



Strategic value creation

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Value creation at Givaudan

Introducing our business model

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

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

Value creation for Givaudan and its stakeholders

Customers

Suppliers

Employees



Owners and investors

Local communities

Public and regulatory agencies

🔍 Our Sustainability Approach – Stakeholder engagement
 GRI Disclosure 102 – 40

Our value creation process

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

Our capitals

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

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

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

Value creation at Givaudan

Through our sustainable business model

Engage your senses

Our vision

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

Our mission

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

Our culture

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

Our ethics

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

Our unique positioning

🔍 page 16

Diversification across four axes

- › Geographic expansion
- › Customer diversification
- › Scaling up
- › Expanding beyond flavours and fragrances

Enhancing operations

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

Our unique capabilities

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

Capital inputs 2018

Financial capital

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

Our innovative capabilities

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

Our people & culture

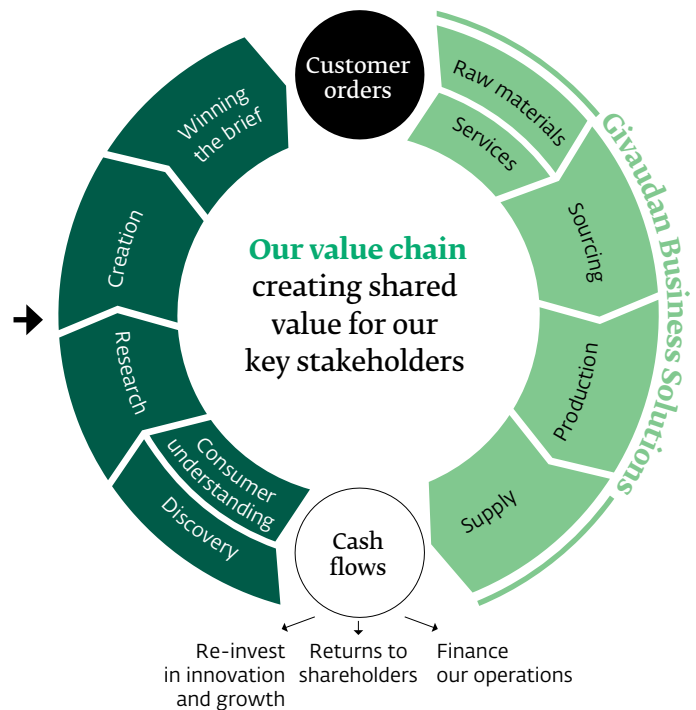
- › 13,598 employees working in over 50 countries
- › Unique global onboarding programme ensuring new joiners get a strong unified sense of Givaudan
- › Leadership development at all levels

Sourcing & operations

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

Good governance

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



Megatrends

🔍 page 36

Our strategy

🔍 page 18

Responsible growth. Shared success.

4–5%
Average organic
sales growth

Growing
with our
customers

12–17%
Average free cash
flow as % of sales

Delivering
with
excellence

Partner
of choice

Partnering
for shared
success

Creating additional value
through acquisitions

🔍 page 31

Shaping a sustainable future
through A Sense of Tomorrow

🔍 page 34

Our business divisions



Dairy



Sweet goods



Fragrance Ingredients
and Active Beauty



Beverages



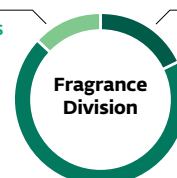
Savoury



Fine Fragrances



Consumer Products



Capital outcomes 2018

Financial capital

🔍 page 39

- › CHF 5,527 million Group sales
- › Free cash flow 12.7% of sales
- › CHF 60.00 proposed dividend¹

Our innovative capabilities

🔍 page 47

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

Our people & culture

🔍 page 53

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

Sourcing & operations

🔍 page 61

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

Good governance

🔍 page 71

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

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

Our unique positioning

Bringing together our capabilities

We have diversified and grown across four axes:

1

Geographic expansion into high growth markets

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

2

Customer diversification

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

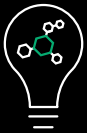
We have enhanced our operations through business optimisation and excellence:

SAP implementation

Managing the business more consistently



We have unique capabilities to service our customers:



Leadership in R&D and innovation

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



Broad diversification

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



Operational excellence

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

3

Scaling up

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

4

Expanding beyond flavours & fragrances

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

Givaudan Business Solutions (GBS)

Optimised processes and enhanced customer experience

**Best-in-class customer service**

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

**Unparalleled customer insight**

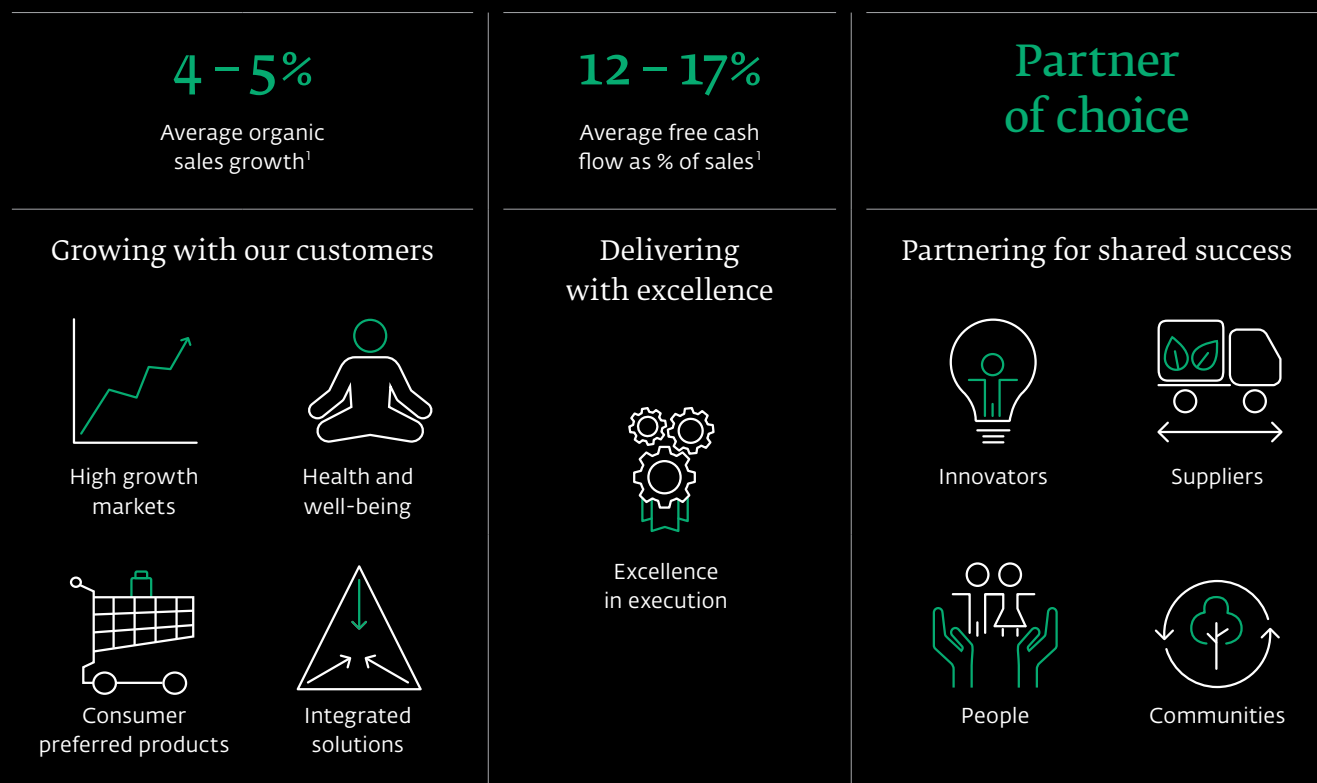
- Industry-leading preference discovery platforms and consumer insight programmes for consumer understanding, cultural insights and sensorial decoding
- Leveraging digital capabilities to enhance insights in consumer trends

**Leadership in naturals and sustainability**

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

Our 2020 strategy

Responsible growth. Shared success.



Creating additional value through acquisitions

Shaping a sustainable future through A Sense of Tomorrow

1. Over a five-year period by 2020.

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

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

Growing with our customers

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

► PERFORMANCE 2018

5.6%

Organic sales growth

► TARGET 2020

4 – 5%

Average organic sales growth¹



High growth markets

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

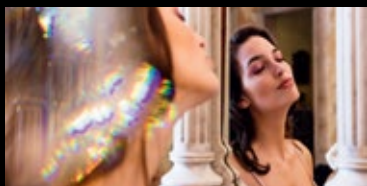
Key achievements in 2018:

- **China fragrance production hub** on track for opening in 2020. The new facility in Changzhou, Jiangsu province will substantially increase Givaudan's manufacturing capacity in China while maintaining best-in-class service levels.
- **New Flavour and Fragrance commercial and development centre opens in Jakarta.** The CHF 2.9 million investment creates a closer partnership with customers and demonstrates Givaudan's continued commitment to Indonesia.

1. Over a five-year period by 2020.

Success stories

Expressions Parfumées - Bringing expertise in naturals



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

Expressions Parfumées will be managed as an independent entity within the Fragrance Division,

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

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

India: sustainability excellence by design

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

The greenfield site will re-use/recycle all treated waste water to significantly reduce consumption of fresh water. To reduce energy consumption, the entire plant will be equipped with LED lighting and a rooftop solar system that will help reduce CO₂ emissions, and over 1,100 trees are being planted at the site.

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



Health and well-being

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

Key achievements in 2018:

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



Consumer preferred products

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

Key achievements in 2018:

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

Microbiomics: pioneering studies for skin health and well-being

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

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



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

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

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

Showing leadership with Plant Attitude

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

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

– **PrimalHyal™ Ultrafiller wins gold at in-cosmetics LATAM.**

The award was for 'Best Innovation Ingredients' and the new product adds to our range of materials to help customers in the dynamic anti-ageing market.

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

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

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

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



Integrated solutions

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

Key achievements in 2018:

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

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

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

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

Success stories

Delight in a collaborative project, creating value across business divisions

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

This is the idea behind Project Delight, a collaboration that brought together the talents of our perfumers and flavourists to create a ground-breaking collection of accords. They incorporated new technical and creative approaches to their creations that could enhance the reality and instinctive pleasure of their fragrance accords. For the first time in the perfume industry, Givaudan partnered in exclusivity with an expert in body language whose research guided our perfumers to craft this collection of bases inspired by food. "Project Delight

took a daring approach to fragrance development. Not only did we use the expertise of our flavourists, but we turned to non-verbal research to seek consumer opinions by observing body language and facial expressions. The research helped in finalising this exclusive new fragrance palette of accords which are also proven to trigger observable pleasure in consumers," said Arnaud Guggenbuhl, Givaudan's Head of Marketing Europe Fine Fragrances.

The new collection was introduced to customers at our creative centres in Paris, New York, and São Paulo in early 2018, when they experienced for themselves the results of our focus on the exploration of tastes

such as hyper-realistic fruitiness, new sweetness frontiers, juiciness, as well as delicate savoury or mixology notes.

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



Delivering with excellence

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

► PERFORMANCE 2018

12.7%

Free cash flow
as % of sales

► TARGET 2020

12 – 17%

Average free cash
flow as % of sales¹

1. Over a five-year period by 2020.



**Excellence
in execution**

Givaudan Business Solutions

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

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

Key achievements in 2018:

- **GBS implementation progressing according to plan.**
GBS is well on track with previously announced transition timeline, processes enhancement and deliverables. Cost and benefits outlook fully confirmed.
- **GBS delivered first financial benefits in 2018 of CHF 20 million.**

Givaudan Business Solutions Focusing on people for future growth

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

From the outset of our journey, the focus has been on the impact on people as well as the crucial collaboration with all functions and sites. In our three regional delivery centres, the teams receive onboarding

to ensure they have a true sense of being part of Givaudan, its unique culture and DNA. Furthermore, we help them to see the importance of a customer- and solution-oriented focus. We want each and every employee to understand our business, why we are implementing GBS and the role they play in making Givaudan more agile and efficient. We are convinced that passionate, high-performing teams are the secret to successfully delivering innovative solutions to customers.

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



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

- **GBS regional delivery centres established.** The three centres, in Budapest, Buenos Aires and Kuala Lumpur, have teams that embrace the Givaudan DNA and work in partnership with site teams to deliver excellence for our customers.
- **Global functions transitioned to GBS.** Continuous Improvement, EHS and Sustainability and Controlling have successfully transitioned, improving internal efficiencies.
- **GBS implementation complete in Europe.** In addition to the global functions, GBS Demand to Cash, Source to Pay and HR have been fully implemented and stabilised in Europe.
- **First wave of GBS complete in APAC.** Transition of finance and indirect materials and services completed and activities centralised in our newly opened GBS Kuala Lumpur centre.
- **Expanding the scope of GBS.** A Centre of Excellence for Engineering within GBS is to be established to leverage best practices from both business divisions and to define a common way forward with respect to capital expenditures, maintenance, utilities and technical services.
- **Bringing innovative solutions to the forefront.** Our GBS solutions continue to leverage continuous improvement (CI), big data, mobile technology, and robotics process automation (RPA) to simplify our processes and improve user experience.

Success stories

Naturex acquisition fits all dimensions of our strategy

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

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

With its headquarters in Avignon, France, Naturex is an international



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

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

Excellence in operations

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

Key achievements in 2018:

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

Playing our part in the global search for renewable energy solutions

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

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

At Climate Week NYC 2018, RE100 members, including Givaudan,



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

Over 40 participants attended from a variety of different sectors and countries, providing a global insight

from companies leading the transition to clean energy. Discussions focused on how to show leadership on the corporate sourcing of renewables through peer collaboration, policy influencing and growing the RE100 movement.

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

Information Management & Technology (IM&T)

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

Key achievements in 2018:

- **Upscaling critical IT infrastructure**, including the move to a new data centre, bringing resilience and performance to accompany our business growth.
- **Building an ecosystem of digital partners and experimenting with digital opportunities.** We continued our search for innovation partners, including from academia and start-ups, as we look to a digital future.
- **Continuously improving our flavours and fragrances creation and evaluation apps** with new, differentiating and mobile features.

- **Enabling GBS transformation** through the delivery of process automations in areas such as customer care, advanced planning, EHS, reporting and HR.
- **Completing the migration of Active Beauty to our global SAP platform**, leveraging our integrated supply chain and manufacturing processes and tools to this business.

Superior customer experience (SCE)

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

Key achievements in 2018:

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

Success stories

Towards a digital future of exciting possibilities Givaudan's new academic chair at CentraleSupélec

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

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

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

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

The possibilities of this exciting future led to the creation in early 2018 of a Givaudan-supported academic chair at CentraleSupélec, one of France's top higher education institutions. Our experts had been collaborating with researchers at the Paris institution for more than a year,

and the success of that process has now been extended with the creation of a chair that will involve several PhD students focusing on flavours and fragrances in the world of data science.

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



CentraleSupélec

Partnering for shared success

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

► PERFORMANCE 2018

- New innovative partnerships
- Increased strategic networks

► TARGET 2020

Partner of Choice



Innovators

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

Key partnerships in 2018:

- **MassChallenge Partnering initiative.** We developed an inspiring programme including external speakers on disruptive innovation.
- **Collaboration with Bits x Bites, the first food tech accelerator based in China.** Bits x Bites will accompany us on our journey to discover new disruptive technologies in food processing, digitalisation and artificial intelligence.
- **Collaboration agreement with Mixfit.** We have signed an agreement with this personalised nutrition start-up to provide taste and flavour solutions for its innovative Intelligent Nutrition Assistant drinks system.
- **Launch of MISTA,** a new innovation platform for the food industry. More encompassing than an incubator or accelerator, MISTA is an optimiser, enabling start-ups and established corporations to optimise ideas, products, people and investments.

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

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

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

In this context, one partnership has been with MassChallenge. Headquartered in the US with locations also in Boston, Israel, and Mexico. MassChallenge accelerates

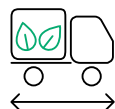
high-potential start-ups anywhere in the world that can have an impact on either of our business divisions and across disciplines.

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

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

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

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



Suppliers

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

Key achievements in 2018:

- **Strengthening sustainable patchouli supply chain.**

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

- **Safeguarding our supply of high quality citrus raw materials.**

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

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

- **Raw material procurement supported through upgraded contract management tool.**

Providing a central point for information with better usability, this tool improves the links between our procurement category managers of raw materials, the local requesters and GBS operational buyers.

- **Collaboration with packaging suppliers for improved quality and cost reduction.**

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

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

Success stories

Strengthening sustainable patchouli oil sourcing

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

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

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



Growing success for Madagascar partnership

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

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

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

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



People

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

Key achievements in 2018:

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

Celebrating and sharing success for 'going above and beyond'

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

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

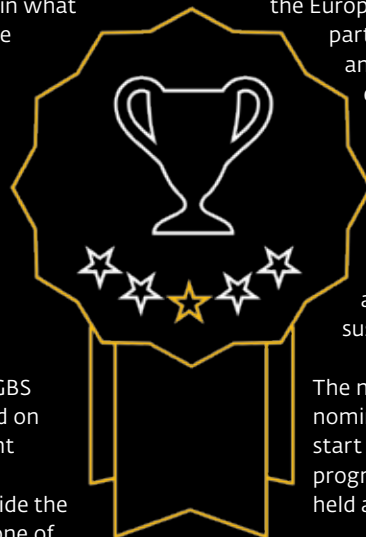
The awards, sponsored by the Executive Committee, are made up of three categories aligned to our 2020 strategy: Growing with customers, Excellence in execution, and Partnering for shared success. More than 100 nominations were received in total, and three winners were chosen for each category.

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

A significant effort by Givaudan Business Solutions (GBS) to hire over 300 people was among the winners in the Excellence in execution category. The successful implementation of GBS very much depended on hiring the right talent to the organisation. And a 'thinking outside the box' approach was one of

the winners in the Partnering for shared success category. Our Sant Celoni site in Spain was selected as a pilot site for a funding initiative by the European Commission as part of its HyCool project, an innovative renewable energy project to promote the use of solar heat in industrial processes. For Givaudan, the project will lead to better utilities consumption and cost reductions in a sustainable way.

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





Communities

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

Key achievements in 2018:

– **Marathon run to raise malnutrition awareness.**

Employees took part in the Mumbai Marathon to raise funds for a hunger charity and to increase awareness of malnutrition and hunger. Money raised by the employees was matched by Givaudan India.

– **East Hanover Green Team helps Volunteers of America's Operation Backpack.**

Much-needed school supplies and extra Givaudan goodies were donated and packed in 40 bookbags for students aged 10-13 years as part of the annual school supply drive.

– **Healthy eye programmes.** Employees at our Jigani site in India continued their support for healthy eye programmes, in partnership with the Vittala International Institute of Ophthalmology (VIO) of Bangalore.

– **China shuttle buses go electric.** Givaudan's diesel shuttle buses are being replaced by electric vehicles in Shanghai, where air quality is a problem. The replacement programme has already resulted in significant cost savings and benefited the environment.

– **Rainwater harvesting in Mexico.** With the target of using less water from municipal sources, our manufacturing site at Cuernavaca has installed a 1,000 sq m rooftop system to harvest rainfall for various uses at the site.

– **Replacing metal drums with cardboard fibre containers.**

Metal drums have been replaced by cardboard fibre containers for the packaging of certain products at our Vernier site in Switzerland. They are more environmentally friendly, reliable, easier to use, and also have cost benefits.

– **Givaudan hosted a 3-day fragrance training programme for women at the Zaatari refugee camp in Jordan.** As part of a joint project with the London College of Fashion, UNHCR, UN Women, the ICRC and other NGOs, this soap and fragrance workshop was the first in a series of initiatives that has provided women with the technical expertise to begin small-scale manufacturing, a voice in their community and the confidence to train others.

GRI Disclosure 413 – 1

Success stories

Plastic: global challenge, local action

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

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

Providing water and sanitation for Haiti villages

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



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

Acquisitions

Expanding our capabilities, creating additional value

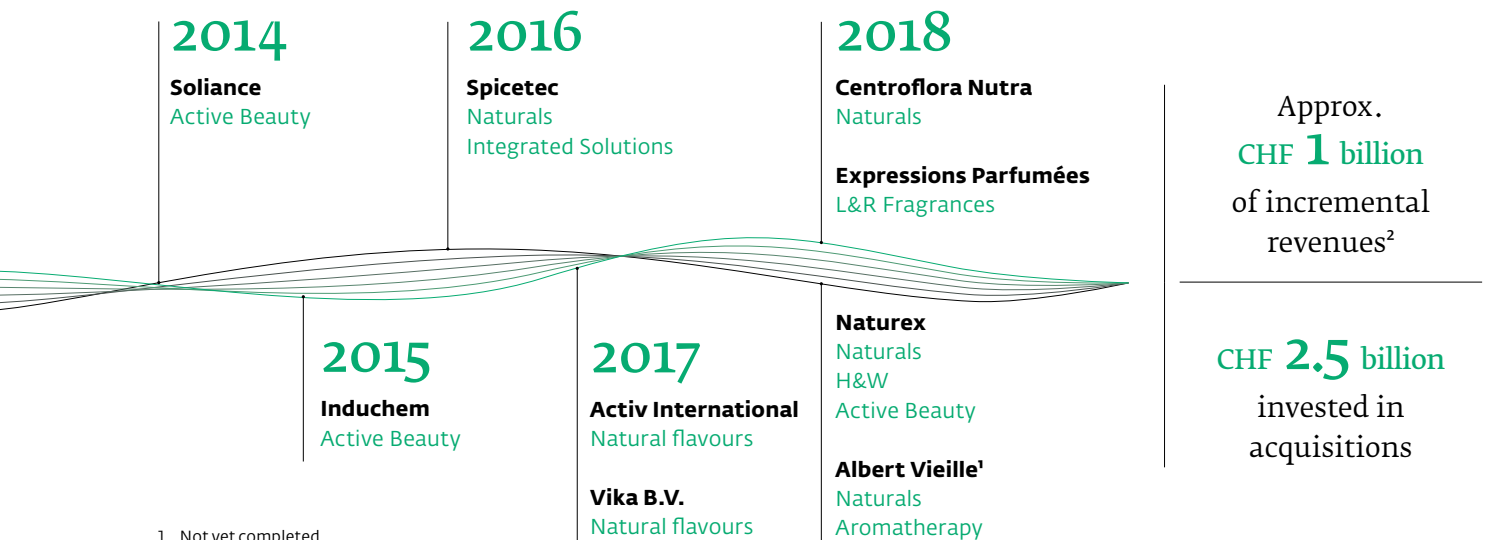
Acquisitions have always been a part of Givaudan's strategy to create value. Our 250-year heritage of growth and expansion is rooted in a drive to innovate products and solutions that 'engage your senses'.

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

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

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

Acquisition update: 2020 Strategy in motion



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

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

Building Active Beauty to become a key player in cosmetics ingredients

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

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

In September, with the acquisition of Naturex, the international leader in plant extraction and the development of natural ingredients and solutions for the food, health and beauty sectors, we are enhancing our portfolio of active cosmetic ingredients with the Naturex's botanical extracts and oils. Today, our customers appreciate the fusing of science and nature for innovative cosmetic solutions and our Active

Beauty business is well on track to achieve the sales target of CHF 100 million announced in our 2020 strategy.






Strengthening integrated solutions and natural flavours

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

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

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

Broadening our naturals portfolio in Flavours through acquisitions

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

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

Accelerating growth to gain leadership in Naturals

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

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

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

🔍 page 24, Our 2020 Strategy

Marking our presence in Grasse

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

With Expressions Parfumées, we are adding highly complementary capabilities in naturals and expanding our reach to local and regional customers. A pioneer in natural fragrance compounds, the company offers a range of perfumes designed to adapt to any production labelled 'organic'. In December Givaudan announced our intention to acquire Albert Vieille, a French

company specialising in natural ingredients for both fragrance and aromatherapy applications. With origins in Grasse dating back to 1920, Albert Vieille will bring unique know-how in the area of aromatic plants, pure essential oils and speciality natural ingredients. Both acquisitions will significantly enrich our fragrance palette of natural ingredients to satisfy growing consumer demand. They also mark our presence in Grasse, a region famous for its 'savoir-faire' in perfume making, and the home of our historic roots, where two of the most distinguished dynasties of perfumers started to shape the foundation for today's industry: the Chiris and the Roure families.

🔍 pages 20 & 22, Our 2020 Strategy

UNESCO CULTURAL HERITAGE

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

Evolving and enriching our unique culture

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

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

Givaudan today: shaped by historic acquisitions

Our historic buyout of Esolko in 1948 created the two main pillars of flavours and fragrances upon which Givaudan continues to thrive today. Our own acquisition by the Swiss multinational Hoffmann La Roche in the 1960s led to

the 1992 merger combining Roure's legendary success in luxury perfumes and naturals with Givaudan's expertise in functional fragrances, synthetics and flavours. Our journey then led us to acquire TasteMaker in 1997,

securing our US expansion, and to our transformative acquisition of Quest International in 2007, bringing Givaudan to the fore of the flavour and fragrance industry by adding expertise, scale and global reach.

A Sense of Tomorrow

Building a sustainable future



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

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

Consumers are increasingly aware of the unprecedented social and environmental challenges created by climate change,

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

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



Sourcing for Shared Value

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

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

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



Innovating Responsibly

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

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

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

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

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

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

Q Our Sustainability Approach
2018 Sustainability Progress Review

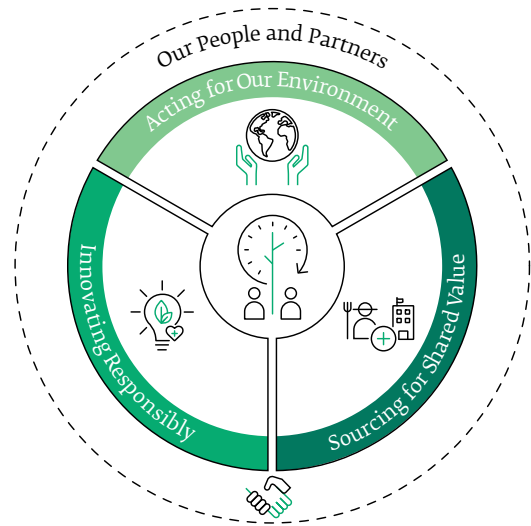


Acting for Our Environment

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

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

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



Meeting needs today. Defining what's next.



Our People and Partners

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

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

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

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

Megatrends

Positioned well in a fast-changing environment

Global megatrends express society shifts and rapidly changing consumer behaviours.

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

Global trends



A growing customer base ...

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



... living longer and more responsible lives ...

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



... in an increasingly interconnected world

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

Impact on Flavours

- Rise in spending on processed and ready-made foods with increase in disposable incomes
- Local and regional brands gaining relevance

Impact on Fragrances

- Expanding middle class driving demand for premium and exclusive products
- Increased spending in personal care and household products
- Development of speciality retailers

Givaudan's positioning

- Focus on key targeted areas with highest growth
- Local strategy adapted to high growth markets
- Targeted talent and capital expenditure investments

- Demand for good tasting products with reduced content of fat, sugar and salt
- Increased focus on organic, natural ingredients, natural flavours
- Consumer demand for clean and clear labels

- Increasing demand for unique, sensorial and visual experiences
- Growing demand for cosmetics in high growth markets
- Higher demand for natural and sustainably sourced raw materials

- Innovative resources dedicated to research in naturals
- Targeted acquisitions in Naturals, Health and well-being and Integrated solutions¹

- Increased consumer empowerment
- Reduced time-to-market for new products
- Increased demand for convenience food

- Bloggers play important role in shaping opinions
- Rising power of consumers who are dictating trends
- Increased demand for new products, quicker

- Digitalisation to identify and exploit consumer insights
- Product innovation to capture freshness, e.g. FreezeFrame®
- Innovation and research in ingredients and encapsulation

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