Managing Director for Mexico, Central America and the Caribbean before becoming Vice-President for Latin America in 2000. He was later appointed President of the Givaudan Flavour Division in 2006.

Other mandates held by Mauricio Graber are: member of the Board of the International Organisation of the Flavor Industry (IOFI) for a three year-period.

Michael Carlos, President Fragrance Division

French national, born 1950. Michael Carlos holds an MBA from the Indian Institute of Management and a degree in chemical engineering from the Indian Institute of Technology.

He 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 Michael Carlos was appointed Global Head of Consumer Products and then President of the Fragrance Division in 2004.

Michael Carlos holds the following mandates in companies that are quoted on an official stock exchange: member of the Board of Deinove SA.

He also holds the following mandates: Vice-Chairman of the International Fragrance Association (IFRA) (Chairman as of 2015) and Chairman of the Research Institute of Fragrance Materials.

Matthias Währen, Chief Financial Officer

Swiss national, born 1953. Matthias Währen is a graduate of the University of Basel.

He started his career in Corporate Audit in 1983 with Roche, and became Finance Director in 1988 of Roche Korea and then Head of Finance and Information Technology in 1990 at Nippon Roche in Tokyo. In 1996 Matthias Währen was appointed Vice President Finance and Information Technology at Roche USA and then Head of Finance and Informatics of the Roche Vitamins Division in 2000. He was involved in the sale of this business to DSM in 2003 before joining Givaudan in 2004.

Matthias Währen is a member of the Regulatory Board, SIX Exchange Regulation, and Board member of scienceindustries Switzerland. He is also the Chairman of the Board of the Givaudan Foundation.

Adrien Gonckel, Chief Information Officer

French national, born 1952. Adrien Gonckel holds a Masters in IT at the University of Belfort and Lyon, France.

He began his career in 1973 with F. Hoffmann-La Roche Ltd. (Basel), in the IT department. He worked for Roche Belgium, Brussels, as Head of IT and with Citrique Belge in charge of systems integration from 1975 to 1978. Adrien Gonckel rejoined F. Hoffmann-La Roche Ltd., Basel, in 1978, taking European leadership of its IT coordination, then moving to the Roche subsidiary Roure-Bertrand-Dupont in Argenteuil, France, as Head of Group IT in 1982 before becoming Givaudan-Roure's Head of Group IT in 1992.

Joe Fabbri, Head of Global Human Resources, EHS and Chair of Sustainability

Canadian national, born 1958. Joe Fabbri graduated in mechanical engineering technology, and is a licensed Professional Engineer of Ontario, Canada.

He spent the first years of his career in various engineering roles before moving into operations management. Joe Fabbri joined Givaudan in 1989 as Operations Director responsible for commissioning the Canadian manufacturing facility. Moving to the USA in 1996, he was appointed Head of Operations at East Hanover, New Jersey. He later led various regional operations projects in Switzerland before becoming Head of Flavours Operations, EAME in 2001. In 2004 he was appointed Head of Global Flavours Operations, and then Head of Global Human Resources in 2008. In addition to his Human Resources responsibilities he is responsible for Global Sustainability since 2008, and Global Environment, Health and Safety (EHS) since 2010.

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 permit the following external mandates for members of the Executive Committee:

- Members of the Executive Committee may, subject to approval by the Board of Directors, hold up to two mandates in quoted or non-quoted companies
- The following mandates are not subject to these limitations:
  - mandates in companies which are controlled by the corporation
  - mandates held by order and on behalf of the corporation or any controlled company. No member of the Board of Directors or of the Executive Committee shall hold more than ten such mandates
  - mandates in associations, foundations, charitable organisations, trusts, employee welfare foundations and other comparable structures. No member of the Board of Directors or of the Executive Committee shall hold more than 15 such mandates.

'Mandates' mean mandates in the supreme governing body of a legal entity which is required to be registered in the Swiss commercial register or a corresponding foreign register. Mandates in different legal entities which are under joint control are deemed one mandate.

4.4 Key elements of all management contracts between the issuer and companies (or natural persons) not belonging to the Group

The Company has not entered into any management contracts with third parties that fall within the scope of Subsection 4.4 of the SIX Directive on Information Relating to Corporate Governance.

5. Compensation, shareholdings and loans

In accordance with the Swiss Code of Obligations and the SIX Directive on Corporate Governance, Givaudan publishes the details of the remuneration of its Board of Directors and its Executive Committee in the separate 'Compensation Report' in this Annual Report as well as in the 2014 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 no longer has limitations on voting rights.

6.1.2 Reasons for granting exceptions in the year under review

Not applicable as there are no longer any voting rights restrictions.

6.1.3 Procedure and conditions for abolishing statutory voting rights restrictions

Any change in the above rules requires a positive vote of the absolute majority of the share votes represented at a shareholders' meeting, as prescribed by Swiss law.

6.1.4 Statutory rules on participation in the general meeting of shareholders if they differ from applicable legal provisions

There are no restrictions of the Swiss legal provisions.

Any shareholder who, on the day determined by the Board of Directors, is registered as a shareholder with voting rights has the right to attend and to vote at the shareholders' meeting. Each shareholder may be represented at the shareholders' meeting by another shareholder who is authorised by a written proxy, by a legal representative or by the independent voting rights representative ('independent proxy') elected by the Annual General Meeting of shareholders.

6.1.5 Information on any rules which might be laid down in the Articles of Incorporation on the issue of instructions to the independent proxy, and any rules in the Articles of Incorporation on the electronic participation in the general meeting of shareholders

Article 10 of the Articles of Incorporation of the Company states that the Board of Directors establishes the rules regarding participation and representation of the shareholders in the shareholders' meeting, including the rules regarding 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

Shareholders registered with voting rights are convened to general meetings by ordinary mail and 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 shareholder meeting be convened, setting forth the items to be included on the agenda and 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 proposals.

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. The specified 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 from 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. The Swiss legal provisions apply, by which 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, share options, restricted share units (RSU) and performance shares granted, as the case may be, by the Company to members of the Board of Directors and to a total of 326 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

External 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 20 March 2014, Deloitte SA was reappointed for the business year 2014. Since March 2009, the responsible principal auditor for the Givaudan audit at Deloitte has been Thierry Aubertin, Partner.

8.2 Auditing fees

The fees of Deloitte for professional services related to the audit of the Group's annual accounts for the year 2014 were CHF 3.6 million. This amount includes fees for the audit of Givaudan, its subsidiaries, and of the consolidated financial statements.

8.3 Additional fees

In addition, for the year 2014, Deloitte rendered other services (mainly tax-related) for CHF 0.1 million.

8.4 Informational instruments pertaining to the external audit

The external auditor presents the outcome of the audit directly to the Audit Committee after the end of each reporting year. The Audit Committee is also responsible for evaluating the performance of Deloitte as external auditors pursuant to a set of defined criteria. In addition, the Committee reviews and approves the compensation and evaluates and approves other services provided by the external auditor. During 2014, Deloitte attended all five meetings of the Board's Audit Committee.

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

9. Information policy

Givaudan's Principles of Disclosure and Transparency are described in detail at: www.givaudan.com – our company – corporate governance – rules and policies.

Articles of Incorporation: www.givaudan.com – our company – corporate governance – rules and policies.

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

All Corporate publications such as the Annual Report, the Half Year Report and the Sustainability GRI Report can also be downloaded from Givaudan's website at: www.givaudan.com – media – publications .

Quarterly sales information and other media releases can be found at: www.givaudan.com – media – media releases.

The complete calendar of events is available at:

www.givaudan.com – investors – shareholder information – investor calendar. For further information please contact:

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Compensation report

Fair and competitive compensation is essential to attract, motivate and retain the best talent in the industry.

In this section:

Compensation report
Attract, motivate and retain

Givaudan aims to attract, motivate and retain the highest calibre of professional and executive talent to sustain its leadership position within the fragrance and flavour industry. The Company's compensation policies are an essential component of this strategy, as well as key drivers of organisational performance.

Our compensation programmes reflect the performance of the business and of individuals, and we have put in place rigorous governance, processes and policies to ensure that our compensation practices are aligned with our principles.

As part of the changes to be implemented as a result of the Ordinance against Excessive Compensation at Listed Stock Companies (OaEC), we have produced this separate report on compensation, complementing our business and financial reports.

1. Compensation governance

1.1. Overview

The Compensation Committee of the Board of Directors (Board) consists of three members of the Board, the majority of whom are independent, and is currently chaired by André Hoffmann. The Chief Executive Officer is regularly invited to Compensation Committee meetings, but does not participate in discussions regarding his own compensation. Our Head of Human Resources acts as secretary of the Committee.

The Compensation Committee supports the 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 regularly reviews and approves annual incentives and share-based long-term incentives, while the applicable performance criteria and targets 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 meets three to five times a year and informs the Board of its deliberations, recommendations and resolutions after each meeting. It utilises independent external consultants to benchmark the compensation of senior management. The following summarises the Compensation Committee standing agenda items and approvals.

1.2. Key changes implemented during 2014

Amendments to the Articles of Incorporation to comply with the OaEC were submitted and approved by shareholders at the 2014 Annual General Meeting.

The revised Articles of Incorporation 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 the Givaudan website: www.givaudan.com - our company - corporate governance - rules and policies.

Givaudan has met all remaining requirements of the OaEC earlier than has been required, including ensuring all employment contracts conform with the new rules.

At the 2015 Annual General Meeting, the Board will submit the following maximum aggregate amounts for shareholder approval:

a) compensation of the Board for the period until the 2016 ordinary shareholders' meeting;

Compensation Committee standing agenda items and approvals

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

1 CEO compensation proposed by Chairman of the Board.
2 Individual concerned does not attend/abstains.
3 Final approval by shareholders.

b) short-term variable compensation of the Executive Committee for the 2014 fiscal year;

c) fixed and long-term variable compensation for the 2015 fiscal year.

The calculation approach to be applied for determining the amounts to be approved by shareholders is aligned with the Compensation Report valuation methodologies. In response to the requirement for maximum compensation to be voted in accordance with the OaEC and our Articles of Incorporation, the Board took measures in 2014 to limit increases in aggregate grant values for long-term incentives. The details are summarised in section 4.1.

Givaudan will also submit the 2014 Compensation Report to a consultative vote at the 2015 Annual General Meeting.

More details on these key changes are set out in the following sections of this Compensation Report.

2. Compensation principles

Givaudan compensation programmes are based on the following principles:

- Pay for performance: employees are rewarded for their contribution to business results. This is achieved through the variable pay plans described below
- External competitiveness: total compensation positioning should enable Givaudan to attract and retain highly talented individuals critical to its success
- Internal consistency and fairness: internal salary scales reflect job level, function and geographic market
- Alignment of interests: Givaudan seeks to align management and shareholders' interests by rewarding long-term value creation through share-based programmes.

Givaudan's total compensation offering in 2014 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. Pay-outs are based on yearly evolution of Group EBITDA and the achievement of safety objectives
- 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, pay-outs can vary between 0% and 200% of target pay-out
- 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 vesting period
- Restricted Stock Unit (RSU) Plan: this plan links Board member compensation with share price evolution by awarding a right to receive Givaudan shares after a three-year vesting period
- Benefits (indirect compensation): benefit plans seek to address current and future security needs of employees. These generally include retirement, health, death and disability benefits. Benefits-in-kind such as Company vehicles are offered to certain employees according to local market practice

As illustrated in the following chart, every Givaudan employee's remuneration is linked to Company performance through cash-based and/or share-based variable pay plans.

The Annual Incentive Plan, the PSP and the RSU plan are described in more detail in the next sections.

Givaudan compensation
Numbers of participants

Restricted Share Unit Plan (Board of Directors)	8
Performance Share Plan (Executives and selected managers)	300
Annual Incentive Plan (Managers and executives)	2,700
Profit Sharing Plan (Non-management employees)	7,000
Base salary (All employees)	9,700

3. Compensation of Givaudan executives

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

- Fragrance and flavour companies
- European companies in related industries:
  - consumer products
  - food and beverage
  - speciality chemicals
- Swiss multinational companies of a size similar to Givaudan (excluding the financial sector)

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

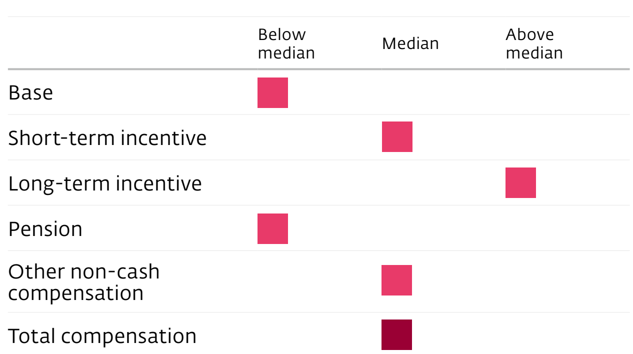
All benchmarking activity for Executive Committee members is performed by independent consultants. Benchmarking for other executives is performed internally by the Compensation unit, using survey data provided by external consultants.

Givaudan's executive compensation targets base pay at the market median. Executives have the opportunity to be rewarded with above median pay for sustained outstanding performance from a number of variable compensation components. These variable elements reflect achievements against quantitative targets established by the Board, as well as the contribution and leadership qualities of individual executives. Variable compensation, particularly long-term components, represents a significant portion of an executive's total compensation. The weight of variable compensation increases with executives' level of responsibility and the impact of their position on Company results.

In 2014, Executive Committee compensation was benchmarked against a peer group of 17 Swiss multinational companies of a size similar to Givaudan. This peer group consisted of Swiss Leader Index (SLI) companies, excluding the five largest companies and financial services institutions. The results confirm that all compensation elements are positioned around or below the median, except for performance-based long-term incentive compensation which appears above median. This is in line with Givaudan policy and reflects our strong focus on rewarding for outstanding performance over the long-term.

In 2014, EY was engaged to conduct the above Executive Committee benchmark and provide additional consulting and tax services.

Executive Compensation benchmark

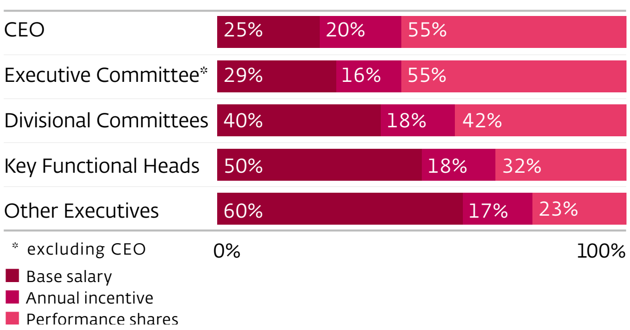


The total compensation of Givaudan executives consists of direct and indirect compensation components.

- 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

The chart below illustrates the general compensation mix at target for Givaudan executives in 2014.

Direct compensation mix policy guidelines



3.1 Base salary

Base salary adjustments are based primarily on market evolution, taking into consideration the executive's performance and contribution to Company results. Salary adjustments for Executive Committee members are decided by the Compensation Committee.

3.2 Annual Incentive Plan

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

Performance criteria

Annual targets for Executive Committee members are set by the Board based on recommendations by the Compensation Committee. In 2014, 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. Achievements against these targets are reviewed and approved by the Compensation Committee.

Annual incentive pay-outs for lower level managers and executives are based on a mix of organisational performance objectives cascaded from Givaudan Group objectives and overall performance taking into consideration achievement of personal objectives, day-to-day job responsibilities and the Givaudan core values.

Expressed as a percentage of base salary, annual incentives at target were the following in 2014:

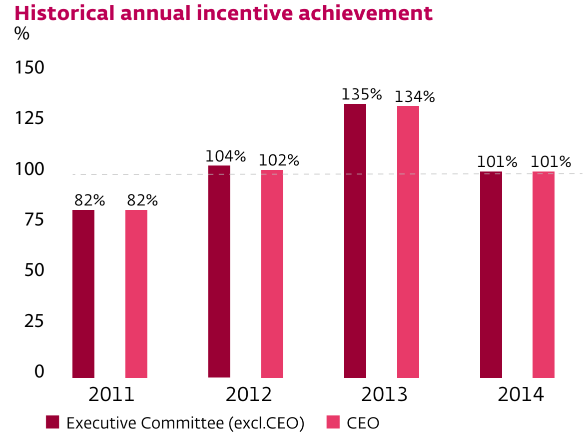
- Chief Executive Officer: 80%
- Chief Financial Officer and Division Presidents: 60%
- Global Head of Human Resources and Global Head of Information Technology: 50%
- Division Management Committee members: 35%-50%
- Other executives and managers: 10%-35%

Incentive caps and pay-outs

Based on the performance achievements, incentive pay-outs may vary between 0% and a cap of 200% of target incentive.

In 2014, the sales growth was below target and the EBITDA above target. This resulted in an average of 100.7% of target pay-out for the members of the Executive Committee and the same percentage of target pay-out for the Chief Executive Officer. The table below summarises historical annual incentive achievement against target for the past four years.

Historical annual incentive achievement



3.3 Performance Share Plan

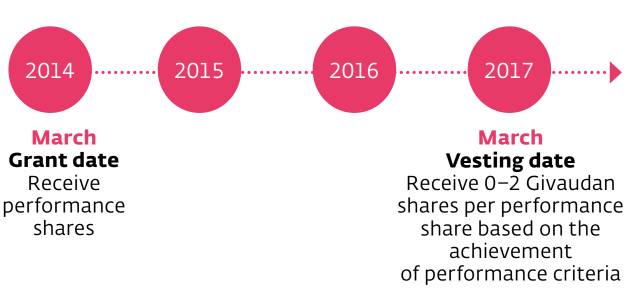
Since 2013, executives have been granted awards under the Performance Share Plan 2013 (PSP). The PSP is designed to reward key talent and executives who significantly influence the long-term success of the business.

Within the plan, participants are granted performance shares annually. The total number of performance shares granted is approved each year by the Compensation Committee.

In response to the OaEC and to accord with our Articles of Incorporation, we have implemented a policy to cap the maximum value of PSP allocations from year to year.

The performance shares vest three years from grant date, based on the achievement of performance criteria measured over the performance period. The operation of the new PSP is summarised in the following diagram:

Operation of the new PSP



Performance criteria

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

Six peer group companies are selected from the fragrance and flavour (F&F) industry, representing in total approximately 70% of the F&F market.

Share pay-out caps

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

The performance range for relative sales growth extends from -2% to +2%. This represents annualised sales growth versus peer group over the 4-year performance period.

The performance for FCF margin, measured over the 4-year performance period, has been increased to a range from 8% to 18%, reflecting our decision to make targets more challenging in 2014.

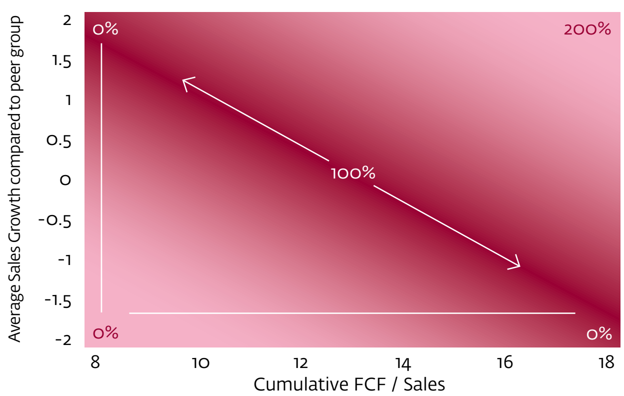
A pay-out of 200% would require an achievement level above the maximum threshold for both measures, relative sales growth **and** FCF margin.

A 0% pay-out would be obtained if the achievement level on **either** measure were below the minimum threshold.

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

A 100% pay-out 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 13%. High achievement against one performance criteria can be counterbalanced by low achievement on the other provided both minimum thresholds are reached, such that 100% pay-out may occur when relative average sales growth is above the peer group, or FCF / Sales is above 13% (and vice versa).

Performance Share Plan pay-out matrix



Darker region represents target achievement region for 100% payout

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.

Table i: Variable compensation overview

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

[a] Unless local laws prevent allocation of Givaudan shares, in which case pay-out is in cash.

3.4 Previous long-term incentive plan arrangements

The PSP, which was introduced for grants in 2013, replaces all existing LTIP arrangements. Any awards under the previous LTIP will not be cancelled, but will continue to be held in accordance with the rules of those plans.

Participants under the previous LTIP had a choice as to how they received their awards:

- 100% of award value in stock options, with a vesting period of two years and expiry after five years
- 100% of award value in restricted share units (RSU), with a vesting period of three years
- 50% of the award value in stock options and 50% in RSU

All remaining stock options under this plan vested in 2014 and remaining RSU will vest in 2015.

The one-off grant under the 2008 PSP achieved pay-out percentage on vesting was 50% of target.

Table ii (relating to section 4): Executive Committee compensation summary

2014 in Swiss francs	Gilles Andrier CEO	Executive Committee members (excluding CEO)[a]	Total 2014	Total 2013
Base salary	1,024,188	2,520,817	3,545,005	3,487,629
Pension benefits[b]	129,544	1,157,806	1,287,350	866,190
Other benefits[c]	110,051	784,044	894,095	802,272
Total fixed compensation	1,263,783	4,462,667	5,726,450	5,156,091
Annual incentive[d]	825,496	1,441,345	2,266,841	2,986,023
Number of 2014 performance shares granted[e]	1,900	5,920	7,820	8,250
Value at grant[f]	2,307,360	7,189,248	9,496,608	8,591,550
Total variable compensation	3,132,856	8,630,593	11,763,449	11,577,573
Total compensation 2014	**4,396,639**	**13,093,260**	**17,489,899**	
Total compensation 2013	4,465,946	12,267,718		16,733,664
Employer social security[g]	349,000	1,058,000	1,407,000	1,209,000

a) Represents full year compensation of five Executive Committee members.
b) Company contributions to broad-based pension and retirement savings plans and annualised expenses accrued for supplementary executive retirement benefit.
c) Represents annualised value of health and welfare plans, international assignment benefits and other benefits in kind. Employer contribution to mandatory social security schemes are excluded.
d) Annual incentive accrued in reporting period based on 2014 performance.
e) Performance shares vest in March 2017.
f) Value at grant calculated according to IFRS methodology and based on 100% achievement of performance targets.
g) Estimated social security charges based on 2014 compensation (last column based on 2013 compensation).

4. Compensation of the Executive Committee

4.1 Changes to compensation levels in 2014

Increases in compensation in 2014 are attributed to a number of factors namely increased share price impacting PSP values and adjustments to pension benefits.

As indicated in section 3.3, in 2014 the Compensation Committee took measures to reduce the impact of share price increases by capping the grant value of performance shares an Executive Committee member may receive and where necessary, reducing the number of allocated performance shares to ensure the cap is not exceeded.

Givaudan continuously reviews executive compensation packages to ensure alignment with our compensation principles. In 2014, pension benefits were revised to further bridge the gap of current market misalignment. Additional pension has been awarded in accordance with our Articles of Incorporation (Art. 31).

4.2 Highest total compensation

The Chief Executive Officer, Gilles Andrier, received the highest total compensation in 2014. For compensation details, please refer to table ii.

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

No other compensation or fees were accrued for or paid to any member or former member of the Executive Committee during the reporting period. No member or former member of the Executive Committee had any loan outstanding as of 31 December 2014.

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

Michael Carlos retired from his role as Head of Fragrances on 31 December 2014. He did not receive any special compensation as a result of his retirement. Outstanding performance share awards are eligible for vesting in accordance with the Articles of Incorporation and based on the extent that performance criteria have been met.

4.5 Employment contract termination clauses of Executive Committee members

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

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

Table iii (relating to section 5): Board of Directors compensation summary

2014 in Swiss francs	Jürg Witmer Chairman	André Hoffmann	Lilian Biner	Peter Kappeler	Thomas Rufer	Nabil Sakkab	Werner Bauer	Calvin Grieder	Irina du Bois	Total 2014[a]	Total 2013[a]
Director fees[b]	400,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	–	1,100,000	1,000,000
Committee fees[b]	40,000	40,000	50,000	25,000	55,000	25,000	25,000	25,000	–	285,000	285,000
Total fixed (cash)	440,000	140,000	150,000	125,000	155,000	125,000	125,000	125,000	–	1.385,000	1,285,000
Number of RSU granted[c]	476	119	119	119	119	119	119	119	–	1,309	1,250
Value at grant[d]	578,054	144,514	144,514	144,514	144,514	144,514	144,514	144,514	–	1,589,652	1,213,000
Total compensation 2014[e]	**1,018,054**	**284,514**	**294,514**	**269,514**	**299,514**	**269,514**	**269,514**	**269,514**	**-**	**2,974,652**	
Total compensation 2013[f]	925,200	261,300	246,300	271,300	276,300	246,300	-	-	271,300		2,498,000

a) Represents total compensation for the Board of Director paid in respect of the year in office, reported in accordance with the accrual principle.
b) Represents Director and Committee fees to be paid in March 2015 in respect of the prior year in office, in accordance with the accrual principle.
c) RSU vest on 1 March 2017.
d) Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.
e) In respect of eight Board Members.
f) In respect of seven Board Members.

Social security charges estimated based on 2014 compensation amounted to CHF 188,000 (2013: CHF 144,000).

In addition to the above, payments to Board members for out-of-pocket expenses amounted to CHF 70,000.

5. Compensation of the Board of Directors

Compensation of Board members consists of Director fees and Committee fees. These fees are paid at the end of each year in office completed. In addition, each Board member is entitled to participate in the Givaudan RSU plan, which gives 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 vesting period.

With the exception of the Chairman and outgoing Board members, each Board member receives an amount of CHF 10,000 to cover out-of-pocket expenses. This amount is paid for the coming year in office. The equity awards are also granted for the same period. The compensation paid out to the Board members for the reporting period is shown in the table iii.

5.1 Compensation of the Board member with the highest compensation

The Board member with the highest compensation in 2014 was Dr Jürg Witmer, Chairman of the Board since 28 April 2005. For compensation details please refer to the table above.

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 had any loan outstanding as of 31 December 2014.

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.

6. Share ownership guidelines

Givaudan introduced share ownership guidelines in 2013, under which Executive Committee members must hold approximately one times their annual base salary in Givaudan shares. This requirement should be met by 2016, or within three years from the beginning of the calendar year after joining the Executive Committee. Ownership of Givaudan shares by Executive Committee members as per 31 December 2014 is shown in the table iv.

7. Ownership of Givaudan securities

7.1 Board of Directors

As per 31 December 2014, the Chairman and other Board members, including persons closely connected to them held 92,134 Givaudan shares in total. For further details, please refer to table iv below showing:

- The shares held individually by each Board member as per 31 December 2014
- The RSU that were granted in 2012-2014 and were still owned by members of the Board as per 31 December 2014

Table iv: Board of Directors: ownership of Givaudan securities

2014 in numbers	Shares	RSU
Jürg Witmer, Chairman	1,905	1,480
André Hoffmann[a]	88,503	370
Lilian Biner	126	370
Peter Kappeler	291	370
Thomas Rufer	339	370
Nabil Sakkab	–	370
Werner Bauer	970	119
Calvin Grieder	–	119
Total 2014	**92,134**	**3,568**
Total 2013	88,886	3,771

a) The following Givaudan derivatives were also held by Mr Hoffmann as per 31 December 2014: 30,000 call warrants UBS –Givaudan 15 August 2016 (ISIN value no. CH 022 483 99 82).
No other member of the Board held any share options or option rights as at 31 December 2014 (31 December 2013: 15,075 options in total).

The Company is not aware of any ownership of shares, share options or RSU as per 31 December 2014 by persons closely connected to the Board.

7.2 Executive Committee

The Chief Executive Officer and other members of the Executive Committee, including persons closely connected to them, held 4,839 Givaudan shares. For further details, please refer to table v below showing:

- The shares held individually by each member of the Executive Committee as per 31 December 2014
- The unvested share rights that were granted in 2012-2014 and were still owned by members of the Executive Committee as per 31 December 2014

Table v: Executive Committee: ownership of Givaudan securities

2014 in numbers	Shares	Unvested share rights*
Gilles Andrier, CEO	1,400	5,100
Matthias Waehren	1,504	2,835
Mauricio Graber	550	2,835
Michael Carlos	–	4,000
Joe Fabbri	482	2,150
Adrien Gonckel	903	2,150
Total 2014	**4,839**	**19,070**
Total 2013	4,249	14,833

* Includes unvested performance shares and/or restricted shares.

No member of the Executive Committee held any share options or option rights as at 31 December 2014 (31 December 2013: 110,000 options in total).

Two people closely connected to members of the Executive Committee owned Givaudan securities as per 31 December 2014:

- One person owned 109 shares
- One person owned 245 unvested share rights

The Company is not aware of any other ownership of shares, share options/option rights, RSU or performance shares as per 31 December 2014 by persons closely connected to members of the Executive Committee.

Report of the statutory auditors
on the Compensation Report

Deloitte.

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CH-1215 Genève 15

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Report of the statutory auditor
to the General Meeting of
Givaudan SA, Vernier

We have audited sections 4 and 5 of the compensation report of Givaudan SA for the year ended December 31, 2014, presented on pages 88 to 89.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, sections 4 and 5 of the compensation report of Givaudan SA for the year ended December 31, 2014 comply with Swiss law and articles 14 – 16 of the Ordinance.

Deloitte SA

Thierry Aubertin Licensed Audit Expert Auditor in Charge	Joëlle Herbette Licensed Audit Expert

Geneva, January 27, 2015

Audit. Tax. Consulting. Corporate Finance.
Member of Deloitte Touche Tohmatsu

Financial report

In this section:

Detailed contents

Financial Review

in millions of Swiss francs, except for per share data	2014	2013
Group Sales	**4,404**	**4,369**
Fragrance Sales	**2,108**	**2,083**
Flavour Sales	**2,296**	**2,286**
Gross profit	**2,027**	**1,954**
as % of sales	46.0%	44.7%
EBITDA [a]	**1,053**	**970**
as % of sales	23.9%	22.2%
Operating income	**760**	**693**
as % of sales	17.3%	15.9%
Income attributable to equity holders of the parent	**563**	**490**
as % of sales	12.8%	11.2%
Earnings per share – basic (CHF)	**61.18**	**53.43**
Earnings per share – diluted (CHF)	**60.35**	**52.83**
Operating cash flow	**806**	**888**
as % of sales	18.3%	20.3%
Free cash flow	**604**	**662**
as % of sales	13.7%	15.2%

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

in millions of Swiss francs, except for employee data	31 December 2014	31 December 2013
Current assets	2,357	2,301
Non-current assets	4,115	3,901
Total assets	**6,472**	**6,202**
Current liabilities	921	1,290
Non-current liabilities	2,138	1,489
Equity	3,413	3,423
Total liabilities and equity	**6,472**	**6,202**
Number of employees	**9,704**	**9,331**

Foreign Exchange Rates

Foreign currency to Swiss francs exchange rates	ISO code	Units	31 Dec 2014	Average 2014	31 Dec 2013	Average 2013	31 Dec 2012	Average 2012
Dollar	USD	1	0.99	0.92	0.89	0.93	0.92	0.93
Euro	EUR	1	1.20	1.21	1.23	1.23	1.21	1.20
Pound	GBP	1	1.55	1.51	1.48	1.45	1.49	1.48
Yen	JPY	100	0.83	0.86	0.85	0.95	1.06	1.17
Singapore dollar	SGD	1	0.75	0.72	0.71	0.74	0.75	0.75
Real	BRL	1	0.37	0.39	0.38	0.43	0.45	0.48
Renminbi	CNY	1	0.16	0.15	0.15	0.15	0.15	0.15
Mexican peso	MXN	100	6.74	6.88	6.80	7.21	7.06	7.09
Rupiah	IDR	10,000	0.80	0.77	0.73	0.89	0.95	1.00

Sales

Givaudan Group full year sales were CHF 4,404 million, an increase of 3.7% on a like-for-like basis and 0.8% in Swiss francs when compared to 2013. Fragrance Division sales were CHF 2,108 million, an increase of 3.6% on a like-for-like basis and 1.2% in Swiss francs. Flavour Division sales were CHF 2,296 million, an increase of 3.7% on a like-for-like basis and 0.4% in Swiss francs.

Operating performance

Gross margin

The gross margin increased to 46.0% from 44.7%, driven by the positive leverage effect from the volume gains and lower operational costs following the closure of the Flavours facilities in Bromborough, UK, and Kemptthal, Switzerland. In addition, the company continued to benefit from supply chain efficiencies.

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

The EBITDA increased by 8.5% to CHF 1,053 million from CHF 970 million. An improved gross profit was the main driver behind the increased EBITDA. The Group recognised a one-off gain of CHF 42 million in the Flavour Division on the disposal of land at its Dübendorf location in Switzerland. When measured in local currency terms, the EBITDA increased by 11.6%. The EBITDA margin increased to 23.9% in 2014 from 22.2% in 2013.

Operating income

The operating income increased by 9.6% to CHF 760 million from CHF 693 million for the same period in 2013. When measured in local currency terms, the operating income increased by 13.5%. The operating margin increased to 17.3% in 2014 from 15.9% in 2013.

Financial performance

Financing costs in 2014 were CHF 63 million, versus CHF 85 million for the same period in 2013. In 2014 the Group continued to refinance at lower interest rates. Other financial expense, net of income, was CHF 20 million in 2014, down versus the CHF 28 million reported in 2013, despite the currency volatility in certain markets.

In 2014 the Group's income taxes as a percentage of income before taxes were 17% versus 16% in 2013.

Net income

The net income increased to CHF 563 million in 2014 from CHF 490 million in 2013, an increase of 14.9%, driven by an improved operating performance and stable financial expenses. This results in a net profit margin of 12.8%, versus 11.2% in 2013. Basic earnings per share increased to CHF 61.18 versus CHF 53.43 for the same period in 2013.

Cash flow

Givaudan delivered an operating cash flow of CHF 806 million in 2014, compared to CHF 888 million in 2013, driven by a higher EBITDA offset by short term working capital requirements. As a percentage of sales, working capital increased, as customer accounts receivables were exceptionally high at the end of the year.

Total net investments in property, plant and equipment were CHF 110 million, down from CHF 123 million incurred in 2013. During 2014 the Group continued its investments to support growth in developing markets, most notably a new flavours savoury facility in Nantong, China and a fragrance creative centre and compounding facility in Singapore. In addition, the Group received cash of CHF 58 million as a result of the sale of land at its Dübendorf location in Switzerland.

Intangible asset additions were CHF 46 million in 2014 compared to CHF 51 million in 2013 as the company continued to invest in its IT platform. Total net investments in tangible and intangible assets were 3.6% of sales, compared to 4.0% in 2013.

Operating cash flow after net investments was CHF 650 million in 2014, versus the CHF 714 million recorded in 2013. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 604 million in 2014, versus CHF 662 million for the comparable period in 2013, mainly driven by a higher EBITDA, lower investments, offset by higher working capital requirements. As a percentage of sales, free cash flow in 2014 was 13.7%, compared to 15.2% in 2013.

Financial position

Givaudan's financial position remained solid at the end of the year. Net debt at December 2014 was CHF 795 million, down from CHF 816 million at December 2013. At the end of December 2014 the leverage ratio was 17%, compared to 18% at the end of 2013.

Dividend Proposal

At the Annual General Meeting on 19 March 2015, Givaudan's Board of Directors will propose a cash dividend of CHF 50.00 per share for the financial year 2014, an increase of 6.4% versus 2013. This is the fourteenth consecutive dividend increase following Givaudan's listing at the Swiss stock exchange in 2000. The total amount of this distribution will be made out of reserves for additional paid-in capital which Givaudan shows in equity as at the end of 2014.

Mid-term Guidance

Mid-term, the overall objective is to grow organically between 4.5% and 5.5% per annum, assuming a market growth of 2-3%, and to continue on the path of market share gains. By delivering on the Company's five-pillar growth strategy – developing markets, Health and Wellness, market share gains with targeted customers and segments, research and sustainable sourcing – Givaudan expects to outgrow the underlying market and to continue to achieve its industry-leading EBITDA margin while targeting an annual free cash flow of between 14% and 16% of sales in 2015. Givaudan confirms its intention to return above 60% of the Company's free cash flow to shareholders while maintaining a medium term leverage ratio target below 25%.

Consolidated Financial Statements

Consolidated Income Statement

For the year ended 31 December

in millions of Swiss francs, except for per share data	Note	**2014**	2013
Sales	6	4,404	4,369
Cost of sales		(2,377)	(2,415)
Gross profit		**2,027**	**1,954**
as % of sales		46.0%	44.7%
Marketing and distribution expenses		(635)	(627)
Research and product development expenses		(405)	(406)
Administration expenses		(176)	(157)
Share of (loss)/profit of jointly controlled entities	9	(1)	
Other operating income	10	52	11
Other operating expense	11	(102)	(82)
Operating income		**760**	**693**
as % of sales		17.3%	15.9%
Financing costs	13	(63)	(85)
Other financial income (expense), net	14	(20)	(28)
Income before taxes		**677**	**580**
Income taxes	15	(114)	(90)
Income for the period		**563**	**490**
Attribution			
Income attributable to equity holders of the parent		563	490
as % of sales		12.8%	11.2%
Earnings per share – basic (CHF)	16	**61.18**	**53.43**
Earnings per share – diluted (CHF)	16	**60.35**	**52.83**

The notes on pages 11 to 60 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	**2014**	2013
Income for the period		**563**	**490**
Items that may be reclassified to the income statement			
Available-for-sale financial assets			
Movement in fair value, net		4	8
(Gain) loss removed from equity and recognised in the consolidated income statement		(2)	-
Movement on income tax	15	-	
Cash flow hedges			
Movement in fair value, net		(47)	20
(Gain) loss removed from equity and recognised in the consolidated income statement		12	10
Movement on income tax	15	2	-
Exchange differences arising on translation of foreign operations			
Change in currency translation		153	(146)
Movement on income tax	15	5	3
Items that will not be reclassified to the income statement			
Defined benefit pension plans			
Remeasurement gains (losses)	7	(358)	190
Income tax relating to items that will not be reclassified to the income statement	**15**	**99**	**(64)**
Other comprehensive income for the period		**(132)**	**21**
Total comprehensive income for the period		**431**	**511**
Attribution			
Total comprehensive income attributable to equity holders of the parent		431	511

The notes on pages 11 to 60 form an integral part of these financial statements.

Consolidated Statement of Financial Position
As at 31 December

in millions of Swiss francs	Note	**31 December 2014**	31 December 2013
Cash and cash equivalents	17	412	513
Derivative financial instruments	4	21	29
Derivatives on own equity instruments	25	10	15
Available-for-sale financial assets	4, 18	64	62
Accounts receivable – trade	4, 19	911	844
Inventories	20	771	692
Current tax assets	15	22	18
Other current assets	4	146	128
Current assets		**2,357**	**2,301**
Derivative financial instruments	4		2
Property, plant and equipment	21	1,430	1,343
Intangible assets	22	2,293	2,284
Deferred tax assets	15	258	168
Post-employment benefits plan assets	7	7	9
Financial assets at fair value through income statement	4	35	30
Jointly controlled entities		17	
Other long-term assets	18	75	65
Non-current assets		**4,115**	**3,901**
Total assets		**6,472**	**6,202**
Short-term debt	4, 23	57	420
Derivative financial instruments	4	19	22
Accounts payable – trade and others	4	423	419
Accrued payroll & payroll taxes		119	129
Current tax liabilities	15	82	82
Financial liability: own equity instruments	25	54	49
Provisions	24	12	16
Other current liabilities		155	153
Current liabilities		**921**	**1,290**
Derivative financial instruments	4	50	23
Long-term debt	4, 23	1,150	909
Provisions	24	36	32
Post-employment benefits plan liabilities	7	735	366
Deferred tax liabilities	15	88	87
Other non-current liabilities		79	72
Non-current liabilities		**2,138**	**1,489**
Total liabilities		**3,059**	**2,779**
Share capital	26	92	92
Retained earnings and reserves	26	5,187	5,057
Own equity instruments	26	(78)	(70)
Other components of equity	25, 26	(1,788)	(1,656)
Equity attributable to equity holders of the parent		**3,413**	**3,423**
Total equity		**3,413**	**3,423**
Total liabilities and equity		**6,472**	**6,202**

The notes on pages 11 to 60 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
For the year ended 31 December

2014 in millions of Swiss francs	Note	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Available-for-sale financial assets	Currency translation differences	Defined benefit pension plans remeasure-ment	Total equity
Note		26	26	25, 26					
Balance as at 1 January		**92**	**5,057**	**(70)**	**(34)**	**20**	**(1,353)**	**(289)**	**3,423**
Income for the period			563						563
Other comprehensive income for the period					(33)	2	158	(259)	(132)
Total comprehensive income for the period			**563**		**(33)**	**2**	**158**	**(259)**	**431**
Distribution to the shareholders paid	26		(433)						(433)
Movement on own equity instruments, net				(8)					(8)
Net change in other equity items			**(433)**	**(8)**					**(441)**
Balance as at 31 December		**92**	**5,187**	**(78)**	**(67)**	**22**	**(1,195)**	**(548)**	**3,413**

2013 in millions of Swiss francs	Note	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Available-for-sale financial assets	Currency translation differences	Defined benefit pension plans remeasure-ment	Total equity
Note		26	26	25, 26					
Balance as at 1 January		**92**	**4,898**	**(47)**	**(64)**	**12**	**(1,210)**	**(415)**	**3,266**
Income for the period			490						490
Other comprehensive income for the period					30	8	(143)	126	21
Total comprehensive income for the period			**490**		**30**	**8**	**(143)**	**126**	**511**
Distribution to the shareholders paid	26		(331)						(331)
Movement on own equity instruments, net				(23)					(23)
Net change in other equity items			**(331)**	**(23)**					**(354)**
Balance as at 31 December		**92**	**5,057**	**(70)**	**(34)**	**20**	**(1,353)**	**(289)**	**3,423**

The notes on pages 11 to 60 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	**2014**	2013
Income for the period		563	490
Income tax expense	15	114	90
Interest expense	13	52	62
Non-operating income and expense		31	51
Operating income		**760**	**693**
Depreciation of property, plant and equipment	21	110	111
Amortisation of intangible assets	22	180	160
Impairment of long-lived assets		3	6
Other non-cash items			
- share-based payments		31	21
- pension expense		40	47
- additional and unused provisions, net		15	1
- other non-cash items		20	23
Adjustments for non-cash items		**399**	**369**
(Increase) decrease in inventories		(47)	(5)
(Increase) decrease in accounts receivable		(40)	(62)
(Increase) decrease in other current assets		(14)	12
Increase (decrease) in accounts payable		(1)	72
Increase (decrease) in other current liabilities		(24)	(3)
(Increase) decrease in working capital		**(126)**	**14**
Income taxes paid		**(112)**	**(93)**
Pension contributions paid	7	(61)	(60)
Provisions used	24	(15)	(23)
Purchase and sale of own equity instruments, net		(37)	(4)
Impact of financial transactions on operating, net		(2)	(8)
Cash flows from (for) operating activities		**806**	**888**
Increase in long-term debt		450	230
(Decrease) in long-term debt		(201)	(200)
Increase in short-term debt		145	71
(Decrease) in short-term debt		(562)	(282)
Interest paid		(46)	(52)
Distribution to the shareholders paid	26	(433)	(331)
Purchase and sale of derivative financial instruments financing, net		(47)	(2)
Others, net		(3)	(3)
Cash flows from (for) financing activities		**(697)**	**(569)**
Acquisition of property, plant and equipment	21	(168)	(125)
Acquisition of intangible assets	22	(46)	(51)
Increase in share capital of jointly controlled entities	9	(17)	
Acquisition of subsidiary, net of cash acquired	5	(37)	
Proceeds from the disposal of property, plant and equipment	21	58	2
Interest received		3	2
Purchase and sale of available-for-sale financial assets, net		6	-
Purchase and sale of derivative financial instruments, net		-	-
Others, net		(8)	-
Cash flows from (for) investing activities		**(209)**	**(172)**
Net increase (decrease) in cash and cash equivalents		**(100)**	**147**
Net effect of currency translation on cash and cash equivalents		(1)	(2)
Cash and cash equivalents at the beginning of the period		513	368
Cash and cash equivalents at the end of the period		**412**	**513**

The notes on pages 11 to 60 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 9,704 people. A list of the principal Group companies is shown in Note 31 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 available-for-sale financial assets, of financial assets and financial liabilities at fair value through the income statement, and of own equity instruments classified as derivatives.

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 27 January 2015.

Changes in Accounting Policies and Disclosures

Standards, amendments and interpretations effective in 2014

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in the 2013 consolidated financial statements, with the exception of the adoption as of 1 January 2014 of the standards and interpretations described below:

Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities clarify the criterion of offsetting financial assets and liabilities. The offset must be made when an entity (a) currently has a legally enforceable right to set off the recognised amounts, and (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The Group does not enter into netting agreements with counterparties and therefore these amendments are not relevant for the Group.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities define an investment entity, introduce an exception from the requirement to consolidate subsidiaries for an investment entity, and define new disclosure requirements. An entity is an investment entity when (a) it obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services; (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis. The Group currently has no investment that meets the definition of an investment entity and therefore these amendments are not relevant for the Group.

Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets remove the requirement to disclose the recoverable amount of Cash Generating Units (CGUs) to which intangible assets with indefinite useful lives, including goodwill, have been allocated when there has been no impairment or reversal of impairment of the related CGU. These amendments introduce additional disclosure requirements when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. The latter includes the fair value hierarchy as required by IFRS 13 Fair Value Measurement. The Group assessed that the adoption of these amendments does not result in a change in the information currently disclosed.

Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated as a result of new laws or regulations. The Group assessed that the adoption of these amendments does not result in a change in the information currently disclosed.

Annual Improvements to IFRSs 2010-2012 Cycle: IFRS 3 Business combinations provides clarifications regarding the accounting for contingent consideration in a business acquisition. Contingent consideration that is within or out the scope of IFRS 9 Financial Instruments shall be measured at fair value and changes in fair value be recognised in the income statement. The Group assessed that the adoption of these improvements does not result in a change in the information currently disclosed.

IFRIC 21 Levies sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subject to significant levies and as such the impact on the Group is assessed as not material.

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 2015

Annual Improvements to IFRSs 2010-2012: Amendment to IAS 19 provides clarifications regarding the contributions from employees or third parties when accounting for defined benefit plans as defined by IAS 19 Employee Benefits. If the amount of the contributions is independent of the number of years of services, such contributions are recognised as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. The Group assessed that the adoption of these amendments does not result in a change in the information currently disclosed.

Annual Improvements to IFRSs 2010-2012 Cycle (except for the amendment to IFRS 3 Business combinations) include amendments to a number of IFRSs (IFRS 2 *Share-based Payment*, IFRS 8 *Operating Segments*, IFRS 13 *Fair Value Measurement*, IAS 16 *Property*, *Plant and Equipment*, IAS 38 *Intangible Assets* and IAS 24 *Related Party Disclosures*) which do not affect the information currently disclosed by the Group.

Annual Improvements to IFRSs 2011-2013 Cycle: include amendments to a number of IFRSs (IFRS 1 *First-time Adoption of IFRSs*, IFRS 3 Business Combinations, IFRS 13 *Fair Value Measurement* and IAS 40 *Investment Property*) which do not affect the information currently disclosed by the Group.

b) Issued and effective for 2015 and after:

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- IFRS 14 Regulatory Deferral Accounts
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IFRS 10 and IAS 28: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants
- Annual Improvements to IFRSs 2012-2014 Cycle
- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments (as revised in 2014)

The Group has not yet evaluated the impact of these revised standards and amendments on its consolidated financial statements.

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, except for non-current assets (or disposal groups) that are classified as held for sale. The Group recognised any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquirees' identifiable net assets. 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. If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, a reassessment of the net identifiable assets and the measurement of the cost is made, and then any excess remaining after the reassessment is recognised immediately in the consolidated income statement.

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

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

2.3 Interest in a Joint Venture

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

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

2.4 Foreign Currency Valuation

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.

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.

- 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. Translation differences on non-monetary financial assets carried at fair value such as equity securities classified as available-for-sale are included in the available-for-sale reserve in equity, and reclassified upon settlement in the income statement as part of the fair value gain or loss.

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.

2.5 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 and Cosmetic Ingredients for the Fragrance Division and Beverages, Dairy, Savoury and Sweet Goods 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 are determined based on the Group's operations; Switzerland, Europe, Africa & Middle-East; North America; Latin America and Asia Pacific. Revenues from external customers are shown by destination. Non-current assets consist of property, plant and equipment, intangible assets and investments in jointly controlled entities.

2.6 Sales of Goods

Revenue from sales of goods is measured at the fair value of the consideration received or receivable in the ordinary course of the Group's activities. Sales of goods are reduced for estimated volume discounts, rebates, and sales taxes. The Group recognises revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity and when significant risks and rewards of ownership of the goods are transferred to the buyer.

2.7 Research and Product Development Costs

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 formulas, technologies and products costs are capitalised as intangible assets and amortised over their estimated useful lives, only 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.

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 benefits 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 benefits obligation is recognised in the statement of financial position. The present value of the defined benefits 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 the other 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.

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 share option plans and 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 either in equity-settled or cash-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 and in the statement of financial position as accrued payroll & payroll taxes for the cash-settled share-based payment transactions. The different share-based payments are described in the below table:

Share-based payment transactions		Equity-settled	Cash-settled
Share options plans	Call options	A	C
	Restricted shares	B	D
Performance share plan	Shares	E	-

Share Options Plans

The equity-settled share-based payment transactions are established with call options, which have Givaudan registered shares as underlying securities, or with restricted shares. At the time of grant, key executives can select the portion, with no influence on the total economic value granted, of call options or restricted shares of the plan to be received.

A. Call options are set generally with a vesting period of two years, during which the options cannot be exercised or transferred. The Group has at its disposal either treasury shares or conditional share capital when the options are exercised. 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 market value of the options granted at the date of the grant. Service conditions are included in the assumptions about the number of options that are expected to become exercisable. No performance conditions are included. At each statement of financial position date, the Group revises its estimates of the number of options that are expected to become exercisable. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation.

B. 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. 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. Service conditions are included in the assumptions about the number of restricted shares that are expected to become deliverable. No performance conditions are included. 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.

The *cash-settled share-based payment transactions* are established with options right units which provide a right to an executive to participate in the value development of Givaudan call options or in the value development of Givaudan shares. At the time of grant, key executives can select the portion, with no influence on the total economic value granted, of call options or restricted shares of the plan to be received in equivalent of cash.

C. Options right units related to call options, which can only be settled in cash, are set generally with a vesting period of two years, during which the right cannot be exercised or transferred. The liability of the cash-settled instruments, together with a corresponding expense adjustment is measured during the vesting period using market values. The market value is based on market prices of similar observable instruments available on the financial market, as a rule the market price of the equity-settled instruments with identical terms and conditions upon which those equity instruments were granted.

D. Options right units related to restricted shares, which can only be settled in cash, are set generally with a vesting period of three years, during which the right cannot be exercised or transferred. The liability of the cash-settled instruments, together with a corresponding adjustment in expenses is measured during the vesting period using market values. The market value is the closing share price as quoted on the market the last day of the period.

Performance share plan

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

E. 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 over the vesting period, together with a corresponding increase in equity, and 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.

2.10 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 in the consolidated financial statements. 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 either as financial assets at fair value through the income statement, loans and receivables, or available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at inception. All regular way purchases and sales of financial assets are recognised 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. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Dividend income from investments is recognised in the line "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 the line "other financial income (expense), net".

a) Financial assets at fair value through the income statement

Financial assets at fair value through the income statement are financial assets held for trading. A financial asset is classified in this category if acquired for the purpose of selling in the near term or when the classification provides more relevant information. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. When initially recognised, they are measured at fair value, and transaction costs are expensed in the income statement. Gains or losses on held for trading investments are recognised in the income statement.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest method. Gains or losses on loans and receivables are recognised in the income statement when derecognised, impaired, or through the amortisation process. Loans and receivables are classified as other current assets and accounts receivable – trade (see Note 2.14) in the statement of financial position.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as such or not classified in any of the other categories. They are initially measured at fair value, including directly attributable transaction costs. At the end of each period, the book value is adjusted to the fair value with a corresponding entry in a separate component of equity until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement. When denominated in a foreign currency, any monetary item is adjusted for the effect of any change in exchange rates with the unrealised gain or loss 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.

In management's opinion an available-for-sale instrument is impaired when there is objective evidence that the estimated future recoverable amount is less than the carrying amount or when its market value is 20% and more below its original cost for a six-month period. When an impairment loss has previously been recognised, further declines in value are recognised as an impairment loss in the income statement. The charge is recognised in other financial income (expense), net. Impairment losses recognised on equity instruments are not reversed in the income statement. Impairment losses recognised on debt instruments are reversed through the income statement if the increase of the fair value of available-for-sale debt instrument objectively relates to an event occurring after the impairment charge.

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 of recognising 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 designates certain derivatives as cash flow hedges for the interest risk associated with highly probable forecast transactions.

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 on-going 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.

a) 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 equity, while the gain or loss relating to the ineffective portion is immediately recognised in financing costs in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects income, such as when hedged financial income (expense), net is recognised or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

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.

b) 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 Accounts Receivable - Trade

Trade receivables are carried at amortised cost less provisions for impairment. A provision for impairment is made for potentially impaired receivables during the year in which they are identified based on a periodic review of all outstanding amounts. Any charges for impairment are recognised within marketing and distribution expenses of the income statement. Accounts receivable - trade 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).

2.15 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 exclude 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.

2.16 Property, Plant and Equipment

Property, plant and equipment are initially recognised at cost of purchase or construction and subsequently 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 (see Note 2.20), 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 (see Note 2.19).

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.

2.17 Leases

Leases of assets are classified as operating leases when substantially all the risks and rewards of ownership of the assets are retained by the lessor. Operating lease payments are charged to the income statement on a straight-line basis over the term of the lease. The Group holds only operating leases.

2.18 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. 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 unit being the Group's reportable operating segments; Fragrance Division and Flavour Division.

Internally generated intangible assets that are directly associated with the development of identifiable software products and systems controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include system licences, external consultancies, and employee costs incurred as a result of developing software as well as overhead expenditure directly attributable to preparing the asset for use. Such 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. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the income statement in the period in which it is incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Such intangible assets are recognised at cost, being their fair value at the acquisition date, and are classified as intangible assets with finite useful lives. They 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.

Other intangible assets such as intellectual property rights (consisting predominantly of know-how being inseparable processes, formulas and recipes) and process-oriented technology are initially recognised at cost and classified as intangible assets with finite useful lives. They 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. Internally generated intangible assets, other than those related to software products and systems, are not capitalised. Estimated useful lives of major classes of amortisable assets are as follows:

- Software/ERP system 3-7 years
- Intellectual property rights 5-20 years
- Process-oriented technology 5-15 years
- Client relationships 15 years

An impairment charge against intangible assets is recognised when the current carrying amount is higher than its recoverable amount, being the higher of the value in use and fair value less costs to sell. An impairment charge against intangible assets is reversed when the current carrying amount is lower than its recoverable amount. Impairment charges on goodwill are not reversed. 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.

2.19 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 assessments of the time value of money and the risks specific to the asset.

Intangible assets with indefinite useful lives 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 has been recognised.

2.20 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.

2.21 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.

2.22 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.

2.23 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.

Restructuring provisions comprise lease termination penalties, employee termination payments and 'make good' provisions. They are recognised in the period in which the Group becomes legally or constructively committed to payment.

2.24 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 bought back for the purpose of cancellation are deducted from equity until the shares are cancelled. 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 puts 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 used to hedge the cash-settled share option plans are valued at fair value based on quoted market prices, with any unrealised gain or loss recognised in each relevant line of the operating expenses. They are derecognised when the Group has lost control of the contractual rights of the derivatives, with any realised gain or loss recognised in each relevant line of the operating expenses. Similar treatment is applied to instruments recognised as derivatives that are not used to hedge the cash-settled share option plans apart from the unrealised and realised gain or loss which are recognised in the line "other financial income (expense), net" in the income statement.

2.25 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.

2.26 Distribution to the Shareholders

Dividend distributions or distributions out of reserves for 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 on-going 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:

1) The impairment of goodwill requiring estimations of the value in use of the cash-generating units to which goodwill is allocated (see Note 22)
2) The impairment of property, plant and equipment requiring estimations to measure the recoverable amount of an asset or group of assets (see Note 21)
3) The calculation of the present value of defined benefit obligations requiring financial and demographic assumptions (see Note 7)
4) The determination and provision for income taxes requiring estimated calculations for which the ultimate tax determination is uncertain (see Note 15)
5) The provisions requiring assumptions to determine reliable best estimates (see Note 24)
6) The contingent liabilities assessment (see Note 28)

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

3.2 Critical Judgments in Applying the Entity's Accounting Policies

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

- Computer software and Enterprise Resource Planning: Computer software is internally developed programmes or modifications that result in new or in substantial improvements of existing IT systems and applications. Enterprise Resource Planning relates to the implementation of an ERP system that is changing the way the business is done in the areas of Finance, Supply Chain and Compliance. The Group has determined that the development phase of internally developed software and the ERP business transformations will provide future economic benefits to the Group and meet the criterion of intangible assets (see Note 22).
- 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.

- Available-for-sale financial assets: in addition to the duration and extent (see accounting policy in Note 2.12) to which the fair value of an investment is less than its cost, the Group evaluates the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance. This judgment may result in impairment charges (see Note 2.12).

4. Financial Risk Management

4.1 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 2014 and 2013.

The leverage ratio as at 31 December was as follows:

in millions of Swiss francs	Note	**2014**	2013
Short-term debt	23	57	420
Long-term debt	23	1,150	909
Less: cash and cash equivalents	17	(412)	(513)
Net Debt		**795**	**816**
Total equity attributable to equity holders of the parent		3,413	3,423
Total defined benefit pension plans remeasurement		548	289
Equity		**3,961**	**3,712**
Net Debt and Equity		**4,756**	**4,528**
Leverage ratio		**17%**	**18%**

The leverage ratio decreased to 17% in 2014 from 18% in 2013. The decrease in the ratio was driven by solid cash flow, as a result of the operational performance. Net debt at 31 December 2014 was CHF 795 million, down from CHF 816 million at 31 December 2013. The Group intends to maintain its medium term leverage ratio below 25%.

4.2 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 reports monthly to the Chief Financial Officer and quarterly to the Audit Committee.

Categories of financial instruments

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

2014 in millions of Swiss francs	Note	Loans and receivables	At fair value through the income statement	Derivatives used for hedge accounting	Available-for-sale	Other financial liabilities	Total
Current assets							
Cash and cash equivalents	17	412					412
Derivative financial instruments	4.3		21				21
Available-for-sale financial assets	18				64		64
Accounts receivable – trade	19	911					911
Other current assets [a]		146					146
Non-current assets							
Available-for-sale financial assets	18				41		41
Financial assets at fair value through income statement			35				35
Total assets as at 31 December		**1,469**	**56**		**105**		**1,630**
Current liabilities							
Short-term debt	23					57	57
Derivative financial instruments	4.3		19				19
Accounts payable						423	423
Non-current liabilities							
Derivative financial instruments [b]	4.3		9	41			50
Long-term debt	23					1,150	1,150
Total liabilities as at 31 December			**28**	**41**		**1,630**	**1,699**

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 (see Note 2.13).

2013 in millions of Swiss francs	Note	Loans and receivables	At fair value through the income statement	Derivatives used for hedge accounting	Available-for-sale	Other financial liabilities	Total
Current assets							
Cash and cash equivalents	17	513					513
Derivative financial instruments	4.3		29				29
Available-for-sale financial assets	18				62		62
Accounts receivable – trade	19	844					844
Other current assets [a]		32					32
Non-current assets							
Available-for-sale financial assets	18				39		39
Derivative financial instruments [b]	4.3			2			2
Financial assets at fair value through income statement			30				30
Total assets as at 31 December		**1,389**	**59**	**2**	**101**		**1,551**
Current liabilities							
Short-term debt	23					420	420
Derivative financial instruments	4.3		22				22
Accounts payable						419	419
Non-current liabilities							
Derivative financial instruments [b]	4.3		12	11			23
Long-term debt	23					909	909
Total liabilities as at 31 December			**34**	**11**		**1,748**	**1,793**

a) Other current assets consist of other receivables non trade.
b) Derivatives qualified as hedge accounting on non-current transactions are classified and presented as non-current assets or liabilities (see Note 2.13).

The carrying amount of each class of financial assets and liabilities disclosed in the above tables approximates the fair value. The fair value of each class of financial assets and liabilities, except loans and receivables, are determined by reference to published price quotations and are 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.

4.2.1 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 and options to hedge the exchange rate risk arising from recorded transactions.
- 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.

4.2.1.1 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.

While these are hedges related to underlying business transactions, the Group generally does not apply hedge accounting on transactions related to the management of its foreign exchange risk.

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

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

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

Currency exposure 2014 in millions of Swiss francs	USD	EUR	CHF	GBP
Currency exposure without hedge [a]	(62)	7	83	(144)
Hedged amount	(14)	(5)	(83)	141
Currency exposure including hedge	(76)[b]	2	-	(3)

a) + long position; - short position.
b) Mainly due to unhedged positions in countries where hedging is not cost-effective.

Currency exposure 2013 in millions of Swiss francs	USD	EUR	CHF	GBP
Currency exposure without hedge [a]	-	(18)	47	(117)
Hedged amount	(12)	15	(33)	117
Currency exposure including hedge	(12)[b]	(3)	14	-

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 following table summarises the sensitivity to transactional currency exposures of the main currencies at 31 December. The sensitivity analysis is disclosed for each currency representing significant exposure:

Currency risks 2014 in millions of Swiss francs	USD	EUR	CHF	GBP
Reasonable shift	4%	1%	3%	6%
Impact on income statement if the currency strengthens against all other currencies	(2)	-	-	-
Impact on income statement if the currency weakens against all other currencies	2	-	-	-

Currency risks 2013 in millions of Swiss francs	USD	EUR	CHF	GBP
Reasonable shift	6%	5%	3%	7%
Impact on income statement if the currency strengthens against all other currencies	1	-	-	-
Impact on income statement if the currency weakens against all other currencies	(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. The management uses historical volatilities of the significant currencies contributing to the exposure to determine the reasonable change.

4.2.1.2 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 defined risk limits. Group Treasury manages interest rate risk mainly by the use of interest rate swap contracts and forward interest rate contracts.

The following table shows the sensitivity to interest rate changes.

As at 31 December 2014 in millions of Swiss francs	150 basis points increase	25 basis points decrease
Impact on income statement	3	
Impact on equity	44	(5)

As at 31 December 2013 in millions of Swiss francs	150 basis points increase	50 basis points decrease
Impact on income statement	7	(2)
Impact on equity	32	(11)

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

Cash flow hedges

Inception date	Hedged items	Hedge instruments	Objectives	Comments
2009	Highly probable future debt issuances in 2011.	Several forward starting interest rate swaps commencing in 2011, totalling CHF 200 million with an average rate of 2.69% and a five-year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	In June 2011, the Group issued a 2.5% 7 year public bond (maturity 15 June 2018) with a nominal value of CHF 300 million. Correspondingly, hedge positions assigned to this bond issuance of CHF 200 million have been closed. The amortisation of the realised loss of CHF 14 million will be recognised in Financing costs over the next five years.
2009	Highly probable future debt issuances in 2012.	Several forward starting interest rate swaps commencing in 2012, totalling CHF 250 million with an average rate of 2.70% and a five-year maturity and CHF 50 million with an average rate of 2.45% and a three-year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	In December 2011, the Group issued a dual tranche public bond, totalling CHF 300 million, respectively of CHF 150 million at a rate of 1.250% for 5 years and CHF 150 million at the rate of 2.125% for 10 years. Correspondingly, hedge positions assigned to this bond issuance have been closed. The amortisation of the realised loss of CHF 28 million and CHF 4 million is recognised in Financing costs over five years and three years respectively.
2011	Highly probable future debt issuances in 2013.	Several forward starting interest rate swaps commencing in 2013, totalling CHF 100 million with an average rate of 2.33% and a five-year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective until June 2013. In July 2013, the IRSs were closed and fully derecognised because the forecast transaction was not highly probable anymore. This resulted in a loss of CHF 9 million recognised as financing costs.
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 five-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 cash flow hedges were effective until February 2014. In March 2014 the IRSs were closed. The amortisation of the realised loss of CHF 15 million is recognised in Financing costs over five years.
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 five-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.
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 was 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 five-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	Highly probable future debt issuances in 2020.	Several forward starting interest rate swaps commencing in 2020, totalling CHF 50 million with an average rate of 2.69% and a ten-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	Highly probable future debt issuances in 2021.	Several forward starting interest rate swaps commencing in 2021, totalling CHF 75 million with an average rate of 2.68% and a ten-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	Highly probable future debt issuances in 2024.	Several forward starting interest rate swaps commencing in 2024, totalling CHF 75 million with an average rate of 2.75% and a ten-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.

4.2.1.3 Price Risk

The Group is exposed to equity price risk arising from equity investments held either classified as available-for-sale or 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 primarily of Swiss, European and US shares. The benchmark for the reasonable change is the SMI (16% for the last three years), the STOXX Europe 600 index historical volatility (16% for the last three years) and an average of historical volatility of US indexes (16% for the last three years).

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

2014 – reasonable shifts: 16% CH, 16% EU, 16% US in millions of Swiss francs	Equity price increase	Equity price decrease
Impact on income statement	4	(4)
Impact on equity	9	(9)

2013 – reasonable shifts: 17% CH, 18% EU, 17% US in millions of Swiss francs	Equity price increase	Equity price decrease
Impact on income statement	4	(4)
Impact on equity	9	(9)

4.2.2 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, on-going credit evaluation and account monitoring procedures. Generally, there is no significant concentration of trade receivables or commercial counter-party 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 531 million (2013: CHF 523 million). Countries and 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:

			2014			2013
	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				13	13	1
AA – range	85	85	2	160	100	3
A – range	315	77	9	316	70	9

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.

4.2.3 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, inter-company 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:

2014 in millions of Swiss francs	Up to 6 months	6 – 12 months	1 – 5 years	Over 5 years	Total
Short-term debt (excluding bank overdraft)	(52)				(52)
Accounts payable	(423)				(423)
Net settled derivative financial instruments	(2)	(2)	(12)	(37)	(53)
Gross settled derivative financial instruments – outflows	(933)	(254)			(1,187)
Gross settled derivative financial instruments – inflows	935	253			1,188
Long-term debt	(22)	(5)	(594)	(669)	(1,290)
Balance as at 31 December	**(497)**	**(8)**	**(606)**	**(706)**	**(1,817)**

2013 in millions of Swiss francs	Up to 6 months	6 – 12 months	1 – 5 years	Over 5 years	Total
Short-term debt (excluding bank overdraft)	(435)				(435)
Accounts payable	(419)				(419)
Net settled derivative financial instruments	(3)	(4)	(17)	3	(21)
Gross settled derivative financial instruments – outflows	(854)	(220)			(1,074)
Gross settled derivative financial instruments – inflows	861	221			1,082
Long-term debt	(20)	(5)	(626)	(427)	(1,078)
Balance as at 31 December	**(870)**	**(8)**	**(643)**	**(424)**	**(1,945)**

4.3 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).

2014 in millions of Swiss francs	Note	Level 1	Level 2	Level 3	Total
Financial assets at fair value through income statement					
Forward foreign exchange contracts			21		21
Corporate owned life insurance			35		35
Available-for-sale financial assets					
Equity securities	18	50	20		70
Debt securities	18	14	21		35
Total assets		**64**	**97**		**161**
Financial liabilities at fair value through income statement					
Forward foreign exchange contracts			19		19
Swaps (hedge accounting)			41		41
Swaps (no hedge accounting)			9		9
Total liabilities			**69**		**69**

2013 in millions of Swiss francs	Note	Level 1	Level 2	Level 3	Total
Financial assets at fair value through income statement					
Forward foreign exchange contracts			29		29
Corporate owned life insurance			30		30
Swaps (hedge accounting)			2		2
Available-for-sale financial assets					
Equity securities	18	46	19		65
Debt securities	18	16	20		36
Total assets		**62**	**100**		**162**
Financial liabilities at fair value through income statement					
Forward foreign exchange contracts			22		22
Swaps (hedge accounting)			11		11
Swaps (no hedge accounting)			12		12
Total liabilities			**45**		**45**

Financial assets and liabilities at fair value through income statement are measured with Level 2 inputs. They consist of forward foreign exchange contracts that are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts, of interest swaps that are measured using quoted interest rates and yield curves derived from quoted interest rates matching maturities of the contracts, and of company-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 Level 1 and 2 in the period. The Group did not carry out any transactions on level 3 type assets during 2014 and 2013, nor did it have any assets in this category at 31 December 2014 and 2013.

5. Acquisition

On 2 June 2014, Givaudan acquired 100% of the share capital of Soliance SA and its affiliates for a purchase price of CHF 37 million. Soliance provides innovative cosmetic solutions to its international clients and partners and develops high added-value ingredients, derived from vegetable sources, microorganisms and microalgae. It is located in Pomacle, France and employs 89 people. From 2 June 2014, the acquisition contributed CHF 14 million of sales and CHF 1.1 million of EBITDA to the Group's consolidated results.

The goodwill of CHF 6 million on the acquisition relates mainly to the value of the qualified workforce and expected synergies that do not meet the criteria for recognition as separable intangible assets. None of the goodwill arising from the acquisition is expected to be tax deductible.

The Group incurred transaction related costs of CHF 1 million (2013: nil) related to external legal fees and due diligence. These expenses are reported within Other Operating Expense in the consolidated income statement.

The identifiable assets and liabilities of Soliance SA acquired are recorded at fair value at the date of acquisition. Total net assets acquired of CHF 31 million consist of cash (CHF 1 million), working capital (CHF 8 million), fixed assets (CHF 8 million), intangible assets which are made up of manufacturing processes and formulae (CHF 39 million), deferred tax liabilities (CHF 13 million) and other liabilities (CHF 12 million). The total purchase price of CHF 37 million was settled in cash, resulting in goodwill of CHF 6 million.

In compliance with IFRS 3, these values determined are provisional and the Group has 12 months from the date of acquisition to finalise the allocation of the acquisition price and harmonise the valuation methods and rules.

6. Segment Information

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

Fragrances Manufacture and sale of fragrances into three global business units: Fine Fragrances, Consumer Products and, Fragrance and Cosmetic Ingredients; and

Flavours Manufacture and sale of flavours into four business units: Beverages, Dairy, Savoury and Sweet Goods.

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

Business segments

		Fragrances		Flavours		Group	
in millions of Swiss francs	Note	**2014**	2013	**2014**	2013	**2014**	2013
Segment sales		2,108	2,084	2,308	2,295	4,416	4,379
Less inter segment sales [a]		-	(1)	(12)	(9)	(12)	(10)
Segment sales to third parties		**2,108**	**2,083**	**2,296**	**2,286**	**4,404**	**4,369**
EBITDA		**505**	**503**	**548**	**467**	**1,053**	**970**
as % of sales		23.9%	24.2%	23.9%	20.4%	23.9%	22.2%
Depreciation	21	(53)	(52)	(57)	(59)	(110)	(111)
Amortisation	22	(82)	(71)	(98)	(89)	(180)	(160)
Impairment of long-lived assets	21	-		(3)	(6)	(3)	(6)
Acquisition of property, plant and equipment	21	75	52	93	73	168	125
Acquisition of intangible assets	22	22	22	24	29	46	51
Total Gross Investments		**97**	**74**	**117**	**102**	**214**	**176**

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 Groups operating income

	Fragrances		Flavours		Group	
in millions of Swiss francs	**2014**	2013		2013		2013
EBITDA	**505**	**503**	**548**	**467**	**1,053**	**970**
Depreciation	(53)	(52)	(57)	(59)	(110)	(111)
Amortisation	(82)	(71)	(98)	(89)	(180)	(160)
Impairment of long-lived assets	-		(3)	(6)	(3)	(6)
Operating income	**370**	**380**	**390**	**313**	**760**	**693**
as % of sales	17.5%	18.3%	17.0%	13.7%	17.3%	15.9%
Financing costs					(63)	(85)
Other financial income (expense), net					(20)	(28)
Income before taxes					**677**	**580**
as % of sales					15.4%	13.3%

Entity-wide disclosures

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

in millions of Swiss francs	**2014**	2013
Fragrance Division		
Fragrance Compounds	1,843	1,847
Fragrance and Cosmetic Ingredients	265	236
Flavour Division		
Flavour Compounds	2,296	2,286
Total revenues	**4,404**	**4,369**

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

	Segment sales[a]		Non-current assets[b]	
in millions of Swiss francs	**2014**	2013	**2014**	2013
Switzerland	49	52	695	790
Europe	1,289	1,271	1,407	1,395
Africa & Middle-East	348	330	73	63
North America	951	958	955	866
Latin America	579	578	145	148
Asia Pacific	1,188	1,180	465	365
Total geographical segments	**4,404**	**4,369**	**3,740**	**3,627**

a) Segment sales are revenues from external customers and are shown by destination.
b) Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets. They consist of property, plant and equipment, intangible assets and investments in jointly controlled entities.

Revenues of approximately CHF 531 million (2013: CHF 523 million) are derived from a single external customer. These revenues are mainly attributable to the Fragrance Division.

7. Employee Benefits

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

in millions of Swiss francs	**2014**	2013
Wages and salaries	715	723
Social security costs	108	98
Post-employment benefits: defined benefit plans	40	47
Post-employment benefits: defined contribution plans	13	14
Equity-settled instruments	31	22
Cash-settled instruments	18	25
Change in fair value on own equity instruments	(8)	(16)
Other employee benefits	86	86
Total employees' remuneration	**1,003**	**999**

Defined 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, the Netherlands and United Kingdom (further information by country is disclosed at the end of this note).

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:

			2014			2013
in millions of Swiss francs	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
Current service cost	38	2	40	45	2	47
Total included in employees' remuneration	**38**	**2**	**40**	**45**	**2**	**47**
Net interest cost included in financing costs	9	3	12	14	3	17
Total components of defined benefit cost	**47**	**5**	**52**	**59**	**5**	**64**
Of which arising from:						
Funded obligations	43	5	48	55	5	60
Unfunded obligations	4		4	4		4

The amounts recognised in other comprehensive income are as follows:

			2014			2013
in millions of Swiss francs	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
(Gains) losses from change in demographic assumptions	27	4	31			
(Gains) losses from change in financial assumptions	433	7	440	(112)	(7)	(119)
Experience (gains) losses	(12)	(6)	(18)	3	(1)	2
Return on plan assets less interest on plan assets	(95)		(95)	(73)	-	(73)
Remeasurement (gains) losses on defined benefit pension plans	**353**	**5**	**358**	**(182)**	**(8)**	**(190)**
Of which arising from:						
Funded obligations	339	5	344	(177)	(8)	(185)
Unfunded obligations	14	-	14	(5)	-	(5)

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

			2014			2013
in millions of Swiss francs	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
Funded obligations						
Present value of funded obligations	(2,420)	(76)	(2,496)	(1,891)	(61)	(1,952)
Fair value of plan assets	1,848	1	1,849	1,655	1	1,656
Recognised asset (liability) for funded obligations, net	**(572)**	**(75)**	**(647)**	**(236)**	**(60)**	**(296)**
Unfunded obligations						
Present value of unfunded obligations	(75)	(12)	(87)	(54)	(12)	(66)
Recognised (liability) for unfunded obligations	**(75)**	**(12)**	**(87)**	**(54)**	**(12)**	**(66)**
Total defined benefit asset (liability)	**(647)**	**(87)**	**(734)**	**(290)**	**(72)**	**(362)**
Deficit recognised as liabilities for post-employment benefits	(654)	(87)	(741)	(299)	(72)	(371)
Surplus recognised as part of other long-term assets	7		7	9		9
Total net asset (liability) recognised	**(647)**	**(87)**	**(734)**	**(290)**	**(72)**	**(362)**

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 obligation are as follows:

			2014			2013
in millions of Swiss francs	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
Balance as at 1 January	**1,945**	**73**	**2,018**	**2,016**	**79**	**2,095**
Amounts recognised in the income statement						
Current service cost	38	2	40	45	2	47
Interest cost	65	3	68	59	3	62
Amounts recognised in the other comprehensive income						
(Gains) losses from change in demographic assumptions	27	4	31			
(Gains) losses from change in financial assumptions	433	7	440	(112)	(7)	(119)
Experience (gains) losses	(12)	(6)	(18)	3	(1)	2
Employee contributions	11	1	12	11		11
Benefit payments	(73)	(3)	(76)	(64)	(3)	(67)
Currency translation effects	61	7	68	(13)	-	(13)
Balance as at 31 December	**2,495**	**88**	**2,583**	**1,945**	**73**	**2,018**

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

			2014			2013
in millions of Swiss francs	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
Balance as at 1 January	**1,655**	**1**	**1,656**	**1,542**	**1**	**1,543**
Amounts recognised in the income statement						
Interest income	56		56	45		45
Amounts recognised in the other comprehensive income						
Return on plan assets less interest on plan assets	95		95	73		73
Employer contributions	59	2	61	57	3	60
Employee contributions	11	1	12	11		11
Benefit payments	(73)	(3)	(76)	(64)	(3)	(67)
Currency translation effects	45		45	(9)		(9)
Balance as at 31 December	**1,848**	**1**	**1,849**	**1,655**	**1**	**1,656**

Plan assets are comprised as follows:

in millions of Swiss francs		2014		2013
Debt	788	42%	658	40%
Equity	643	35%	604	36%
Property	197	11%	201	12%
Insurances policies and other	221	12%	193	12%
Total	**1,849**	**100%**	**1,656**	**100%**

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

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

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

Weighted percentage	2014	2013
Discount rates	2.4%	3.4%
Projected rates of remuneration growth	2.7%	2.9%
Future pension increases	1.0%	1.0%
Healthcare cost trend rate	5.0%	5.0%

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

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

in millions of Swiss francs	Change in assumption	Effects of the change	Increase in assumption	Decrease in assumption
Discount rate	0.5%	on the current service cost	(5)	6
		on the defined benefit obligation	(208)	230
Salary increases	0.5%	on the current service cost	2	(1)
		on the defined benefit obligation	24	(23)
Pension increases	0.5%	on the current service cost	2	(1)
		on the defined benefit obligation	153	(78)
Medical cost trend	1.0%	on the current service cost	-	-
		on the defined benefit obligation	4	(4)
Life expectancy	1 year	on the current service cost	1	(1)
		on the defined benefit obligation	75	(77)

Information by country

Switzerland

According 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 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 IAS19 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 17 million to these plans during 2015 (2014: CHF 17 million).

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 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 employees do not contribute to the plan and the employer contributes to the plan amounts which are at least equal to the minimum required by the law and not more than the maximum that would limit the tax deductibility of the contributions. The plan provides benefits on a defined benefit basis, and is closed to new employees.

The closed group of participants to the defined benefit plan continue to accrue benefits which 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 IAS19 employee benefits, the pension obligations are calculated by using the projected unit credit method.

The Group expects to contribute CHF 26 million to this plan in 2015 (2014: CHF 23 million).

Netherlands

The Pension Plan is a corporate pension plan for a single employer under Dutch pension law, and legally independent from the company. The plan's management and administration is in the responsibility of the Trustee Board.

The Board of Trustees is composed of equal numbers of employee and employer representatives. The Board of Trustees is responsible for the investment of the assets defining the investment strategy for long-term returns with an acceptable level of risk. The Pension Plan provides benefits on a defined benefits basis up to a capped pensionable salary, and on a defined contribution basis above the cap.

The majority of the employees are participants to the plan and are insured against the financial consequences of old age, disability and death. The disability benefits are reinsured with an insurance company. The employees pay contributions to the Pension Plan at rates set out in the Plan rules based on a percentage of salary, and the employer finances the difference with the required funding level. The benefits are paid out as annuities. The annuities are adjusted to inflation, under conditions and subject to pre-defined limits.

Under IAS19 employee benefits, the pension obligations up to the cap of pensionable salary are calculated by using the projected unit credit method.

The Group expects to contribute CHF 7 million to this plan in 2015 (2014: CHF 8 million).

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 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. These defined benefit sections are closed to new members.

The closed groups of participants to the defined benefit sections of both the Quest UK Pension Scheme or the Givaudan UK Pension Plan continue to accrue benefits for the events of retirement and death in service. The employer and the members pay contributions to the trusts at rates set out in the trust rules and the contribution schedule. The regular contributions are based on a percentage of pensionable salary. With exceptions for trivial amounts, transfer values, lump sum death benefits and tax free lump sums, the benefits are paid out as annuities.

Under IAS19 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 14 million to this plan in 2015 (2014: CHF 15 million).

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 2015 (2014: CHF 3 million).

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

As at 31 December 2014 in millions of Swiss francs	Switzerland	United States of America	United Kingdom	Netherlands	Other countries	Total
Present value of defined benefit obligation	1,057	476	395	408	84	2,420
Fair value of plan asset	789	369	314	329	47	1,848
Deficit / (surplus)	**268**	**107**	**81**	**79**	**37**	**572**
In percentage	74.6%	77.5%	79.5%	80.6%	56.0%	76.4%

As at 31 December 2013 in millions of Swiss francs	Switzerland	United States of America	United Kingdom	Netherlands	Other countries	Total
Present value of defined benefit obligation	881	339	308	294	69	1,891
Fair value of plan asset	763	314	271	267	40	1,655
Deficit / (surplus)	**118**	**25**	**37**	**27**	**29**	**236**
In percentage	86.6%	92.6%	88.0%	90.8%	58.0%	87.5%

Key assumptions

2014 in percentage	Switzerland	United States of America	United Kingdom	Netherlands
Discount rate	1.10	4.16	3.40	1.80
Future salary increases	2.00	3.50	3.75	2.50
Future pension increases	0.00	n/a	3.10	1.00
Future average life expectancy for a pensioner retiring at age 65	22.7	22.7	24.6	23.3

2013 in percentage	Switzerland	United States of America	United Kingdom	Netherlands
Discount rate	2.25	5.05	4.40	3.50
Future salary increases	2.00	4.00	4.00	2.50
Future pension increases	0.00	n/a	3.30	1.00
Future average life expectancy for a pensioner retiring at age 65	21.8	20.2	24.3	22.9

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 mortality tables:

(i) Switzerland: BVG2010

(ii) United States of America: RP2014

(iii) United Kingdom: S1PAL

(iv) Netherlands: AG2012

Allowance for future improvements in mortality have been allowed for as appropriate in each country. In Switzerland and Netherlands the generational rates have been used. In the United States of America the published rates have been projected in accordance with the MP2014 scale. In the United Kingdom the rates reflect the latest CMI projections with a 1% long term rate of improvement.

8. Share-Based Payments

Performance share plan

Performance share plans 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	Weighted average fair value (CHF)
2013	29 Mar 2013	29 Mar 2016	52,797	1,041.4
2014	**31 Mar 2014**	**31 Mar 2017**	**29,487**	**1,214.4**

The cost of the equity-settled instruments of CHF 27 million (2013: CHF 14 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 admitted.

Equity-settled instruments related to share options

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

Share options outstanding at the end of the year have the following terms:

Year of grant	Maturity date	Vesting date	Strike price[a] (CHF)	Ratio[a] (option: share)	Option value at grant date (CHF)	**Number of options 2014**	Number of options 2013
2009	3 Mar 2014	3 Mar 2011	700.5	8.6:1	14.98		7,950
2010	3 Mar 2015	3 Mar 2012	925.0	9.5:1	15.16	**2,250**	34,450
2011	25 Feb 2016	25 Feb 2013	975.0	8.5:1	15.57	**16,500**	112,050
2012	1 Mar 2017	1 Mar 2014	915.0	7.0:1	15.41	**55,700**	280,500

a) Strike price and ratios of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held in 2009, to distribute extraordinary dividends, subsequent to the share capital increase related to the rights issue.

An immaterial cost of these equity-settled instruments (2013: CHF 2 million) has been expensed in the consolidated income statement.

Movements in the number of share options outstanding, expressed in equivalent shares, are as follows:

Number of options expressed in equivalent shares	**2014**	Weighted average exercised price (CHF)	2013	Weighted average exercised price (CHF)
As at 1 January	**57,801**	**927.3**	**116,319**	**954.0**
Sold	(47,666)	927.1	(57,770)	972.4
Lapsed/cancelled			(748)	1,093.4
As at 31 December	**10,135**	**928.6**	**57,801**	**927.3**

Of the 10,135 outstanding options expressed in equivalent shares (2013: 57,801), 10,135 options (2013: 17,729) were exercisable. For these plans, the Group has at its disposal either treasury shares or conditional share capital up to an amount of CHF 1,618,200 representing 161,820 registered shares with a par value of CHF 10 per share. When held or sold, an option does not give right to receive a dividend or to vote.

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	Maturity date	Vesting date	Restricted share at grant date (CHF)	**Number of restricted share 2014**	Number of restricted share 2013
2011	25 Feb 2016	25 Feb 2014	866.3		9,907
2012	1 Mar 2017	1 Mar 2015	810.3	10,359	10,409
2013	1 Mar 2018	1 Mar 2016	970.4	1,125	1,125
2014	**31 Mar 2019**	**31 Mar 2017**	**1,214.4**	**1,190**	

Of the 12,674 outstanding restricted shares (2013: 21,441), no share (2013: none) were deliverable. The cost of these equity-settled instruments of CHF 4 million (2013: CHF 6 million) has been expensed in the consolidated income statement.

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

Number of restricted shares	**2014**	2013
As at 1 January	**21,441**	**24,312**
Granted	1,190	1,125
Sold	(9,907)	(3,840)
Lapsed/cancelled	(50)	(156)
As at 31 December	**12,674**	**21,441**

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

Cash-settled instruments related to share options

Option rights shown in the table below have been granted on a yearly basis. These rights are not tradable and transferable after the vesting period. Participation in these plans is mandatory.

Year of grant	Maturity date	Vesting date	Strike price[a] (CHF)	Ratio[a] (option: share)	Option value at grant date (CHF)	**Number of options 2014**	Number of options 2013
2009	3 Mar 2014	3 Mar 2011	700.5	8.6:1	14.98		16,350
2010	3 Mar 2015	3 Mar 2012	925.0	9.5:1	15.16	18,750	70,300
2011	25 Feb 2016	25 Feb 2013	975.0	8.5:1	15.57	30,035	80,815
2012	1 Mar 2017	1 Mar 2014	915.0	7.0:1	15.41	62,225	197,875

a) Strike price and ratios of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held in 2009, to distribute extraordinary dividends, subsequent to the share capital increase related to the rights issue.

The change of the fair value and the execution of these cash-settled instruments resulted to a charge of CHF 10 million (2013: charge of CHF 17 million) in the consolidated income statement. The liability element of the cash-settled instruments of CHF 14 million (2013: CHF 18 million) has been recognised in the statement of financial position.

Movements in the number of options rights outstanding, expressed in equivalent shares, are as follows:

Number of options expressed in equivalent shares	**2014**	Weighted average exercised price (CHF)	2013	Weighted average exercised price (CHF)
As at 1 January	**47,069**	**920.6**	**97,670**	**970.9**
Exercised	(32,672)	915.2	(49,318)	1,003.0
Lapsed/cancelled			(1,283)	1,113.2
As at 31 December	**14,397**	**932.9**	**47,069**	**920.6**

Of the 14,397 outstanding options expressed in equivalent shares (2013: 47,069), 14,397 options (2013: 18,801) were exercisable. The Group has at its disposal treasury shares to finance these plans. When held or sold, an option right does not give rights to receive a dividend nor to vote.

Cash-settled instruments related to restricted shares

Option rights shown in the table below have been granted on a yearly basis. These rights are not tradable and transferable after the vesting period. Participation in these plans is mandatory.

Year of grant	Maturity date	Vesting date	Option value at grant date (CHF)	**Number of options 2014**	Number of options 2013
2011	25 Feb 2016	25 Feb 2014	866.3		4,535
2012	1 Mar 2017	1 Mar 2015	810.3	4,783	4,783
2013	1 Mar 2018	1 Mar 2016	970.4	125	125
2014	**31 Mar 2019**	**31 Mar 2017**	**1,214.4**	**119**	

The change of the fair value and the execution of these cash-settled instruments resulted to a charge of CHF 5 million (2013: charge of CHF 8 million) in the consolidated income statement. The liability element of these cash-settled instruments of CHF 8 million (2013: CHF 10 million) has been recognised in the statement of financial position.

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

Number of restricted shares	**2014**	2013
As at 1 January	**9,443**	**10,950**
Granted	147	125
Exercised	(4,563)	(1,592)
Lapsed/cancelled		(40)
As at 31 December	**5,027**	**9,443**

The Group has at its disposal treasury shares to finance these plans. When held or sold, an option right does not give rights to receive a dividend nor to vote.

9. Jointly Controlled Entities

Name of joint ventures	Principal activity	Country of incorporation	Ownership interest
Jiangsu Xinrui Aromatics Ltd	Production of fragrance ingredients	China	49%
BGN Tech LLC	Innovative natural ingredients	USA	49%
Natural Extracts International Ltd	Natural ingredient derivatives production	Mauritius	49%

The above entities have been incorporated in 2014. Summarised financial information in respect of the Group's joint ventures is set out below. The following net assets represent 100% of the jointly controlled entities:

As at 31 December 2014 in millions of Swiss francs	**2014**
Current assets	16
Non-current assets	20
Current liabilities	(3)
Non-current liabilities	-
Total net assets of joint ventures	**33**

Income statement in millions of Swiss francs	**2014**
Income	-
Expenses	(3)

10. Other Operating Income

in millions of Swiss francs	**2014**	2013
Gains on fixed assets disposal	42	1
Other income	10	10
Total other operating income	**52**	**11**

In the year ended 31 December 2014, the Group recognised a one-off gain of CHF 42 million on the disposal of land at its Dübendorf location in Switzerland.

11. Other Operating Expense

in millions of Swiss francs	**2014**	2013
Amortisation of intangible assets	76	66
Impairment of long-lived assets	3	6
Losses on fixed assets disposals	3	2
Acquisition related costs	1	-
Other expenses	19	8
Total other operating expense	**102**	**82**

12. Expenses by Nature

in millions of Swiss francs	Note	**2014**	2013
Raw materials and consumables used		1,638	1,619
Total employee remuneration	7	1,003	999
Depreciation, amortisation and impairment charges	21, 22	293	277
Transportation expenses		53	50
Freight expenses		93	97
Consulting and service expenses		125	118
Other expenses		439	516
Total operating expenses by nature		**3,644**	**3,676**

13. Financing Costs

in millions of Swiss francs	**2014**	2013
Interest expense	52	62
Net interest related to defined benefits pension plan	12	17
Derivative interest (gains) losses	(2)	4
Amortisation of debt discounts	1	2
Total financing costs	**63**	**85**

14. Other Financial (Income) Expense, Net

in millions of Swiss francs	**2014**	2013
Fair value and realised (gains) losses from derivatives instruments, net (at fair value through income statement)	(2)	(24)
Exchange (gains) losses, net	18	38
Gains from available-for-sale financial assets	(3)	(1)
Realised (gains) losses from available-for-sale financial assets removed from equity	(2)	-
Unrealised (gains)/losses from fair value through income statement financial instruments	(2)	(4)
Interest income	(3)	(2)
Capital taxes and other non business taxes	9	10
Other (income) expense, net	5	11
Total other financial (income) expense, net	**20**	**28**

15. Income Taxes

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

				2014			2013
in millions of Swiss francs	Income statement	Other comprehensive income	Own equity instruments	Total	Income statement	Other comprehensive income	Total
Current taxes							
- in respect of current year	117	(3)		114	142	(3)	139
- in respect of prior years	(6)			(6)	(19)		(19)
Deferred taxes							
- in respect of current year	2	(100)	(1)	(99)	(32)	64	32
- attributable to changes in tax rates	1	-		1	(2)		(2)
- reclassified from equity to income statement	-	-		-	-	-	-
- in respect of prior years	-	(3)		(3)	1		1
Total income tax expense	**114**	**(106)**	**(1)**	**7**	**90**	**61**	**151**

Since the Group operates globally, it is subject to income taxes in many different tax jurisdictions. As such therefore, 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 effective tax rate differs from the Group's average expected tax rate as follows:

	2014	2013
Group's average applicable tax rate	**18%**	**19%**
Tax effect of		
Income not taxable	(2)%	(1)%
Expenses not deductible	1%	1%
Other adjustments of income taxes of prior years	(1)%	(3)%
Other differences	1%	0%
Group's effective tax rate	**17%**	**16%**

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.

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	**2014**	2013
Current income tax assets	22	18
Current income tax liabilities	(82)	(82)
Total net current income tax asset (liability)	**(60)**	**(64)**

2014 in millions of Swiss francs	Property, plant & equipment	Intangible assets	Pension plans	Tax loss carry forward	Other differences	Total
Net deferred tax asset (liability) as at 1 January	**(88)**	**(45)**	**98**	**10**	**106**	**81**
Acquisition		(13)				(13)
(Credited) charged to consolidated income statement	(2)	9	(1)	(1)	(8)	(3)
(Credited) debited to other comprehensive income			99		4	103
(Credited) debited to own equity instruments					1	1
Currency translation effects	(4)	(3)	6	-	2	1
Net deferred tax asset (liability) as at 31 December	**(94)**	**(52)**	**202**	**9**	**105**	**170**
Deferred tax assets						258
Deferred tax liabilities						(88)
Net deferred tax asset (liability) as at 31 December						**170**

2013 in millions of Swiss francs	Property, plant & equipment	Intangible assets	Pension plans	Tax loss carry forward	Other differences	Total
Net deferred tax asset (liability) as at 1 January	**(92)**	**(56)**	**166**	**11**	**85**	**114**
(Credited) charged to consolidated income statement	2	12	(3)	1	21	33
(Credited) debited to other comprehensive income			(64)			(64)
Currency translation effects	2	(1)	(1)	(2)		(2)
Net deferred tax asset (liability) as at 31 December	**(88)**	**(45)**	**98**	**10**	**106**	**81**
Deferred tax assets						168
Deferred tax liabilities						(87)
Net deferred tax asset (liability) as at 31 December						**81**

Amounts recognised in the statement of financial position for deferred taxes are reported as non-current assets and non-current liabilities, a portion of which are current and will be charged or credited to the consolidated income statement during 2015.

Deferred tax assets on loss carry forwards of CHF 9 million (2013: CHF 10 million) and on tax credits of CHF 56 million (2013: CHF 57 million) have been recognised. The Group has no material unrecognised deductible temporary differences.

Deferred tax liabilities have not been established for withholding tax and other taxes that would be payable on the unremitted earnings of certain foreign subsidiaries, as such amounts are currently regarded as permanently reinvested.
The related temporary differences amount to CHF 378 million at 31 December 2014 (2013: CHF 290 million).

16. Earnings per Share

Basic earnings per share

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

	2014	2013
Income attributable to equity holder of the parent (CHF million)	**563**	**490**
Weighted average number of shares outstanding		
Ordinary shares	9,233,586	9,233,586
Treasury shares	(31,110)	(62,567)
Net weighted average number of shares outstanding	**9,202,476**	**9,171,019**
Basic earnings per share (CHF)	**61.18**	**53.43**

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:

	2014	2013
Income attributable to equity holder of the parent (CHF million)	**563**	**490**
Weighted average number of shares outstanding for diluted earnings per share of 126,290 (2013: 103,654)	**9,328,766**	**9,274,673**
Diluted earnings per share (CHF)	**60.35**	**52.83**

17. Cash and Cash Equivalents

in millions of Swiss francs	2014	2013
Cash on hand and balances with banks	318	306
Short-term investments	94	207
Balance as at 31 December	**412**	**513**

At the end of December 2014, an amount of CHF 12 million (2013: CHF 7 million), held mainly in Argentina and in Venezuela, is not currently available for use by the Group.

18. Available-for-Sale Financial Assets

in millions of Swiss francs	2014	2013
Equity securities [a]	70	65
Bonds and debentures	35	36
Balance as at 31 December	**105**	**101**
Current assets	64	62
Non-current assets [b]	41	39
Balance as at 31 December	**105**	**101**

a) In 2014 and 2013 no equity securities were restricted for sale.
b) Available-for-sale financial assets are included in Other long-term assets in the Statement of Financial Position.

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19. Accounts Receivable – Trade

in millions of Swiss francs	2014	2013
Accounts receivable	920	852
Notes receivable	-	-
Less: provision for impairment	(9)	(8)
Balance as at 31 December	**911**	**844**

Ageing list:

in millions of Swiss francs	2014	2013
Neither past due nor impaired	845	775
Less than 30 days	54	53
30 – 60 days	13	11
60 – 90 days	-	4
Above 90 days	8	9
Less: provision for impairment	(9)	(8)
Balance as at 31 December	**911**	**844**

Movement in the provision for impairment of accounts receivable – trade:

in millions of Swiss francs	2014	2013
Balance as at 1 January	**(8)**	**(7)**
Increase in provision for impairment recognised in consolidated income statement	(2)	(3)
Amounts written off as uncollectible	1	-
Reversal of provision for impairment	-	2
Currency translation effects	-	-
Balance as at 31 December	**(9)**	**(8)**

No significant impairment charge has been recognised in the consolidated income statement in 2014 or 2013. 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	2014	2013
Raw materials and supplies	297	264
Work in process	27	23
Intermediate and finished goods	477	436
Less: allowance for slow moving and obsolete inventories	(30)	(31)
Balance as at 31 December	**771**	**692**

In 2014, the amount of write-down of inventories was CHF 35 million (2013: CHF 33 million). At 31 December 2014 and 2013 no significant inventory was valued at net realisable value.

21. Property, Plant and Equipment

2014 in millions of Swiss francs	Land	Buildings and land improvements	Machinery, equipment and vehicles	Construction in progress	Total
Net book value					
Balance as at 1 January	**98**	**648**	**526**	**71**	**1,343**
Additions		1	5	162	168
Acquisition		2	6		8
Disposals	(4)	(6)	(4)		(14)
Transfers		15	82	(97)	
Impairment		(3)			(3)
Depreciation		(27)	(83)		(110)
Currency translation effects	3	20	8	7	38
Balance as at 31 December	**97**	**650**	**540**	**143**	**1,430**
Cost	97	1,076	1,675	143	2,991
Accumulated depreciation		(408)	(1,130)		(1,538)
Accumulated impairment		(18)	(5)		(23)
Balance as at 31 December	**97**	**650**	**540**	**143**	**1,430**

2013 in millions of Swiss francs	Land	Buildings and land improvements	Machinery, equipment and vehicles	Construction in progress	Total
Net book value					
Balance as at 1 January	**100**	**661**	**534**	**93**	**1,388**
Additions		2	7	116	125
Disposals		(1)	(3)		(4)
Transfers	1	34	85	(120)	
Impairment		(4)	(2)		(6)
Depreciation		(28)	(83)		(111)
Reclassified as inventories		(1)	(1)		(2)
Currency translation effects	(3)	(15)	(11)	(6)	(35)
Balance as at 31 December	**98**	**648**	**526**	**83**	**1,355**
Cost	98	1,084	1,625	83	2,890
Accumulated depreciation		(410)	(1,087)		(1,497)
Accumulated impairment		(26)	(12)		(38)
Balance as at 31 December	**98**	**648**	**526**	**83**	**1,355**

Qualifying assets related to the investment in China, Hungary and Singapore for which borrowing costs directly attributable to its acquisition or construction were recognised. At 31 December 2014 the capitalised borrowing costs amounted to CHF 0.6 million (2013: CHF 3.5 million).

Fire insurance value of property, plant and equipment amounted to CHF 4,205 million in 2014 (2013: CHF 4,259 million).

22. Intangible Assets

2014 in millions of Swiss francs	Goodwill	Intellectual property rights	Process-oriented technology and other	Software/ ERP system	Clients relationships	Total
Net book value						
Balance as at 1 January	**1,616**	**141**	**73**	**279**	**175**	**2,284**
Additions				46		46
Acquisition	6	32	7			45
Amortisation		(21)	(45)	(92)	(22)	(180)
Currency translation effects	96			2		98
Balance as at 31 December	**1,718**	**152**	**35**	**235**	**153**	**2,293**
Cost	1,718	371	386	551	321	3,347
Accumulated amortisation		(219)	(351)	(316)	(168)	(1,054)
Balance as at 31 December	**1,718**	**152**	**35**	**235**	**153**	**2,293**

2013 in millions of Swiss francs	Goodwill	Intellectual property rights	Process-oriented technology and other	Software/ ERP system	Clients relationships	Total
Net book value						
Balance as at 1 January	**1,688**	**158**	**116**	**296**	**197**	**2,455**
Additions			2	49		51
Amortisation		(17)	(44)	(78)	(21)	(160)
Currency translation effects	(72)		(1)		(1)	(74)
Balance as at 31 December	**1,616**	**141**	**73**	**267**	**175**	**2,272**
Cost	1,616	339	379	492	321	3,147
Accumulated amortisation		(198)	(306)	(225)	(146)	(875)
Balance as at 31 December	**1,616**	**141**	**73**	**267**	**175**	**2,272**

Classification of amortisation expenses is as follows:

			2014			2013
in millions of Swiss francs	Fragrances	Flavours	Total	Fragrances	Flavours	Total
Cost of sales	5	2	7	1	1	2
Marketing and distribution expenses	15	17	32	15	15	30
Research and product development expenses	24	41	65	22	40	62
Other operating expense	38	38	76	33	33	66
Total	**82**	**98**	**180**	**71**	**89**	**160**

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs), which are defined as the Fragrance Division and the Flavour Division. Goodwill allocated to these two CGUs was CHF 607 million (2013: CHF 447 million) to the Fragrance Division and CHF 1,111 million (2013: CHF 1,169 million) to the Flavour Division.

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 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 9.5% (2013: 9.0%) was applied to cash flow projections of the Fragrance Division and to cash flow projections of the Flavour Division. Cash flows of both divisions beyond the five-year period have not been extrapolated using a growth rate per annum. These discount rates are pre-tax.

No impairment loss in either division resulted from the impairment tests for goodwill. The outcome of the impairment test was not sensitive to reasonable changes in the cash flows and in the discount rate in the periods presented.

Intellectual property rights

As part of the acquisition of Food Ingredients Specialties (FIS), the Group acquired intellectual property rights, predominantly consisting of know-how being inseparable processes, formulas and recipes.

Process-oriented technology and other

This consists mainly of process-oriented technology, formulas, molecules and delivery systems acquired when the Group purchased IBF and Quest International.

Software/ERP system

This consists of Group ERP system development costs and computer software costs.

Client relationships

As part of the acquisition of Quest International, the Group acquired client relationships in the Flavour and Fragrance Divisions, mainly consisting of client relationships with key customers.

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 2.18.

Remaining useful lives of major classes of amortisable intangible assets are as follows:

- Software/ERP system 2.0 years
- Process-oriented technology 5.4 years
- Client relationships 7.2 years
- Intellectual property rights 6.8 years

23. Debt

2014 in millions of Swiss francs	Within 1 to 3 years	Within 3 to 5 years	Thereafter	Total long-term	Short-term within 1 year	Total
Floating rate debt						
Bank facility						
Bank overdrafts					3	3
Total floating rate debt					**3**	**3**
Fixed rate debt						
Bank borrowings	2	1		3	4	7
Straight bonds	149	298	398	845		845
Private placements	55		247	302	50	352
Total fixed rate debt	**206**	**299**	**645**	**1,150**	**54**	**1,204**
Balance as at 31 December	**206**	**299**	**645**	**1,150**	**57**	**1,207**

2013 in millions of Swiss francs	Within 1 to 3 years	Within 3 to 5 years	Thereafter	Total long-term	Short-term within 1 year	Total
Floating rate debt						
Bank facility						
Bank overdrafts					3	3
Total floating rate debt					**3**	**3**
Fixed rate debt						
Bank borrowings						
Straight bonds	149	298	147	594	300	894
Private placements	94		221	315	117	432
Total fixed rate debt	**243**	**298**	**368**	**909**	**417**	**1,326**
Balance as at 31 December	**243**	**298**	**368**	**909**	**420**	**1,329**

On 28 May 2003, the Group entered into a private placement for a total amount of USD 220 million. The private placement was made by Givaudan United States, Inc. It is redeemable by instalments at various times beginning on May 2008 through May 2015 with annual interest rates ranging from 3.65% to 5.00%. There are various covenants contained in the transaction covering conditions on net worth, indebtedness and disposition of assets of Givaudan United States, Inc. Givaudan United States, Inc has always been in full compliance with the covenants set. In May 2013, Givaudan United States, Inc reimbursed USD 110 million (CHF 103 million) of private placement. The total outstanding at 31 December 2014 is USD 50 million (equivalent to CHF 50 million).

On 16 April 2004, the Group entered into a private placement for a total amount of USD 200 million. The private placement was made by Givaudan United States, Inc. It matures at various times in instalments beginning May 2009 through April 2016 with annual interest rates ranging from 4.16% to 5.49%. There are various covenants contained in the transaction covering conditions on net worth, indebtedness and disposition of assets of Givaudan United States, Inc. Until now, Givaudan United States, Inc has been in full compliance with the covenants set. In April 2014, Givaudan United States, Inc. reimbursed USD 75 million (CHF 66 million) of this placement, the total outstanding at 31 December 2014 is USD 55 million (equivalent to CHF 55 million).

On 23 May 2007, the Group entered into a 7-year private placement for a total amount of CHF 50 million with an annual interest rate of 3.125%. The private placement was made by Givaudan SA. In May 2014, the CHF 50 million has been reimbursed.

On 19 March 2009, the Group issued a 4.25% 5-year public bond with a nominal value of CHF 300 million. The bond was issued by Givaudan SA. The bond was redeemed in March 2014.

On 15 June 2011, the Group issued a 2.5% 7-year public bond with a nominal value of CHF 300 million. The bond was issued by Givaudan SA.

On 7 December 2011, the Group issued a dual tranche public bond transaction of CHF 150 million each, totalling CHF 300 million, respectively of 1.250% for 5 years and of 2.125% for 10 years. The bond was issued by Givaudan SA.

In November 2012, Givaudan United States, Inc entered into three private placements for a total amount of USD 250 million (CHF 247 million) respectively USD 40 million redeemable in February 2020 with an annual interest rate of 2.74%, USD 150 million redeemable in February 2023 with an annual interest rate of 3.30% and USD 60 million redeemable in February 2025 with an annual interest rate of 3.45%. The proceeds of these transactions have been received on 6 February 2013. There are various covenants contained in these transactions covering conditions on net worth, indebtedness and EBITDA ratio to net interest expense of Givaudan United States, Inc. The company is and has been in full compliance with the covenants set.

On 19 March 2014, the Group issued a 1.00% 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. These bonds were issued by Givaudan SA. The proceeds of CHF 250 million were mainly used to repay the 4.25% 5-year public bond with a nominal value of CHF 300 million which was redeemed in March 2014.

The carrying amounts of the Group's debt are denominated in the following currencies:

in millions of Swiss francs	**2014**	2013
Swiss Franc	848	944
US Dollars	352	382
Other currencies	7	3
Total debt as at 31 December	**1,207**	**1,329**

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

	2014	2013
Private placements	3.9%	4.0%
Straight bond	1.9%	3.0%
Weighted average effective interest rates on gross debt	**2.5%**	**3.3%**

24. Provisions

2014 in millions of Swiss francs	Restructuring	Claims and litigation	Environmental	Others	Total
Balance as at 1 January	**12**	**2**	**12**	**22**	**48**
Additional provisions	3	8	8	4	23
Unused amounts reversed	(2)	(1)	(4)	(1)	(8)
Utilised during the year	(7)	(1)	(5)	(2)	(15)
Currency translation effects	-	-	-	-	-
Balance as at 31 December	**6**	**8**	**11**	**23**	**48**
Current liabilities	4	-	5	3	12
Non-current liabilities	2	8	6	20	36
Balance as at 31 December	**6**	**8**	**11**	**23**	**48**

2013 in millions of Swiss francs	Restructuring	Claims and litigation	Environmental	Others	Total
Balance as at 1 January	**27**	**5**	**15**	**25**	**72**
Additional provisions	3	1	1	2	7
Unused amounts reversed	(2)	(3)	-	(1)	(6)
Utilised during the year	(15)	(1)	(4)	(3)	(23)
Currency translation effects	(1)	-	-	(1)	(2)
Balance as at 31 December	**12**	**2**	**12**	**22**	**48**
Current liabilities	11	-	4	1	16
Non-current liabilities	1	2	8	21	32
Balance as at 31 December	**12**	**2**	**12**	**22**	**48**

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 which such determination is made.

Restructuring provisions

Restructuring provisions arise from re-organisations of the Group operations and management structure.

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

The 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 'make good' on leased facilities.

25. Own Equity Instruments

Details of own equity instruments are as follows:

As at 31 December 2014	Settlement	Category	Maturity	Strike price[a] (CHF)	in equivalent shares	Fair value in millions CHF
Registered shares		Equity			47,872	86
Purchased calls	Net cash	Derivative	2014-2016	915-975	61,166	53
Purchased calls	Gross shares	Equity	2014-2016	1,197.6-1,443.5	46,000	25
Written puts	Gross shares	Financial liability	2014-2016	1,108-1,443.5	46,000	-

a) Strike price of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held in 2009, to distribute extraordinary dividends subsequent to the share capital increase related to the rights issue.

As at 31 December 2013	Settlement	Category	Maturity	Strike price[a] (CHF)	in equivalent shares	Fair value in millions CHF
Registered shares		Equity			45,020	57
Written calls	Gross shares	Equity	2014-2016	700.5-975	119,495	42
Purchased calls	Net cash	Derivative	2014-2016	700.5-975	41,163	15
Purchased calls	Gross shares	Equity	2014-2016	1,197.6-1,222	44,000	6
Written puts	Gross shares	Financial liability	2014-2016	1,108-1,200	44,000	4

a) Strike price of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held in 2009, to distribute extraordinary dividends subsequent to the share capital increase related to the rights issue.

26. Equity

Share capital

As at 31 December 2014, 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 20 March 2014 a distribution to the shareholders of CHF 47.00 per share (2013: CHF 36.00 per share) was approved. The payment has been made out of general legal reserve – additional paid-in capital, in accordance with the Swiss tax legislation.

Movements in own equity instruments are as follows:

2014	Number	Price in Swiss francs High	Price in Swiss francs Average	Price in Swiss francs Low	Total in millions of Swiss francs
Balance as at 1 January	**45,020**				**70**
Purchases at cost	33,000	1,385.5	1,338.3	1200,0	44
Sales and transfers	(30,148)	999.3	999.3	999.3	(30)
(Gain) loss, net recognised in equity					2
Movement on registered shares, net					**16**
Movement on derivatives on own shares, net					**(7)**
Income taxes					**(1)**
Balance as at 31 December	**47,872**				**78**

2013	Number	Price in Swiss francs High	Price in Swiss francs Average	Price in Swiss francs Low	Total in millions of Swiss francs
Balance as at 1 January	**128,363**				**47**
Sales and transfers	(83,343)	999,3	999,3	999,3	(83)
(Gain) loss, net recognised in equity					9
Movement on registered shares, net					**(74)**
Movement on derivatives on own shares, net					**97**
Balance as at 31 December	**45,020**				**70**

27. Commitments

At 31 December, the Group had operating lease commitments mainly related to buildings. Future minimum payments under non-cancellable operating leases are as follows:

in millions of Swiss francs	**2014**	2013
Within one year	26	22
Within two to five years	53	50
Thereafter	39	39
Total minimum payments	**118**	**111**

The 2014 charge in the consolidated income statement for all operating leases was CHF 33 million (2013: CHF 33 million).

The Group has capital commitments for the purchase or construction of property, plant and equipment totalling CHF 44 million (2013: CHF 38 million).

28. 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.

Givaudan's affiliate Givaudan Fragrances Corporation is one of more than 100 companies that have been identified by the US Environmental Protection Agency ("EPA") as "Potentially Responsible Parties" for alleged contamination of the Lower Passaic River. In April, 2014, EPA released a study (FFS) of the lower eight miles of the river which contains several potential options for future remediation. The Cooperating Parties Group, of which Givaudan is a member, is continuing to work on developing a Sustainable Remedy as an alternative to the EPA's FFS. It is anticipated the EPA will take a number of months before responding to the numerous comments it received to the FFS by the August, 2014 deadline before issuing a Record of Decision (ROD) for the final clean-up plan for the lower eight miles. Thereafter, it is expected that EPA will enter into negotiations on the ROD by the end of 2015. Potential EPA enforcement action on the FFS is not likely in the mid-term. Currently a reliable estimate of Givaudan's potential share of liability for costs cannot be made.

One of our 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.

29. 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	**2014**	2013
Salaries and other short-term benefits	10	10
Post-employment benefits	1	1
Share-based payments	11	11
Total compensation	**22**	**22**

No other related party transactions have taken place during 2014 (2013: nil) between the Group and the key management personnel.

Reconciliation table to the Swiss code of obligations

	IFRS		Adjustments[a]		Swiss CO (Art. 663b[bis])	
in millions of Swiss francs	**2014**	2013	**2014**	2013	**2014**	2013
Salaries and other short-term benefits	10	10	(2)	(2)	8	8
Post-employment benefits	1	1	-	1	1	2
Share-based payments	11	11	-	(2)	11	9
Total compensation	**22**	**22**	**(2)**	**(3)**	**20**	**19**

a) IFRS information is adjusted mainly to the recognition of the share-base 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.

30. Board of Directors and Executive Committee Compensation

Compensation of members of the Board of Directors

Compensation of Board members consists of Director fees and Committee fees. These fees are paid at the end of each year in office completed. In addition, each Board member is entitled to participate in the Givaudan RSU plan, which gives 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 vesting period.

With the exception of the Chairman and outgoing Board members, each Board member receives an amount of CHF 10,000 for out-of-pocket expenses. This amount is paid for the coming year in office. The equity awards are also granted for the same period.

The compensation paid out to the Board for the reporting is shown in the table below:

2014 in Swiss francs	Jürg Witmer Chairman	André Hoffmann	Lilian Biner	Peter Kappeler	Thomas Rufer	Nabil Sakkab	Werner Bauer	Calvin Grieder	Irina du Bois	Total compensation 2014[a]	Total compensation 2013[a]
Director fees[b]	400,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	-	1,100,000	1,000,000
Committee fees[b]	40,000	40,000	50,000	25,000	55,000	25,000	25,000	25,000	-	285,000	285,000
Total fixed (cash)	440,000	140,000	150,000	125,000	155,000	125,000	125,000	125,000	-	1,385,000	1,285,000
Number of RSU granted[c]	476	119	119	119	119	119	119	119	-	1,309	1,250
Value at grant[d]	578,054	144,514	144,514	144,514	144,514	144,514	144,514	144,514	-	1,589,652	1,213,000
Total compensation 2014[e]	**1,018,054**	**284'514**	**294'514**	**269,514**	**299,514**	**269,514**	**269,514**	**269,514**	**-**	**2,974,652**	
Total compensation 2013[f]	**925,200**	**261,300**	**246,300**	**271,300**	**276,300**	**246,300**	**-**	**-**	**271,300**		**2,498,000**

a) Represents total compensation for the Board of Director paid in respect of the year in office, reported in accordance with the accrual principle.
b) Represents Director and Committee fees to be paid in March 2015 in respect of the prior year in office, in accordance with the accrual principle.
c) RSU vest on 1 March 2017.
d) Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.
e) In respect of eight Board Members.
f) In respect of seven Board Members.

Social security charges estimated based on 2014 compensation amounted to CHF 188,000 (2013: CHF 144,000).
In addition to the above, payments to Board members for out-of-pocket expenses amounted to CHF 70,000.

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 had any loan outstanding as at 31 December 2014.

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:

2014 in Swiss francs	Gilles Andrier CEO	Executive Committee members (excluding CEO)[a]	Total compensation 2014	Total compensation 2013
Base salary	1,024,188	2,520,817	3,545,005	3,487,629
Pension benefits[b]	129,544	1,157,806	1,287,350	866,190
Other benefits[c]	110,051	784,044	894,095	802,272
Total fixed compensation	**1,263,783**	**4,462,667**	**5,726,450**	**5,156,091**
Annual incentive[d]	825,496	1,441,345	2,266,841	2,986,023
Number of 2014 performance shares granted[e]	1,900	5,920	7,820	8,250
Value at grant[f]	2,307,360	7,189,248	9,496,608	8,591,550
Total variable compensation	**3,132,856**	**8,630,593**	**11,763,449**	**11,577,573**
Total compensation 2014	**4,396,639**	**13,093,260**	**17,489,899**	
Total compensation 2013	**4,465,946**	**12,267,718**		**16,733,664**
Employer social security[g]	**349,000**	**1,058,000**	**1,407,000**	**1,209,000**

a) Represents full year compensation of five Executive Committee members.
b) Company contributions to broad-based pension and retirement savings plans and annualised expenses accrued for supplementary executive retirement benefit.
c) Represents annualised value of health and welfare plans, international assignment benefits and other benefits in kind. Employer contribution to mandatory social security schemes are excluded.
d) Annual incentive accrued in reporting period based on 2014 performance.
e) Performance shares vest in March 2017.
f) Value at grant calculated according to IFRS methodology and based on 100% achievement of performance targets.
g) Estimated social security charges based on 2014 compensation (last column based on 2013 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 had any loan outstanding as at 31 December 2014.

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

Michael Carlos retired from his role as Head of Fragrances on 31 December 2014. He did not receive any special compensation as a result of his retirement. Outstanding performance share awards are eligible for vesting in accordance with the Articles of Incorporation and based on the extent that performance criteria have been met.

Ownership of shares and unvested share rights

Details on the Givaudan share-based payments plans are described in Note 8.

As per 31 December 2014, the Chairman and other Board members including persons closely connected to them held 92,134 Givaudan shares in total. For further details, please refer to the following table showing:

- The shares held individually by each Board member as per 31 December 2014.
- The RSUs that were granted in 2012-2014 and were still owned by members of the Board as per 31 December 2014.

2014 in numbers	Shares	RSUs
Jürg Witmer, Chairman	1,905	1,480
André Hoffmann[a]	88,503	370
Lilian Biner	126	370
Peter Kappeler	291	370
Thomas Rufer	339	370
Nabil Sakkab		370
Werner Bauer	970	119
Calvin Grieder		119
Total 2014	**92,134**	**3,568**
Total 2013	**88,886**	**3,771**

a) The following Givaudan derivatives were also held by Mr Hoffmann as per 31 December2014 – 30,000 call warrants UBS – Givaudan 15 August 2016 (ISIN value no. CH 022 483 99 82). No other member of the Board of Directors held any share options or option rights as at 31 December 2014 (31 December 2013: 15,075 options in total).

The company is not aware of any ownership of shares, share options or RSU's as at 31 December 2014 by persons closely connected to the Board.

The Chief Executive Officer and other members of the Executive Committee, including persons closely connected to them, held 4,839 Givaudan shares. For further details, please refer to the following table showing:

- The shares held individually by each member of the Executive Committee as per 31 December 2014.
- The unvested share rights that were granted in 2012-2014 and were still owned by members of the Executive Committee as per 31 December 2014.

2014 in numbers	Shares	Unvested share rights*
Gilles Andrier, CEO	1,400	5,100
Matthias Währen	1,504	2,835
Mauricio Graber	550	2,835
Michael Carlos	-	4,000
Joe Fabbri	482	2,150
Adrien Gonckel	903	2,150
Total 2014	**4,839**	**19,070**
Total 2013	**4,249**	**14,833**

*Includes unvested performance shares and/or restricted shares.

No member of the Executive Committee held any share options or option rights as at 31 December 2014 (31 December 2013: 110,000 options in total).

Two people closely connected to members of the Executive Committee owned Givaudan securities as at 31 December 2014:

- One person owned 109 shares
- One person owned 245 unvested share rights

The company is not aware of any other ownership of shares, share options, option rights, RSU's or performance shares as at 31 December 2014 by persons closely connected to members of the Executive Committee.

31. List of Principal Group Companies

The following are the principal companies of the Group over which the Group exercises control. Share capital is shown in thousands of currency units:

Switzerland	Givaudan SA	CHF	92,336
	Givaudan Suisse SA	CHF	4,000
	Givaudan Finance SA	CHF	100,000
	Givaudan International SA	CHF	100
	Fondation Givaudan	-	-
Argentina	Givaudan Argentina SA	ARS	7,000
	Givaudan Argentina Servicios SA	ARS	5,000
Australia	Givaudan Australia Pty Ltd	AUD	21,012
Austria	Givaudan Austria GmbH	EUR	40
Bermuda	FF Holdings (Bermuda) Ltd	USD	12
	Givaudan International Ltd	USD	12
	FF Insurance Ltd	CHF	170
Brazil	Givaudan do Brasil Ltda	BRL	133,512
Canada	Givaudan Canada Co	CAD	12,901
Chile	Givaudan Chile Ltda	CLP	5,000
China	Givaudan Fragrances (Shanghai) Ltd	USD	7,750
	Givaudan Flavors (Shanghai) Ltd	USD	10,783
	Givaudan Specialty Products (Shanghai) Ltd	USD	12,000
	Givaudan Hong Kong Ltd	HKD	7,374
	Givaudan Flavors (Nantong) Ltd	USD	25,000
Colombia	Givaudan Colombia SA	COP	6,965,925
Czech Republic	Givaudan CR, s.r.o.	CZK	200
Egypt	Givaudan Egypt SAE	USD	2,000
	Givaudan Egypt Fragrances LLC	EGP	50
France	Givaudan France SAS	EUR	4,696
	Soliance SA	EUR	1,203
Germany	Givaudan Deutschland GmbH	EUR	4,100
Hungary	Givaudan Hungary Kft	EUR	15
	Givaudan Finance Services Kft	EUR	2
India	Givaudan (India) Private Ltd	INR	87,330
Indonesia	P.T. Givaudan Indonesia	IDR	2,608,000
Italy	Givaudan Italia SpA	EUR	520
Japan	Givaudan Japan K.K.	JPY	1,000,000
Korea	Givaudan Korea Ltd	KRW	550,020
Malaysia	Givaudan Malaysia Sdn.Bhd	MYR	200
Mexico	Givaudan de Mexico SA de CV	MXN	53,611
Netherlands	Givaudan Nederland B.V.	EUR	402
	Givaudan Nederland Services B.V.	EUR	18
	Givaudan Treasury International B.V.	EUR	18
New Zealand	Givaudan NZ Ltd	NZD	71
Nigeria	Givaudan (Nigeria) Ltd	NGN	10,000
Peru	Givaudan Peru SAC	PEN	25
Poland	Givaudan Polska Sp. Z.o.o.	PLN	50
Russia	Givaudan Rus LLC	RUB	9,000
Singapore	Givaudan Singapore Pte Ltd	SGD	24,000
South Africa	Givaudan South Africa (Pty) Ltd	ZAR	360,002
Spain	Givaudan Iberica, SA	EUR	8,020
Sweden	Givaudan North Europe AB	SEK	120
Thailand	Givaudan (Thailand) Ltd	THB	100,000
Turkey	Givaudan Aroma Ve Esans Sanayi Ve Ticaret Limited Sirketi	TRY	34
United Kingdom	Givaudan UK Ltd	GBP	70
	Givaudan Holdings UK Ltd	GBP	317,348
United States of America	Givaudan United States, Inc.	USD	0.05
	Givaudan Flavors Corporation	USD	0.1
	Givaudan Fragrances Corporation	USD	0.1
	Givaudan Flavors and Fragrances, Inc.	USD	0.1
Venezuela	Givaudan Venezuela SA	VEF	4.5

32. 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 empowers the Executive Committee to manage 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 Director's 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.

33. Subsequent Event

On the 15th January 2015 the Swiss National Bank removed the currency ceiling against the Euro (€). This resulted in a significant strengthening of the Swiss Franc against all major currencies in which the Group operates.

The Group has assessed the impact, particularly on counterparty risk, currency exposures and intangible assets, including goodwill.

The event described has no impact on either the accounting policies applied; the valuation principles followed; or on management estimates in the preparation of the consolidated financial statements for the year ended 31st December 2014.

Report of the statutory auditors
On the consolidated financial statements

Deloitte.

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Report of the statutory auditor
to the General Meeting of
Givaudan SA, Vernier

Report of the Statutory Auditor on the Consolidated Financial Statements
As statutory auditor, we have audited the accompanying consolidated financial statements of Givaudan SA, presented on pages 6 to 60, 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 and notes to the consolidated financial statements for the year ended December 31, 2014.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

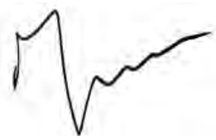
Opinion
In our opinion, the consolidated financial statements for the year ended December 31, 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on Other Legal Requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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



Thierry Aubertin
Licensed Audit Expert
Auditor in Charge

Joëlle Herbette
Licensed Audit Expert

Geneva, January 27, 2015

Audit. Tax. Consulting. Corporate Finance.
Member of Deloitte Touche Tohmatsu

Statutory financial statements of Givaudan SA

(Group Holding Company)

Income Statement

For the year ended 31 December

in millions of Swiss francs	Note	2014	2013
Income from investments in Group companies	8	179	273
Royalties from Group companies		875	780
Interest income from Group companies		2	2
Other income		64	72
Total income		**1,120**	**1,127**
Research and development expenses to Group companies		(269)	(274)
Interest expense to Group companies		-	(1)
Amortisation of intangible assets		(119)	(104)
Share of (loss)/profit of jointly controlled entities	9	(2)	
Other financial expenses		(134)	(138)
Other expenses		(96)	(85)
Withholding taxes and capital taxes		(18)	(26)
Total expenses		**(638)**	**(628)**
Income before taxes		**482**	**499**
Income taxes		(26)	(17)
Net income		**456**	**482**

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Statement of Financial Position

As at 31 December

in millions of Swiss francs	Note	**2014**	2013
Cash and cash equivalents		1	1
Marketable securities		57	37
Accounts receivable from Group companies		116	148
Other current assets		10	7
Current assets		**184**	**193**
Investments in Group companies	8	4,029	3,971
Loans to Group companies	8	150	150
Intangible assets		370	430
Jointly controlled entities	9	16	
Other long-term assets		29	21
Non-current assets		**4,594**	**4,572**
Total assets		**4,778**	**4,765**
Short-term debt	3, 4	213	515
Accounts payable to Group companies		65	63
Other payables and accrued liabilities		63	55
Current liabilities		**341**	**633**
Long-term debt	4	845	594
Loans from Group companies		-	-
Other non-current liabilities		99	68
Non-current liabilities		**944**	**662**
Total liabilities		**1,285**	**1,295**
Share capital	6, 7	92	92
General legal reserve - first attribution	6, 7	18	18
- additional paid-in capital	6, 7	863	1,296
Reserve for own equity instruments	6, 7	85	66
Free reserve	6, 7	1,557	1,176
Retained earnings			
Balance brought forward from previous year		422	340
Net income for the year		456	482
Equity		**3,493**	**3,470**
Total liabilities and equity		**4,778**	**4,765**

Notes to the statutory financial statements

1. General

The financial statements of Givaudan SA, Vernier near Geneva in Switzerland, are prepared in accordance with the provisions of the Swiss Code of Obligations.

2. Valuation Methods and Translation of Foreign Currencies

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

In the statement of financial position, foreign currency assets and liabilities are re-measured at year-end exchange rates with the exception of investments in Group companies which are valued at historical exchange rates. Foreign currency gains and losses are recognised in the income statement.

3. Short Term Debt

Short term debt includes an amount of CHF -213 million (2013: CHF -165 million) related to the cash pooling agreements with a Group company.

4. Debt

On 23 May 2007, Givaudan SA entered into a 7-year private placement for a total amount of CHF 50 million with an annual interest rate of 3.125%. In May 2014, the CHF 50 million has been reimbursed.

On 19 March 2009, Givaudan SA issued a 4.25% 5-year public bond with a nominal value of CHF 300 million. The bond was redeemed in March 2014.

On 15 June 2011, Givaudan SA issued a 2.5% 7-year public bond with a nominal value of CHF 300 million.

On 7 December 2011, Givaudan SA issued a dual tranche public bond transaction of CHF 150 million each, totalling CHF 300 million, respectively of 1.250% for 5 years and of 2.125% for 10 years.

On 19 March 2014, Givaudan SA 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. The proceeds of CHF 250 million were mainly used to repay the 4.25% 5-year public bond with a nominal value of CHF 300 million which was redeemed in March 2014.

5. 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 severably liable towards the tax authorities for current and future VAT payables of the VAT group to which it belongs.

6. Equity

As at 31 December 2014, 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 20 March 2014, a distribution to the shareholders of CHF 47.00 per share (2013 CHF 36.00 per share) was approved. The payment has been made out of general legal reserve – additional paid-in capital, according to the Swiss tax legislation.

Movements in reserve for own shares are as follows:

2014	Number	Price in Swiss francs High	Price in Swiss francs Average	Price in Swiss francs Low	Total in millions of Swiss francs
Balance as at 1 January	**45,020**				**66**
Purchases at cost	33,000	1,385.5	1,338.3	1,200.0	44
Sales and transfers at cost	(30,148)	827.4	827.4	827.4	(25)
Issuance of shares					
Balance as at 31 December	**47,872**				**85**

2013	Number	Price in Swiss francs High	Price in Swiss francs Average	Price in Swiss francs Low	Total in millions of Swiss francs
Balance as at 1 January	**128,363**				**135**
Purchases at cost					
Sales and transfers at cost	(83,343)	827.4	827.4	827.4	(69)
Issuance of shares					
Balance as at 31 December	**45,020**				**66**

As at 31 December 2014, there are no other companies controlled by Givaudan SA that held Givaudan SA shares.

On 31 December 2014, William H. Gates III (10.29%), BlackRock Inc. (5.02%), MFS Investment Management (3.01%), Nortrust Nominees Ltd (nominee; 15.21%), Chase Nominees Ltd (nominee; 6.77%) and the Bank of New York Mellon SA/NV (nominee; 3.78%) were the only shareholders holding more than 3% of total voting rights.

7. Movements in Equity

2014 in millions of Swiss francs	Share Capital	General legal reserve First attribution	Additional paid-in capital	Reserve for own equity instruments	Free reserve	Retained earnings	Total
Balance as at 1 January	**92**	**18**	**1,296**	**66**	**1,176**	**822**	**3,470**
Registered shares							
Issuance of shares							
Appropriation of available earnings							
Transfer to the free reserve					400	(400)	
Transfer to the general legal reserve							
Distribution to the shareholders paid relating to 2013			(433)				(433)
Transfer to/from the reserve for own equity instruments				19	(19)		
Net profit for the year						456	456
Balance as at 31 December	**92**	**18**	**863**	**85**	**1,557**	**878**	**3,493**

2013 in millions of Swiss francs	Share Capital	General legal reserve First attribution	Additional paid-in capital	Reserve for own equity instruments	Free reserve	Retained earnings	Total
Balance as at 1 January	**92**	**17**	**1,627**	**135**	**907**	**541**	**3,319**
Registered shares							
Issuance of shares							
Appropriation of available earnings							
Transfer to the free reserve					200	(200)	
Transfer to the general legal reserve		1				(1)	
Distribution to the shareholders paid relating to 2012			(331)				(331)
Transfer to/from the reserve for own equity instruments				(69)	69		
Net profit for the year						482	482
Balance as at 31 December	**92**	**18**	**1,296**	**66**	**1,176**	**822**	**3,470**

In compliance with the Swiss tax legislation, reserves from 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. This change in presentation has been included in the above tables. All distributions of reserves are subject to the requirements of the Swiss Code of Obligations.

8. List of Principal Direct Subsidiaries

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

Switzerland	Givaudan Suisse SA Givaudan Finance SA Givaudan International SA
Argentina	Givaudan Argentina SA Givaudan Argentina Servicios SA
Australia	Givaudan Australia Pty Ltd
Austria	Givaudan Austria GmbH
Brazil	Givaudan do Brasil Ltda
Canada	Givaudan Canada Co
Chile	Givaudan Chile Ltda

China	Givaudan Fragrances (Shanghai) Ltd
	Givaudan Flavors (Shanghai) Ltd
	Givaudan Specialty Products (Shanghai) Ltd
	Givaudan Hong Kong Ltd
	Givaudan Flavors (Nantong) Ltd
Colombia	Givaudan Colombia SA
Czech Republic	Givaudan CR, s.r.o.
Egypt	Givaudan Egypt SAE
	Givaudan Egypt Fragrances LLC
France	Givaudan France SAS
	Soliance SA
Germany	Givaudan Deutschland GmbH
Hungary	Givaudan Hungary Kft
	Givaudan Finance Services Kft
India	Givaudan (India) Private Ltd
Indonesia	P.T Givaudan Indonesia
Italy	Givaudan Italia SpA
Japan	Givaudan Japan K.K.
Korea	Givaudan Korea Ltd
Malaysia	Givaudan Malaysia Sdn.Bhd
Mexico	Givaudan de Mexico SA de CV
Netherland	Givaudan Nederland Services B.V.
	Givaudan Treasury International B.V.
Nigeria	Givaudan (Nigeria) Ltd
Peru	Givaudan Peru SAC
Poland	Givaudan Polska Sp. Z.o.o.
Russia	Givaudan Rus LLC
Singapore	Givaudan Singapore Pte Ltd
South Africa	Givaudan South Africa (Pty) Ltd
Spain	Givaudan Iberica, SA
Sweden	Givaudan North Europe AB
Thailand	Givaudan (Thailand) Ltd
Turkey	Givaudan Aroma Ve Esans Sanayi Ve Ticaret Limited Sirketi
United States of America	Givaudan United States, Inc.
Venezuela	Givaudan Venezuela SA

In 2014, Givaudan SA increased its investments in Givaudan Argentina SA and Givaudan Nantong Ltd and acquired Givaudan (Nigeria) Ltd and Soliance SA.

9. Jointly Controlled Entities

Name of joint ventures	Principal activity	Country of incorporation	Ownership interest
Jiangsu Xinrui Aromatics Ltd	Production of fragrance ingredients	China	49%
BGN Tech LLC	Innovative natural ingredients	USA	49%
Natural Extracts International Ltd	Natural ingredient derivatives production	Mauritius	49%

10. Board of Directors and Executive Committee Compensation

Information required by Swiss law, as per art. 663b bis CO, on the Board of Directors and Executive Committee compensation are disclosed in the Givaudan consolidated financial statements, Note 30.

11. Disclosure of the Process of Risk Assessment

Givaudan SA is fully integrated into the risk management framework of the Givaudan Group. This risk management framework also addresses the nature and scope of business activities and the specific risks of Givaudan SA (refer to Note 32 in the consolidated financial statements of this financial report).

Appropriation of available earnings and distribution from the general legal reserve – additional paid-in capital of Givaudan SA

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

Available earnings

in Swiss francs	**2014**	2013
Net profit for the year	455,705,932	481,890,228
Balance brought forward from previous year	421,829,891	339,939,663
Total available earnings	**877,535,823**	**821,829,891**
Transfer to free reserve	400,000,000	400,000,000
Transfer to the general reserve – first attribution		
Total appropriation of available earnings	**400,000,000**	**400,000,000**
Amount to be carried forward	**477,535,823**	**421,829,891**

General legal reserve – additional paid-in capital

in Swiss francs	**2014**	2013
Additional paid-in capital from issuance of shares		
Balance brought forward from previous year	862,942,672	1,296,222,230
General legal reserve – additional paid-in capital	**862,942,672**	**1,296,222,230**
2013 distribution of CHF 47.00 gross per share [a]		433,978,542
Total appropriation of general legal reserve – additional paid-in capital		**433,978,542**
2014 distribution proposal of CHF 50.00 gross per share [a]	461,679,300	
Total appropriation of general legal reserve – additional paid-in capital	**461,679,300**	
Distribution not paid on Treasury shares held by the Group		**698,984**
Amount to be carried forward	**401,263,372**	**862,942,672**

a) All distributions of reserves are subject to the requirements of the Swiss Code of Obligations.

Report of the statutory auditors
On the statutory financial statements

Deloitte.

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Report of the statutory auditor
to the General Meeting of
Givaudan SA, Vernier

Report of the Statutory Auditor on the Financial Statements
As statutory auditor, we have audited the accompanying financial statements of Givaudan SA presented on pages 62 to 67, which comprise the income statement, the statement of financial position and the notes for the year ended December 31, 2014.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation.
This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2014 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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 and distribution from the general legal reserve – additional paid-in capital complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte SA

Thierry Aubertin
Licensed Audit Expert
Auditor in Charge

Joëlle Herbette
Licensed Audit Expert

Geneva, January 27, 2015

Audit. Tax. Consulting. Corporate Finance.
Member of Deloitte Touche Tohmatsu

Overview
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Financial report

Givaudan Worldwide

Givaudan worldwide

Country	Address	Legal Entity name	Fragrances	Flavours	Sales	Creation/ Application	Production	Financing Services
Argentina	San Lorenzo 4759, Esquina Ave Mitre, Munro, Prov. Buenos Aires B 1605 EIO	Givaudan Argentina SA		■	■	■	■	
	Ruta 9 Panamericana Km 36.5, Partido Malvinas Argentinas, Buenos Aires B1667KOV	Givaudan Argentina SA	■		■	●	■	
	Tronador 4890, 8° piso, Buenos Aires C 1430 DNN CABA	Givaudan Argentina Servicios SA						■
Australia	12 Britton Street, Smithfield, Sydney NSW 2164	Givaudan Australia Pty Ltd		■			■	
	Unit 36, 5 Inglewood Place, Baulkham Hills, Sydney NSW 2153	Givaudan Australia Pty Ltd	■	■	■	■		
	14 Woodruff Street, Port Melbourne VIC 3217	Givaudan Australia Pty Ltd		■	■			
Austria	Twin Tower Vienna, Wienerbergstrasse 11, 1109 Vienna	Givaudan Austria GmbH		■	■	■		
Bermuda	Hamilton	Givaudan International Ltd						■
		FF Holdings (Bermuda) Ltd						■
		FF Insurance Ltd						■
Brazil	Avenida Engenheiro Billings 2185, Jaguaré, São Paulo SP - 05321-010	Givaudan do Brasil Ltda	■	■	■	■	■	
	Avenida Engenheiro Billings 1653 & 1729, Jaguaré, São Paulo SP - 05321-010	Givaudan do Brasil Ltda	■		■	■		
Canada	2400 Matheson Blvd. East, Mississauga, Ontario L4W 5G9	Givaudan Canada Co.		■	■			
Chile	Avda Del Valle 869, oficina 202, Ciudad Empresarial, Comuna de Huechuraba, Santiago de Chile	Givaudan Chile Ltda		■	■	■		
China	15F, Tower 2, Kun Sha Center, No. 16 Xin Yuan Li Road, Chao Yang District, 100027 Beijing	Givaudan Fragrances (Shanghai) Ltd Beijing Branch	■		■			
	15F, Tower 2, Kun Sha Center, No. 16 Xin Yuan Li Road, Chao Yang District, 100027 Beijing	Givaudan Flavors (Shanghai) Ltd Beijing Branch		■	■	●		
	298 Li Shi Zhen Road, Zhangjiang High-Tech Park, Pudong New Area, 201303 Shanghai	Givaudan Fragrances (Shanghai) Ltd	■		■	■	■	
	668 Jing Ye Road, Jin Qiao Export Area, Pu Dong New Area, 201201 Shanghai	Givaudan Flavors (Shanghai) Ltd		■	■	■	■	
	Unit 6-7, 15F Shuion Center, No 374-2 Beijing Road, Yue Xiu District, 510030 Guangzhou	Givaudan Fragrances (Shanghai) Ltd Guangzhou Branch	■		■			
	Unit 5, 15F Shuion Center, No 374-2 Beijing Road, Yue Xiu District, 510030 Guangzhou	Givaudan Flavors (Shanghai) Ltd Guangzhou Branch		■	■	●		
	222, Jiang Tian East Road, Songjiang Development Zone, 201600 Shanghai	Givaudan Specialty Products (Shanghai) Ltd	■	■			■	
	298 Li Shi Zhen Road, Zhangjiang High-Tech Park, Pudong New Area, 201303 Shanghai	Givaudan Management Consulting (Shanghai) Ltd						■
	room 2001, 20F Funian Plaza-2, No. 666 Jitai Road, Gaoxin District, 610041 Chengdu, Sichuan Province	Givaudan Flavors (Shanghai) Ltd Chengdu Branch		■	■	●		
	Unit 1001, 10 F Miramar Tower, 132 Nathan Road, Tsim Sha Tsui	Givaudan Hong Kong Ltd	■	■	■			

● Application only ▲ Flavour ingredients △ Creation only

Country	Address	Legal Entity name	Fragrances	Flavours	Sales	Creation/ Application	Production	Financing Services
Colombia	Carrera 98 No. 25 G - 40, 151196 Bogotá D.C.	Givaudan Colombia SA	■	■	■	■		
Czech Republic	Klimentská 10, Praha 110 00	Givaudan CR, s.r.o.		■	■			
Egypt	Piece 37, Industriel Zone 3, 6th of October City	Givaudan Egypt SAE		■	■	■	■	
	46 El Thawra st., 3rd floor, Appt 304, Heliopolis	Givaudan Egypt Fragrances LLC	■		■			
Finland	Niemenkatu 73, 15140 Lahti	Givaudan International SA, Branch in Finland		■	■			
France	46, avenue Kléber, 75116 Paris	Givaudan France SAS	■		■	■		
	55 Rue de la Voie des Bans, CS500024, 95102 Argenteuil Cedex	Givaudan France SAS	■		■	■		
	19-23 Rue de la Voie des Bans, CS500024, 95102 Argenteuil Cedex	Givaudan France SAS		■	■	■		
	Route de Bazancourt, 51110 Pomacle	Soliance – Givaudan	■				■	
	Anse du Pors Gelin, 22560 Pleumeur Bodou	Soliance – Givaudan	■			●		
Germany	Giselherstrasse 11, 44319 Dortmund	Givaudan Deutschland GmbH		■	■	■	■	
	Lehmweg 17, 20251 Hamburg	Givaudan Deutschland GmbH	■		■			
Hungary	Seregély köz 11., 1037 Budapest	Givaudan International AG Hungary Commercial Representative Office		■	■			
	Királyhegyesi út 3, 6900 Makó	Givaudan Hungary Kft		■	■	■	■	
	Teréz körút 55-57, Eiffel Offices, Building C, 1062 Budapest	Givaudan Finance Services Kft						■
India	Plot No. 30, Survey No. 168, Dabhel Industrial Estate, Daman 396210	Givaudan (India) Pvt Ltd		■			■	
	Plot No. 26, 2nd Cross Jigani Industrial Area, Anekal Taluk, Jigani, Bangalore, Karnataka 560 105	Givaudan (India) Pvt Ltd	■				■	
	401 Akruti Centre Point, 4th Floor, MIDC Central Road, MIDC, Andheri (East), Mumbai 400093	Givaudan (India) Pvt Ltd	■	■	■	■		
	Block B – Vatika Atrium, DLF Golf Course Road, Sector 53, Gurgaon, Haryana 122011	Givaudan (India) Pvt Ltd	■	■	■			
Indonesia	Jl. Raya Jakarta-Bogor Km 35, Cimanggis Depok, 16951 West Java	PT. Givaudan Indonesia	■	■			■	
	Menara Anugrah 7th - 9th Floor, Kantor Taman E3.3, Jl. Mega Kuningan Lot 8.6 - 8.7, Kawasan Mega Kuningan, 12950 Jakarta	PT. Givaudan Indonesia	■	■	■	■		
Iran	P.O. Box 15175/534 - No.202 - 204, Gol Bld., Gol Alley, After Park Saei, Vali Asr, Tehran	Givaudan International SA, Iran Branch	■	■	■			
Italy	Via XI Febbraio 99, 20090 Vimodrone (MI)	Givaudan Italia SpA	■	■	■	●		

● Application only ▲ Flavour ingredients △ Creation only

Country	Address	Legal Entity name	Fragrances	Flavours	Sales	Creation/ Application	Production	Financing Services
Japan	3014-1 Shinohara-cho, Kohoku-ku, Yokohama-shi, Kanagawa 222-0026	Givaudan Japan K.K.	■		■	■		
	3056 Kuno, Fukuroi-shi, Shizuoka 437-0061	Givaudan Japan K.K.		■			■	
	3-23, Shimomeguro 2-chome, Meguro-ku, Tokyo 153-0064	Givaudan Japan K.K.		■	■	■		
Malaysia	A-901 Menara 1, Kelana Brem Towers, Jalan SS 7/15 (Jalan Stadium), 47301 Petaling Jaya Selangor Darul Ehsan	Givaudan Malaysia Sdn Bhd	■	■	■	●		
Mexico	Camino a Quintanares Km. 1.5, Pedro Escobedo, 76700 Queretaro	Givaudan de México SA de CV	■				■	
	Av. Eje Norte-Sur No. 11 Civac, 62578 Jiutepec Morelos	Givaudan de México SA de CV		■	■	■	■	
	Av. Paseo de la Reforma #2620, piso 12 Edificio Reforma Plus, Col. Lomas Altas, 11950 Mexico, D.F	Givaudan de México SA de CV		■	■			
	Av. Paseo de la Reforma #2620, piso 9 Edificio Reforma Plus, Col. Lomas Altas, 11950 Mexico, D.F	Givaudan de México SA de CV	■		■	■		
Myanmar	46A - 2C Excellent Condo, Pantra Street, Dagon Township, Yangon	Givaudan Singapore Pte Ltd (Myanmar Branch)	■	■	■	●		
Netherlands	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Nederland BV		■	■	■	●	
	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Nederland Services BV						■
	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Treasury International BV						■
	Nijverheidsweg 60, 3771 ME Barneveld	Givaudan Nederland BV		■			▲	
New Zealand	2 Birmingham Road, East Tamaki, Auckland	Givaudan NZ Ltd		■	■			
Nigeria	Plot 2 and 4, Block D, Amuwo Odofin Industrial scheme, Apapa/Oshodi Expressway, Lagos	Givaudan (Nigeria) Limited	■	■	■	●		
Pakistan	25 th Floor. The Ocean Tower, Block - 9. Clifton, Karachi - 75600	Givaudan International SA Pakistan		■	■	●		
Peru	Av. Victor Andrés Belaúnde 147, Centro Empresarial Real, Torre Real 1 Piso 11, San Isidro 27 Lima	Givaudan Peru SAC	■	■	■	●		
Philippines	37/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City 1605	Givaudan Singapore Pte Ltd, Regional Operating Headquarter	■	■	■	●		
Poland	ul. Puławska 182, IO-1 Building, 02-670 Warszawa	Givaudan Polska Sp. z o.o.		■	■			

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Country	Address	Legal Entity name	Fragrances	Flavours	Sales	Creation/ Application	Production	Financing Services
Russian Federation	Riverside Towers Business Centre, Floor 7-8, Kosmodamianskaya Naberezhnaya 52/1, 115054 Moscow	Givaudan Rus LLC		■	■	■		
	Delovoy dom B-5, floor 9, Botanicheskiy pereulok 5, 129090 Moscow	Givaudan Rus LLC	■		■	■		
Singapore	1 Woodlands Avenue 8, Singapore 738972	Givaudan Singapore Pte Ltd	■	■	■	■	■	
	19 Chin Bee Road, Singapore 619833	Givaudan Singapore Pte Ltd		■			■	
South Africa	9-11 Brunel Road, Tulisa Park, Johannesburg 2197	Givaudan South Africa (Pty) Ltd		■	■	■	■	
	51A Galaxy Avenue, Linbro Business Park, Frankenwald, Sandton 2065	Givaudan South Africa (Pty) Ltd	■		■	●		
South Korea	11/F Trust Tower Bldg, 275-7 Yangjae-Dong Seocho-Gu, Seoul 137-739	Givaudan Korea Ltd	■		■	●		
	12/F Trust Tower Bldg, 275-7 Yangjae-Dong Seocho-Gu, Seoul 137-739	Givaudan Korea Ltd		■	■	●		
Spain	Colquide, 6 Edificio Prisma, 2a Planta, 28231 Las Rozas, Madrid	Givaudan Ibérica, SA		■	■			
	Pla d'en Batllé s/n, 8470 Sant Celoni, Barcelona	Givaudan Ibérica, SA	■	■	■	△	■	
	Edificio Géminis, Bloque B 1° 2a, Parque de Negocios Mas Blau, 8820 El Prat de Llobregat, Barcelona	Givaudan Ibérica, SA	■		■			
Sweden	Hedvig Möllers gata 17, 22355 Lund	Givaudan North Europe AB		■	■			
Switzerland	**Corporate Headquarters**							
	Chemin de la Parfumerie 5, 1214 Vernier	Givaudan SA						■
	Chemin de la Parfumerie 5, 1214 Vernier	Givaudan Finance SA						■
	Überlandstrasse 138, 8600 Dübendorf	Givaudan Schweiz AG		■			■	
	Überlandstrasse 138, 8600 Dübendorf	Givaudan International AG		■	■	■		
	8310 Kemptthal	Givaudan Schweiz AG		■			■	
	8310 Kemptthal	Givaudan International AG		■		△		
	Chemin de la Parfumerie 5, 1214 Vernier	Givaudan Suisse SA	■				■	
	Chemin de la Parfumerie 5, 1214 Vernier	Givaudan International SA	■		■			■
Taiwan, Republic of China	7/F., No 303, Hsin Yi Road, Sec 4, Taipei City, Taiwan 106	Givaudan Singapore Pte Ltd, Taiwan Branch	■	■	■	●		

● Application only ▲ Flavour ingredients △ Creation only

Country	Address	Legal Entity name	Fragrances	Flavours	Sales	Creation/ Application	Production	Financing Services
Thailand	719 KPN Tower, 16 & 25 Floor, Rama 9 Road, Bangkapi Huaykwang, Bangkok 10310	Givaudan (Thailand) Ltd	■	■	■	●		
Turkey	Ebulula Cad. Lale Sok., Park Maya Sitesi Barclay 19A Daire 6-7, Akatlar, Besiktas / Istanbul 34335	Givaudan Aroma Ve Esans Sanayi Ve Ticaret Ltd. Sirketi	■		■			
	Büyükdere Cad. Telpa Plaza., No 195 K.3, Levent, Istanbul 34394	Givaudan Aroma Ve Esans Sanayi Ve Ticaret Ltd. Sirketi		■	■	■		
UAE	Concord Tower Floor 21, Offices 2109 - 2114, P.O. Box No. 33170, Media City, Dubai	Givaudan International SA (Representative Office)	■		■	■		
	Concord Tower, Floor 36, Offices 3606 - 3610, P.O. Box No. 33170, Media City, Dubai	Givaudan International SA (Representative Office)		■	■	■		
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	■		■	■	■	
Ukraine	Pimonenko Str. 13 6B/18, 04050 Kiev	Givaudan International SA, Representative Office		■	■			
United States of America	880 West Thorndale Avenue, Itasca, IL 60143	Givaudan Flavors Corporation		■			■	
	580 Tollgate Road, Suite A, Elgin, IL 60123	Givaudan Flavors Corporation		■	■	■		
	1199 Edison Drive 1-2, Cincinnati, OH 45216	Givaudan Flavors Corporation		■	■	■		
	245 Merry Lane, East Hanover, NJ 07936	Givaudan Flavors Corporation		■	■	■	■	
	9500 Sam Neace Drive, Florence, KY 41042	Givaudan Flavors Corporation		■			■	
	4705 U.S. Highway 92 East, Lakeland, FL 33801-3255	Givaudan Flavors Corporation		■	■		■	
	100 East 69th Street, Cincinnati, OH 45216	Givaudan Flavors Corporation		■			■	
	International Trade Center, 300 Waterloo Valley Road, Mount Olive, NJ 07828	Givaudan Fragrances Corporation	■				■	
	40 West 57th St. 11th floor, New York, NY 10019	Givaudan Fragrances Corporation	■		■	■		
	717 Ridgedale Avenue, East Hanover, NJ 07936	Givaudan Fragrances Corporation	■		■	■		
Venezuela	Calle Veracruz con calle Cali Torre, ABA Piso 8, Ofic 8A, Las Mercedes, Caracas CP 1060	Givaudan Venezuela SA	■	■	■	●		
Vietnam	Giay Viet Plaza 5th Fl., 180-182 Ly Chinh Thang Street, District 3, Ho Chi Minh City	Givaudan Singapore Pte Ltd, Vietnam Representative Office	■	■	■	●		

● Application only ▲ Flavour ingredients △ Creation only

Givaudan SA

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