2017 Highlights
Partnering for shared success

Givaudan

engage your senses

2017 Highlights
Partnering for shared success

True partnerships with our key stakeholder groups are crucial in creating shared success and a sustainable future.

In nurturing these partnerships and as part of our 2020 strategy, we are determined to continue our industry-leading investment in innovation by increasing our network of strategic partners and expanding our natural, sensorial and cosmetic capabilities. We invest significantly in our talent and foster a great place to work. Furthermore, we enhance our responsible sourcing in collaboration with our suppliers and embrace our responsibility to minimise our impact on the environment while strengthening the social and economic fabric of the communities in which we operate.

Table of contents:

2017 in numbers
Strong financial performance

Sales of CHF **5.1** billion
up 4.9% on a like-for-like basis[1]

EBITDA of CHF **1,089** million

EBITDA margin of **21.6**%

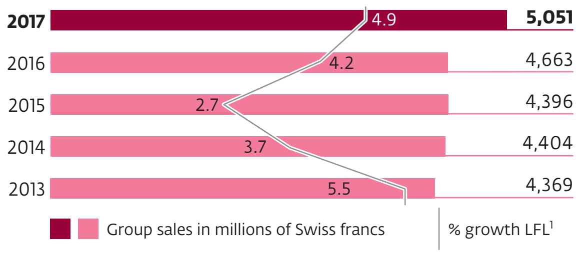
Net income of CHF **720** million
up 11.7% year-on-year

Free cash flow of **11.8**% of sales

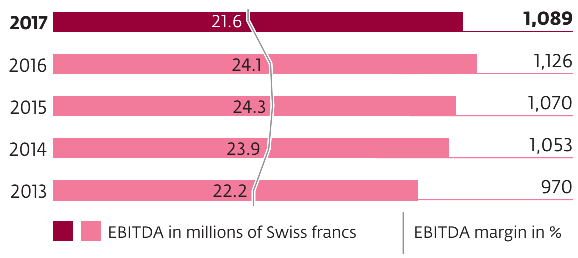
Proposed dividend[2] of CHF **58.00**
per share, an increase of 3.6% year-on-year

1. Like-for-like excludes the impact of currency, acquisitions and disposals.
2. Subject to shareholder approval at the AGM on 22 March 2018.

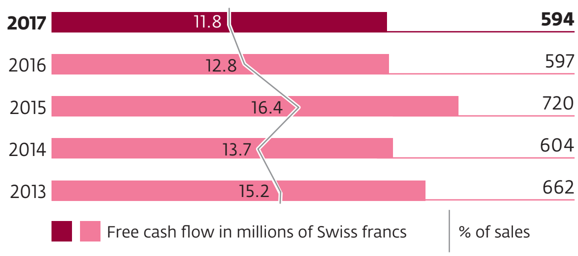
Group sales and growth rate



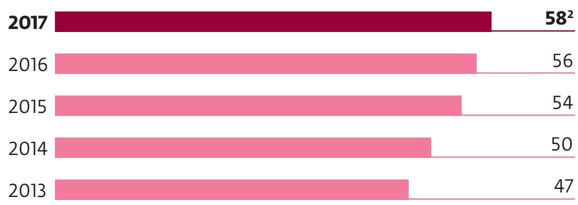
EBITDA and margin



Free cash flow



Dividend per share
in Swiss francs



Givaudan at a glance
Our business in 2017

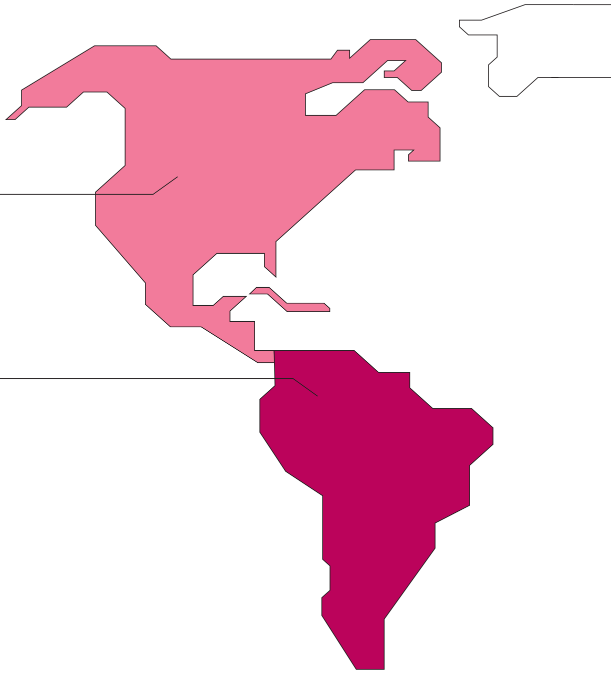
109	46	424 million	11,170
Locations worldwide	Production sites	R&D spend	Full time employees

Annual sales in mature markets

57%

Sales in North America
CHF 1,352 million
Production sites
9
Employees
2,231

Sales in Latin America
CHF 618 million
Production sites
6
Employees
1,471



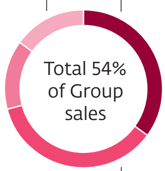
Flavour Division

We make life taste delicious
We are dedicated to expanding the world's expression through flavours by bringing moments of delight with delicious flavour and taste experiences. Our customers – global, international, regional and local – are in the food and beverage industry and span across key segments including beverages, sweet goods, savoury, snacks and dairy. We explore the globe for ingredients, innovate to bring our customers unique propositions, and delight millions of consumers around the world.

www.givaudan.com – our company – about Givaudan

13%
Sweet goods
Confectionery
Baked goods
Sugar confectionery
Chocolate
Chewing gum

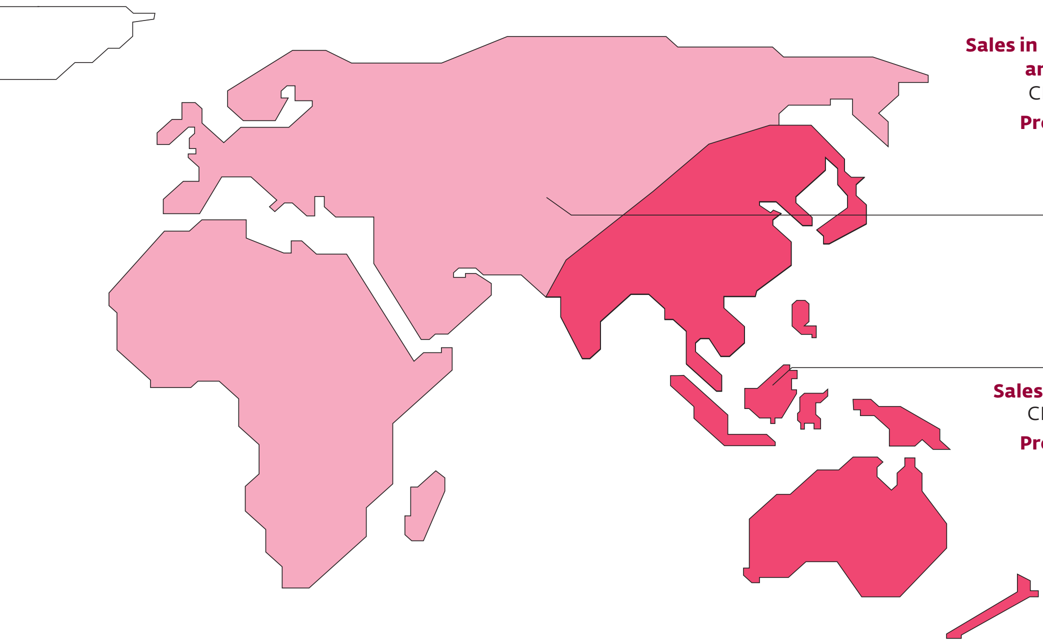
15%
Dairy
Ice cream and yoghurt
Desserts
Yellow fats (margarines)



33%
Beverages
Soft drinks
Fruit juices
Instant beverages

39%
Savoury
Ready-made meals
Snacks
Soups and sauces
Meat and poultry

19.2 million	GHG emissions	CDP score A	'A Sense of Tomorrow'
Hours worked safely	Science-based targets for 2030	Leadership level	A new sustainability approach



Sales in Europe, Africa and Middle East
CHF 1,723 million
Production sites
18
Employees
4,819

Sales in Asia Pacific
CHF 1,358 million
Production sites
13
Employees
2,649

Annual sales in high growth markets

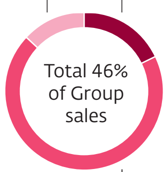
43%

Fragrance Division

We live to perfume life
The artistry of our perfumers encompasses a myriad of scented stories for brands everywhere. Our customers – global, international, regional and local – serve end-consumer markets with fragrances for personal, home and laundry care brands as well as prestige perfumes, which bring pleasure to millions daily. And for nature-derived beauty performance, our Active Beauty offers an extensive portfolio of award-winning active cosmetic ingredients designed by teams that harness the power of nature for cutting-edge cosmetics.

13%
Fragrance Ingredients and Active Beauty

18%
Fine Fragrances
Signature fragrances
Line extensions



69%
Consumer Products
Fabric and personal care
Hair and skin care
Household and air care
Oral care

Chairman's introduction
Creating value with our partners

Givaudan finished a successful second year of its 2020 strategy with strong business momentum. In 2017 we delivered solid topline growth and free cash flow generation, in line with our projected average 2020 financial targets.

On the basis of Givaudan's healthy performance in 2017, and its continued solid financial position, the Board of Directors will propose an increase in the dividend to CHF 58.00 at the Annual General Meeting on 22 March 2018. This is the seventeenth increase since our listing on the Swiss stock exchange.

The second year of our 5-year strategy cycle was marked by one of persistent external challenges in the market, requiring us to remain agile and adaptable. Raw material volatility continued, leading to higher prices in certain categories. In addition, consumers continued to demand more natural products, increasing expectations from our customers to develop more complex natural solutions. We take every challenge as an opportunity to expand and deliver long term value to our stakeholders. I have been impressed by the way in which the business is able to respond to these challenges, and continuously perform to remain the market leader.

The global economy is expected to continue to strengthen next year, with forecasts predicting 2.9% growth in 2018 – 2019[1]. Set against a more positive economic outlook, there will be continued headwinds from ongoing political, policy and economic uncertainties in many parts of the world. The widely documented global megatrends of a growing global population, increasing urbanisation and rising life expectation continue to have implications for the flavour and fragrance industry. Our 2020 strategy has been developed with these trends in mind, and I am confident we are in a strong position to take advantage of these opportunities afforded to us.

> I am confident we are in a strong position to take advantage of the opportunities afforded to us.

Being responsive to our customers' needs remains crucial, and in 2017 we made a number of investments to evolve our business. We started on our journey to implement Givaudan Business Solutions, the foundation of our 'Delivering with Excellence' pillar, which will allow us to deliver a superior customer experience. As part of our 2020 strategy to strengthen our offering for customers we acquired Vika B.V. and Activ International, and are successfully integrating these businesses into our portfolio. We also announced the acquisition of the Nutrition Division of Centroflora Group and are in exclusive negotiations with Expressions Parfumées. In line with our strategic ambition for high growth markets, we also continued to expand our footprint in India, Mexico, China and Singapore.

To support our growth ambitions, we focused many of our activities on our own Innovation programmes, particularly in the areas of naturals and biotechnology. Through ongoing connections and partnering with innovation ecosystems, we want to strengthen our external collaborations to identify

I have every confidence that Givaudan will continue its path of value creation in the years to come.

Calvin Grieder, Chairman

new opportunities and innovative solutions. Going forward, we will focus on exploring new business and engagement models with our partners, such as accelerators and incubators, to bring innovation faster to market. The impact of digitalisation provides many new opportunities to change the way we do business. In this area, we see ever more opportunities to harness the power of big data, and artificial intelligence to provide new products and new engaging experiences. The digital world also poses challenges around cyber security. We must respond by ensuring our systems are robust and keeping pace with the rapid developments in these areas.

We will continue with our strong focus on people development, ensuring we have a strong team at every level.

In 2017, Joe Fabbri, Head of Environment, Health and Safety (EHS) and Sustainability retired from the Executive Committee. Taking forward his responsibilities, Simon Halle-Smith, Head of Human Resources is now also responsible for EHS and Willem Mutsaerts will lead on Sustainability in addition to his Head of Global Procurement role. We also announced further changes to the Executive Committee in January 2018, as following a distinguished 23-year career at Givaudan, Mauricio Graber, President of the Flavour Division will leave Givaudan to take up the role of CEO at Chr. Hansen. We are fortunate to have a strong group of senior leaders and an excellent talent and succession programme at Givaudan, which has allowed us to appoint Louie D'Amico, currently Head of Flavours Americas, as the new President for the Flavour Division and a member of the Executive Committee, effective 1 April 2018. I'd like to extend my warmest thanks to both Joe and Mauricio for their significant contributions and many achievements at Givaudan.

We will continue with our strong focus on people development, ensuring we have a strong team at every level.

Looking forward, I have every confidence that Givaudan will continue along its successful path, growing with its customers, and delighting consumers with inspiring taste and scent experiences. Through organic growth, our active acquisition approach to find opportunities in adjacent spaces, and at the same time keeping our costs well managed, we are well positioned for the future and long term success.

Throughout the year, I've had the opportunity to meet many of our employees around the world, and I am very proud of the daily contributions made by each and every one of them to the success of Givaudan. My thanks and gratitude goes to my fellow members of the Board of Directors, the Executive Committee and all employees worldwide, for all of their hard work and support.

Finally, I would like to express my thanks to our shareholders and to you for your trust. Givaudan will continue with its long term value creation for all stakeholders in the years to come.

Calvin Grieder
Chairman

1. http://pubdocs.worldbank.org/en/997531493655496869/Global-Economic-Prospects-June-2017-Highlights-Chapter-1.pdf

Chief Executive Officer's review
Building strong partnerships with key stakeholders

Gilles Andrier, Chief Executive Officer, answers our shareholders' questions about Givaudan's performance in 2017, achieving the second year of our 2020 strategy, and outlook on key priorities for 2018.

What were Givaudan's major financial achievements in 2017?

With a set of solid results in 2016, the first year of our 2020 strategy, we continued through 2017 to maintain good business momentum against a backdrop of an improving environment in the second half of 2017. Our topline growth, with sales of CHF 5,051 million, an increase of 4.9% on a like for like basis, and 8.3% in Swiss francs, as well as our free cash flow of 11.8% of sales are both in line with the average financial targets we set for 2020. Our growth is well balanced between our Flavour and Fragrance divisions. We also continued to make strong operational progress across all areas of our strategic pillars of our 2020 strategy.

What were some of the challenges and how did you overcome them?

While we welcomed an improved external market environment through the second half of 2017, overall the market still remains challenging, particularly with pressure from our customers serving markets with fast and ever changing consumer desires. The pace of change shows no signs of slowing, and it is our ability to adapt and embrace change that allowed us to navigate these challenges and find new opportunities.

Following a prolonged period of weak macroeconomic growth in mature markets, we were pleased to see a return to a positive growth performance in the mature markets of Western Europe, the United States and Japan. There was good momentum in a number of high growth markets such as Africa and Middle East, as well as in high growth markets in Europe. We saw an improving growth momentum in other high growth markets, particularly in the second half of the year, in China. We remain positive these high growth markets will continue to be an important contributor to our growth.

We continue to accelerate our local and regional customer strategy, build our capabilities with naturals as well with more integrated solutions, and invest in the business with further expansion of our footprint, particularly in high growth markets. Foundations were laid for our new fragrance production hub in Changzhou, China, which will substantially increase our manufacturing capacity in the Asia Pacific region. We opened a new creative centre in Mexico City, which will bring us closer to key customers and their markets, in this region. A new fragrance encapsulation centre in Singapore, will begin operations in 2018, to enhance our leadership in encapsulation technology and production capabilities. We also continued to invest in our new flavours savoury facility in Pune, India.

Our recent strategic acquisitions, complemented by our procurement strength in naturals, position us as our customers' naturals solutions provider.

We continued to to make strong operational progress across all areas of our strategic pillars.

Gilles Andrier, Chief Executive Officer

Consumer demand for naturals continues to grow, particularly for flavours, where 43% of consumers consider an 'all natural' claim important to their purchasing decisions. We continue to respond to this through our recent strategic acquisitions, complemented by our procurement strength in naturals, to position us as our customers' naturals solutions provider.

What role did acquisitions play in supporting customer growth in 2017?

Our approach to acquisitions is to identify companies that strengthen or complement our existing capabilities, and allow us to provide even more solutions for our customers. We reached three important milestones this year in the Flavour Division with the acquisition of Activ International, and Vika B.V. and the announcement of the acquisition of the Nutrition Division of Centroflora Group. This supports our commitment to provide customers with a broader range of flavour and taste solutions that match consumer demands for clean label, organic and natural ingredients. We also continued to make good progress with the integration of Spicetec which is already resulting in new business opportunities.

To expand the capabilities of our fragrance business, we entered into exclusive negotiations to acquire Expressions Parfumées, a French fragrance creation house with a strong portfolio of local customers. They are also the first perfume house to have obtained the French Origin Guaranteed label and are pioneers of natural fragrance compounds. With each of these acquisitions, it is important we manage the integration as smoothly as possible, and work together to build the businesses.

What progress was made with Givaudan Business Solutions (GBS)?

Ensuring every customer interaction is excellent at every touch point remains fundamental to our business, and our new GBS organisation supports us to achieve this. It is the foundation of our 2020 strategy pillar, 'Delivering with excellence.' Following an extensive design phase, we started the implementation of GBS in the summer of 2017, through a phased approach beginning with Europe and APAC. GBS will provide best-in-class business services and solutions that support the Company to further improve our operational efficiency, and increase our agility.

GBS will provide best-in-class business services and solutions that support the Company to further improve our operational efficiency, and increase our agility.

We officially opened our new GBS centre in Kuala Lumpur in December 2017, which is strategically situated in Malaysia to enable Givaudan to deliver a superior customer experience as we continue to grow in the region and work towards achieving our 2020 ambition. In addition to Kuala Lumpur, we continued with the ongoing setup of two other regional GBS delivery centres, in Budapest and Buenos Aires.

What role did partnerships play in the delivery of the 2020 strategy for 2017?

Our collaborations with innovators, suppliers, employees and the communities, in which we operate, drive responsible and sustainable growth.

We are working with a number of external collaborators to create value through innovation. We started MISTA, a programme that focuses on delivering services to start-ups primarily in the Bay Area of San Francisco, and expands our New Product Development business model. We continue to be a founding partner of MassChallenge Switzerland, which allows us to connect and collaborate with high-tech start-ups that could help us transform our business, and we are in discussions with several of this year's finalists. Our investment in Sensorwake, a French start-up company, supports our ability to offer new opportunities for fragrance experience with the world's first olfactive alarm clock.

We officially launched DreamScentz™, an exciting patent-pending technology, linking fragrance with improving people's quality of sleep. This new technology was developed from years of research in our Sensory Centre of Excellence in Ashford. Other technology successes in 2017 include FreezeFrame®, to capture freshness and add taste and vibrancy to convenience food, and Givaudan Active Beauty's newest ingredient PrimalHyal™ Gold was awarded Best Colour Cosmetics Ingredients at the Global Beauty Industry Awards.

How we partner with our suppliers is also a key part of our 2020 ambition. To build on our commitment to sustainable procurement practices, we introduced 'Sourcing for Shared Value', an approach covering three core areas of: Responsible Sourcing, Sourcing at Origin and Communities at Source. It reinforces our contribution to preserving the environment, stimulating the well-being of communities from which we source, and safeguarding resources for the long term.

Investing in our people is a critical part of ensuring sustained success, through developing the skills of our people, promoting a diverse workforce and succession planning, these all contribute to fostering a great place to work. Our Leadership Senses programme reached an important milestone this year, with all four programmes of Begin, Grow, Evolve and Enhance up and running. Over 600 leaders have benefitted from this specific focus on leadership needs. This also supports our focus on great succession and talent planning giving people interesting and varied career opportunities, and ensuring we can look within to fill key positions as the need arises.

With sustainability a key enabler of the 2020 strategy, how will 'A Sense of Tomorrow' support this?

Sustainable business is important for us, for our customers, consumers and wider society. We are consolidating efforts in three key focus areas: sourcing, innovation and the environment, under the umbrella framework of 'A Sense of Tomorrow'. By further building sustainable practices into the way we source materials, develop products and reduce our environmental footprint, Givaudan will be better able to meet our customers' needs today while anticipating ever-evolving challenges for our industry, our environment and society as a whole.

> For the third year, we received recognition from CDP for our climate action leadership, and in 2017 we were awarded an overall ranking of A.

As part of our commitment to deliver on our 'Road to Paris' commitments, we will implement ambitious new science-based targets (SBTs) to reduce greenhouse gas (GHG) emissions. We want to reduce GHG emissions from our operations and energy supply by 30% by 2030, while having a goal to reduce GHG emissions from our supply chain by 20% over the same period. We also want to increase our use of renewable electricity and have committed to sourcing 100% electricity from renewable sources by 2025. For the third year we received recognition from CDP for our climate action leadership, and in 2017 we were awarded an overall ranking of A. We became a member of the World Business Council for Sustainable Development (WBCSD), working with over 200 leading businesses to transform global food systems.

What are the priorities for the business in 2018?

We remain focused on continuing along the path of delivering our 2020 strategy, being mindful of the shifting market environment and maintaining our customer focused mindset.

Responding to the rapidly evolving consumer preferences, and working with our customers, we will help them to make their brands desirable and successful. As required, we will pursue opportunities to acquire companies that further strengthen our capabilities. We will continue with the implementation of GBS, which will allow us to create the additional financial resources needed to continue growing with our customers in the years to come.

Responding to the rapidly evolving consumer preferences, and working with our customers, we will help them to make their brands desirable and successful.

Harnessing our culture of innovation will remain critical to ensure we provide our customers with the innovations they need, as well as find ways to do things differently to remain the market leader. We see many opportunities arising from digitalisation, in creating differentiated services and new ways of working with customers, partners and employees.

Our people are at the heart of our business, and we will continue to create a great a place to work where every employee is able to contribute to our success. This is supported by our strong and effective succession planning enabling us to appoint very experienced leaders from within Givaudan, and ensuring we are able to successfully execute our 2020 strategy.

2018 will mark our 250 years heritage of engaging people's senses, and our raison d'être remains, to inspire emotion through our creations every day, everywhere, as we strive for a better tomorrow.

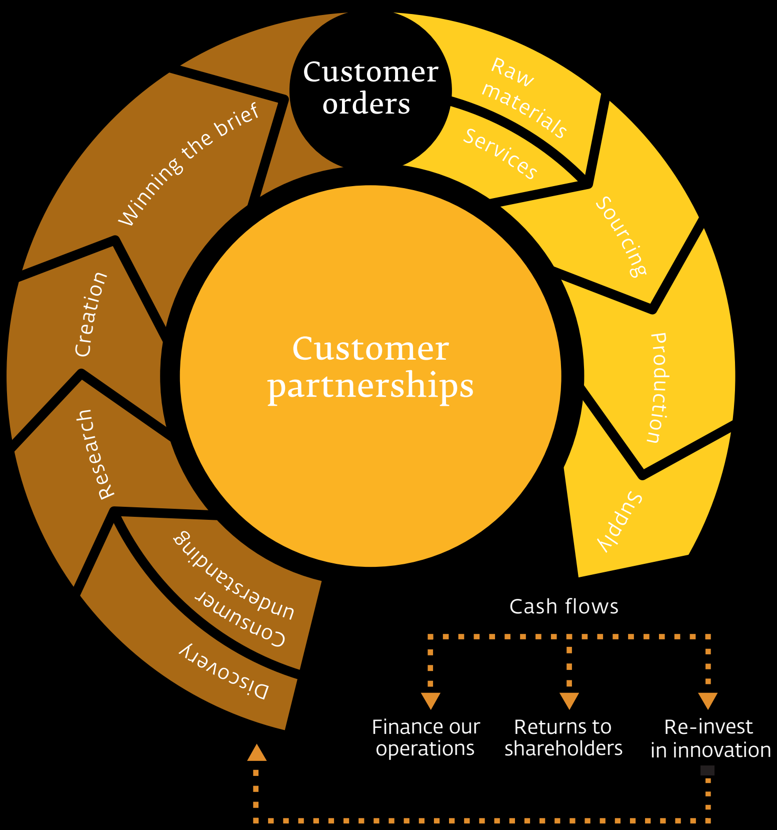
I am excited about the year ahead, and continuing our journey to deliver our 2020 strategy.

Gilles Andrier
Chief Executive Officer

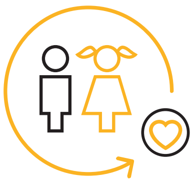
Our value chain
Focusing on our customers

We aim to deliver innovative, sustainable and high quality products to our customers, creating value through a superior customer experience.

Our 2020 ambition of 'Responsible growth. Shared success.' is a common goal that is about creating and sharing success with our customers. For us, success depends on how we best place our customers at the centre of our strategy, our execution and our day-to-day activities. We seek to be recognised by our customers for the way we truly engage with them across all touch points in our value chain. We know the importance of being able to customise to the needs of our global, international, regional and local customers.



Our capabilities
Delighting consumers with creative solutions



Consumer understanding

We travel the minds and lives of consumers around the world to create uniquely relevant and differentiated tastes and scents for our customers' brands

Global team experts in category understanding, cultural insight and sensorial decoding

Insights across countries, life-stages and gender

Agile global consumer-testing network

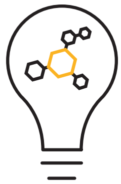
Creation

We are motivated every day to inspire delight and touch consumers' emotions

A team of passionate flavourists and perfumers

Close partnership with our customers

Unique product palette and ingredients



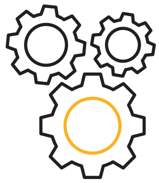
Innovation

Our culture of innovation drives us to enhance our competitive advantage sustainably, create new horizons for our business and offer leading-edge solutions to our customers

Pioneering research and development teams

Focus on the science of taste and smell

Broad product offering for diverse customer portfolio



Operational excellence

Our global operations and rapid speed to market make us a partner of choice, at our customers' service wherever they may be, whenever they need us

Global spread of operations, with local presence allowing rapid speed to market

Supply chain excellence, addressing customers' needs

Sustainable sourcing of raw materials

Our business model
Value creation at Givaudan

Capital input → Value enhancing strategy

Financial capital
- Equity of CHF 3,538 million
- Free cash flow 11.8% of sales

Safeguarding our reputation
- Highest ethical standards in our interaction with all our stakeholders
- Our values embodied in our Principles of Conduct

People and talent
- Leadership development at all levels
- Commitment to ensuring a diverse workforce
- Annual benchmarking studies for a competitive compensation offering

Innovation and Science & Technology
- Research and development investments of CHF 424 million
- Worldwide, 481 employees in Science & Technology
- Founding partner of MassChallenge, Switzerland

Operations
- 46 production sites in 22 countries
- Sourcing over 10,000 raw materials

Internal control mechanism

External	Financial and macro-economic	Megatrends

- Our business divisions – page 2
- Our value chain – page 10
- Our strategy – page 14
- 2017 Annual Report – our vision and mission – page 12

Value creation for our stakeholders → Outcome 2017

Value creation for our stakeholders	Outcome 2017
Customers – Delivering innovation and sustainable products to our customers – Responsible Sourcing Policy since 2016, and we aim to have 90% of our raw materials volume of natural origin to be sourced responsibly by 2020 – True partnership at each step of the value chain – Expanding our global presence to ensure customer proximity	Enhancing our position in naturals capabilities with the acquisitions of Activ International and Vika B.V. Opening of new creative centre in Mexico City and GBS centre in Kuala Lumpur
Employees – A diversified and fairly compensated workforce empowered to impact their world – Our leaders are equipped and trained for the future through targeted leadership programmes – Targeted technical and functional skills development and trainee programmes – Strong talent and succession planning offering broad career opportunities	11,170 jobs worldwide 600 leaders nurtured through the Leadership Senses programme Since 2012, 90% of top positions are internally staffed
Shareholders – Seventeenth consecutive increase in the dividend since our listing on the Swiss stock exchange[1] – Increase in share price	CHF 58.00 proposed dividend[1] CHF 20,794,035,672 market capitalisation
Innovators – Driving cross-divisional synergies and choices across innovation portfolios – Creating value through innovation to support customers today and tomorrow – Establishing strategic partnerships in different innovation ecosystems – Exploring business applications enabled by new digital trends	MISTA programme started: focusing on delivering services to start-ups One-time investment in Sensorwake A three-year collaboration with CentraleSupélec
Suppliers – Long-term partnerships and direct presence and collaboration in countries of origin with producers and suppliers – Partnering with suppliers to reduce the carbon footprint of purchased goods and services – Unlocking capabilities through supplier-enabled innovation in order to boost our mutual innovation power	SOMAVA, a new joint venture agreement with Henri Fraise & Fils. 100% of our Madagascar vanilla beans from 2017 harvest will come from this new JV Supplier partnerships and long-term agreements to secure supply and reduce price volatility
Communities – Supporting local communities from which we source through social and environmental projects – Local Green Teams engaged in social activities in the communities in which we operate – Supporting the Givaudan Foundation to safeguard the future of communities and their fragile environment	Fair for Life certification for our clove leaf oil production Active Green Teams on 61 Givaudan sites A total of CHF 1,503,925 was directed to charitable spending for local communities

Internal control mechanism

Sustainability	Regulation

1. Subject to shareholder approval at the AGM on 22 March 2018

Our 2020 strategy
Responsible growth. Shared success.

Our 2020 ambition is about creating value for our stakeholders through sustainable and responsible growth and about shared success.

Being the partner of choice for our customers is a strategic ambition, and the measure of this ambition is the value we create with customers through sustainable, responsible growth.

Part of being the partner of choice is shared success with our employees, suppliers, and our partners in science and technology, all of whom are critical in delivering on this ambition.

Our 2020 ambition is to create further value through profitable, responsible growth by building on the three strategic pillars of growing with our customers, delivering with excellence, and partnering for shared success. This growth ambition translates into financial targets of an average 4 – 5 % sales growth and an average 12 – 17 % free cash flow over a five-year period by 2020.

Two years into our strategy, we remain on track to achieve our financial targets and continue to make strong operational progress in each of our strategic pillars.

4 – 5 % Average organic sales growth[1]	12 – 17 % Average free cash flow as % of sales[1]	Partner of choice
Growing with our customers	**Delivering with excellence**	**Partnering for shared success**
High growth markets; Health and well-being; Consumer preferred products; Integrated solutions	Excellence in execution	Innovators; Suppliers; People; Communities

1. Over a five-year period by 2020

Growing with our customers
Leveraging capabilities to drive success

4.9% Organic sales growth

With customers at the heart of our business, we leverage our knowledge of markets and consumer preferences to help customers grow their brands.

We set an ambitious financial target of 4 – 5% average organic sales growth over the five-year period by 2020, and are well on track in 2017 with sales of CHF 5,051 million, an increase of 4.9% on a like-for-like basis.

High growth markets

We focus our resources on further building our presence in markets where we see high growth opportunities and can accompany our customers in growing their business.

Key achievements in 2017:

- **Celebrating Silver Jubilee in Singapore.** Our site in Singapore celebrated a great milestone: 25 years of success and achievement in the market.

- **New fragrance encapsulation centre in Singapore.** With foundations laid and operations expected to start in 2018, the centre will enhance our leadership in encapsulation technology and production capabilities.

- **Fragrance Creative Centre opened in Mexico City.** Strategically situated close to key customers and their markets, the new centre offers expertise in fragrance creation together with custom-built fragrance evaluation services.

- **China fragrance production hub.** Foundations were laid during the year for our new facility in Changzhou, Jiangsu province, which will substantially increase our manufacturing capacity in China. With a total investment of about CHF 100 million, it is our largest investment in China to date.

Success story

Celebrating a flagship site

Since opening in 2012, our Makó manufacturing facility in Hungary has enabled us to meet increasing customer demand for speed, agility and quality. With its large capacity of production and its high level of automation, the site has reached new standards in delivering with excellence for our customers.

Celebrating five years of operations, Makó has achieved many milestones in key areas such as service, quality, cost, safety and sustainability. The site not only represents Givaudan's leading position in the industry, but also demonstrates to customers how we constantly strive to deliver a superior customer experience.

Givaudan Flavour production site, Makó, Hungary

Success story

Cultivating innovative thinking and sharing

Our new Fragrance Creative Centre in Mexico City provides an environment that cultivates innovative thinking, sharing and collaboration while bringing us closer to key customers and their markets.

With about 2,800 square metres of space, the new centre hosts our creative and development teams, application and technology labs, marketing and consumer market research, as well as our commercial teams for Mexico and Central America. It will play an important role by offering expert craftsmanship and a deep knowledge in fragrance creation together with custom-built fragrance evaluation services to deliver the finest quality perfumes.

Our business in Mexico began in 1949 and since then we've been innovating and developing as consumers' tastes change and evolve. Today, by enhancing our creative capabilities in Mexico and Central America, we are supporting long-term business growth in the region, a key market in our 2020 strategy.

New Fragrance Creative Centre, Mexico

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 2017:

- **Taste attributes playing a key role in the success of healthy products.** We made significant headway supporting customers in many areas of taste including thinking beyond sugar replacement, and advancements in taste technologies to deliver delicious plant and dairy proteins in nutritional beverages and meat analogues.

- **Awards for Revivyl™.** We made progress with microbiome, winning two major industry awards for a unique microbiome-based ingredient and gaining market success.

- **Partnership with Draco Natural Products.** A strategic partnership was established for the development of a new proprietary line of bioactive botanical ingredients, based on Chinese traditional medicine, for our Active Beauty business. Draco's expertise in effective naturally derived products will bring innovative solutions to our ingredients portfolio.

- **BisaboLife™ launched by Active Beauty.** This sustainable molecule, produced by an exclusive fermentation process, is fully bio-sourced and cares for a sensitive skin and scalp.

Success story

Thought leadership in sustainable foods

We have a comprehensive strategy addressing growing need and demand for natural ingredients, clean labels, sustainability and products that support health and well-being, with a strong focus on Naturals.

Part of communicating our expanding Naturals capabilities and thought leadership in this area was through sponsoring and presenting at the four Sustainable Foods Summits during 2017 – in San Francisco, Amsterdam, São Paulo and Singapore – where we had the opportunity to contribute to discussions on key sustainability topics with senior executives from across the industry. This partnering for shared success will help us to grow with our customers, a key pillar of our 2020 strategy.

Success story

Beauty from the natural world

In our search for sustainable alternatives for the beauty market, we have launched a new ingredient that is fully bio-sourced and takes care of sensitive skin and scalp by fortifying and soothing the skin while restoring its comfort.

BisaboLife™ meets demands from consumers who are increasingly integrating health and well-being into their daily lives and are aware of sustainability concerns. For our customers, it provides an innovative solution to meet these demands by allowing them to replace ingredients from unsustainable sources. Brands love this new biosourced and natural soothing material which helps care for consumers with sensitive skin.

The new ingredient brings together our knowledge and expertise in science and technology to innovate responsibly, and we are committed to developing new and innovative products for our customers that respect sustainable processes as well as the environment.

Success story

Reinventing citrus

The citrus family is an important part of our perfumers' palette, and we are re-inventing these ingredients to provide building blocks for our creative teams so they can be even more inspired.

We have modernised this olfactive family by sourcing the best qualities at origin and combining them with our creative approach of crafting with purpose. And we have combined different crafting techniques to deliver an olfactive vision for our perfumers, resulting in an exclusive citrus collection appealing to customers for its differentiation of top notes to base notes.

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 2017:

- **Expanding our natural flavour portfolio.** Our procurement strength in naturals and our existing knowledge base and expertise in natural flavourings combined to position us as our customers' naturals solutions provider.

- **Creating awareness in naturals.** Unique posts about naturals were shared across all of the Company's social media channels as part of Flavour Division's digital campaign, designed to showcase our expanding capabilities in natural flavours and natural food solutions.

- **Condé Nast partnership.** We trained students in fragrance appreciation and understanding at Condé Nast's Center of Fashion & Design in Shanghai, engaging Chinese consumers in the universe of perfume.

- **Reinventing citrus.** We source the best qualities of citrus essential oils from Italian suppliers and with innovative crafting technologies to create new exclusive ingredients: seven ingredients have been added to our perfumers' palettes bringing new olfactive signatures to consumers from fizzy green notes to long lasting citrus effect.

- **Negotiations to acquire Expressions Parfumées.** This acquisition will expand our presence with local and regional customers, and grow our capabilities in natural ingredients.

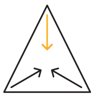
Success story

Consumers demand naturals

Naturalness is an important demand driver in today's FMCG markets, with consumers increasingly looking for products they can trust from recognised natural sources.

Natural flavours make up a large part of Givaudan's global flavour sales, and over 90% of our innovation resources are dedicated to research in naturals. Sales of natural flavours are growing rapidly with 43% of consumers considering an 'all natural' claim important to their purchasing decisions.

Our recent strategic acquisitions, procurement strength in naturals and existing knowledge base and expertise in natural flavourings make us our customers' naturals solutions partner.



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.

In 2016 we completed the acquisition of Spicetec Flavours & Seasonings, strengthening the breadth of our industry-leading natural ingredients, flavour and taste solutions. In 2017 we further continued to expand our capabilities in naturals and integrated solutions, bringing added value to customers. These acquisitions included:

- **Activ International,** acquired in January, which strengthens our capabilities in natural savoury solutions and extracts;
- **Vika B.V.,** acquired in September, which extends our portfolio of natural dairy solutions and extracts;
- **Centroflora Nutra,** the nutrition division of Centroflora Group, which will further build our global offering of natural extracts and expand our presence in Brazil. We announced our intention to acquire this company in September.

Success story

Growing our portfolio beyond flavours

Givaudan seeks to ensure responsible growth and shared success for shareholders, customers and all key stakeholders. Part of this growth strategy is integrated solutions and naturals, where we can grow our business in ways that go beyond our core flavour and fragrance capabilities.

In naturals, for example, our existing knowledge and expertise in natural flavours has been strengthened even further with the recent acquisition of companies that bring complementary capabilities to enhance our customer offerings.

The portfolios of these companies – Activ International, Vika B.V. and Centroflora Nutra – strengthen our Company's value proposition to customers and enable new opportunities for growth in our natural flavour offerings. For Givaudan, Activ brings a range of natural and organic flavours; Vika brings a broad set of natural dairy and savoury solutions; while Centroflora Nutra brings manufactured botanical extracts and dehydrated fruits.

It's all part of our strategy of growing our business through naturals and integrated solutions.

Delivering with excellence
Driving excellence across the value chain

11.8% **Free cash flow as % of sales**

With customer needs in mind, we drive excellence across the value chain in delivering our products, services and business processes.

We have set an ambitious financial target of 12 – 17% average free cash flow as a percentage of sales and, with 11.8% free cash flow in 2017, we are on track to achieve our 2020 target.

Excellence in execution

Givaudan Business Solutions
Givaudan Business Solutions (GBS) is the foundation of our commitment to deliver with excellence and is designed to improve internal efficiencies, leverage best practices from across the organisation and increase our agility. GBS will enable us to offer our customers a superior experience and contribute to meeting our 2020 financial targets.

We have a comprehensive approach supporting the organisation during GBS implementation, and we are building on our strong position to create the structure that best fits Givaudan, doing so progressively over the next three years.

Key achievements with GBS in 2017:

- **Implementation started.** We started the implementation of GBS for pilot sites in Europe and for a limited scope of activities in Asia Pacific.
- **Activities moved.** The activities of the former Givaudan Finance Services were moved into GBS, with the Budapest and Buenos Aires locations established as the GBS centres for Europe and the Americas respectively.
- **Asia Pacific centre opened.** Kuala Lumpur, Malaysia is the location of the GBS centre for the Asia Pacific region. The centre was inaugurated in December 2017.

Success story

Welcoming our new GBS delivery centre in Kuala Lumpur

We officially opened our new Givaudan Business Solutions (GBS) delivery centre in Kuala Lumpur at the end of 2017. The centre is strategically situated in Malaysia to take advantage of its talent and technology.

Initially focusing on finance and procurement services, the centre will begin implementing the full range of GBS activities in 2019 and be home to the business services and solutions that will form a platform for the Company's growth in this region.

New GBS delivery centre in Kuala Lumpur

Information Management & Technology (IM&T)
As part of GBS, our IM&T teams offer continued support to our business. By optimally leveraging digital trends and technology, they develop differentiating services and new ways of working with our customers, partners and employees. This is achieved by using state-of-the-art technologies in processes such as supply chain, master data management and procurement to make them faster and smarter.

Key achievements for IM&T in 2017:

- **CentraleSupélec collaboration.** We established a three-year partnership with this French institute of research and higher education in engineering and science which will focus on data science applied to our world of taste and smell.

- **GBS enablement.** We were able to offer GBS the best of starts, thanks to the delivery of digital solutions in areas such as advanced planning and service management, leveraging artificial intelligence and robotics process automation techniques.

- **Soliance, Libragen, Induchem France and Spicetec integrated.** These recently acquired companies were integrated into Givaudan systems, in support of our 2020 strategies.

- **Educative beauty app developed.** A new app for Active Beauty is to be used by experts to share Company advances in scientific expertise with customers and consumers worldwide.

Superior customer experience
From innovation to sales, our business divisions drive initiatives to ensure we deliver with excellence and offer a superior customer experience.

Key achievements in 2017:

- **Superior Customer Experience (SCE).** Our Flavour Division introduced SCE, engaging all employees through an SCE programme. SCE is about making our customers feel valued, confident and understood, by creating positive impact and consistently great experiences at all points of contact.

- **SCE core principles.** Six core principles make it easier for Flavours employees to understand SCE. These core principles are anchored in our DNA, define our behaviour in the working environment and help us build our customer-centric culture. For employees in all roles, the principles make it easier to understand what SCE means.

- **Top supplier awards.** Consumer products and fine fragrances customers from around the world awarded us for our creativity, sustainability and collaboration.

Excellence in operations
We are fully committed to excellence in climate action and are implementing an ambitious agenda in taking action for the environment across our operations and beyond.

Key achievements in 2017:

- **Science based targets.** We announced ambitious science based targets to reduce absolute Scope 1 and 2 GHG emissions by 30% between 2015 and 2030. We also aim to reduce Scope 3 GHG emissions by 20% over the same period.

- **CDP 'A' listing.** For the third year, we gained a listing on CDP's 'A' list of companies leading the corporate response to climate change.

Success story

Delivering excellence in manufacturing operations

The Flavours manufacturing network has 34 manufacturing and six distribution sites which produce hundreds of thousands of tonnes of ingredients and finished products each year.

This is a vast network and every improvement in efficiency, responsiveness, quality, sustainability and safety helps us move towards greater excellence in manufacturing operations.

Flavours Operations uses Lean methodologies to simplify processes and reduce waste, helping our teams to deliver efficiently and effectively. Our operations costs, for example, are now the lowest they have ever been.

In 2017, our Operations teams in Singapore and São Paulo, Brazil were both awarded Lean Silver-Gold certification, the first Givaudan Flavours manufacturing sites globally to achieve this accreditation.

Partnering for shared success
Building to be the partner of choice

Partner of choice

We nurture and value true partnerships with our key stakeholder groups for shared success. These collaborations, which drive responsible and sustainable growth, are with innovators, suppliers, employees and communities in which we operate.

Innovators

Driven by a culture of innovation, we create new horizons for our business and offer differentiated and sustainable solutions to our customers. By connecting and collaborating, we want to strengthen internal and external collaborations for a Company-wide, holistic approach to partners, customers and suppliers.

Key partnerships in 2017:

– **Start-ups targeted.** We piloted MISTA, a programme that focuses on delivering services to start-ups primarily in the Bay Area of San Francisco and expands our New Product Development business model which targets emerging start-ups in the food and beverage industry.

– **Academic partnership.** Students at the University of California, Berkeley are involved in a market opportunity to transform the meat industry. We are helping students create flavours and aromas for enticing non-meat proteins.

– **Sensorwake investment.** A one-time investment was made in Sensorwake, a French start-up company leading innovation in the consumer technology sector and which is responsible for creating the world's first olfactive alarm clock.

Our divisional and global Science & Technology teams drive value in innovation. Achievements by these teams during 2017 helped to create value through innovation, supporting and growing the business today and looking for opportunities for business growth tomorrow and the day after tomorrow:

– **Freshness captured.** Launch of FreezeFrame® in Flavours: a technology for capturing the moment when ingredients are at their freshest. It brings a fresh taste and vibrancy to convenience food as if fresh ingredients were just added.

– **Cheese capabilities boosted.** We strengthened our capabilities in cheese with the acquisition of Vika.

– **Protection on delivery systems expanded.** We continued to build our delivery systems portfolio with the granting of seven additional patents and six newly filed.

– **Mechacaps® Kiln launched.** This is a novel delivery technology for controlled fragrance release in powder and liquid detergents, including single unit doses.

– **Global Beauty Industry Award.** We gained Best Colour Cosmetics Ingredient award for PrimalHyal™ Gold, a new ingredient from Active Beauty. Created by means of sustainable manufacturing processes, the ingredient allows the incorporation of hyaluronic acid in oil-based formulas such as pressed powder, body oil and suncare oil.

– **Juicy bloom booster.** A very potent and diffusive fruity and nature-identical odorant, Esterly™, was added to the perfumers' palette. It supports and boosts juicy, matured and fruity impressions, and adds a remarkable radiance and signature to many perfumer creations.

– **Sleep quality optimised.** We launched DreamScentz™, a patent-pending Fragrance technology to optimise the quality of sleep. Through the link between fragrance, positive mood states and a proper night's sleep, we strive to provide breakthrough solutions for people to sleep better.

– **Fine Fragrance with skin protection announced.** Active Beauty unveiled a concept called [Yu], a patent-pending innovative fine fragrance featuring the active ingredient Revivyl™, a holistic skin renewal accelerator.

– **Matcha tea inspired.** Tea Dione™ was added to our perfumers' palette. It originates from a successful research programme as a nature-identical version of a molecule found in matcha tea and praised for its clean, milky matcha green tea note refreshed with anisic facets.

Success story

Adding vibrancy with freshness flavour solutions

We all know that 'first burst' of freshness in foods, the vibrancy of freshly added ingredients. But it's a joy that may not always be there, especially in convenience foods.

Our Flavours teams have developed a range of freshness flavour solutions using FreezeFrame®, a technology to capture freshness and add taste and vibrancy to convenience foods.

Launched in 2017, initially in a range of seven top notes and taste solutions, the new innovation fits with our existing flavour solutions and is a direct response to strong consumer demand for fresher tasting convenience foods.

It's an innovative approach that grew from Givaudan's Chef's Council in New York, where we explored with some of the world's leading chefs what makes a freshly prepared eating experience. It helped us understand what freshness perception means and translate the taste of freshly prepared food into vibrant flavour solutions that will revitalise the eating experience of convenience foods.

Success story

MassChallenge: strengthening collaboration

Becoming a founding partner of MassChallenge Switzerland in 2016 was a key step for us in fostering a culture of open innovation. It's a great opportunity to connect and collaborate with hi-tech start-ups that could transform our business and shape the future industry landscape.

During the MassChallenge accelerator programme in 2017, for example, we talked with several finalists, one of them being the Swiss start-up Sleepiz, which offers contact-free solutions to measure a patient's vital signs to enable a diagnosis of sleep disorders in the home environment. From 2018, the MassChallenge platform will be used as a foundation for the European Institute of Innovation & Technology (EIT) Food Accelerator Network.

MassChallenge awards ceremony, November 2017

Success story

DreamScentz™ – offering sweet (smelling) dreams

Waking from your night's sleep feeling relaxed, revitalised and refreshed may no longer be just a dream, thanks to research from Givaudan that demonstrates the power of fragrance in improving the quality of sleep.

A patent-pending technology that uses the power of scent to enhance the quality of sleep, DreamScentz™ is based on the link between fragrance, positive mood states and a proper night's rest. With consumers increasingly looking for help to gain a better night's sleep, DreamScentz™ could be the innovative breakthrough solution sought by people around the world. It's about turning the power of scent into a science that will also add value to our customers' products.

Suppliers

We seek to generate maximum value with suppliers through long-term and sustainable partnerships. These collaborations aim to create mutual value on 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 2017:

- **Supplier partnerships extended.** We created additional partnerships and long-term agreements with suppliers to secure supply and reduce price volatility.
- **'Sourcing for Shared Value' introduced.** A comprehensive approach was announced that further strengthens our long-term commitment to sustainable procurement practices.
- **Vanilla bean agreement.** A joint venture agreement with Henri Fraise & Fils, called SOMAVA, gives us access to 70 years of experience in sourcing and curing vanilla beans from Madagascar.
- **Guarana supply secured.** This agreement concerns the long-term supply of guarana and helping local communities by working in partnership with a local supplier in Brazil to support a cooperative of over 80 producer families in the southern Bahia region. The venture contributes to securing a stable source of income for the producer families.
- **Supplier Enabled Innovation.** A new Procurement Innovation team was appointed to accelerate the creation of mutual value through Supplier Enabled Innovation.
- **Indirect Materials and Services.** We worked closely with suppliers in several areas in Indirect Materials and Services such as logistics, maintenance and packaging to identify and implement joint improvement projects.

Success story

Sourcing for shared value

Givaudan is committed to ensuring that all of our raw materials are produced in a way that respects both, people and the environment. Our comprehensive approach, Sourcing for Shared Value, builds on this long-term commitment to sustainable procurement practices. It reinforces our contribution to preserving the environment, stimulating the well-being of communities from which we source, and safeguarding resources for the long term.

By embedding social and environmental purpose in the way we source, we can best respond to our customers' evolving needs and the increasingly stringent demands of consumers for more sustainable, healthier and differentiated products.

Success story

Creating mutual value

Close collaboration with suppliers and driving cross-divisional synergies are two factors enabling us to create new value. An example of Supplier Enabled Innovation during the year was an exclusive partnership with a flavour supplier that allows our perfumers access to innovative, natural and sustainable apple oil.

Taking the purée from juice production to craft this delicious apple oil offers a super-premium product that brings a true, natural green apple top note to the fragrance pallet for the first time. It's the sort of value-creating collaboration that is a focus for our Procurement Innovation team, formed in 2017.

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. To ensure sustained success, we develop the skills of our people, nurture a pipeline of industry experts and future leaders, and strongly promote a diverse workforce that works in an agile and collaborative way.

Success story

Engaging creativity in attracting talent

Designing engaging material to attract today's talent and finding ways to strengthen our employer brand in a creative way, has helped promote Givaudan as employer of choice – both on a global and local level. During 2017, we launched an engaging employer branding film and developed customised digital material supporting local recruitment activities. This multimedia material included employee photographs and testimonials, a dedicated webpage as well as advertisements on a mix of digital channels. At the HVG Job Fair in Budapest, we won the prize for "most creative approach to attracting talent", an encouraging recognition of our creativity.

www.givaudan.com – careers – job search – budapest

Key achievements in 2017:

- **Talent management developed.** We continued to build development plans in our talent management process. Our Global HR talent council met four times during the year to discuss cross-business talent development. The Executive Committee, in addition to the in-depth talent reviews at the beginning of the year, held dedicated talent reviews at the EC meetings throughout 2017.
- **Masterclasses extended.** Our investment in targeted technical and functional training continued with Masterclasses now in place in both our business divisions. We also organised academies for finance and controlling, and IM&T.
- **Leadership Senses completed.** Designed to strengthen our leadership capabilities, four Leadership Senses programmes are now established, completing the rollout. Over 600 leaders have benefitted from the programme's focus on specific leadership needs.
- **Flavourist trainees graduated.** Our global Flavourist School programme ensures all flavourists are trained in the same curriculum. Graduation of flavourist trainees took place in EAME and Asia Pacific.
- **Employer branding boosted.** An employer branding film was launched to strengthen our global employer brand.
- **'Pay for Performance' strengthened.** We strengthened our 'Pay for Performance' philosophy and increased transparency of pay linked to individual job levels.
- **ONE Givaudan piloted.** An engaging global onboarding programme called ONE Givaudan was piloted. A first for us, the programme reached 90 participants in pilots in four global locations.

Success story

ONE Givaudan Onboarding new employees

Our people bring enormous value and strengthen our business. This is why it is important for us to integrate our new employees from the very start. We are committed to providing a solid foundation to set them up for success.

Launched in 2017, ONE Givaudan offers a holistic and engaging experience for new employees across all regions. Global onboarding, a first for us, ensures that new joiners acquire fundamental knowledge about our Company and its rich heritage, our business and our DNA. Internal experts deliver the sessions with passion, communicating their expertise and the value we bring to our customers.

Participants have shared an appreciation of the content and the opportunity to network with experts and peers from across the organisation. They leave with a great sense of pride, motivated and engaged to begin their journey.

"This is such a great opportunity to leverage the diversity of our new joiners across our regions and introduce them the value chain that puts the customers at the heart of everything we do. We have created a shared experience where we come together to be part of ONE Givaudan." Michèle Telio, Global learning and development consultant.

Participants at ONE Givaudan

Communities

Local communities where we source raw materials contribute to our business. We are committed to working together with these communities in causes that benefit them and our raw material supply chain. Our cross-functional site Green Teams are dedicated to driving local sustainability activities.

Key achievements in 2017:

- **Waste management progress.** Our Cuernavaca site in Mexico continued to make progress towards their sustainability goal of zero waste to landfill by 2020. Further site initiatives in 2017 included identifying local waste management partners who can guarantee disposal with positive environmental effects.
- **Recycling citrus oil.** Our Riverfront site in Pudong, China has found ways of reusing citrus oil, a by-product of flavours production. Two local companies now use the oil so we can avoid incineration and related energy consumption.
- **'Year of Giving'.** Employees in Dubai gave their support to the 'Year of Giving' initiative by the United Arab Emirates president through blood donations and donations of clothes, toys and books to labour camp workers.
- **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 (VIIO) of Bangalore.

Success story

lifestyle@givaudan – it's a winner

If you were lucky enough to visit our site in Dubai during 2017 you might have been surprised to see employees dressed in the national costumes of countries around the world, or cycling 'around the world' (statically), or even watching a movie. You might have even noticed them dancing, or cooking, or in yoga and meditation sessions.

Over 20 activities in three categories – wellness, nutrition and fitness – were delivered over 12 months, helping 85 employees become fitter, healthier, engaged and fully on board this enterprising initiative, lifestyle@givaudan.

Financial highlights

Givaudan completed the year with good business momentum and with the project pipeline and win rates being sustained at high levels. The good growth was achieved across all product segments and geographies, with recent acquisitions all contributing positively. The Company continues to implement price increases in collaboration with its customers to fully compensate for the increases in input costs.

Performance review
Strong financial performance

Performance review – Group

For the year ended 31 December, in millions of Swiss francs, except where indicated otherwise	2017	2016	Percentage change
Sales and results			
Group sales	**5,051**	**4,663**	**8.3 %**
Like-for-like sales growth (in %)	**4.9 %**	**4.2 %**	
Gross profit	**2,250**	**2,128**	**5.7 %**
as % of sales	44.5 %	45.6 %	
EBITDA [1]	**1,089**	**1,126**	**(3.3 %)**
as % of sales	21.6 %	24.1 %	
Operating income	**869**	**875**	**(0.7 %)**
as % of sales	17.2 %	18.8 %	
Income attributable to equity holders of the parent	**720**	**644**	**11.9 %**
as % of sales	14.2 %	13.8 %	
Balance sheet and cash flows			
Operating cash flow	**861**	**805**	**7.0 %**
as % of sales	17.0 %	17.3 %	
Free cash flow	**594**	**597**	**(0.5 %)**
as % of sales	11.8 %	12.8 %	
Total assets	**7,309**	**6,514**	**12.2 %**
Equity in % of Total assets	48.4 %	50.6 %	
Net debt	**1,074**	**930**	**15.5 %**
Leverage ratio (in %)	**21 %**	**19 %**	

1. 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.

Note: Like-for-like excludes the impact of currency, acquisitions and disposals

Business performance – Group

Group sales
Givaudan Group full year sales were CHF 5,051 million, an increase of 4.9% on a like-for-like basis and 8.3% in Swiss francs when compared to 2016.

Gross margin
The gross margin was 44.5% compared to 45.6% in 2016. Despite continued productivity gains and cost discipline, the decline in the gross margin was mainly due to the dilution arising from the pricing actions to fully compensate for increased input costs.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)
The EBITDA was CHF 1,089 million in 2017 compared to CHF 1,126 million in 2016, a decrease of 3.3% in Swiss francs and 3.8% in local currency. The EBITDA margin was 21.6% in 2017 compared to 24.1% in 2016. The reduction is largely attributed to the costs incurred in relation to the Givaudan Business Solutions (GBS) programme with full year costs of CHF 107 million, of which CHF 47 million was cash, being partially offset by non-cash gains resulting from changes in pension plans of CHF 20 million. As a reminder, in 2016 the Group recognised a net one-off non-cash gain of CHF 62 million resulting mainly from changes in pension plans.

Operating income
The operating income was CHF 869 million compared to CHF 875 million, a decrease of 0.8% versus 2016. When measured in local currency terms, the operating income decreased by 1.5%. The operating margin decreased to 17.2% in 2017 from 18.8% in 2016.

Financial performance
Financing costs in 2017 were CHF 42 million, versus CHF 51 million for the same period in 2016. In 2017, the Group continued to refinance at lower interest rates. Other financial expense, net of income, were CHF 32 million in 2017, versus the CHF 40 million reported in 2016, with increased hedging costs offset by reduced currency volatility in markets where currencies could not be hedged.

The income tax expense as a percentage of income before taxes was 9%, compared to 18% in 2016 mainly arising from lower tax expenses in the United States. Excluding items of a non-recurring nature, the income tax expense as a percentage of income before taxes was 15%.

Net income
The net income increased to CHF 720 million in 2017 from CHF 644 million in 2016, an increase of 11.7%. This results in a net profit margin of 14.2%, versus 13.8% in 2016. Basic earnings per share increased to CHF 78.18 versus CHF 69.95 for the same period in 2016.

Cash flow
Givaudan delivered an operating cash flow of CHF 861 million in 2017, compared to CHF 805 million in 2016. As a percentage of sales, working capital was essentially flat when compared to 2016.

Total net investments in property, plant and equipment were CHF 189 million, compared to CHF 135 million in 2016. During 2017 the Group continued its investments to support growth in high growth markets, most notably the new flavours savoury facility in Pune, India, the Zurich Innovation Centre (ZIC) and the fragrance division investments in Singapore and China.

Intangible asset additions were CHF 53 million in 2017, compared to CHF 40 million in 2016 as the Company continued to invest in its IT platform capabilities, including those to support the introduction of the Givaudan Business Solutions organisation. Total net investments in tangible and intangible assets were 4.8% of sales in 2017, compared to 3.8% in 2016.

Operating cash flow after net investments was CHF 619 million in 2017, versus the CHF 630 million recorded in 2016. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 594 million in 2017, versus CHF 597 million for the comparable period in 2016. As a percentage of sales, free cash flow in 2017 was 11.8%, compared to 12.8% in 2016.

Financial position
Givaudan's financial position remained solid at the end of the year. Net debt at December 2017 was CHF 1,074 million, compared to CHF 930 million at December 2016, with the increase driven by the Group's acquisitions and investment programme. At the end of December 2017 the leverage ratio was 21%, compared to 19% at the end of 2016.

Givaudan Business Solutions
In July 2017 Givaudan announced the details of the planned implementation of Givaudan Business Solutions, a global organisation providing best-in-class internal processes and services.

The introduction of Givaudan Business Solutions is fully on track, with the first implementation steps expected in the first half of 2018 in Europe and in Asia Pacific.

In 2017, the Group incurred costs of CHF 107 million, of which CHF 47 million was cash, in relation to the preparation and first steps of the Givaudan Business Solutions organisation.

Dividend proposal
At the Annual General Meeting on 22 March 2018, Givaudan's Board of Directors will propose a cash dividend of CHF 58.00 per share for the financial year 2017, an increase of 3.6% versus 2016. This is the seventeenth consecutive dividend increase following Givaudan's listing at the Swiss stock exchange in 2000.

Consolidated financial statements

Consolidated Income Statement

For the year ended 31 December

in millions of Swiss francs, except for earnings per share data	**2017**	2016
Sales	5,051	4,663
Cost of sales	(2,801)	(2,535)
Gross profit	**2,250**	**2,128**
as % of sales	44.5%	45.6%
Selling, marketing and distribution expenses	(669)	(640)
Research and product development expenses	(424)	(400)
Administration expenses	(178)	(186)
Share of (loss) profit of jointly controlled entities	–	(1)
Other operating income	42	75
Other operating expense	(152)	(101)
Operating income	**869**	**875**
as % of sales	17.2%	18.8%
Financing costs	(42)	(51)
Other financial income (expense), net	(32)	(40)
Income before taxes	**795**	**784**
Income taxes	(75)	(140)
Income for the period	**720**	**644**
Attribution		
Income attributable to equity holders of the parent	720	644
as % of sales	14.2%	13.8%
Earnings per share – basic (CHF)	**78.18**	**69.95**
Earnings per share – diluted (CHF)	**77.54**	**69.34**

Consolidated Statement of Comprehensive Income

For the year ended 31 December

in millions of Swiss francs	2017	2016
Income for the period	**720**	**644**
Items that may be reclassified to the income statement		
Cash flow hedges		
Movement in fair value, net	3	(14)
Gains (losses) removed from equity and recognised in the consolidated income statement	5	10
Movement on income tax	–	1
Exchange differences arising on translation of foreign operations		
Change in currency translation	63	(125)
Movement on income tax	–	2
Items that will not be reclassified to the income statement		
Defined benefit pension plans		
Remeasurement gains (losses) of post employment benefit obligations	55	(148)
Movement on income tax	(38)	33
Other comprehensive income for the period	**88**	**(241)**
Total comprehensive income for the period	**808**	**403**
Attribution		
Total comprehensive income attributable to equity holders of the parent	808	403

Consolidated Statement of Financial Position

As at 31 December

in millions of Swiss francs	2017	2016
Cash and cash equivalents	534	328
Derivative financial instruments	16	9
Derivatives on own equity instruments		3
Financial assets at fair value through income statement	2	1
Accounts receivable – trade	1,147	996
Inventories	902	788
Current tax assets	32	26
Prepayments	123	96
Other current assets	98	96
Current assets	**2,854**	**2,343**
Derivative financial instruments	1	–
Property, plant and equipment	1,579	1,442
Intangible assets	2,482	2,311
Deferred tax assets	207	259
Post-employment benefit plan assets	21	12
Financial assets at fair value through income statement	63	59
Jointly controlled entities	33	35
Investment property	16	
Other long-term assets	53	53
Non-current assets	**4,455**	**4,171**
Total assets	**7,309**	**6,514**
Short-term debt	308	7
Derivative financial instruments	12	32
Accounts payable – trade and others	662	494
Accrued payroll & payroll taxes	149	143
Current tax liabilities	49	46
Financial liability: own equity instruments	93	57
Provisions	57	6
Other current liabilities	195	174
Current liabilities	**1,525**	**959**
Derivative financial instruments	60	62
Long-term debt	1,300	1,251
Provisions	67	59
Post-employment benefit plan liabilities	644	722
Deferred tax liabilities	99	93
Other non-current liabilities	76	75
Non-current liabilities	**2,246**	**2,262**
Total liabilities	**3,771**	**3,221**
Share capital	92	92
Retained earnings and reserves	5,682	5,477
Own equity instruments	(157)	(109)
Other components of equity	(2,079)	(2,167)
Equity attributable to equity holders of the parent	**3,538**	**3,293**
Total equity	**3,538**	**3,293**
Total liabilities and equity	**7,309**	**6,514**

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

2017 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasurement of post employment benefit obligations	Total equity
Balance as at 1 January	**92**	**5,477**	**(109)**	**(73)**	**(1,519)**	**(575)**	**3,293**
Income for the period		720					720
Other comprehensive income for the period				8	63	17	88
Total comprehensive income for the period		**720**		**8**	**63**	**17**	**808**
Dividends paid		(515)					(515)
Movement on own equity instruments, net			(48)				(48)
Net change in other equity items		**(515)**	**(48)**				**(563)**
Balance as at 31 December	**92**	**5,682**	**(157)**	**(65)**	**(1,456)**	**(558)**	**3,538**

2016 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Currency translation differences	Remeasurement of post employment benefit obligations	Total equity
Balance as at 1 January	**92**	**5,373**	**(79)**	**(70)**	**(1,396)**	**(505)**	**3,415**
Income for the period		644					644
Other comprehensive income for the period				(3)	(123)	(115)	(241)
Total comprehensive income for the period		**644**		**(3)**	**(123)**	**(115)**	**403**
Dividends paid		(495)					(495)
Movement on own equity instruments, net			(30)				(30)
Transfers		(45)				45	
Net change in other equity items		**(540)**	**(30)**			**45**	**(525)**
Balance as at 31 December	**92**	**5,477**	**(109)**	**(73)**	**(1,519)**	**(575)**	**3,293**

Consolidated Statement of Cash Flows

For the year ended 31 December

in millions of Swiss francs	2017	2016
Income for the period	720	644
Income tax expense	75	140
Interest expense	29	42
Non-operating income and expense	45	49
Operating income	**869**	**875**
Depreciation of property, plant and equipment	114	113
Amortisation of intangible assets	104	132
Impairment of long-lived assets	2	6
Other non-cash items		
– share-based payments	35	33
– pension expense	14	(23)
– additional and unused provisions, net	69	10
– other non-cash items	(52)	(10)
Adjustments for non-cash items	**286**	**261**
(Increase) decrease in inventories	(107)	(38)
(Increase) decrease in accounts receivable	(125)	(107)
(Increase) decrease in other current assets	(29)	(53)
Increase (decrease) in accounts payable	136	55
Increase (decrease) in other current liabilities	12	52
(Increase) decrease in working capital	**(113)**	**(91)**
Income taxes paid	**(73)**	**(127)**
Pension contributions paid	(53)	(45)
Provisions used	(10)	(8)
Purchase and sale of own equity instruments, net	(45)	(48)
Impact of financial transactions on operating income/expense, net		(12)
Cash flows from (for) operating activities	**861**	**805**
Increase in long-term debt	350	299
(Decrease) in long-term debt	(17)	–
Increase in short-term debt	670	463
(Decrease) in short-term debt	(705)	(663)
Cash flows from debt, net	**298**	**99**
Interest paid	(24)	(33)
Purchase and sale of derivative financial instruments, net	–	(8)
Others, net	(7)	–
Cash flows from financial liabilities	**267**	**58**
Distribution to the shareholders paid	(515)	(495)
Cash flows from (for) financing activities	**(248)**	**(437)**
Acquisition of property, plant and equipment	(191)	(136)
Acquisition of intangible assets	(53)	(40)
Payments for investment property	(1)	
Increase in share capital of jointly controlled entities		(9)
Acquisition of subsidiary, net of cash acquired	(224)	(331)
Proceeds from the disposal of property, plant and equipment	2	1
Interest received	3	2
Dividends received from jointly controlled entities	2	
Purchase and sale of financial assets at fair value through income statement, net	–	23
Impact of financial transactions on investing, net	35	
Others, net	(2)	(13)
Cash flows from (for) investing activities	**(429)**	**(503)**
Net increase (decrease) in cash and cash equivalents	**184**	**(135)**
Net effect of currency translation on cash and cash equivalents	22	(15)
Cash and cash equivalents at the beginning of the period	328	478
Cash and cash equivalents at the end of the period	**534**	**328**

Corporate Governance and Compensation highlights

We continuously strive to improve our robust framework of corporate governance in order to ensure the effective functioning of the governing bodies of the Company.

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

Corporate governance: highlights
Our framework of checks and balances

The Governance chapter is aligned with international standards and has been prepared in accordance with the 'Swiss Code of Obligations', the 'Directive on Information Relating to Corporate Governance' issued by the SIX Swiss Exchange and the 'Swiss Code of Best Practice for Corporate Governance' issued by economiesuisse.

Group structure and shareholders

Givaudan SA, the parent company of the Givaudan Group, with its registered corporate headquarters at 5 Chemin de la Parfumerie, 1214 Vernier, Switzerland ('the Company'), is a 'société anonyme', pursuant to art. 620 et seq. of the Swiss Code of Obligations. It is listed on the SIX Swiss Exchange under security number 1064593, ISIN CH0010645932.

The Company does not have any publicly listed subsidiaries. The list of principal consolidated companies, their domiciles and the shareholding is presented in appendix page 172 to the consolidated financial statements of the 2017 Financial Report. Note 1 to the consolidated financial statements as well as note 3 to the statutory financial statements offer more details regarding the structure of the Group. All unlisted subsidiaries are wholly-owned, unless otherwise indicated in notes 3 and 5 to the statutory financial statements mentioned above.

To the knowledge of the Company, the following were the only shareholders holding more than 3% of the share capital of Givaudan SA as at 31 December 2017 (or as at the date of their last notification under article 20 of the Stock Exchange Act): Beneficial owners – William H. Gates III – Cascade Investment (13.86%), BlackRock Inc (5.18%), MFS Investment Management (5.04%); nominees – Nortrust Nominees Ltd (14.90%), Chase Nominees Ltd. (5.21%), Messieurs Pictet & Cie (4.40%).

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

Capital structure

Ordinary share capital

As at 31 December 2017, 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 2017 was CHF 20,794,035,672. The Company's conditional share capital is described in the 2017 Governance Report page 61.

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.

Limitations on transferability and nominee registrations

At the Annual General Meeting of shareholders on 20 March 2014, the previously existing registration and voting rights restrictions were abolished. Today, the Company no longer has limitations on transferability of shares.

Based on a regulation of the Board of Directors, nominee shareholders may be entered with voting rights in the share register of the Company for up to 2% of the share capital without further condition, and for more than 2% if they undertake to disclose to the Company the name, address, nationality and number of shares held by the beneficial owners.

Board of Directors

Givaudan's seven Board members have an in-depth knowledge of their relevant areas of expertise, and provide contributions in the areas of strategy, the flavour and fragrance industry, finance, research and innovation, marketing and regulatory affairs. The Board's knowledge, diversity and expertise are an important asset in leading a company of Givaudan's size in a complex and fast-changing environment.

Board of Directors, its committees and election dates 2017

Board of Directors [1]

Calvin Grieder
Chairman since March 2017
Swiss
born 1955
Member since 2014

Prof. Dr-Ing. Werner Bauer
German and Swiss
born 1950
Member since 2014

Victor Balli
Swiss
born 1957
Member since 2016

Lilian Biner
Swedish
born 1962
Member since 2011

Dr. Jürg Witmer
Chairman until March 2017[1]
Swiss
born 1948
Member since 1999

Michael Carlos
French
born 1950
Member since 2015

Ingrid Deltenre
Dutch and Swiss
born 1960
Member since 2015

Thomas Rufer
Swiss
born 1952
Member since 2009

Audit Committee

Thomas Rufer (Chairman), entire year
Lilian Biner, entire year
Victor Balli, entire year

- Assists the Board in its oversight responsibilities with respect to financial reporting
- Ensures effectiveness and efficiency of internal control, risk management and compliance systems
- Assesses and overviews the internal and external audit processes

Compensation Committee

Prof. Dr-Ing. Werner Bauer (Chairman), entire year
Ingrid Deltenre, entire year
Calvin Grieder, until March 2017
Victor Balli, from March 2017

- Reviews and recommends the compensation policies to the Board
- Approves the remuneration for the Executive Committee
- Prepares the Compensation Report

Nomination and Governance Committee

Dr Jürg Witmer (Chairman), until March 2017[1]
Calvin Grieder (Chairman), from March 2017
Ingrid Deltenre, entire year
Lilian Biner, until March 2017
Michael Carlos, from March 2017

- Assists the Board in applying principles of good corporate governance
- Prepares appointments to the Board and the Executive Committee

Innovation Committee

Michael Carlos (Chairman), entire year
Calvin Grieder, entire year
Prof. Dr-Ing. Werner Bauer, entire year

- Assists the Board in scientific matters relating to the flavours, fragrances and cosmetics Industry
- Identifies opportunities, proposes and screens potential innovation partners

1. Dr. Jürg Witmer retired as Board member, as Chairman and as Chairman of the Nomination and Governance Committee on 23 March 2017.

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.

Executive Committee

Gilles Andrier **Chief Executive Officer** French Born 1961 Appointed in 2005	**Mauricio Graber** **President Flavour Division** Mexican Born 1963 Appointed in 2006	**Maurizio Volpi** **President Fragrance Division** Italian Born 1969 Appointed in 2015	**Tom Hallam** **Chief Financial Officer** British and Swiss Born 1966 Appointed in 2017
Simon Halle-Smith **Head of Global Human Resources and EHS** British Born 1966 Appointed in 2015	**Willem Mutsaerts** **Head of Global Procurement and Sustainability** Dutch Born 1962 Appointed in 2015	**Anne Tayac** **Head of Givaudan Business Solutions** French Born in 1968 Appointed in 2016	**Chris Thoen** **Head of Global Science & Technology** American and Belgian Born 1960 Appointed in 2015

Auditors

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 23 March 2017, Deloitte SA was reappointed as statutory auditor for the business year 2017. Since March 2016, the responsible lead auditor for the Givaudan audit at Deloitte has been Ms Karine Szegedi Pingoud, Partner.

www.givaudan.com – our company – corporate governance
2017 Annual Report – Governance Report – pages 58 – 77
2017 Annual Report – Financial Report – pages 92 – 166

Compensation: highlights
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 flavour and fragrance industry.

The Compensation Committee supports the Board of Directors (Board) in establishing and reviewing compensation policies. It regularly reviews Company-wide programmes in regard to base salary, pension and benefit plans. The Compensation Committee also annually reviews and approves the performance targets and related payouts under the annual incentives and share-based long-term incentives, while the applicable performance criteria are set by the Board. The Compensation Committee is also responsible for reviewing and approving individual compensation and benefits of each Executive Committee member as well as recommending compensation for the Board.

The Compensation Committee consists of three independent members of the Board and is currently chaired by Prof. Dr-Ing. Werner Bauer. The Chief Executive Officer is regularly invited to Compensation Committee meetings. The Head of Global Human Resources acts as secretary of the Compensation Committee. The Chairman of the Compensation Committee may invite other executives as appropriate. However, executives do not participate in discussions regarding their own compensation.

The Articles of Incorporation of Givaudan include rules on the principles applicable to performance-related pay and to the allocation of equity securities, convertible rights and options (Arts. 23 – 25), additional amounts for payments to Executive Committee members appointed after the vote on pay at the shareholders' meeting (Art. 27), loans, credit facilities and post-employment benefits for the Executive Committee and Board (Arts. 30 and 31) and the vote on pay at the shareholders' meeting (Art. 26).

Specific activities in 2017

In 2017, beside its regular activities throughout the year, the Compensation Committee undertook a comprehensive review of the Performance Share Plan. Accordingly, changes to the PSP payout matrix will be introduced in 2018, reflecting our overall increasingly challenging targets and conversely further limiting payouts in the event of lower performance. Further details are provided in section 3.6 of the Compensation Report in the 2017 Annual Report.

Additionally, an increase in share ownership requirements for Executive Committee members was introduced in September 2017 under revised Guidelines. Further details are provided in section 6 of the Compensation Report in the 2017 Annual Report.

Compensation of the Executive Committee

In 2017, total compensation reported remained stable compared to 2016. Total compensation for 2017 represented: full year compensation for eight Executive Committee members (including CEO); full year compensation for Joe Fabbri who stepped down from the Executive Committee on 1 July 2017 and provided transitional services and support on strategic projects until his retirement on 31 December 2017; partial year compensation for the former Chief Financial Officer, Matthias Währen, who stepped down on 1 January 2017 and provided transitional services and support on strategic projects until his retirement on 30 June 2017; i.e. compensation for 9.5 full time equivalent members (including CEO).

No other compensation or fees were accrued for or paid to any member or former member of the Executive Committee during the reporting period. No member or former member of the Executive Committee or related parties had any loan outstanding as of 31 December 2017.

Executive Committee compensation summary

in Swiss francs	Gilles Andrier CEO 2017	Gilles Andrier CEO 2016	Executive Committee members (excluding CEO) [1] 2017	Executive Committee members (excluding CEO) [2] 2016	Total 2017	Total 2016
Base salary	1,045,952	1,035,599	3,970,375	3,819,306	5,016,327	4,854,905
Pension benefits [3]	445,076	442,705	1,048,011	1,558,506	1,493,087	2,001,211
Other benefits [4]	114,688	111,061	800,451	792,134	915,139	903,195
Total fixed compensation	1,605,716	1,589,365	5,818,837	6,169,946	7,424,553	7,759,311
Annual incentive [5]	977,142	944,804	2,513,556	2,342,717	3,490,698	3,287,521
Number of performance shares granted [6]	1,777	1,686	5,549	5,441	7,326	7,127
Value at grant [7]	2,881,583	2,882,048	8,998,258	9,300,845	11,879,841	12,182,893
Total variable compensation	3,858,725	3,826,852	11,511,814	11,643,562	15,370,539	15,470,414
Total compensation	**5,464,441**	**5,416,217**	**17,330,651**	**17,813,508**	**22,795,092**	**23,229,725**
Employer social security [8]	442,000	438,000	1,413,000	1,427,000	1,855,000	1,865,000

1. Represents (a) full year compensation of seven Executive Committee members, (b) partial year compensation of the outgoing Chief Financial Officer, Matthias Währen, who stepped down from his role on 1 January 2017 and retired on 30 June 2017 and (c) full year compensation for Joe Fabbri who stepped down from his Executive Committee role on 1 July 2017 and retired on 31 December 2017.
2. Represents full year compensation of eight Executive Committee members and partial year compensation of one new Executive Committee members who was appointed on 1 August 2016.
3. Company contributions to broad-based pension and retirement savings plans and annualised expenses accrued for supplementary executive retirement benefit.
4. Represents annual value of health and welfare plans, international assignment benefits and other benefits in kind.
5. Annual incentive accrued in reporting period based on performance in the reporting period.
6. 2017 Performance shares vest on 15 April 2020, 2016 Performance shares vest on 15 April 2019.
7. Value at grant calculated according to IFRS methodology and based on 100% achievement of performance targets.
8. 2017 estimated social security charges based on 2017 compensation; 2016 estimated social security charges based on 2016 compensation.

Matthias Währen retired from his role as Chief Financial Officer on 30 June 2017. He did not receive any special compensation as a result of his retirement.

The fixed and long term variable compensation approved for 2017 was CHF 19,800,000 (2016: CHF 19,800,000). The annual incentive, short term variable compensation amount for 2017 was CHF 3,490,698 and will be submitted for approval at the 2018 Annual General Meeting (2016: CHF 3,287,520).

Compensation of the Board of Directors

Compensation of Board members consists of Director fees, Committee fees and Restricted Share Units (RSUs). Fees are paid at the end of each year in office completed. RSUs give participants the right to receive Givaudan shares (or a cash equivalent in countries where securities laws prevent the offering of Givaudan securities) at the end of a three-year blocking period. During this period Board members must hold RSUs (accordingly are restricted from trading RSUs or the underlying Givaudan shares), thereby aligning with shareholder interests over the longer term. Board members are entitled to receive Givaudan shares regardless of membership status so that, for example, if re-election does not occur during the restriction period, awarded RSUs are retained by the respective Board member. Such practice has been implemented in line with best practice in support of Givaudan's commitment to ensuring Board independence.

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

No additional compensation or fees were paid to any member of the Board. No Board member or related parties had any loan outstanding as of 31 December 2017.

During the reporting period, no special compensation of members of the Board who left the Company during the reporting period was incurred.

The compensation paid to the Board members for the period between the 2016 and 2017 Annual General Meetings (CHF 3,073,289) is within the amount approved by shareholders at the 2016 Annual General Meeting (CHF 3,300,000). Amounts approved at the 2017 Annual General Meeting (CHF 2,950,000) will be paid by the end of the year in office and validated in the 2018 Compensation Report. Such approved and paid amounts will differ from those shown in the Board compensation summary table which, according to the OaEC, must include compensation paid in the reporting year.

Board of Directors compensation summary

2017 in Swiss francs	Calvin Grieder Chairman[5]	Victor Balli[5]	Prof. Dr-Ing. Werner Bauer[5]	Lilian Biner[5]	Michael Carlos[5]	Ingrid Deltenre[5]	Thomas Rufer[5]	Dr Jürg Witmer[6]	Total 2017[1]
Director fees[2]	325,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,025,000
Committee fees[2]	61,250	43,750	65,000	31,250	58,750	50,000	55,000	10,000	375,000
Total fixed (cash)	386,250	143,750	165,000	131,250	158,750	150,000	155,000	110,000	1,400,000
Number of RSUs granted[3]	360	90	90	90	90	90	90		900
Value at grant[4]	583,776	145,944	145,944	145,944	145,944	145,944	145,944		1,459,440
Total compensation	**970,026**	**289,694**	**310,944**	**277,194**	**304,694**	**295,944**	**300,944**	**110,000**	**2,859,440**

1. Represents total compensation for the Board of Director paid in respect of the reporting year, reported in accordance with the accrual principle.
2. Represents Director and Committee fees paid in respect of the reporting year, reported in accordance with the accrual principle.
3. RSUs vest on 15 April 2020.
4. Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.
5. The function of each member of the Board of Directors are indicated on pages 63 – 65 in the Corporate Governance section of the 2017 Annual Report.
6. Retired at the Annual General Meeting in March 2017.

Ownership of Givaudan securities

Executive Committee

The Chief Executive Officer and other members of the Executive Committee, including persons closely connected to them, held 6,423 Givaudan shares. No member of the Executive Committee held any share options or option rights as at 31 December 2017 (31 December 2016: no member of the Executive Committee held any share options or option rights).

One person closely connected to a member of the Executive Committee owned 269 unvested Performance Shares as at 31 December 2017.

The Company is not aware of any other ownership of shares, share options/option rights, RSUs or Performance Shares as per 31 December 2017 held by persons closely connected to members of the Executive Committee.

Executive Committee: ownership of Givaudan securities

2017 in numbers	Shares	Unvested performance shares
Gilles Andrier, CEO	3,300	4,909
Tom Hallam	220	1,014
Mauricio Graber	750	2,817
Maurizio Volpi	785	2,313
Simon Halle-Smith	105	1,277
Willem Mutsaerts	199	1,361
Anne Tayac	110	917
Chris Thoen	685	1,337
Total 2017	**6,154**	**15,945**
Total 2016	4,460	19,278

Board of Directors

As per 31 December 2017, the Chairman and other Board members, including persons closely connected to them held 3,360 Givaudan shares in total.

The Company is not aware of any other ownership of shares, share options/option rights, RSUs or Performance Shares as per 31 December 2017 by persons closely connected to members of the Board.

Board of Directors: ownership of Givaudan securities

2017 in numbers	Shares	Unvested RSUs
Calvin Grieder, Chairman	119	536
Victor Balli		175
Prof. Dr-Ing. Werner Bauer	1,089	266
Lilian Biner	496	266
Michael Carlos	921	266
Ingrid Deltenre	26	266
Thomas Rufer	709	266
Total 2017	**3,360**	**2,041**
Total 2016	5,546	2,797

www.givaudan.com – corporate goverance – rules and policies
2017 Annual Report – Compensation Report – pages 78 – 91

Overview of annual publications

Online 2017 Annual Report

Available in English
– From 26 January 2018
– www.givaudan.com – investors – online annual report

Content
Online overview of our financial and business performance, Governance and Compensation, as well as our business and culture, stories and a full download centre.

2017 Annual Report

Available in English
– PDF from 26 January 2018
– Print from 22 March 2018
– www.givaudan.com – media – publications

Content
The full Annual Report: Strategic overview, Performance review, Governance and Compensation, and the Financial Report.

2017 Highlights

Available in English, French and German
– PDF and print from 22 March 2018
– www.givaudan.com – media – publications

Content
Business and financial highlights in addition to the Chairman and CEO reviews and the highlights of the Governance and Compensation reports.

2017 Sustainability Report

Available in English
– PDF from 20 March 2018
– www.givaudan.com – sustainability – publications

Content
Management and performance information on our environmental, social and economic impacts.

To order publications:
www.givaudan.com – media – corporate publications

Givaudan Foundation

2017 Annual Report

Available in English
PDF from 22 March 2018
www.givaudan-foundation.org

The Givaudan Foundation is a non-profit organisation created in 2013 as a result of Givaudan's desire to reinforce its commitment towards the communities in which it operates. The foundation's purpose is to initiate and support projects as well as to grant donations in the areas defined by its vision and mission.

One of the causes supported by the foundation is to safeguard the future of communities and their fragile environment. There is a specific focus on three areas in which Givaudan as a company is already engaged and where its expertise and experience can be leveraged to make a difference: communities at source, blindness and nutrition. The Givaudan Foundation works closely with and relies on resources provided by Givaudan to conduct and monitor its projects. The Foundation also operates with local partners to ensure the efficient deployment of projects and their relevance to those who are intended to benefit from them.

Givaudan SA

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