

Highlights 2015  
Responsible growth.  
Shared success.



Givaudan engage your senses

# Key figures

## Strong financial performance

- Sales of CHF 4.4 billion, up 2.7% on a LFL<sup>1</sup> basis.
- EBITDA of CHF 1,070 million, up 8.0% in local currencies.
- EBITDA margin improved to 24.3% from 23.9% in 2014.
- Net income of CHF 635 million, up 12.7% year-on-year.
- Free cash flow of 16.4% of sales, compared to 13.7% in 2014.
- Proposed dividend of CHF 54.00 per share, up 8.0% year on year.

CHF **4.4** billion  
Group sales

**2.7%**  
Organic sales growth

**24.3%**  
EBITDA margin

For the year ended 31 December, in millions of Swiss francs, except for cash dividend and earnings per share data	2015	2014
<b>Group Sales</b>	<b>4,396</b>	<b>4,404</b>
Fragrance sales	2,096	2,108
Flavour sales	2,300	2,296
<b>Like-for-like sales growth</b>	<b>2.7%</b>	<b>3.7%</b>
<b>Gross profit</b>	<b>2,030</b>	<b>2,027</b>
as % of sales	46.2%	46.0%
<b>EBITDA<sup>2</sup></b>	<b>1,070</b>	<b>1,053</b>
as % of sales	24.3%	23.9%
<b>Operating income</b>	<b>794</b>	<b>760</b>
as % of sales	18.1%	17.3%
<b>Income attributable to equity holders of the parent</b>	<b>635</b>	<b>563</b>
as % of sales	14.4%	12.8%
<b>Operating cash flow</b>	<b>915</b>	<b>806</b>
as % of sales	20.8%	18.3%
<b>Free cash flow</b>	<b>720</b>	<b>604</b>
as % of sales	16.4%	13.7%
<b>Net debt</b>	<b>677</b>	<b>795</b>
<b>Leverage ratio</b>	<b>15%</b>	<b>17%</b>
<b>Cash dividend</b>	<b>54</b>	<b>50</b>
<b>Earnings per share – basic (CHF)</b>	<b>68.98</b>	<b>61.18</b>

1. LFL: Like-for-Like, excludes the impact of currency, acquisitions and disposals.

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

## Our profile

Givaudan captures the essence of the moment, bringing you memorable fragrances and flavours to be enjoyed throughout the day. We are proud to be the industry leader, with approximately 25% of market share of the fragrance and flavour industry. To stay in front, we challenge ourselves daily, inspire our partnerships across the globe, and serve our customers with heart and soul. Together with our customers in the food, beverage, consumer goods and fragrance and cosmetics industries, we create products that delight consumers the world over. With a passion to understand consumer preferences and a relentless drive to innovate, we are at the forefront of creating scents and tastes that touch consumers' emotions.

## Our vision

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

## Our mission

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

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# Performance highlights

## Full year results 2015

CHF **635** million  
Net income

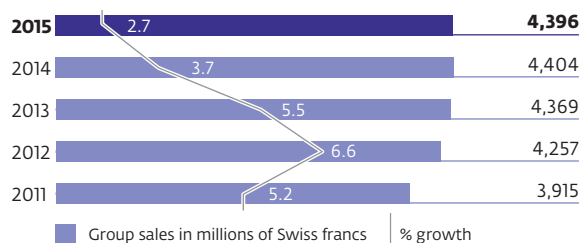
CHF **720** million  
Free cash flow

CHF **54.00**  
Proposed cash dividend  
per share<sup>1</sup>

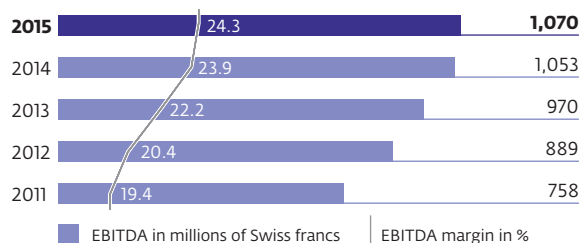
**16.4%**  
Free cash flow  
as % of sales

1. Subject to shareholder approval following AGM meeting on 17 March 2016.

### Group sales and growth rate

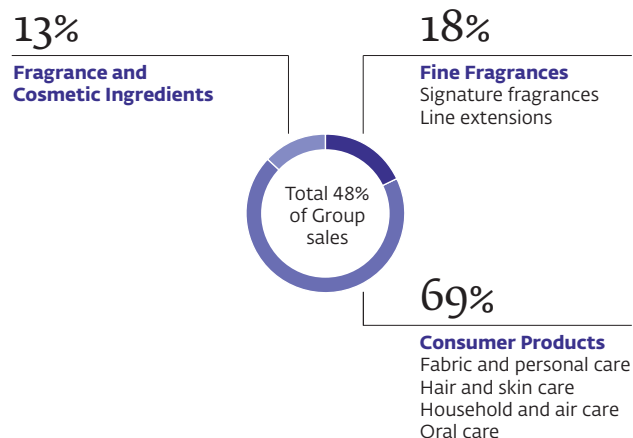


### EBITDA and margin



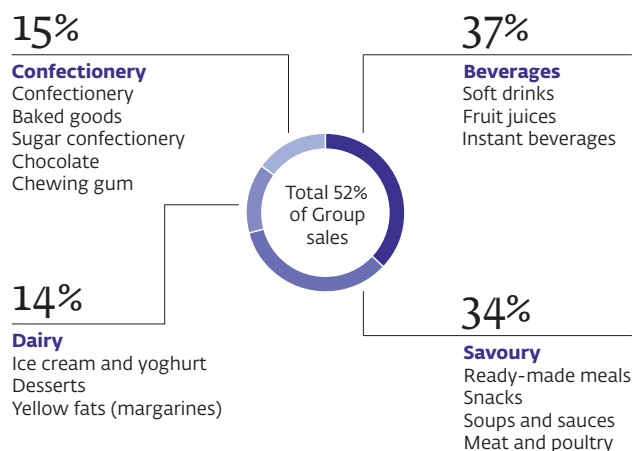
### Sales breakdown by division

#### Fragrances



### Sales breakdown by division

#### Flavours



## Our business

# Close partnership, always by our customers' side

### Our markets

#### Serving customers' and consumers' growing demand

Mature markets represent 54% of annual sales and high growth markets represent 46% of sales. Sales in high growth markets are driven by the increasing consumer demand from an increasing urban middle class. In both markets, increasing demand for health and wellness products, such as lower salt and fat in food, and anti-ageing effects in cosmetics are a stimulating potential for growth. Through targeted investment, we focus our efforts on best serving our customers and maximising our growth opportunities.

### Our brand

#### An invitation to engage your senses

We unveil the tastes and scents that suit you best, and that you love most. We bring them to you every day, everywhere in every way. Stirring emotions, awakening memories, enhancing your senses. Expanding your taste and scent experiences, enriching your world. We bring you a myriad of solutions to enjoy the essence and express yourself.

### Our customers

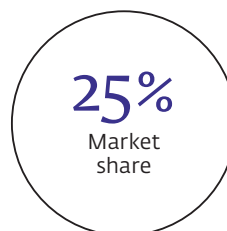
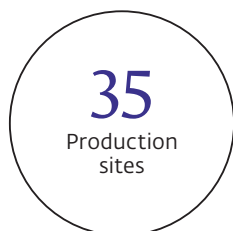
#### Superior customer experience

Working hand in hand with our customers, our tastes and scents inspire the creation of their products that touch people's lives and emotions numerous times a day. Our customers – global, regional and local – serve end consumer markets with fragrances for personal, home and laundry care brands, as well as prestige perfumes and active cosmetic ingredients. In flavours, our customers are in beverages, savoury, snacks, confectionery and dairy products.

### Our consumers

#### Every day, we bring the realm of taste and scent to life, in many ways, touching millions of lives, everywhere

Givaudan impacts the lives of millions of consumers around the world with the fragrances and flavours we create, from prestige perfumes to laundry care and from a favourite drink to a preferred snack.



### Our divisions

#### Fragrance Division

##### We live to perfume life

The artistry of our perfumers encompasses a myriad of scented stories for brands everywhere. From prestige and designer perfumes to the scent of functional cleaners, laundry and personal care products worldwide, our fragrances bring pleasure to millions daily. And for nature-derived beauty performance, our Soliance and Induchem teams are harnessing the power of nature for cutting-edge cosmetics.

#### Flavour Division

##### We make life taste delicious

Bringing moments of delight with delicious flavour and taste experiences, we are dedicated to expanding the world's expression through flavours. We explore the globe for ingredients, innovate to bring our customers unique propositions, and delight millions of consumers around the world.

# Chairman's introduction

## Continuing to deliver value

2015 proved to be a challenging year for Givaudan, our industry and our customers as the global economy experienced a slower than expected recovery. However, Givaudan's growth momentum picked up in the second half of the year and we ended 2015 having successfully achieved the mid-term financial targets set forth in our 2011–2015 strategic plan.

Considering Givaudan's encouraging performance in 2015 and our solid financial position, the Board of Directors will propose a cash distribution of CHF 54.00 at the Annual General Meeting to be held on 17 March 2016. This dividend will be partly paid out of reserves for additional paid-in capital. This cash return will be the fifteenth consecutive increase in earnings distributed to shareholders since our listing on the Swiss stock exchange.

Looking back over the last five years, we are reminded of the challenges of operating in the midst of a global economic crisis, the 2011 raw materials price increases and a slowdown in the emerging markets during the course of 2015. More importantly, however, we see our business solidly performing as we turn challenges into opportunities, make advances in product and technology innovation and uphold our market

leadership position. Our progress over the last five years culminated at the end of 2015 with the delivering of our ambitious mid-term financial targets, a defining moment for our business.

While we are proud of our achievements over the past five years, we are committed to delivering value to our stakeholders in the long term. The economic outlook for 2016 remains uncertain. Slow growth is expected to persist in the emerging markets in Asia, given the significant macro economic changes in the region, notably in China. Latin America will continue to be influenced by factors such as volatile currency fluctuations and the political instability in the Middle East and Eastern Europe makes the region an ongoing challenge. Mature markets will remain a source of limited growth in the coming year with North America continuing to outperform Europe and Japan.

To overcome the slower pace of growth in an unpredictable economy, particularly in the parts of the world that have been a significant source of growth for Givaudan in the past, we approach the next five-year period with a fresh perspective on our business as recently articulated in the announcement of our 2020 ambitions. This roadmap will enable us capture the growth that will come as purchasing power shifts from West to East and North to South and rapid urbanisation continues to drive consumption. In the five years to come we commit to continue to strengthen our core business activities while also broadening our portfolio of offerings to customers, thus creating incremental value.

Following the acquisition of the French active cosmetic ingredients company Soliance SA in 2014, Givaudan has continued its progression in the attractive cosmetics space by acquiring Swiss-based Induchem AG, specialised in innovative functional ingredients. This move is complementary to our





**Dr Jürg Witmer,  
Chairman**

existing activities and underlies our ambition to become a key player in this fast-growing business.

We are conscious of our need to continuously adapt our business to best manage the volatility of the external environment and the shifting market dynamics. In the coming years we will drive a business that is ever more agile, customer-centric and efficient.

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## Our progress over the last five years culminated at the end of 2015 with the delivering of our ambitious mid-term financial targets, a defining moment for our business.

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In line with our focus on responsible operations, the Givaudan Foundation completed its second full year of operations in 2015. It continues to facilitate much of the charitable work that the Company undertakes. With key areas of focus including family nutrition, blindness and communities at source, we have had the opportunity to positively impact the lives of those in need in the communities within which we are active.

Succession planning for both the Board of Directors and the senior management continues to be of critical importance to the Board. Two longstanding directors, André Hoffmann and Peter Kappeler, will not stand for re-election at the 2016 Annual General Meeting. Both have been instrumental in shaping the strategy of Givaudan over many years and I would like to extend my gratitude for their commitment and friendship. I am pleased that André Hoffmann has accepted a new role as the Chairman of the Board of Trustees of the Givaudan Foundation.

He will act in his new function on a non-remunerated basis. In line with the new strategic direction of the Company, our Executive Committee was expanded in 2015 to include dedicated Human Resources, Procurement and Innovation roles. To fulfil these positions we were able to draw from our internal pool of talent that has been nurtured over the years in order to provide experienced and capable candidates who can ensure the continuity of our culture as well as our business principles.

Givaudan's more than 9,500 employees globally remain the foundation of our success. I thank them for their enthusiasm and commitment to our Company.

I am confident that the continued solid execution of our strategic choices will continue to deliver value to our shareholders also in the years to come.

**Dr Jürg Witmer** Chairman

# Chief Executive Officer's review

## Five-year targets achieved

### Gilles Andrier answers questions about Givaudan's 2015 performance as well as strategic choices and growth drivers through to 2020.

#### **What were Givaudan's major financial achievements in 2015?**

Despite the challenging external environment, we successfully achieved all of the mid-term financial targets that we had announced in 2010 to be achieved by the end of 2015. Our growth was 2.7% this year, leading to an overall average sales growth of 4.9% on a like-for-like basis, well within the targeted range of 4.5 – 5.5%. We were able to maintain a best-in-class EBITDA for each of the five years of the strategy cycle and we achieved a free cash flow of 16.4% at the end of 2015, higher than our target of 14 – 16%. Finally, we have returned more than 60% of free cash flow to shareholders. We are proud of these accomplishments and the strong foundation we have created for the coming strategy cycle.

#### **What were Givaudan's key operational achievements this year?**

2015 was marked by the unprecedented expansion of Givaudan's footprint in Asia. In line with our commitment to grow closer to our customers and their consumers, we prioritised our investments for an increased presence in emerging markets. With the opening of our second Flavours site in China, our Nantong facility doubles our production capacity in this key growth market. We inaugurated our new Fragrance facility in Singapore which includes a compounding facility, a creative centre and the first extension of our Perfumery School outside of the original in Paris. The new site will enable us to increase our production capacity and enhance collaboration

with partners across the region. In addition, we consolidated our Flavours creative facilities in Japan into a central location in order to drive the creation and innovation needs of our customers. Finally, in October we laid the foundation for our new Flavours production site in Pune, India to open in 2018.

In line with our ambition to become a significant player in the active cosmetic ingredients space, we acquired Induchem in August this year. With a strong track record in innovation we are confident that this newly acquired company will support us in meeting the growing customer demand for active ingredients used in cosmetic applications.

Finally, Givaudan was recognised by the CDP as a global leader in corporate climate change action with the highest possible score of 100A. To continue to drive our sustainability agenda, we announced more ambitious eco-efficiency targets to further limit the environmental impact of our business activities. We will decouple our impact from our growth through 2020. As more and more of our customers seek partners committed to environmental and social responsibility, Givaudan is proud to be a leader within the industry in these important areas.

#### **What have been the main challenges this year?**

The beginning of the year was particularly difficult as a result of the slowdown in China, Southeast Asia and Eastern Europe. Whereas emerging markets have been a source of double-digit growth for Givaudan over the last five years, as of recently this slowed. While we are confident that the future of our business lies within high growth markets, this year marked a turning point in terms of the pace of growth we can continue to expect. The wide exposure we have to diverse markets, customers and segments allowed us to improve our growth throughout the year, demonstrating the resilience of our business.





**Gilles Andrier,**  
Chief Executive Officer

### **Givaudan announced its 2020 strategy in 2015. What are the focus areas and key growth drivers?**

Our strategy positions us to deliver value in the long term through a focus on responsible growth and shared success. This roadmap identifies the ways in which we will take advantage of the growing consumer base in emerging markets, consumer desires for more responsible products and labels, and the trends in digitalisation that are revolutionising the world around us. We will focus our activities on three pillars: growing with our customers, delivering with excellence and partnering for shared success. We will ensure that responding to customers' needs remains the most important driver of our future growth. To do so we will expand our already strong position close to our customers in high growth markets and leverage our capabilities in order to capture growth from consumer preferred product categories and markets. We will target innovations to support our customers in meeting consumer demand for health and well-being products. Finally, we will seek opportunities in integrated solutions which go beyond the current Flavours business that simplify product development for our customers and offer new avenues of growth for our business. Our organisation will further evolve to ensure a superior customer experience at every touch point and to drive highly efficient business operations.

### **How do you intend to measure Givaudan's performance in the coming strategy cycle?**

The successful execution of our three pillar strategy will be measured by the achievement of our ambitious financial targets. We aim for 4-5% organic sales growth and average free cash flow of 12-17% of sales, both measured as an average over the five-year period of our strategy cycle. We also aim to be the partner of choice for our stakeholders.

### **What implication does the 2020 strategy have on leadership?**

To deliver our strategic objectives for 2020, it is crucial to have

the right leadership team in place. In 2015, we added three new members to our Executive Committee who will lead Human Resources, Procurement and Science and Technology. These additions reflect our commitment to nurturing our talent, partnering with our suppliers to deliver the best palette of ingredients for our creations and developing highly innovative solutions to further differentiate our offer to customers.

### **What do you believe is Givaudan's most important asset going forward?**

Our key strength is the confidence and trust that we have earned over time with our customers. Our ability to nurture these close customer relationships lies within our more than 9,500 employees around the world who work tirelessly to respond to their needs with scent and taste solutions that engage the senses of consumers. It is embedded in the Givaudan culture to be 'Inspiring, Challenging, and to act with Heart and Soul' in order to exceed customer expectations time and time again.

### **What are the priorities for the business in 2016?**

2016 is the first year of our new strategy cycle. With an unpredictable market environment we will need to remain focused on the implementation of our new strategy in order to deliver our sales growth. Secondly, led by the newest members of our Executive Committee, we will take our human resources, procurement and innovation to the next level in order to solidify our platform for future growth and our means of differentiation in the marketplace. Finally, we will look ahead and reinvest in the business to support long-term responsible growth.

**Gilles Andrier** Chief Executive Officer

# Business performance

## Solid performance for the Group

### Sales

Givaudan Group full year sales were CHF 4,396 million, an increase of 2.7% on a like-for-like basis and a decline of 0.2% in Swiss francs when compared to 2014. Fragrance Division sales were CHF 2,096 million, an increase of 1.9% on a like-for-like basis and a decline of 0.6% in Swiss francs. Flavour Division sales were CHF 2,300 million, an increase of 3.5% on a like-for-like basis and 0.2% in Swiss francs.

### Gross margin

The gross margin increased to 46.2% from 46.0%. Savings from the transfer of products to the new flavours manufacturing facility in Makó, Hungary from Kempththal, Switzerland more than offset general increases in operational expenses.

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

The EBITDA increased to CHF 1,070 million in 2015 from CHF 1,053 million in 2014, an increase of 1.6% in Swiss francs and 8.0% in local currency. A continued focus on internal costs was the main enabler of the improvement. The EBITDA margin increased to 24.3% in 2015 from 23.9% in 2014. In 2015 the Group recognised a net one-off non-cash gain of CHF 20 million, mainly following a change in pension plans. As a reminder, in 2014 the Group recognised a one-off gain of CHF 42 million on the disposal of land at its Dübendorf location in Switzerland.

### Operating income

The operating income increased by 4.5% to CHF 794 million from CHF 760 million for the same period in 2014. When measured in local currency terms, the operating income increased by 12.7%. The operating margin increased to 18.1% in 2015 from 17.3% in 2014.

### Financial performance

Financing costs in 2015 were CHF 61 million, versus CHF 63 million for the same period in 2014. In 2015 the Group continued to refinance at lower interest rates. Other financial expense, net of income, was CHF 27 million in 2015, up versus the CHF 20 million reported in 2014, as a result of increased hedging costs and exchange losses in markets where currencies could not be hedged.

The income tax expense as a percentage of income before taxes was 10%, considerably lower than in 2014 following changes in Swiss Accounting Law and the Group's operating structure. Excluding these one-time items, the income tax expense as a percentage of income before taxes was 18%.

### Net income

The net income increased to CHF 635 million in 2015 from CHF 563 million in 2014, an increase of 12.7%. This results in a net profit margin of 14.4%, versus 12.8% in 2014. Basic earnings per share increased to CHF 68.98 versus CHF 61.18 for the same period in 2014.

### Cash flow

Givaudan delivered an operating cash flow of CHF 915 million in 2015, compared to CHF 806 million in 2014, driven by a slightly higher EBITDA and an improvement in working capital. As a percentage of sales, working capital decreased as a result of lower inventories at the end of the year.

Total net investments in property, plant and equipment were CHF 125 million, up from CHF 110 million incurred in 2014. During 2015 the Group continued its investments to support growth in developing markets, most notably a new flavours savoury facility in Nantong, China and a fragrance creative centre and compounding facility in Singapore. As a reminder, in 2014 the Group received cash of CHF 58 million as a result of the sale of land at its Dübendorf location in Switzerland.

Intangible asset additions were CHF 35 million in 2015 compared to CHF 46 million in 2014 as the Company continued to invest in its IT platform. Total net investments in tangible and intangible assets were 3.6% of sales in 2015 and 2014.

Operating cash flow after net investments was CHF 756 million in 2015, versus the CHF 650 million recorded in 2014. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 720 million in 2015, versus CHF 604 million for the comparable period in 2014, mainly driven by a higher EBITDA and lower working capital requirements, offset by higher net investments. As a percentage of sales, free cash flow in 2015 was 16.4%, compared to 13.7% in 2014.

### Financial position

Givaudan's financial position remained solid at the end of the year. Net debt at December 2015 was CHF 677 million, down from CHF 795 million at December 2014. At the end of December 2015 the leverage ratio was 15%, compared to 17% at the end of 2014.

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With these solid annual results,  
we have delivered on all of the ambitious  
mid-term targets that we set in 2010.

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### Dividend proposal

At the Annual General Meeting on 17 March 2016, Givaudan's Board of Directors will propose a cash dividend of CHF 54.00 per share for the financial year 2015, an increase of 8.0% versus 2014. This is the fifteenth consecutive dividend increase following Givaudan's listing at the Swiss stock exchange in 2000. This distribution will be primarily made out of reserves for additional paid-in capital which Givaudan shows in equity as at the end of 2015, with the remainder being paid out of available earnings.

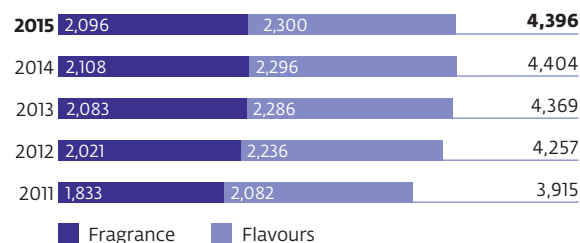
### 2020 guidance: Responsible growth. Shared success

The Company's 2020 ambition is to create further value through profitable, responsible growth. Capitalising on the success of the 2011 – 2015 strategy, Givaudan's 2020 ambition is built on the three strategic pillars of growing with its customers; delivering with excellence; and partnering for shared success.

Ambitious financial targets are a fundamental part of Givaudan's strategy. We aim to outpace the market with 4 – 5% sales growth and a free cash flow of 12 – 17% of sales, both measured as an average over the five-year period of our strategy cycle. It is Givaudan's intention to maintain its current dividend practice as part of this ambition.

### Group sales

in millions of Swiss francs



### Gross profit

in millions of Swiss francs



### EBITDA

in millions of Swiss francs



### Operating income

in millions of Swiss francs



For details of the business performance for each of our Divisions, please read the 2015 Full year media release or pages 44–51 of the Annual Report 2015:  
[www.givaudan.com](http://www.givaudan.com) - investors - online annual report - download centre

# Milestones of the year

Throughout each and every year, we seek to enliven the world with innovative fragrances and flavours, bringing joy in the moment as you engage your senses. Here are summaries of the exciting achievements of 2015.

The full stories can be read in the Annual Report 2015 or on our website: [www.givaudan.com](http://www.givaudan.com) – investors – online annual report – milestones of the year.

## Flavours

### A love affair with citrus An inspiring consumer trend

From oranges and lemons to grapefruit and limes, citrus is a global flavour favourite.

TasteTrek® Citrus is an inspirational programme that allows our flavourists in the field to capture flavours at the source. In 2006, at the University of California, Riverside (UCR) we embarked on a TasteTrek® in the University's Citrus Variety Collection to develop new citrus flavours. This was the start of a long relationship. And in 2015, we completed a donation of USD 1 million for the endowment of a chair position to support and maintain the collection in perpetuity, and 2016 marks our tenth anniversary of this fruitful collaboration with UCR.



Yellow-India lime

## Fragrances

### Staying beautiful longer Building our ACI business

Our cutting-edge range of active cosmetic ingredients (ACI) is the beauty of science, inspiring well-being.

We have set a clear path to be a key player in the ACI business with the acquisitions of Soliance SA in 2014 and Induchem AG in 2015. Also this year we inaugurated a new production line at Pomacle in France.

These acquisitions and investments mean we are well-positioned to provide a wide range of products and deploy formidable R&D and production know-how in the creation of innovative and efficacious solutions for the cosmetics industry in skin care and hair care applications.



Active cosmetic ingredients for high performance cream

## Sustainability

### Making a positive difference Eco-efficiency commitments renewed

We are working across the entire organisation to meet new and ambitious eco-efficiency targets.

We have been tackling eco-efficiency targets to limit the impact of our activities on the environment for some time. Some of our original targets, set in 2010 around energy, waste, water and CO<sub>2</sub>, are being reached ahead of schedule. This is cause for celebration, of course, and gives us a chance to further reduce our environmental impact while strengthening the social and economic fabric of the communities in which we operate.



Into The Bloom

## Fragrances

### Givaudan in full Bloom

#### Creating new enchantment in women's perfumery

The creativity of our perfumers reached new heights with the creation of a new generation of floral fragrances.

Project Bloom, launched by our Fine Fragrance Creative Vision group, mobilised the energies and creativity of our fragrance teams in Paris, New York and São Paulo to provide an inspiring creative vision for the market. The results were extraordinary: a new generation of timeless, luminous, radiant and beautifully diffusing feminine fragrances. A new collection of blooming floral fragrances was developed to present to our customers, and we were able to showcase our unique naturals and captive ingredients.

## Flavours

### Differentiating innovation

#### Inspiring full taste experience

Underlying all our innovative efforts in Flavours is the constant objective of helping customers make great tasting, differentiated products. This means staying ahead of trends and using our knowledge to direct innovative solutions. We brought to market two such innovations this year: 1) Our new High Definition flavours are a genuine breakthrough in beef and chicken and offer an enhanced eating experience. With a high degree of culinary accuracy, they faithfully replicate the taste of different cuts and cooking techniques. 2) Three new flavour ingredients were introduced and used in successful applications by customers. Strongly smelling fermented condiments, commonly used throughout China and a target of a recent TasteTrek®, were the inspiration.

## Procurement

### Madagascar

#### Partnership for sourcing and transforming clove leaf oil

Forging long-term relationships and setting up a clove leaf oil collection network.

The partnership with farmers and distillers ensures a regular income for communities from which we source this key natural ingredient and contributes to safeguarding the efficient use of resources for the long term. We also formed a joint venture NATEMA to transform clove leaf oil into derivatives directly in Madagascar.

## Flavours

### Building capabilities

#### for customer needs

About 60% of our capital expenditure is in high growth markets.

Our Flavour Division is expanding its footprint in these markets by building new facilities or expanding existing production plants and commercial presence. We constantly strive to be closer to our customers and meet consumer demands. For example, in China we opened our new world-class savoury flavours manufacturing facility in Nantong. And at Pune in India, we held the ground-breaking ceremony of our new CHF 55 million flavours manufacturing facility, which is expected to open in 2018.

## Fragrances

### Building a stronger presence

#### in the heart of Asia Pacific

Our new fragrance creative centre and production hub opened in Singapore.

The CHF 70 million facility is the largest global investment in the history of Fragrances and is home to our first Perfumery School campus outside France. It shows our continued strong commitment to high growth regions and is an industry benchmark for this region, positioning us to work in closer partnership with our customers.

## 2011 – 2015 Targets achieved

In 2010, we set ambitious financial targets for the five-year period ending in 2015. We aimed for sales and market share gains that outperformed the underlying market growth<sup>1</sup>, to achieve industry-leading EBITDA margins, and an annual free cash flow (FCF) of 14–16% of sales in 2015, whilst returning over 60% of FCF to shareholders<sup>2</sup>. We delivered on all of our financial targets at the end of 2015 having further extended our industry leadership and created additional value for our customers and key stakeholders.

Objective	Target	2015 Achievement
<b>Organic sales growth per annum<sup>1</sup></b>	<b>4.5% – 5.5%</b>	<b>4.9%</b> (2008 – 2015 CAGR)
<b>EBITDA</b>	<b>Best in class</b>	<b>Best in class</b>
<b>Free cash flow as a percentage of sales in 2015</b>	<b>14% – 16%</b>	<b>16.4%</b>
<b>Free cash flow return to shareholders<sup>2</sup></b>	<b>&gt;60%</b>	<b>69%</b> <sup>3</sup>

1. Sales growth assumes a market growth of 2–3%.

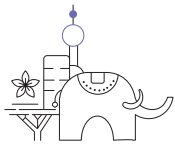
2. Above 60% return to shareholders whilst maintaining a leverage ratio of no more than 25%.

3. Average distributed since leverage ratio target achieved.



# Key achievements by executing Our five pillar growth strategy

It was our five-pillar growth strategy that provided us with the roadmap for our activities and gave focus and consistency to our decisions. We achieved an increase in our footprint in high growth markets, expanded beyond fragrances and flavours, delivered innovation to customers and developed innovative sourcing strategies. Highlights of our achievements in each pillar are outlined below.



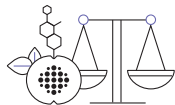
## Developing markets

Consumer demand continued to grow in the developing markets of the world, and through targeted investments we focused our efforts on best serving our customers and maximising our growth opportunities. Investments in these markets included a fragrance hub in Singapore, a technical flavour centre in Dubai, a new savoury plant in China and offices in Pakistan, Nigeria and Myanmar.



## Research and Development

We made industry-leading financial investments in innovative ingredients, technologies, platforms and partnerships to create tastes and scents that delighted our customers and consumers. We introduced the Mahonial™ fragrance ingredient, Mechacaps™ microcapsule technology and our TasteSolutions® Richness as well as a range of new enzyme and fermentation technologies.



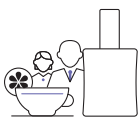
## Health and Wellness

As consumers around the world took more care in their choice of foods and snacks, our flavour innovations focused on reducing fat, sugar and salt in food and drinks, while our fragrances enhanced everyday tasks by communicating freshness, cleanliness and calmness. We made acquisitions in active cosmetic ingredients that will increase our capabilities in the health and wellness arena.



## Responsible sourcing of raw materials

Our materials continued to be sourced in ways that preserve the environment, stimulate the development and well-being of communities, and safeguard the efficient use of resources for the long-term. In seeking security of supply, we entered into a fragrance ingredients joint venture in China and formed innovative sourcing partnerships in Indonesia, Haiti and Madagascar.



## Targeted customers and segments

We built on strategic partnerships with our main customers and developed our presence with accounts and product categories where we were under-represented and had the opportunity to expand. Through our acquisition of Soliance and Induchem we extended our capabilities in active cosmetic ingredients. In Flavours, we expanded our TasteTrek® programmes and launched TasteSolutions® Richness.

# Growing with our customers

With customers at the heart of our business, we leverage our knowledge of markets and consumer preferences and with our unique capabilities help them grow their market-leading brands.







# Overview

## Macro trends impacting our business

Major global trends are shaping how we live, consume and do business.

Our 2020 ambition is to grow alongside our customers as we accompany them in creating successful brands that respond to consumers' desires. We have considered global macro trends that will continue to have the most significant impact on consumption and consumer behaviour and have incorporated them into our strategy so that we can create additional value for customers.

### **Growing consumer base**

The world's population is expected to reach 7.7 billion by 2020, with the majority of this growth in African and Asian countries. The economic balance is shifting to countries of the East and South. There is also a significant movement of people from rural to urban areas. As cities expand, incomes rise. With more disposable income, new consumers create increased demand for convenience foods, beauty products, household care products and much more.

### **Longer, healthier, more responsible lives**

People are living longer and lifestyles are evolving: 20% of the world's population will be above the age of 60 by 2020; and overweight and obesity are highly prevalent in both developed and developing countries. To meet consumers' desire to maintain active, healthy lives as they age, our customers are responding with health and well-being products.

### **An interconnected world**

The digital era is impacting many aspects of our lives, from how we get information and purchase products to how we run our business. With almost 50% of the world's population using internet, consumers are more empowered and engaged. They are more concerned about what is in the products they buy, where the ingredients come from, how the products are made and how transparent the labels are.

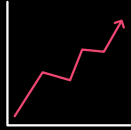
# 2020 targets

## Growing with our customers

Ambitious organic sales growth targets over a five-year period until 2020.

4-5%

Average organic sales growth<sup>1</sup>



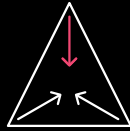
High growth markets



Health & well-being

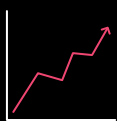


Consumer preferred products



Integrated solutions

1. Average over the five-year period.



# High growth markets

With the shift in global purchasing power to Asia and Africa, much of our business growth is expected in new markets such as China and India. We will focus resources on further building our presence in markets where we see high growth opportunities and can accompany our customers in growing their business – we want to be by our customers' side, always. Central to our high growth markets strategy is our ability to understand local market trends and adapt our business model accordingly.

## Increasing presence in key regions for Fragrances

Increasing our presence in Asia to capture the growing consumer demand will be a key priority for both Consumer Products and Fine Fragrances. The Fragrance Division will further deploy a commercial presence in Africa by investing in sales representation as we lay the groundwork for further growth in these markets.

## Multi-tiered investment approach in Flavours

Our Flavour Division has identified 11 key high growth markets in which the aim is to grow at an accelerated pace in the coming five years. Firstly, the division will invest heavily in China where the opportunity is most significant because of the size of the population and the shift to a consumer-based economy. Secondly, we will extend our market penetration in the first tier of five countries which represents large, fast-growing markets. Here, we will increase our technical, commercial and manufacturing capabilities. The second tier of five countries represents the 'up-and-comers' where we plan to gradually increase our presence over the next five years.

## Eleven focus markets for our growth strategy

**Largest growth opportunity**

1

China

**Fast growing markets**

5

India  
Indonesia  
Thailand  
Brazil  
Mexico

**Up-and-comer markets**

5

Nigeria  
Egypt  
Pakistan  
Vietnam  
Philippines





# Consumer preferred products

Delighting consumers with innovative taste and scent creations is central to our business. Consumer preferences are not only rapidly evolving, but are also very specific to each region. Changing consumer trends offer many opportunities for our industry. We will capture growth by leveraging our in-depth knowledge of local markets and our consumer insights, and by harnessing our innovation and unique creative capabilities. With increasing consumer demand for responsible products, we will work with our customers and other key stakeholders to develop ever more sustainable solutions.

## Driving creativity in Fragrances

Tapping into the creativity of our teams, we will drive initiatives that enable our perfumers to define avant-garde fine fragrances to satisfy diverse consumer desires. We also plan to increase our presence with selected local brands in fine fragrances and consumer products and develop our capabilities to meet the unique needs in this area.

## High growth segments for Flavours

Building on our strong capabilities in consumer understanding, creativity and innovation, we will offer differentiated flavours and flavour solutions for the high growth segments of beverages, dairy drinks, yoghurts and processed meats.



Accelerating growth through innovative approaches to high growth product segments: beverages, dairy drinks, yoghurts and processed meats.





## Health and well-being

With the world's population growing older and obesity rates rising, solutions that meet consumer demand for health and well-being products will be a priority. We will work with customers to keep their brands relevant and desirable, providing them with solutions that deliver the scents and flavours that consumers desire while contributing to their sense of a healthy, active and balanced life.

### Leading in active cosmetic ingredients

Our activities in the Fragrance Division have been evolving steadily in recent years and we have made several key acquisitions to enhance our capabilities in active cosmetic ingredients. Offering solutions in anti-ageing, self-tanning, skin-soothing and moisturising and the like, we will leverage our global footprint to bring the products in our expanded portfolio to new customers. Using the synergies between active cosmetic ingredients and our existing fragrance capabilities, we will continue to strengthen our customer offer. Givaudan aims to become a key player in the fast-growing business of active cosmetic ingredients and plans to grow rapidly in this area through additional strategic acquisitions.



Products containing innovative active cosmetic ingredients offer consumers a sense of well-being.

### Evolving our flavours offer

We see many opportunities as the role of food evolves to have more of a focus on well-being. Consumers want less sugar, salt and fat in their foods while at the same time seek more from 'functional foods' that have ingredients such as protein that provide additional health benefits. To respond to consumer demand for more natural products, we will work with our customers to develop the next generation of natural ingredients that are both cost-effective and able to deliver signature flavours.





# Integrated solutions

Over the next five years, we will look at opportunities to grow our business through ways that go beyond our core fragrance and flavour capabilities. Integrated solutions are a route to such opportunities.

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**Integrated solutions will enhance the Company's value proposition to customers and create new avenues for growth.**

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With the aim of simplifying product development for our customers, we will explore solutions that enhance our offerings to them while contributing additional growth to our business.

We currently see that the most significant opportunities for integrated solutions are in our Flavour Division. The concept of integrated solutions is aimed at moving beyond flavours, by combining flavours, taste solutions, and other key ingredients into a larger formulation that contributes to the finished product and offers a better tasting solution for our customers. Here, we will seek to differentiate our offerings by moving into the development of multi-ingredient solutions, where flavour plays a key role in formulations.

We will seek to create incremental value through acquisitions in the areas of integrated solutions for food and beverages. For example, we will lead in the development of integrated protein solutions to support our customers in animal protein replacement as well as in the development of great tasting, high protein products.

# Delivering with excellence

Across the value chain, we drive excellence in the delivery of our business products, services and business processes – always with our customers' needs in mind.







# Overview

## Driving outstanding performance

In keeping customers at the heart of our business, we will continue to drive excellence in the delivery of our business processes, products and services. This excellence will be demonstrated across our value chain, from our organisational set-up to our operational and financial performance and in our delivery of a superior customer experience.

We will drive a deep customer focus to further strengthen our value proposition. At the same time, we will also enhance our operational excellence and efficiency across the organisation to further streamline our costs and deliver a strong financial performance.

### Excellence in execution

More specifically, we will execute with excellence by concentrating on the following priorities:

#### Superior customer experience

We want to strengthen our competitive advantage by offering our customers a superior experience at every touchpoint with Givaudan. Evolving deep, long-term partnerships with our customers will be critical to achieving this objective.

#### Streamlined enterprise

We also seek a streamlined enterprise model, with the right structures in place and the capacity to invest in what will drive our growth. We want to improve efficiencies and evolve the business model, for example by leveraging digitalisation, turning data into actionable intelligence for faster and better decision-making.

#### Operations

We must ensure the delivery of high quality products and services that are cost-effective, safe and sustainable.

#### Agility

We must be fast, focused and agile, acting with a sense of urgency in adapting to customers' needs and consumers' preferences.





## 2020 targets Delivering with excellence

Ambitious free cash flow targets  
over a five-year period by 2020.

**12–17%**

Average free cash  
flow as % of sales<sup>1</sup>



Excellence  
in execution

1. Average over the five-year period.

# Partnering for shared success

Partnerships will be crucial in driving responsible and sustainable growth over the next five years. We will focus on nurturing true partnerships with our key stakeholder groups.









# Overview

## Creating shared success

Collaborating with key stakeholders to create shared success and a sustainable future.

In a world of fast-paced change, we recognise the need for strong partnerships to help deliver innovative solutions for customers and responsible growth in the long term.

To deliver this shared success, we will partner with innovators, our people and suppliers, and with the communities in which we operate. We will strive to become the partner of choice, creating shared success for our Company and for these key stakeholders. We will continue our industry-leading investment in innovation, where we will increase our network of strategic partners and expand our natural, sensorial and cosmetic capabilities. We will invest significantly in our talent and foster a great place to work where our employees can impact their world and contribute to our success. In collaboration with our suppliers, we will further enhance our responsible sourcing while optimally managing our supply risk and cost so we can deliver the best palette of ingredients for our fragrance, flavour and active cosmetic ingredients creations. We embrace our responsibility to minimise our impact on the environment while strengthening the social and economic fabric of the communities in which we operate.

# 2020 targets

## Partnering for shared success

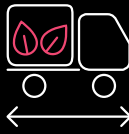
We aim to be the partner of choice for our key stakeholder groups.

### Partner of choice

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Innovators



Suppliers



People



Communities



# Innovators

Our rich heritage of innovation has helped establish our market leadership and will drive the future of our business. As the pace of change in our world quickens, we recognise the value of partnerships to support our ambition to be the innovation leader in the fragrance and flavour industry. We seek a more collaborative and inclusive approach to innovation so we can continue to deliver superior, sustainable solutions that exceed our customers' expectations.

To deliver on this commitment, we will increase strategic innovation partnerships with external players such as academia, start-ups, technology providers and research institutions. We are excited about spreading a culture of innovation in ways that extend beyond our walls, and see the opportunity for partners to work in concert on a pipeline of projects that promote deeper and longer-standing cooperation.

We also plan to strengthen our own innovation capabilities, concentrating on areas with significant impact for customers. We will promote open innovation within our Company, encouraging ideas from employees in different areas across the business. The safety of people and the environment will be considered priority in the design of all new solutions. In managing our Science and Technology portfolio, we will prioritise high-potential projects, make focused investments and closely monitor research results.

As well as leveraging the best palette of ingredients in the industry so our perfumers can create winning fragrances, our Fragrance Division will drive the development of the next generation of delivery systems to meet evolving consumer preferences in hair care, personal care and fabric care while keeping pace with changing regulations. Developing our active cosmetic ingredients portfolio will also be a key activity for our innovation teams.

In Flavours, we will create more organisation-wide innovation capabilities while ensuring a disciplined and focused use of our product and technology innovation resources. We will create a proactive and valued culture of collaborative innovation, and raise our profile as a seeker of innovation partnerships with a broad range of technology and solutions players in areas such as natural ingredients, health and wellness, integrated solutions and protein enablement.





# People

Our more than 9,500 employees around the world have always been valued – and will always be valued. They bring passion and energy to their work every day. We know that fostering a great place to work where our people impact their world and contribute to our success will be an important driver of our new strategy.

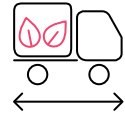
To remain competitive in the long term, it is important for us to have exceptional employees. To attract and retain talent while responding to the demands of a multi-generational workforce, we will promote a diverse workforce which operates in an agile and collaborative way.

By supporting their professional development, we will create an environment where our people can grow and shape their world and feel empowered to partner with their customers to deliver growth. This environment will be safe and healthy, and will encourage responsible practices at the workplace and beyond. As employees become increasingly concerned with the approaches that companies take to managing environmental and social issues, we will continue to engage new and existing employees in making a positive difference for our customers, their consumers, and our planet.



Our workforce is diverse, reflecting our global customer base.





## Suppliers



Patchouli plantation, Malaysia.

We recognise the value of strengthening relationships with our large network of suppliers as they are key partners for the sourcing of raw materials, the inputs to our creation. We need strong partnerships in this area to ensure our business is profitable and, most importantly, can deliver the best possible palette of ingredients to our perfumers and flavourists to differentiate our products.

As the world's natural resources become scarcer, we need to innovate with our suppliers to ensure the long-term availability of the most vulnerable raw materials we use in our creations. Our customers demand further transparency and responsibility within their supply chains, and we will continue working hand-in-hand with our suppliers to achieve this required visibility.

Over the next five years we will deepen our relationships with our suppliers to deliver differentiating sourcing models that generate a competitive advantage and enable us to lead the industry in responsible sourcing to best meet customer expectations.

We will rely more on our collaborations with suppliers to shape new and innovative products and technologies so we can continue to respond to the market with winning fragrances, flavours and active cosmetic ingredients.





# Communities

As we strive for a better tomorrow – as our Company vision states – we are committed to strengthening and improving the social, economic and environmental fabric of the communities where we operate and where we source our raw materials.

To meet this commitment, over the next five years we will support local projects and charitable causes in the communities where we operate globally. Our broad network of Givaudan Green Teams – cross-functional site teams dedicated to driving local sustainability activities – will nurture new environmental and social projects in local communities and new internal eco-efficiency projects.

To meet our objective to help protect our planet we will stabilise our environmental impact while increasing production volumes. To achieve this we have strengthened our eco-efficiency targets and will further reduce our CO<sub>2</sub> footprint, waste production, energy consumption and water use by 2020.



Farming village in Malaysia, from Jacques Huclier's, Givaudan perfumer, travel experience ([www. patchouli.givaudan.com](http://www.patchouli.givaudan.com)).

# Corporate governance: highlights

## Aligned with international standards

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

### Group structure and shareholders

Givaudan SA ('the Company') is the parent company of the Givaudan Group (the 'Group') and is listed on the SIX Swiss Exchange under security number 1064593, ISIN CH0010645932. To our knowledge, the following were the only shareholders holding more than 3% of the share capital of Givaudan SA as at 31 December 2015 (or as at the date of their last notification under article 20 of the Stock Exchange Act): William H. Gates III (13.86%), BlackRock Inc. (5.02%), MFS Investment Management (3.01%), Nortrust Nominees Ltd (nominee; 15.5%), Chase Nominees Ltd (nominee; 6.1%) and the Messieurs Pictet & Cie (nominee: 3.79%).

### Capital structure

#### Ordinary share capital

As at 31 December 2015, 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 2015 was CHF 16,832,827,278. The Company has also conditional share capital as described in the Annual Report 2015 p. 73.

#### Shares and participation certificates

The Company has one class of shares only. All shares are registered. 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.

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

#### Shareholders' participation

##### Voting rights and representation restrictions

At the Annual General Meeting of shareholders on 20 March 2014, the previously existing registration and voting rights restrictions were removed. Today, the Company no longer has limitations on voting rights for ordinary shareholders. There are no restrictions of the Swiss legal provisions.

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

## Board of Directors and its committees 2015

Board of Directors <sup>1</sup>				
<b>Dr Jürg Witmer</b> <b>Chairman</b> Swiss, born 1948 Member since 1999	<b>André Hoffmann</b> <b>Vice-Chairman</b> Swiss, born 1958 Member since 2000	<b>Peter Kappeler</b> Swiss, born 1947 Member since 2005	<b>Thomas Rufer</b> Swiss, born 1952 Member since 2009	<b>Lilian Biner</b> Swedish, born 1962 Member since 2011
<b>Prof. Dr-Ing. Werner Bauer</b> German and Swiss, born 1950 Member since 2014	<b>Calvin Grieder</b> Swiss, born 1955 Member since 2014	<b>Michael Carlos</b> French, born 1950 Member since 2015	<b>Ingrid Deltenre</b> Dutch and Swiss, born 1960 Member since 2015	

Audit Committee	Compensation Committee	Nomination and Governance Committee <sup>1</sup>
Thomas Rufer (Chairman), entire year Calvin Grieder, entire year Lilian Biner, entire year	André Hoffmann (Chairman), entire year Peter Kappeler, entire year Prof. Dr-Ing. Werner Bauer, entire year	Dr Jürg Witmer (Chairman), entire year Michael Carlos, since March Ingrid Deltenre, since March Lilian Biner, until March
<ul style="list-style-type: none"> <li>– Assists the Board in its oversight responsibilities with respect to financial reporting</li> <li>– Ensures effectiveness and efficiency of internal control, risk management and compliance systems</li> <li>– Assesses and overviews the internal and external audit processes</li> </ul>	<ul style="list-style-type: none"> <li>– Reviews and recommends the compensation policies to the Board</li> <li>– Approves the remuneration for the Executive Committee</li> <li>– Prepares the Compensation Report</li> </ul>	<ul style="list-style-type: none"> <li>– Assists the Board in applying principles of good corporate governance</li> <li>– Prepares appointments to the Board and the Executive Committee</li> </ul>

1. Dr Nabil Y. Sakkab retired as Board member and as member of the Nomination and Governance Committee on 18 March 2015

## Executive Committee

<b>Gilles Andrier</b> <b>Chief Executive Officer</b> French Born 1961 Appointed in 2005	<b>Mauricio Graber</b> <b>President Flavour Division</b> Mexican Born 1963 Appointed in 2006	<b>Maurizio Volpi</b> <b>President Fragrance Division</b> Italian Born 1969 Appointed in 2015	<b>Matthias Währen</b> <b>Chief Financial Officer</b> Swiss Born 1953 Appointed in 2004	<b>Joe Fabbri</b> <b>Head of Global EHS and Sustainability</b> Canadian Born 1958 Appointed in 2008
<b>Adrien Gonckel</b> <b>Chief Information Officer</b> French Born 1952 Appointed in 1992	<b>Simon Halle-Smith</b> <b>Head of Global Human Resources</b> British Born 1966 Appointed in 2015	<b>Willem Mutsaerts</b> <b>Head of Global Procurement</b> Dutch Born 1962 Appointed in 2015	<b>Chris Thoen</b> <b>Head of Global Science &amp; Technology</b> American and Belgian Born 1960 Appointed in 2015	

## Auditors

At the Annual General Meeting of shareholders on 19 March 2015, Deloitte SA was reappointed as Group and statutory auditor for the business year 2015. Since March 2009, the responsible principal auditor for the Givaudan audit at Deloitte has been Thierry Aubertin, Partner.

## Further information on corporate governance

### Annual Report 2015:

[www.givaudan.com](http://www.givaudan.com) – investors - online annual report – download centre.

### Principles of Disclosure and Transparency; Articles of Incorporation:

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

# 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 fragrance and flavour industry.

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

### Compensation governance and rules

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

### 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 vesting period.

### Board of Directors compensation summary

2015 in Swiss francs	Jürg Witmer Chairman	André Hoffmann	Lilian Biner	Peter Kappeler	Thomas Rufer	Werner Bauer	Calvin Grieder	Michael Carlos <sup>e</sup>	Ingrid Deltenre <sup>e</sup>	Nabil Sakkab <sup>f</sup>	Total 2015 <sup>a</sup>
Director fees <sup>b</sup>	400,000	100,000	100,000	100,000	100,000	100,000	100,000	75,000	75,000	25,000	1,175,000
Committee fees <sup>b</sup>	40,000	40,000	31,250	25,000	55,000	25,000	25,000	18,750	18,750	6,250	285,000
Total fixed (cash)	440,000	140,000	131,250	125,000	155,000	125,000	125,000	93,750	93,750	31,250	1,460,000
Number of RSUs granted <sup>c</sup>	364	91	91	91	91	91	91	91	91		1,092
Value at grant <sup>d</sup>	580,908	145,227	145,227	145,227	145,227	145,227	145,227	145,227	145,227		1,742,724
<b>Total compensation</b>	<b>1,020,908</b>	<b>285,227</b>	<b>276,477</b>	<b>270,227</b>	<b>300,227</b>	<b>270,227</b>	<b>270,227</b>	<b>238,977</b>	<b>238,977</b>	<b>31,250</b>	<b>3,202,724</b>

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

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

c) RSUs vest on 31 March 2018.

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

e) Elected at the Annual General Meeting in March 2015.

f) Retired at the Annual General Meeting in March 2015.



## Compensation of the Executive Committee

In 2015, total compensation reported remained stable overall despite the expansion of the Executive Committee from six to nine members during the reporting period. During 2015, Simon Halle-Smith (Head of Global Human Resources), Chris Thoen (Head of Global Science and Technology) and Willem Mutsaerts (Head of Global Procurement) joined the Executive Committee. The compensation packages for the newly appointed Executive Committee members has been set in accordance

with our compensation principles, including consideration of roles and responsibilities and with reference to our compensation benchmarks.

The fixed and long term variable compensation approved for 2015 was CHF 15,500,000 (2014: CHF 15,500,000). The annual incentive, short term variable compensation for 2015 was CHF 2,392,716 and will be submitted for approval at the 2016 Annual General Meeting (2014: CHF 2,266,841).

### Executive Committee compensation summary

in Swiss francs	Gilles Andrier CEO 2015	Gilles Andrier CEO 2014	Executive Committee members (excluding CEO) <sup>a</sup> 2015	Executive Committee members (excluding CEO) <sup>a</sup> 2014	Total 2015	Total 2014
Base salary	1,027,689	1,024,188	2,662,741	2,520,817	3,690,430	3,545,005
Pension benefits <sup>b</sup>	459,199	129,544	1,119,563	1,157,806	1,578,762	1,287,350
Other benefits <sup>c</sup>	100,616	110,051	591,992	784,044	692,608	894,095
Total fixed compensation	1,587,504	1,263,783	4,374,296	4,462,667	5,961,800	5,726,450
Annual incentive <sup>d</sup>	854,544	825,496	1,538,172	1,441,345	2,392,716	2,266,841
Number of performance shares granted <sup>e</sup>	1,446	1,900	4,396	5,920	5,842	7,820
Value at grant <sup>f</sup>	2,307,671	2,307,360	7,015,576	7,189,248	9,323,247	9,496,608
Total variable compensation	3,162,215	3,132,856	8,553,748	8,630,593	11,715,963	11,763,449
<b>Total compensation</b>	<b>4,749,719</b>	<b>4,396,639</b>	<b>12,928,044</b>	<b>13,093,260</b>	<b>17,677,763</b>	<b>17,489,899</b>
Employer social security <sup>g</sup>	382,000	349,000	1,064,000	1,058,000	1,446,000	1,407,000

a) Represents full year compensation of five Executive Committee members, and for 2015, partial year compensation of the three new Executive Committee members.

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

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

d) Annual incentive accrued in reporting period based on 2015 performance.

e) 2015 Performance shares vest on 31 March 2018, 2014 Performance shares vest on 31 March 2017.

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

g) 2015 estimated social security charges based on 2015 compensation; 2014 estimated social security charges based on 2014.

## Ownership of Givaudan securities

### Board of Directors

2015 in numbers	Shares	RSUs
Jürg Witmer, Chairman	2,914	1,340
André Hoffmann <sup>a</sup>	88,629	335
Lilian Biner	252	335
Peter Kappeler	171	335
Thomas Rufer	465	335
Werner Bauer	970	210
Calvin Grieder		210
Michael Carlos <sup>b</sup>	400	91
Ingrid Deltenre		91
Nabil Sakkab	100	244
<b>Total 2015</b>	<b>93,901</b>	<b>3,526</b>
Total 2014	92,134	3,568

a) The following Givaudan derivatives were also held by Mr Hoffmann as per 31 December 2015: 30,000 call warrants UBS – Givaudan 15 August 2016 (ISIN value no. CH 022 483 99 82). No other member of the Board held any share options or option rights.

b) Mr Carlos also held 3,600 unvested performance shares as per 31 December 2015 granted to him during his tenure as an Executive Committee member.

### Executive Committee: ownership of Givaudan securities

2015 in numbers	Shares	Unvested performance shares
Gilles Andrier, CEO	1,500	5,346
Matthias Waehren	1,004	3,525
Mauricio Graber	550	3,337
Maurizio Volpi	80	1,250
Joe Fabbri	350	2,535
Adrien Gonckel	33	2,593
Simon Halle-Smith		690
Chris Thoen	58	1,225
Willem Mutsaerts		1,344
<b>Total 2015</b>	<b>3,575</b>	<b>21,845</b>
Total 2014	4,839	19,070

### Further information on compensation matters

**Annual Report 2015:** [www.givaudan.com](http://www.givaudan.com) – investors - online annual report – download centre.

# Consolidated financial statements

## Consolidated Income Statement

For the year ended 31 December

in millions of Swiss francs, except for earnings per share data	2015	2014
Sales	4,396	4,404
Cost of sales	(2,366)	(2,377)
<b>Gross profit</b>	<b>2,030</b>	<b>2,027</b>
as % of sales	46.2%	46.0%
Selling, marketing and distribution expenses	(608)	(635)
Research and product development expenses	(366)	(405)
Administration expenses	(169)	(176)
Share of (loss) profit of jointly controlled entities	(2)	(1)
Other operating income	41	52
Other operating expense	(132)	(102)
<b>Operating income</b>	<b>794</b>	<b>760</b>
as % of sales	18.1%	17.3%
Financing costs	(61)	(63)
Other financial income (expense), net	(27)	(20)
<b>Income before taxes</b>	<b>706</b>	<b>677</b>
Income taxes	(71)	(114)
<b>Income for the period</b>	<b>635</b>	<b>563</b>
<b>Attribution</b>		
Income attributable to equity holders of the parent	635	563
as % of sales	14.4%	12.8%
<b>Earnings per share – basic (CHF)</b>	<b>68.98</b>	<b>61.18</b>
<b>Earnings per share – diluted (CHF)</b>	<b>68.14</b>	<b>60.35</b>

## Consolidated Statement of Comprehensive Income

For the year ended 31 December

in millions of Swiss francs	2015	2014
<b>Income for the period</b>	<b>635</b>	<b>563</b>
<b>Items that may be reclassified to the income statement</b>		
<b>Available-for-sale financial assets</b>		
Movement in fair value, net	2	4
(Gains) losses removed from equity and recognised in the consolidated income statement	(12)	(2)
Movement on income tax	-	-
<b>Cash flow hedges</b>		
Movement in fair value, net	(15)	(47)
(Gains) losses removed from equity and recognised in the consolidated income statement	11	12
Movement on income tax	1	2
<b>Exchange differences arising on translation of foreign operations</b>		
Change in currency translation	(206)	153
Movement on income tax	5	5
<b>Items that will not be reclassified to the income statement</b>		
<b>Defined benefit pension plans</b>		
Remeasurement (gains) losses	67	(358)
Movement on income tax	(24)	99
<b>Other comprehensive income for the period</b>	<b>(171)</b>	<b>(132)</b>
<b>Total comprehensive income for the period</b>	<b>464</b>	<b>431</b>
<b>Attribution</b>		
Total comprehensive income attributable to equity holders of the parent	464	431

## Consolidated Statement of Financial Position

As at 31 December

in millions of Swiss francs	2015	2014
Cash and cash equivalents	478	412
Derivative financial instruments	17	21
Derivatives on own equity instruments	6	10
Available-for-sale financial assets	2	64
Accounts receivable - trade	901	911
Inventories	716	771
Current tax assets	16	22
Other current assets	143	146
<b>Current assets</b>	<b>2,279</b>	<b>2,357</b>
Property, plant and equipment	1,384	1,430
Intangible assets	2,197	2,293
Deferred tax assets	260	258
Post-employment benefit plan assets	15	7
Financial assets at fair value through income statement	35	35
Jointly controlled entities	27	17
Other long-term assets	85	75
<b>Non-current assets</b>	<b>4,003</b>	<b>4,115</b>
<b>Total assets</b>	<b>6,282</b>	<b>6,472</b>
Short-term debt	208	57
Derivative financial instruments	18	19
Accounts payable - trade and others	400	423
Accrued payroll & payroll taxes	120	119
Current tax liabilities	70	82
Financial liability: own equity instruments	48	54
Provisions	12	12
Other current liabilities	138	155
<b>Current liabilities</b>	<b>1,014</b>	<b>921</b>
Derivative financial instruments	62	50
Long-term debt	947	1,150
Provisions	51	36
Post-employment benefit plan liabilities	637	735
Deferred tax liabilities	92	88
Other non-current liabilities	64	79
<b>Non-current liabilities</b>	<b>1,853</b>	<b>2,138</b>
<b>Total liabilities</b>	<b>2,867</b>	<b>3,059</b>
Share capital	92	92
Retained earnings and reserves	5,361	5,187
Own equity instruments	(79)	(78)
Other components of equity	(1,959)	(1,788)
<b>Equity attributable to equity holders of the parent</b>	<b>3,415</b>	<b>3,413</b>
<b>Total equity</b>	<b>3,415</b>	<b>3,413</b>
<b>Total liabilities and equity</b>	<b>6,282</b>	<b>6,472</b>

## Consolidated Statement of Changes in Equity

For the year ended 31 December

2015 in millions of Swiss francs	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Available- for-sale financial assets	Currency translation differences	Defined benefit pension plans remeasure- ment	Total equity
<b>Balance as at 1 January</b>	<b>92</b>	<b>5,187</b>	<b>(78)</b>	<b>(67)</b>	<b>22</b>	<b>(1,195)</b>	<b>(548)</b>	<b>3,413</b>
Income for the period		635						635
Other comprehensive income for the period				(3)	(10)	(201)	43	(171)
<b>Total comprehensive income for the period</b>		<b>635</b>		<b>(3)</b>	<b>(10)</b>	<b>(201)</b>	<b>43</b>	<b>464</b>
Dividends paid		(461)						(461)
Movement on own equity instruments, net			(1)					(1)
<b>Net change in other equity items</b>		<b>(461)</b>	<b>(1)</b>					<b>(462)</b>
<b>Balance as at 31 December</b>	<b>92</b>	<b>5,361</b>	<b>(79)</b>	<b>(70)</b>	<b>12</b>	<b>(1,396)</b>	<b>(505)</b>	<b>3,415</b>

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



## Consolidated Statement of Cash Flows

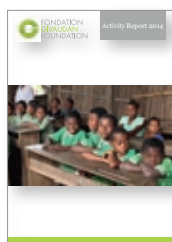
For the year ended 31 December

in millions of Swiss francs	2015	2014
Income for the period	635	563
Income tax expense	71	114
Interest expense	47	52
Non-operating income and expense	41	31
<b>Operating income</b>	<b>794</b>	<b>760</b>
Depreciation of property, plant and equipment	112	110
Amortisation of intangible assets	157	180
Impairment of long-lived assets	7	3
<b>Other non-cash items</b>		
- share-based payments	40	31
- pension expense	1	40
- additional and unused provisions, net	30	15
- other non-cash items	43	20
<b>Adjustments for non-cash items</b>	<b>390</b>	<b>399</b>
(Increase) decrease in inventories	4	(47)
(Increase) decrease in accounts receivable	(76)	(40)
(Increase) decrease in other current assets	3	(14)
Increase (decrease) in accounts payable	(7)	(1)
Increase (decrease) in other current liabilities	(4)	(24)
<b>(Increase) decrease in working capital</b>	<b>(80)</b>	<b>(126)</b>
<b>Income taxes paid</b>	<b>(107)</b>	<b>(112)</b>
Pension contributions paid	(45)	(61)
Provisions used	(12)	(15)
Purchase and sale of own equity instruments, net	(43)	(37)
Impact of financial transactions on operating, net	18	(2)
<b>Cash flows from (for) operating activities</b>	<b>915</b>	<b>806</b>
Increase in long-term debt	200	450
(Decrease) in long-term debt	(202)	(201)
Increase in short-term debt	506	145
(Decrease) in short-term debt	(564)	(562)
Interest paid	(36)	(46)
Distribution to the shareholders paid	(461)	(433)
Purchase and sale of derivative financial instruments financing, net	(16)	(47)
Others, net	(5)	(3)
<b>Cash flows from (for) financing activities</b>	<b>(578)</b>	<b>(697)</b>
Acquisition of property, plant and equipment	(126)	(168)
Acquisition of intangible assets	(35)	(46)
Increase in share capital of jointly controlled entities	(14)	(17)
Acquisition of subsidiary, net of cash acquired	(91)	(37)
Proceeds from the disposal of property, plant and equipment	1	58
Interest received	1	3
Purchase and sale of available-for-sale financial assets, net	52	6
Purchase and sale of derivative financial instruments, net	-	-
Others, net	(13)	(8)
<b>Cash flows from (for) investing activities</b>	<b>(225)</b>	<b>(209)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>112</b>	<b>(100)</b>
Net effect of currency translation on cash and cash equivalents	(46)	(1)
Cash and cash equivalents at the beginning of the period	412	513
<b>Cash and cash equivalents at the end of the period</b>	<b>478</b>	<b>412</b>

# Overview of annual publications

	<p><b>Online Annual Report 2015</b></p> <p><b>Available in English</b></p> <ul style="list-style-type: none"> <li>– From 2 February 2016</li> <li>– <a href="http://www.givaudan.com">www.givaudan.com</a> - investors - online annual report</li> </ul>	<p><b>Content</b></p> <p>Online highlights of our financial performance, Management and Strategy reports, Governance and Compensation, as well as our business and culture, stories and a full download centre.</p>
	<p><b>Annual Report 2015</b></p> <p><b>Available in English</b></p> <ul style="list-style-type: none"> <li>– PDF from 2 February 2016</li> <li>– Print from 17 March 2016</li> <li>– <a href="http://www.givaudan.com">www.givaudan.com</a> - media - publications</li> </ul>	<p><b>Content</b></p> <p>The full Annual Report: Strategic overview, Strategy and Management Reports, Governance and Compensation, and the Financial Report.</p>
	<p><b>Highlights 2015</b></p> <p><b>Available in English, French and German</b></p> <ul style="list-style-type: none"> <li>– PDF and print from 17 March 2016</li> <li>– <a href="http://www.givaudan.com">www.givaudan.com</a> - media - publications</li> </ul>	<p><b>Content</b></p> <p>Business and financial highlights in addition to the Chairman and CEO reviews, the Strategy report, and the highlights of the Governance and Compensation reports.</p>
	<p><b>GRI Report 2015</b></p> <p><b>Available in English</b></p> <ul style="list-style-type: none"> <li>– PDF from 17 March 2016</li> <li>– <a href="http://www.givaudan.com">www.givaudan.com</a> - sustainability - publications</li> </ul>	<p><b>Content</b></p> <p>Management and performance information on our environmental, social and economic impacts.</p>

**To order publications:**  
[www.givaudan.com/media/corporate-publications](http://www.givaudan.com/media/corporate-publications)



## Givaudan Foundation

### Annual Report 2015

**Available in English**  
 PDF from 17 March 2016  
[www.givaudan-foundation.org](http://www.givaudan-foundation.org)

The Givaudan Foundation was created by Givaudan in 2013 in Geneva as a non-profit organisation, following the Company's desire to reinforce its commitment to charitable causes and involvement in the communities in which it operates. The purpose of the Foundation is to initiate and support projects, as well as to grant donations in the areas of humanitarian action, health,

nutrition, science, education, development, environment and sustainable development. 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.

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The Annual and Financial Report and the Highlights may contain forward-looking information. Such information is subject to a variety of significant uncertainties, including scientific, business, economic and financial factors. Therefore actual results may differ significantly from those presented in such forward looking statements.

Investors must not rely on this information for investment decisions.

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