

2016 Highlights

Growing with our customers



Givaudan

engage your senses



Givaudan, an invitation to Engage your senses

Our vision

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

Our mission

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

Our culture

By being inspiring, we foster a positive environment of openness and curiosity, where we shape and share innovative ideas that foster sustainable growth and create memorable flavours and fragrances. By being challenging, we perform with a mindset of best and see challenges as opportunities for a better future. We anticipate what's next, welcome debate and challenge the way business is done. And by acting with heart and soul, we drive positive change, establish true partnerships, take responsibility for our actions and act with empathy and humility. At Givaudan, everyone impacts the world through their contribution to the creation of inspiring taste and scent experiences, helping our customers build their brands and delight consumers. Our talented and creative professionals feel passionate and proud of the work they do and are empowered to contribute to a sustainable society.

We are a global company of over 10,000 employees: it is a world of diversity, with people from different cultures, countries and backgrounds, representing around 90 nationalities. All work together with a wide variety of skills to help our customers build their brands, from researchers to perfumers, evaluators and sensory scientists and from flavourists and food technologists to production workers and commercial teams.

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Performance highlights

In line with our 2020 guidance

Sales of CHF **4.7** billion

up 4.2% on a LFL¹ basis

EBITDA of CHF **1,126** million

up 5.2% in Swiss francs

EBITDA margin of **24.1%**

Net income of CHF **644** million

up 3.1% year-on-year

Free cash flow of **12.8%** of sales

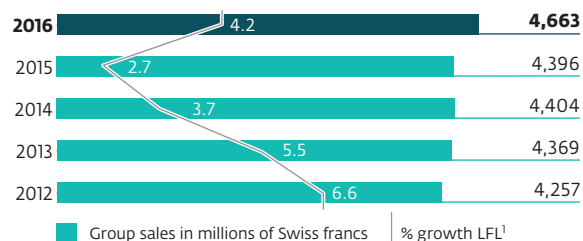
Proposed dividend² of CHF **56.00**

per share, an increase of 3.7% year-on-year

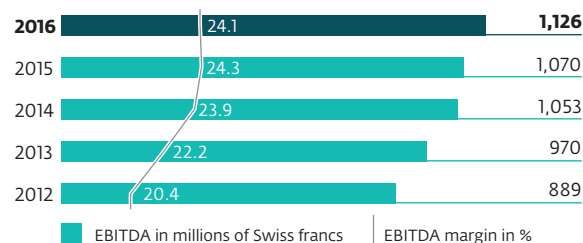
1. LFL: Like-for-Like, excludes the impact of currency, acquisitions and disposals.

2. Subject to shareholder approval at the AGM meeting on 23 March 2017.

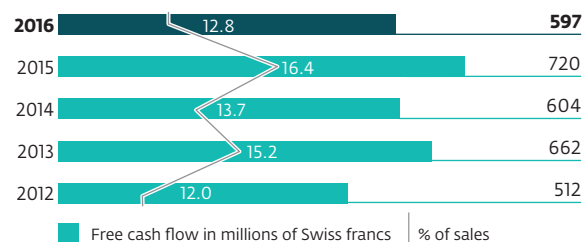
Group sales and growth rate



EBITDA and margin



Free cash flow



Dividend per share

in Swiss francs



98

Locations
worldwide

39

Production
sites

~25%

Market
share

10,476

Employees

17.9M

hours worked
safely

Key figures

Solid financial performance

Our 2016 full year results are a convincing demonstration of the continued value we bring to our customers, across all regions and segments.

For the year ended 31 December, in millions of Swiss francs, except for capital markets and employee data	2016	2015 ²	Percentage change
Sales and results			
Group Sales	4,663	4,396	6.1%
Flavour sales	2,433	2,300	5.8%
Fragrance sales	2,230	2,096	6.4%
Like-for-like sales growth	4.2%	2.7%	
Gross profit	2,128	2,030	4.8%
as % of sales	45.6%	46.2%	
EBITDA ¹	1,126	1,070	5.2%
as % of sales	24.1%	24.3%	
Operating income	875	794	10.2%
as % of sales	18.8%	18.1%	
Income attributable to equity holders of the parent	644	625	3.1%
as % of sales	13.8%	14.2%	
Balance sheet and cash flows			
Operating cash flow	805	915	(12.0%)
as % of sales	17.3%	20.8%	
Free cash flow	597	720	(17.1%)
as % of sales	12.8%	16.4%	
Net debt	930	677	37.4%
Leverage ratio	19%	15%	
Capital Markets			
Market capitalisation	17,230	16,833	2.4%
Share price as at 31 December	1,866	1,823	2.4%
Cash dividend ³	56	54	3.7%
Earnings per share – basic (CHF)	69.95	67.89	3.0%
Employees			
Number of Employees as at 31 December	10,476	9,907	5.7%
Lost time injury rate	0.36	0.42	(14.3%)

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.

2. Previous year figures have been restated in accordance with early adoption of IFRS 9.

3. Subject to shareholder approval at the AGM meeting on 23 March 2017.

Our business

An invitation to engage your senses

Our markets

Serving customers' and consumers' growing demand

Mature markets: 55% of annual sales

High growth markets: 45% of sales

Sales in high growth markets are driven by the rising consumer demand from an increasing urban middle class. In both high growth and mature markets, increasing demand for health and well-being products, such as lower salt, sugar and fat in food, and anti-ageing effects in cosmetics offer a significant potential for growth. Through targeted investment, we focus our efforts on best serving our customers and maximising our growth opportunities.

Our consumers

We bring the realm of taste and scent to life

Givaudan impacts the lives of millions of consumers around the world with the flavour and fragrances we create hand in hand with our customers. We unveil the tastes and scents that suit you best, and that you love most. We bring them to you every day, everywhere and in every way.

Our customers

Superior customer experience

Working hand in hand with our customers, our tastes and scents inspire the creation of products that delight consumers the world over. 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. Active Beauty offers an extensive portfolio of award-winning active cosmetic ingredients for an expanded range of benefits including anti-ageing, self-tanning and more. In flavours, our customers are in the food and beverage industry and span across key segments including beverages, sweet goods, savoury, snacks and dairy.

Our brand

The brand which helps you express yourself

Focused on consumer desires and preferences we highlight the emotional impact of our creations. Our 'G' is filled with expression and our images stir emotions. Our brand distinguishes us as creative, innovative and emotional and expresses what we stand for: engage your senses.

Our divisions

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.

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 Active Beauty teams are harnessing the power of nature for cutting-edge cosmetics.

Sales breakdown by division

Flavours

15%

Confectionery

Confectionery
Baked goods
Sugar confectionery
Chocolate
Chewing gum

35%

Beverages

Soft drinks
Fruit juices
Instant beverages

14%

Dairy

Ice cream and yoghurt
Desserts
Yellow fats (margarines)

36%

Savoury

Ready-made meals
Snacks
Soups and sauces
Meat and poultry

Total 52%
of Group
sales

13%

Fragrance Ingredients and Active Beauty

18%

Fine Fragrances

Signature fragrances
Line extensions

Total 48%
of Group
sales

69%

Consumer Products

Fabric and personal care
Hair and skin care
Household and air care
Oral care

Chairman's introduction

Solid performance, continued value creation

Givaudan concluded a successful first year of its 2020 strategy cycle, delivering healthy financial performance despite a continued unstable market environment.

The 2016 full-year results demonstrate solid topline growth and free cash flow generation, both in line with our projected average 2020 financial targets.

On the basis of Givaudan's strong performance in 2016, and its continued solid financial position, the Board of Directors will propose an increase in the dividend to CHF 56.00 at the Annual General Meeting on 23 March 2017, the sixteenth consecutive increase since our listing on the Swiss stock exchange.

The first year of our new 5-year strategy cycle was marked by both business continuity and change. Givaudan continued to deliver a strong financial performance while focusing on long-term value creation for all stakeholders. Despite an ongoing unstable market environment, we made significant investments in future growth: the expansion of our footprint with new innovation and application centres, especially in high-growth markets, the expansion of our business through acquisitions, and the decision to evolve our organisation through Givaudan Business Solutions, a new global unit being designed and gradually implemented to ensure a superior customer experience by offering more agile and flexible processes, services and solutions.

It is likely that 2017 will be another year of low growth for the global economy. While we may see growth in some niche

industries and in certain regions, the world will be under pressure from ongoing political, policy and economic uncertainties. World economic growth is predicted to be 3–4%, with China and India being the countries offering the highest growth in the range of 6–7%, while predictions for other high growth markets in Asia and Latin America are in the range of low single-digit growth. Mature markets are also expected to deliver low single-digit growth, with a slightly higher growth rate in the USA. Global megatrends will continue to influence our society and consequently the Flavour and Fragrance industry. Against this backdrop, the increase of the global population, rising life expectancy and ongoing urbanisation will continue to drive demand for personal hygiene and fragranced products, as well as convenience food and beverages. I am confident that, as industry leader, Givaudan is in a strong position to create consumer preferred flavours and fragrances that grow our customers' brands and bring about shared success as we move forward on the road to our 2020 ambition.

In October 2016, I announced my intention to retire as Chairman and a member of the Board of Directors. Looking back over the past 18 years, both as CEO and as Chairman of Givaudan, I am humbled to have been entrusted to lead this Company through many challenges and successes and to have been able to ensure ongoing investment and growth in all areas of our business, along with continued value creation – in form of dividends and share price appreciation – since the IPO in 2000. I draw my confidence in Givaudan's future growth from its 250-year history, a story that has been built upon a culture of mutual respect, passion for value creation and an unwavering commitment to satisfy consumer desires and customer demands.

Givaudan's next chapter of value creation rests upon the principle of 'Responsible growth' and 'Shared success'. I am

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



Dr Jürg Witmer, Chairman

particularly pleased with our recent achievements in the areas of governance, responsible sourcing and succession planning. In 2016, we further enhanced our governance model through a newly created Science and Innovation Committee, which advises the Board of Directors in scientific matters, identifies opportunities and screens potential partners and projects in the innovation space. In addition, we reconfirmed our commitment to high ethical standards by updating our Principles of Conduct. Given our own commitment, we want to work with partners who aspire to the same ideals as we do. In 2016, we further strengthened this commitment by issuing a Responsible Sourcing Policy that seeks to ensure that our suppliers comply with strict requirements for health, safety, social, environmental and business integrity. I am also proud of our programmes to ensure industry-leading sourcing at origin, securing our supply of the most vulnerable natural ingredients, like vanilla, patchouli or ylang ylang, while creating local value and supporting communities at source.

We will continue to thrive based on our unique business model, ongoing investment, capabilities and highly skilled teams.

Succession planning remains a strong focus for our future success. I am very pleased that Givaudan has been able to develop its own strong leaders, and in particular, that our current Vice-Chairman, Calvin Grieder, accepted to stand for election as new Chairman at the Annual General Meeting in March 2017. With the retirements in 2016 of Adrien Gonckel, Chief Information Officer, and Matthias Währen, Chief Financial Officer, both of whom receive my warmest thanks, we have been able to expand our Executive Committee and

ensure seamless transitions with key management appointments from within: Tom Hallam, who became Chief Financial Officer in January 2017, and Anne Tayac, appointed in July 2016 as Head of Givaudan Business Solutions.

Looking forward, I have every confidence that Givaudan will continue to grow with its customers based on a unique business model, strong capabilities, solid financial position and highly skilled teams. Rooted in sensory expertise and deep consumer understanding, we will continue to invest in innovation, inspiring creations that delight consumers and cultivating a mindset that puts customers at the heart of everything we do.

My sincere appreciation and gratitude go to my fellow members of the Board of Directors, the Executive Committee members and all 10,476 employees worldwide. Their daily commitment and passion make Givaudan all it is today, and all that it can be tomorrow, by engaging people's senses, every day, everywhere.

Finally, allow me to express my sincere thanks to our shareholders for your trust. I am confident that Givaudan will continue its path of value creation in the years to come.

Dr Jürg Witmer
Chairman

Chief Executive Officer's review

Starting our five year strategy with a solid first year

Gilles Andrier, Chief Executive Officer, answers our shareholders' questions about Givaudan's performance in 2016, early achievements towards our 2020 strategy, and outlook on key priorities for 2017.

What were Givaudan's major financial achievements in 2016?

Despite a continued volatile and challenging market environment in 2016, we made a solid start towards achieving our 2020 strategy. Our financial ambitions and roadmap for the five-year cycle seek to ensure responsible growth and shared success for shareholders, customers and all key stakeholders. Our topline growth is well on track, with sales of CHF 4,663 million showing an increase of 4.2% on a like-for-like basis¹ and 6.1% in Swiss francs, and we achieved free cash flow of 12.8% of sales – both results are in line with the average financial targets we set for 2020. Finally, in 2016 we made strong operational progress in each of our strategic pillars – growing with our customers, delivering with excellence and partnering for shared success.

What did you accomplish in terms of growing with customers?

Customers are the very heart of our business and there are several ways in which we are growing with them.

The first way is to continue growing in high growth markets, where we further expanded our footprint in 2016. Beyond

opening several new offices in Latin America and Africa, we became the first global flavours company to open laboratory and office facilities in Pakistan, enabling our customers to access Givaudan's industry-leading capabilities locally. We also expanded our Flavour Innovation Centre (FIC) in Singapore, where our flavourists leverage the latest ingredients and technologies to develop holistic customer solutions that can go straight to market. In Fragrances, we continued to strengthen our manufacturing capacity for fragrance ingredients in high-growth markets.

Another way of growing with our customers is to anticipate and develop consumer-preferred products. Consumer preferences are not only rapidly evolving but are very specific to each region. We support our customers' growth by leveraging consumer insights and in-depth knowledge of local markets, and by harnessing our innovation and unique creative capabilities. Recent examples include new captive fragrances molecules, introduced in 2016, a new generation of encapsulated fragrances, a new delivery system for snacks offering authentic flavour profiles and ease of use in processing, as well as new dairy-free solutions.

Health and well-being is an area that offers us many opportunities to grow with customers in both flavours and fragrances. Givaudan's active cosmetics business was rebranded in 2016 as 'Active Beauty', with the mission to bring beauty to the world. To further reinforce our innovation in the research, development and production of active cosmetics ingredients, we expanded our collaboration with the industrial bioscience company Amyris, Inc. In Flavours, we introduced several innovations to support consumer trends for health and well-being. Examples include a new ingredient that helps to enhance sweetness while reducing calories and a 'non-dairy dairy' solution for customers seeking to offer products with authentic dairy flavours while addressing allergens and

Givaudan delivered a solid financial performance, in line with our 2020 targets.



Gilles Andrier, Chief Executive Officer

vegetarian preferences. We also advanced the development of new solutions which provide more protein and functional food ingredients, help to mask bitterness, and continued to further strengthen our natural flavours platform.

What role did acquisitions play in supporting customer growth in 2016?

We continuously look at opportunities to grow our business both within and beyond our core fragrance and flavour capabilities, for example by expanding our offering in integrated solutions and Active Beauty.

The acquisition of Spicetec Flavors & Seasonings, completed in 2016, further supports our customers by offering integrated solutions. Combining our leading flavour expertise with Spicetec's portfolio of products enables us to deliver a broader range of solutions to our customers in processed meat, savoury retail and foodservices. Furthermore, these additional capabilities help us strengthen the breadth of our industry-leading natural ingredients, flavour and taste solutions. This represents a significant opportunity to grow and expand our existing business. In terms of Fragrances, our earlier acquisitions of Induchem in 2015 and Soliance in 2014 are now combined into Givaudan's Active Beauty business, offering a comprehensive range of innovative technologies and solutions in the area of anti-ageing, self-tanning, skin-soothing and moisturising to customers and consumers around the world.

Over the coming years, we will continue to build both businesses.

You announced the creation of Givaudan Business Solutions (GBS). How does this support your 2020 strategy?

To succeed in a market that is daily becoming more competitive, dynamic and fast-moving, we must ensure that every customer

interaction is excellent at every touch point. We must create a memorable experience that drives our customers' desire to work with us. GBS is all about harnessing our expertise and talents in a more efficient, customer-focused and agile way, creating a platform for continuous improvement. The step-wise implementation of Givaudan Business Solutions will support the Company in delivering on this commitment by reducing internal complexity, offering best-in-class business processes to our customers, and solutions to both divisions and corporate functions, and driving excellence across the organisation.

Building a global platform with standardised processes and solutions will also allow us to apply and leverage automation and big data more consistently, while making it quicker and easier to integrate new acquisitions – all of which contributes to operating more efficiently and in a more agile way.

GBS will become the heart of our strategy pillar, 'Delivering with excellence.'

How important are partnerships to Givaudan and what did you achieve in this area?

Partnerships are crucial to driving responsible and sustainable growth over the next five years and that is why we have embedded becoming the 'partner of choice' in our 2020 ambition. We made good progress in building and expanding collaborations with all of our key stakeholder groups in 2016.

Innovation is an area where partnerships play a key role in fuelling growth. Beyond our commitment to invest significant resources in our own science and technology – approximately CHF 400 million annually – it is vital we continue expanding the collaborations with external partners who can speed our access to new technology and innovations. Following an intensive Innovation Trek that took all of the Executive Committee members to San Francisco, we signed an agreement with

IndieBio, a leading biotechnology accelerator in the US. Givaudan also became a founding partner of MassChallenge, giving us access to hundreds of thoroughly evaluated and expertly accelerated start-ups. In fact, we are already collaborating with sensorwake, one of the 2016 winners. We are rethinking the future of food through our participation in the EIT Food Knowledge and Innovation Community, a powerful collaborative network to drive sustainable transformation towards a more consumer-centric and resource-efficient food sector, as well as RocketSpace, an accelerator for food and agriculture that harnesses the ideas of disruptive start-ups and progressive corporations.

We also announced the investment into building a new innovation centre for flavours and fragrances in Switzerland, which will open in 2019. Its innovative research areas will span from organic chemistry, naturals such as fermentation and biocatalysis, to flavour creation and application science, as well as delivery systems.

In 2016, we expanded our partnerships with suppliers focusing on some of our most vulnerable raw materials. We strengthened our footprint in Madagascar through two initiatives with our partner Henri Fraise Fils (HFF): NATEMA, our joint venture plant for processing clove leaf oil, will enable us to establish and grow our capacity to develop and process natural ingredients; a further agreement will allow us to leverage the local expertise and infrastructure of HFF to secure vanilla bean supply directly from Malagasy smallholder producers. Both examples demonstrate our commitment to establish direct sourcing models in countries of origin that offer the best ingredients to our customers and create value in our partner communities. In addition, we are actively pursuing supplier-enabled innovation, leveraging opportunities to collaborate with our suppliers on common innovation goals.

A strong, motivated workforce is among our most valuable assets. At Givaudan, we aim to foster a great place to work where every employee contributes to our success. Our second global employee engagement survey, conducted in September 2016, demonstrated an increase over 2013 with an industry-leading 81% engagement rate. We take pride in offering interesting career opportunities to employees and managers with knowledge and potential, and continue to prepare our future leaders with strong internal Learning & Development initiatives. The success of our Leadership Senses programme can be seen in the fact that many of our senior managers are recruited from within Givaudan.

Sustainability is increasingly important to your customers. How is this reflected in your strategy?

Givaudan is in the process of fully integrating sustainability into all key programmes of our 2020 strategy, and this is reflected throughout the business value chain. Consumers are demanding more transparency around the products they buy; they expect them to be more sustainable, and also expect companies to

operate more responsibly. We want to help our customers offer brands that satisfy these consumer demands. There are three key areas in which we believe our progress is of high value to our customers: responsible sourcing, innovation, and environmental stewardship.

Responsible sourcing is essential for Givaudan: we buy more than 10,000 different natural and synthetic ingredients sourced from 2,000 suppliers in over 100 countries, and we want to make a positive impact on those communities while preserving the environment for future generations. To this end, we introduced a Responsible Sourcing policy in 2016, the first of its kind in the fragrance and flavour industry. We are working to ensure that all of our suppliers achieve compliance with this policy. Supplier audits of specific supply chains for key raw materials are part of this responsible sourcing programme.

Brands with purpose need to harness innovation to stand out from competitors, and our aspiration is to support our customers in their sustainability goals with innovative tools and approaches. Examples of areas we are exploring include green chemistry or cleaner processes that generate less waste, resource recovery that transforms low-value materials into high-value products, circular economy practices that avoid pollution by design, and new ways to address the future food and health needs of a growing world population.

Givaudan is industry-leading in our eco-efficiency performance. In 2015, after successfully delivering against our original targets ahead of time, we set even more ambitious eco-efficiency targets for 2020. The new targets reflect our ambition to stabilise environmental impact while increasing production volumes. We fully support CDP's new scoring system, introduced in 2016 to encourage companies to be more ambitious in their response to climate change. Givaudan achieved an overall ranking of A- at the Leadership level and was named a country leader for Switzerland in 2016.

What challenges did you encounter in 2016 and how did you master them?

In 2016, we were able to compensate for continued weak sales in the European region with very solid growth in North America. Our sales in Asia and Latin America continued overall to be very strong, while certain high growth markets declined compared to the relatively high growth rates seen in previous years. Our broad exposure to diverse markets, currencies, customers and segments allowed us to improve our growth and performance throughout the year, demonstrating the resilience of our business.

Consumer desires, market trends and customer needs are evolving faster than ever before. How do you address these changes?

Givaudan has several key strengths that make us well positioned to adapt to the rapid pace of change in today's evolving landscape.

We put the customer at the heart of our business and, collaborating closely with them, customise our offers to their specific and evolving needs. For our customers, partnering with Givaudan must continue to mean something out of the ordinary – a choice that removes complexity and risk for them and gives them confidence that working with us means a greater likelihood of product success. We strive to earn their trust every day with a mindset of delivering a superior customer experience.

We appreciate that consumer preferences vary from region to region and evolve quickly, often inspired and influenced by local culture, fashion or food trends. To anticipate and develop consumer-preferred flavours and fragrances, our teams closely follow these trends as well as product offerings in key markets, and we invest in market research and consumer understanding. We use these insights not only to develop fragrances and flavours that meet evolving consumer desires, but also to advise our customers on these trends and how to use them in the development of their brands.

Our approach of being close to consumers, customers and markets is backed by a solid strategy that gives us a clear roadmap, while preserving our agility and nimbleness to adapt to market changes. We also have the financial means to drive growth, by investing in innovation, infrastructure, partnerships and acquisitions. Most importantly, we have a highly dedicated team with a mindset that is truly committed to serving our customers, delivering a superior experience and helping them to make their brands desirable and successful.

The past two years have seen several changes in the Executive Committee. What impact does this have on the 2020 strategy?

Leading Givaudan on our journey to 2020 and beyond will be challenging, but as CEO I am confident that we are firmly supported by our dynamic and experienced executive team. Over the past two years, Givaudan's leadership team has grown and evolved to include new members from areas not historically represented at the Executive Committee level. Thanks to this expansion, we now have a voice at the highest level of our Company for innovation, procurement and most recently, GBS. We are especially fortunate to have effective succession planning that has enabled us to appoint strong and very experienced leaders from within Givaudan. This allows us to address the challenging market environment, and ensure that we are able to successfully execute our 2020 strategy.

What are the priorities for the business in 2017?

The year ahead will be marked by ongoing change in the market and our response to it. While continuing along the path of executing our 2020 strategy, we will remain attuned to the market environment and adapt our business approach. As we pursue opportunities to acquire companies to further build our Active Beauty business and offering in Integrated Solutions, we will actively embrace change, striving to best integrate the

value and agility these companies have to offer. We will welcome the step-wise implementation of GBS, Givaudan's new organisation delivering best-in-class processes, services and solutions, to internal and external customers.

Finally, we will focus on further embedding a mindset to deliver a truly superior customer experience, and in doing so drive our competitive advantage beyond the high quality of our products and services. Our top priority for 2017 will be excelling in the way we engage with each and every one of our customers.

I look forward to an exciting year for Givaudan and am confident that we will continue on our growth path as we pursue our strategy of 'Responsible Growth, Shared Success' in 2017.



Gilles Andrier
Chief Executive Officer

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

Our business model and value creation

Capital input



Value creation



Value outcome

Financial

We strive for an efficient use of funds available to the Group.

- Free cash flow of CHF 597 million

Social environment

Our reputation and the trust of our stakeholders are vital for success.

- Stakeholder engagement
- Expanding collaboration with all key stakeholder groups

Human

Continuous development of our employees and recruitment of new talent.

- Leadership development at all levels
- Masterclasses for all functions

Innovation

Innovation drives the creation of leading-edge and sustainable solutions for our customers.

- CHF 400 million invested in research and development

Operations

Operational excellence enables us to decouple environmental impact from growth.

- 39 production sites
- Working towards 100% renewable electricity at all sites



Financial

Constant delivery of solid cash returns and an increased profitability.

- Free cash flow of 12.8% of sales

Social environment

Mutually beneficial partnerships with all our stakeholders.

- Collaboration with local NGOs
- Creation of joint ventures

Human

A well trained, diversified and fairly compensated workforce empowered to impact their world.

- Learning and development offering is above industry norm
- 1,609 new hires

Innovation

Innovation is central to driving current and future growth and enhancing our competitive advantage.

- 29 new patent applications filed

Operations

Excellence in operations and local presence makes us a partner of choice.

- Reduction of energy and water use
- Reduction of CO₂ emission and waste

Control mechanism

Our focus on customers

Superior customer experience

We aim to deliver innovative, sustainable and high quality products to our customers, creating value through 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 everything we do – in our strategy, in our execution and in our day-to-day activities. We seek to go beyond this and be recognised by our customers for the way we truly engage with them across all touch points in our value chain. It's about caring to win with our customers.

“We know the importance of being able to customise our offerings and our collaboration to the needs of our global, international, local and regional customers.”

Gilles Andrier, CEO

In putting customers at the heart of what we do, we want to make them feel valued, confident and understood. This means we are an active listener, a true partner at each step of the creation and value chain, flexible and agile in offering customised solutions to their needs, whether they are global, international, regional or local customers. We want to create positive experiences every time we work with customers and at every point of contact. In working with them, we will share consumer insights, knowledge and expertise. Our employees will act with a customer-focused mindset for customers, internal or external. This is a mindset we will continue to drive and embed within our organisation. Ultimately, it's about delivering success.

In Flavours, we are looking to help our customers create the future generation of food and beverage products that will capture consumers in an environment where the pace of change and the scale of disruption is unprecedented, from how food ingredients are sourced to how products are developed, produced and distributed. Flavour, taste and food technology will continue to be fundamental in balancing the needs for nutrition, mobility, sustainability and feeding a growing global population.

In Fragrances, we will continue to help our customers build memorable brands and craft scents that surprise and delight. It is the creative ideas and passion that lie behind our products and their creators that drives our customer's trust in us. The care and concern we show for our customers, keeping our promises and delivering results is at the core of a superior customer experience.

Both divisions have put customers and a superior customer experience at the heart of their 2020 strategy, believing that in a highly competitive and changing market, implementing this strategy with excellence will enable them to deliver this differentiation.

At the Group level, Givaudan is focusing on driving excellence across the organisation to create significant value for both internal and external customers. Our planned Givaudan Business Solutions (GBS) will support the Company in delivering on this commitment by taking a holistic approach in reducing our internal complexity and simplifying certain processes, services and solutions. By becoming more flexible and agile, we will be delivering with excellence and providing a superior customer experience.

Stepping stones towards value creation

Creating value for our many stakeholders through acquisitions and key investments.

2,000

1,800

1,600

1,400

1,200

1,000

800

600

400

200

2000

2001

2002

2003

2004

2005

2006

2007

2008

November 2006:
**New flavour
production centre
opens in Shanghai,
China**

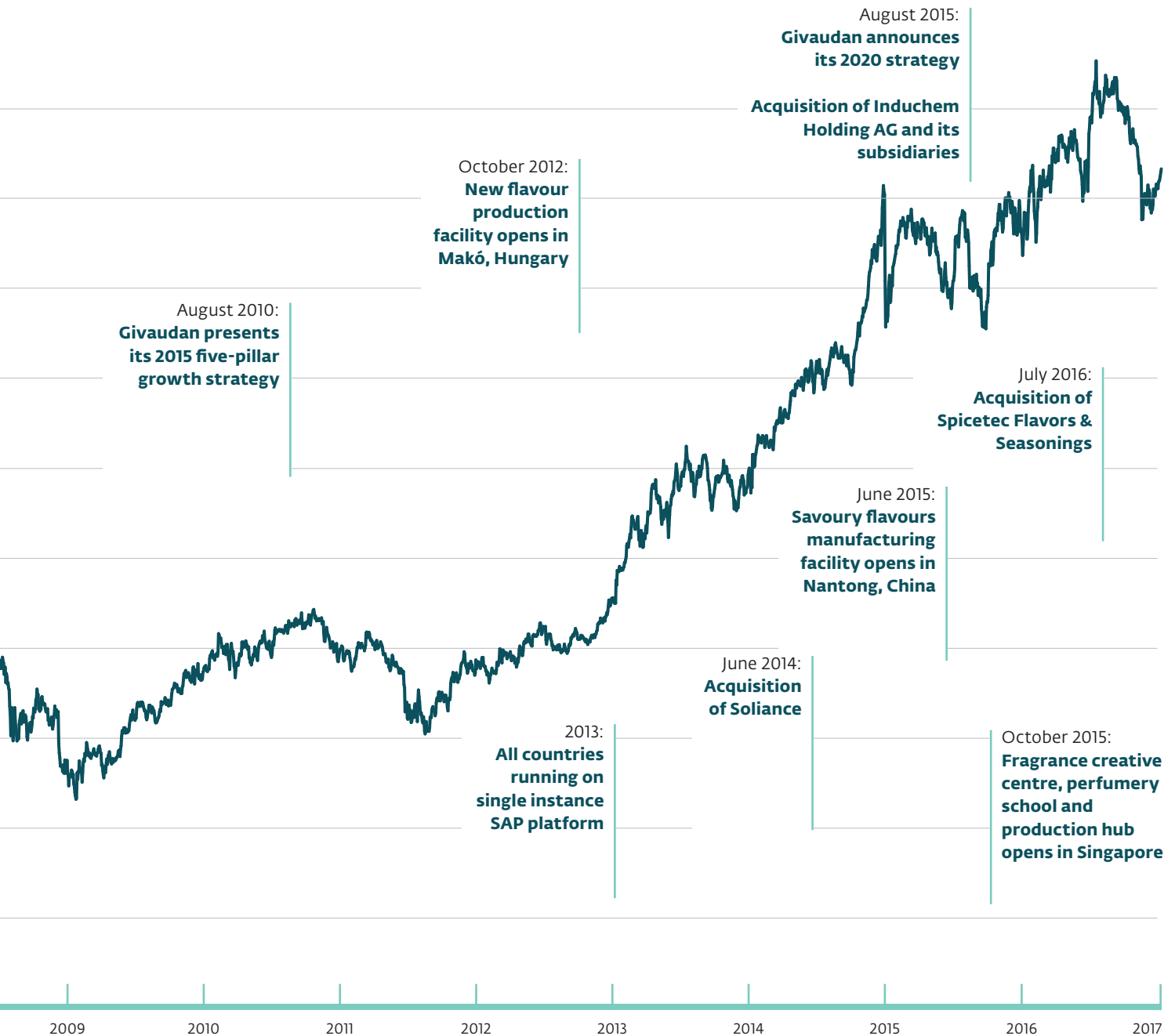
April 2005:
**Jürg Witmer
becomes Chairman,
Gilles Andrier
becomes CEO**

May 2002:
**Acquisition of FIS,
the flavour division
of Nestlé**

March 2007:
**Acquisition of
Quest
International**

June 2000:
**Givaudan SA
listed on the Six Swiss
Exchange**

■ Givaudan share price development, in CHF



Our 2020 strategy

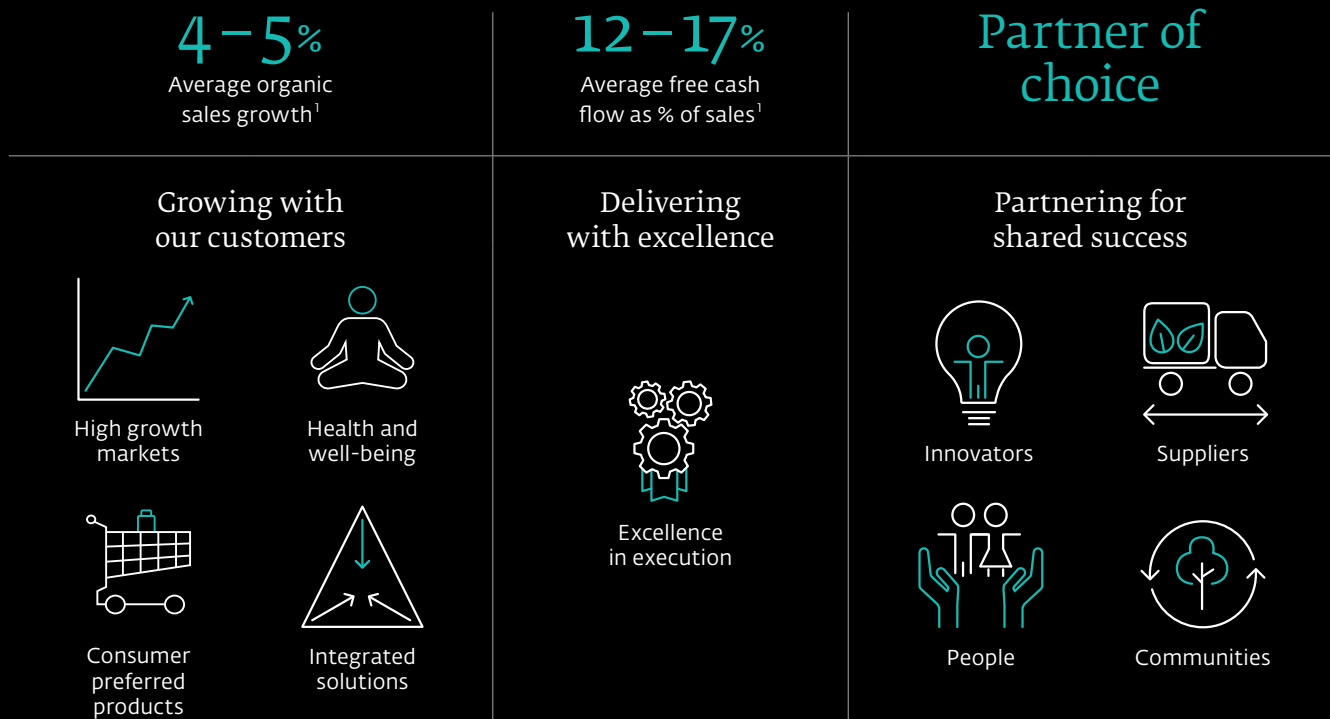
Responsible growth. Shared success.

We want to be the partner of choice for our customers, and the measure of this 2020 ambition is the value we create with them through sustainable, responsible growth.

Being the partner of choice is also about 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% growth and an average 12 – 17% free cash flow until 2020.

The following pages describe these strategic pillars and their drivers for success, as well as some of our achievements in 2016.



1. Over a five-year period by 2020

Growing with our customers

Leveraging capabilities to drive success



High growth markets



Health and well-being



Consumer preferred products



Integrated solutions

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, and we are well on track with sales of CHF 4,663 million, an increase of 4.2% on a like-for-like basis.

We made significant investments for future growth with new acquisitions and expanding our commercial footprint with the opening of new offices and innovation centres, mostly in high growth markets

Below are the key achievements per driver.

High growth markets

Progress in meeting our 2020 ambition rests largely on our success in high growth markets, a key opportunity and the first of four key drivers in our strategic pillar of growing with customers. We achieved a number of milestones in these markets during the year.

We recently opened new offices in Guatemala, Ivory Coast and Algeria, and became the first global flavours company to open laboratory and office facilities in Pakistan. For the first time, customers in Pakistan will be able to access our industry-leading capabilities locally. The new 800 square metre facility in Karachi strengthens Givaudan's capabilities in beverages, snacks and sweet goods in the region, offering flavour application services for all sectors with a strong focus on sweet goods and beverages. Customers will benefit from a faster response to their requirements and gain access to fully halal-compliant international flavour profiles as well as to Givaudan's capabilities and training for local technologists and manufacturers.

The Flavour Innovation Centre (FIC) in Singapore is home to the Asia Pacific campus of our Givaudan Flavourist School, which is training the next generation of flavourists in the region. In 2016, the FIC facility was renovated and extended, and includes a new fully integrated culinary space for concept development as well as new or expanded savoury, bakery, confectionery, beverage and dairy facilities to serve all market sectors. The investment enhances Givaudan's innovation capabilities in Asia Pacific, enabling a regional focus on applied innovation, collaboration and knowledge sharing to complement its global network.

Enhancing innovation capabilities in Asia Pacific to facilitate a regional focus on applied innovation, collaboration and knowledge sharing.

We continue to focus on our manufacturing strategy for fragrance ingredients to reinforce our position in the high growth markets of Asia Pacific. In China, for example, we have a joint venture with Zhejiang Xinhua Chemical for the production of fragrance ingredients that enables us to meet demand in the region and improve our competitive position globally.

Health and well-being

We work with our customers to develop and maximise the growth of their brands by providing solutions that help them meet the increasing demand of consumers for health and well-being products that contribute to a healthy, active and balanced life. This is our second key driver for success, one which offers many opportunities in both flavours and fragrances.

Following the acquisition of French bio-sourced active cosmetic ingredients company Soliance in 2014 and science-based cosmetic ingredients firm Induchem in 2015, our newly

formed Active Beauty business now offers customers and consumers around the world a range of innovative products and technology under one roof. The mission of Givaudan Active Beauty is simple: to bring beauty to the world. Additionally, we expanded our existing collaboration with Amyris in the USA in the research, development and production of active cosmetic ingredients.

In Flavours, we focus on 'less is better' as well as on 'more is better'. In advocating 'less is better', we develop flavours, ingredients and solutions that enable the reduction of sugar, fat and salt. In 2016, we introduced several innovations to support consumer trends in health and well-being, ranging from a new ingredient that helps to enhance sweetness while reducing calories to a 'non-dairy dairy' solution for customers seeking rich, creamy or authentic dairy flavours for their products while addressing issues related to allergens and vegetarian preferences.

The additional focus area of 'more is better' involves the use of more protein and more functional food ingredients to provide health benefits. Flavour challenges in terms of bitterness or other off-notes represent opportunities for us to surprise our customers with delightful solutions.

We are also investing in the development of next generation tools for protein palatability and bitter receptor modulation. These new TasteSolutions® ingredients will ultimately enable the replacement of animal proteins with plant based proteins to continue to address an ever-growing world population with great tasting and nutritious products.

Finally, we will use innovative development technologies to strengthen our Naturals platform in two areas and further build a robust natural flavour ingredient palette. Specifically these are areas where the cost reduction advantage is considerable and where security of supply is critical, for example plant cell culture, agricultural intensification, extraction and concentration.

Consumer preferred products

In putting customers at the heart of what we do, we make them feel valued, confident and understood. By doing this we are a true partner at each step of the creation and value chain. We are flexible and agile in offering customised solutions to meet the needs of our global, international, regional or local customers.

Customers are at the heart of what we do. We make them feel valued, confident and understood. We are a true partner at each step.

Our tailored solutions for consumer preferred products continued to be successful in helping our customers grow their brands and delight customers around the world. This success was also seen in our collaboration with external partners and is set to drive new business value for our Company. In Fragrances, following Mahonial™ and Rosyfolia®, we launched Nymphéal™ in 2016, our new floral captive molecule that completes the floral trilogy of new synthetic ingredients. The three ingredients were designed, developed and quickly launched to perfumers, providing them with answers to existing and future regulatory restrictions on certain white floral molecules. These captives bring new olfactory perspectives for our customers in growing their brands.

We have also provided customers with leading edge technology for their brands through the development of a new generation of encapsulates that enhance the perception of long-lasting freshness in the fabric care category as well as in personal care. Innovation in natural ingredients was also achieved through crafting new qualities in the citrus family, where we explored its various facets during the year.

New ingredients are important in building the best palette of ingredients for our perfumers, who strive to create the fragrances that offer customers innovative and safe scents for their consumers around the world.

Integrated solutions

The acquisition of Spicetec Flavors & Seasonings in the USA in 2016 supports our growth in integrated solutions. We now have the opportunity to expand our integrated savoury solutions by moving beyond flavours, combining exceptional, complementary resources to provide our customers with unrivalled creative and innovative capabilities. We will use the expertise of Spicetec globally to grow in the expanding processed meat and spice and seasoning market.

Delivering with excellence

Superior customer experience



Excellence
in execution

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. With 12.8% of sales in 2016, we are on track to achieve our 2020 target.

We continued to make significant investments in our infrastructure, global footprint and supply chain to support our growth, particularly in high growth markets.

Delivering with excellence

We strive for excellence at every touch point with our customers by creating a memorable experience and a desire for them to work with us again. In a market that is more competitive, dynamic and fast moving, we must find ways of bringing all of our talent and experience to the fore. This needs to be done with agility to operate efficiently while offering customised solutions that meet our customers' needs.

We seek to bring all of our talent and experience to bear for customers. We want every customer interaction to be excellent at every touch point.

Both divisions are driving a number of initiatives to address this need, from innovation to sourcing to commercial, to ensure that we deliver with excellence and offer a superior customer experience. At Group level, Givaudan Business Solutions (GBS) will become the foundation of our commitment to deliver with excellence. Fully operational by 2020, the implementation of GBS will support the Company in delivering on this

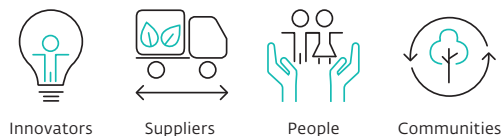
commitment by reducing internal complexity, offering best-in-class business processes to our customers and solutions to both divisions and our corporate functions, and driving excellence across the organisation.

GBS is represented on the Executive Committee by Anne Tayac, appointed to the new role of Head of Givaudan Business Solutions with responsibility for its design, gradual implementation and management.

As part of our global strategy to engage with customers and partners in key markets, in 2016 we expanded our digital presence and shared tailored content in local languages by launching our websites in China and Japan.

Partnering for shared success

Building to be the partner of choice



True partnerships with our key stakeholder groups are nurtured and valued in driving responsible and sustainable growth and for shared success.

Being the partner of choice is a critical success factor in driving our business growth and involves building strong partnerships with innovators, suppliers, employees and communities in which we operate.

Innovators

Givaudan is known for its innovation, and this is something we are very proud of and which we don't take for granted in today's fast-changing world. We have excellent in-house teams and a record of innovation excellence, but we know that seeking inspiration from the external world can open new possibilities in innovative solutions for our customers.

Good progress was made in 2016 with this more open approach to innovation and in establishing collaborative innovation partnerships with external partners who can speed our access to new technology and disruptive innovations. For example, we became a Founding Partner of MassChallenge Switzerland, which will widen access and exposure to an international network of emerging start-ups. As an example, we worked with a young French entrepreneur on commercialising his olfactory alarm clock, Sensorwake.

All members of our Executive Committee together with a number of senior business leaders visited the USA to personally experience the potential of this collaborative approach to innovation and hear from a number of start-up companies, incubators and venturing enterprises. We already have a contractual agreement with one of these incubators, IndieBio, which focuses on funding and building start-ups that address a

range of humanity's most pressing problems and biotechnology topics. Terra Rocketspace is an example of a programme in which we are a collaborator that brings together the industry's most disruptive start-ups and progressive corporations. This will accelerate cross-industry innovation and set a new standard for food and agriculture.

In the context of the European Institute of Innovation and Technology (EIT) Innovation Hub, Givaudan has worked for over a year with food partners to build a European consortium to define the future of food. In 2016, this EIT Knowledge and Innovation Community FoodConnects (KIC) was chosen as the pan-European winning KIC to drive sustainable transformation towards a more consumer-centric, resource-efficient and innovative food sector. The EIT KIC FoodConnects is a unique partnership of 50 leading companies, universities and scientific partners covering the entire food value chain.

Suppliers

We seek to create closer long-term partnerships with our suppliers, knowing that solid and open partnerships within our supplier base have significant potential to boost our mutual innovation power. Suppliers can genuinely be our partners and become an extension of our business through Supplier Enabled Innovation, which is about motivating our suppliers to use their R&D resources to help us achieve a level of innovation that is beyond what we can do on our own. This different way of working with our suppliers will increase our intellectual resources and innovation momentum.

Through our Responsible Sourcing programme we maintain compliance to high ethical standards with our suppliers, working with them to create traceability and adherence to social, health and safety, environment and business integrity standards. In 2016, we launched our Responsible Sourcing Policy, an industry first which informs and requests our suppliers and service providers to adhere to our responsible sourcing principles and requirements in all core areas of responsible sourcing.

We are committed to establishing direct sourcing models in countries of origin that offer the best ingredients to our customers and create value in our partner communities. In recent years we have established direct partnerships with a number of specified villages in Madagascar to support local people and ensure a reliable vanilla supply chain within the Givaudan ethical sourcing project. In 2016, we inaugurated the NATEMA plant, one of the largest clove leaf oil processing plants in the world. NATEMA (Natural Extracts Madagascar) is a joint venture with Henri Fraise Fils and will enable Givaudan to establish and grow its capacity to develop and process natural ingredients sourced in Madagascar. A further agreement with Henri Fraise Fils will allow us to leverage the local expertise and infrastructure of HFF to secure vanilla bean supply directly from Malagasy smallholder producers.

People

Strong partnerships with our people are important for our success. There are two areas on which we focus:

Firstly, employee engagement. Creating a stimulating and engaging workplace is vital for our success, driving the achievement of our 2020 ambitions and enabling our people to achieve their goals. We measure our progress in this area through our employee engagement surveys. In 2016, we completed our second Employee Engagement Survey, which offers all employees the opportunity to have their say. The impressive 80% response rate – an increase of 10% on 2013, when our first survey was conducted – showed that our employees feel empowered to speak and create change. One result was that 87% of employees feel proud to work for Givaudan. Another was that 78% would recommend Givaudan as a great place to work. The results overall were clear in showing that our strengths of 2013 continued as strengths in 2016.

Creating a stimulating and engaging workplace for our employees is vital for our success.

The second area of focus is the development of our people. This is achieved through bespoke leadership and technical development programmes and job rotations with the following outcomes: firstly to make sure that our people have the skills and expertise necessary to do their jobs; secondly to prepare them for the future so they can fulfil their career aspirations; and finally this enables us to build a strong pipeline of successors to key leadership positions and technical positions.

Communities

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. We have a broad network of Green Teams, which are cross-functional site teams dedicated to driving local sustainability activities.

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.

Case studies of these activities can be found in our annual Sustainability Report, but one example in India during 2016 highlights the sort of project that may be undertaken by our Green Teams: In local schools in Daman, western India, there is a lack of awareness about food safety and hygiene among food handlers who prepare midday meals for students, so a food safety and hygiene programme was developed by our local Green Team in partnership with the government education department. The programme was conducted over two days, reaching more than 200 food handlers who work at about 40 schools that serve meals to approximately 10,000 children each day.

Success stories 2016

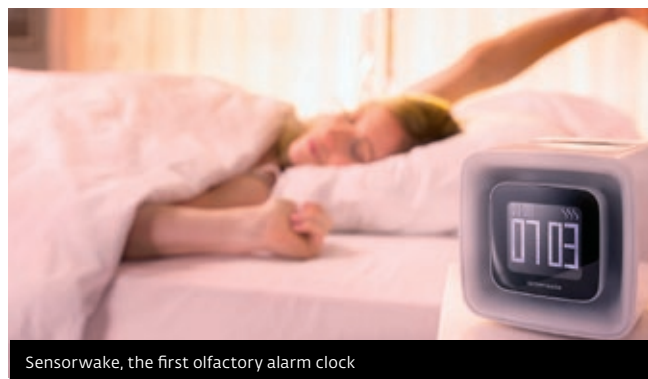
From celebrating 70 years of excellence at the Givaudan Perfumery School to expanding capabilities in integrated solutions, we have many exciting stories that tell of our success as the leader in the F&F industry.

These are summaries. The full stories can be read in the 2016 Annual Report or on our website: www.givaudan.com – investors – online annual report – key achievements – success stories.

Collaborative innovation in fragrances helps to start the day

Partnerships will play an increasing role for us, but these collaborations may involve the unconventional, as we found in 2016. Fed up with being woken by the sound of his standard alarm, young Frenchman Guillaume Rolland developed Sensorwake, a clock that eases a sleeper awake by scent instead.

Three of our perfumers worked with him to create a palette of delicious morning scents, including fresh coffee, buttered toast and hot croissant. With more Sensorwake fragrances to come, the possibilities seem unlimited. One day you may be woken by the scent of... well, anything you wish.



Sensorwake, the first olfactory alarm clock



Givaudan Perfumery School in Argenteuil, France

Givaudan Perfumery School 70 years of excellence

In Grasse in 1946, Roure perfumer Jean Carles started teaching young perfumers in what was to become the Givaudan Perfumery School. Today, the olfactive study methods developed by Jean Carles remain the basis for the study undertaken by our perfumery students.

The Givaudan Perfumery School, which moved to Paris in 1997, has trained many of the world's leading perfumers. Our perfumery school in Singapore opened in 2015, the first outside of France, and in 2016 we marked the 70th anniversary of a school that continues providing excellence in teaching the craftsmanship of perfumery.

Responsible sourcing Preparing for the future

Global consumers increasingly understand the obligation to purchase fair and responsible products. Our customers in turn seek solutions to answer these demands for more transparency about their products, and we have taken the opportunity to engage with our customers and suppliers to push the boundaries of responsible sourcing.

For our flavour and fragrance creations we source more than 10,000 raw materials from over 100 countries, and it is essential that high ethical standards and practices are upheld throughout our supply base.

Our Responsible Sourcing programme strives for compliance of our direct suppliers and of key raw materials supply chains to responsible sourcing guidelines. In 2016, we launched our Responsible Sourcing Policy, the first of its kind in our industry. The policy informs and asks our suppliers and service providers to adhere to four core areas of responsible sourcing: health & safety, social, environment and business integrity.

Expanding capabilities in integrated solutions

Integrated solutions is a part of our 2020 strategy that allows us to grow our business in ways which go beyond our core fragrance and flavour capabilities to enhance our Company's value proposition to customers and enable new opportunities for growth.

In Flavours, we want to differentiate our offerings by developing multi-ingredient solutions where flavour and taste play a key role in formulations. One avenue of creating incremental value in this area of integrated solutions for food and beverages is through acquisitions. In 2016, we took a significant step forward as part of this strategy by acquiring Spicetec Flavors & Seasonings from ConAgra of the USA.

Spicetec brings complementary capabilities with its strong portfolio of spices, seasoning blends and natural solutions, and strengthens our offering to deliver integrated solutions where flavour and taste play a key role. We can now offer a tailored combination of flavour and functional ingredients that provide optimal performance to meet customers' needs.

Natural solutions

Economic trends and an increase in consumer focus on health and well-being in recent years have reminded many consumers of the benefits of going 'back to basics' with homemade products 'just like mother used to make' that evoke feelings of nostalgia and comfort.

Naturalness is one of the most important demand drivers in modern fast moving consumer goods markets as consumers look for products they can trust from recognised natural sources. And products tend to be trusted more if they are deemed to be natural. For consumers, natural is associated with healthy, fresh and organic. The less processed or complex the product, the more natural it is perceived.

We have always focused on natural flavours and as a result have an equally thorough approach grounded in our heritage as the leaders in the natural flavour market. As the largest flavour company in the world, we are the biggest buyer of natural raw materials in the industry. Through long-standing relationships, partnerships and collaborations, we ensure sustainable quality and supply of natural ingredients. Over 96% of our innovation resources are dedicated to naturals.

Our approach to natural flavours has a strong customer and consumer-centric foundation that is reflected in our broad, multi-faceted consumer understanding and R&D programmes. We work with our customers to bring them the best solutions

from nature to their products, offering the broadest range of natural flavours in the industry. Our acquisition of Spicetec has broadened the range of what we can offer and strengthened our market position.



Expertise in processed meats

Exciting trends in plant-based protein

Are you a flexitarian? Being one means you are semi-vegetarian or somebody whose diet is mostly vegetarian but occasionally includes fish and meat. Many people are turning to this approach in their diet because of health-related concerns or economic, animal welfare and environmental questions. Whatever the reasons, it's a trend that we think is exciting.

As demand for protein continues to increase, the traditional source (animal protein) will need to be replaced by more sustainable plant protein. The challenge with substituting animal protein with plant protein is that the texture and taste of plant protein is not always appealing: there are a number of taste challenges like astringency, bitterness or general off-notes.

This is a challenge for Givaudan but it is also a major opportunity, and for the last few years we have been working in collaboration with our customers to craft great-tasting products using alternative sources of protein. We have developed a number of unique ingredients that provide solutions for products with high plant protein content, and in 2016, using our TasteSolutions® technology, our Flavour Division developed a number of maskers and flavours to address taste challenges of high protein beverages such as astringency, acidity and bitterness.

Captivating a marvellous journey

The sensations of taste and smell have always fascinated us. For over 250 years, the long journey to the modern day international flavour and fragrance industry is punctuated by ground-breaking milestones that led to Givaudan. Our historic roots can be traced to Grasse in France in 1768, when Antoine de Chiris undertook a new venture of harvesting flora and fauna and turning them into raw ingredients for perfumery – taking the first steps into a new world of fragrances.

From then to the purchase of Spicetec in 2016, Givaudan has pursued an historic policy of invention and acquisition, of creativity, passion and innovation. Over these years, scientists and the industry have come to recognise that our senses of taste and smell are closely interconnected yet psychologically distinct. The way we develop and feed these two senses has changed throughout our history.

The brain's ability to understand information from chemical substances has always been essential for our survival, and understanding this process is also essential for the art of creating cosmetic and cuisine products. When we smell something, it's because an odorous object has released some of its molecules into the air which are detected by our nostrils. Information is then sent to the brain, which understands and remembers the smell. And when it comes to taste, did you know, for example, that each of us has an average of 10,000 taste buds on our tongue, along with extra ones on the palate?

The journey described above is drawn from an exclusive Givaudan anthology, 'An Odyssey of Flavours and Fragrances', which was published in 2016 and is the result of a project with French publisher Editions de La Martinière in partnership with US publisher Abrams. Through evocative writing and fascinating imagery, it shows how Givaudan has helped shape the flavour and fragrance industry as we know it today.



Olfactive portrait of the perfume Infusion d'iris

Stepping out for innovation inspirations

We are rightly proud of our own track record of excellence when it comes to innovation, but we know that we need to continuously 'step outside the box' to seek inspiration from the external world.

Knowing this, all members of the Executive Committee and senior business leaders stepped out in 2016 to experience for themselves exciting new possibilities for a future world of flavours and fragrances on an Innovation Trek in the USA.

It was an intensive three-day experience that explored new horizons in innovation and technologies and left the team inspired by the opportunities and collaboration possibilities to partner for shared success.



Global change is a focus for Flavours

In high growth markets, consumer demand continues to rise with a growing middle class that has more disposable income, and there is increasing interest in health and well-being. This changing global scene is an opportunity for our Flavour Division to focus resources on further building a presence in these markets.

In 2016, for example, we opened a new office and sweet and savoury application laboratories in Zhengzhou, China. In Mexico and Brazil, we expanded our flavour creation and application (FC&A) resources to support growth in beverage, dairy and processed meat. A new FC&A laboratory in Delhi, India enables closer customer interactions and higher quality solutions, and we renovated our Flavour Innovation Centre in Singapore. We also opened a new facility in Karachi, becoming the first global flavours company to do so in Pakistan.



A selection of our natural ingredients

Celebrating innovation in naturals and synthetics

Creativity, insight and innovation form the backbone of our culture that inspires our perfumers to create beautiful scents for customers, whether it is an exquisite fine fragrance or a long-lasting laundry detergent.

Using their creativity and the best palette to craft fragrances that bring moments of delight, our perfumers use ingredients that are the building blocks of perfumery – and these can be both synthetic and natural.

In 2016, we celebrated the tenth anniversary of our ethical sourcing of natural ingredients and a breakthrough in our offering of captive molecules with the launch of three new florals that enhance our perfumers' palette of ingredients.

Ethical sourcing: 10-year milestone

By looking in Nature for inspiration, our perfumers are able to craft memorable fragrances and expand their palette of possibilities. We use several hundred natural perfumery materials such as patchouli, tonka beans and ylang ylang, often sourced from fragile eco-systems.

We started pioneering an ethical sourcing approach in the flavour and fragrance industry 10 years ago, starting with partnerships with local producers and today using different sourcing models, including our own collection networks. Today we can celebrate solid, sustainable practices in our sourcing, and we are proud that our approaches go beyond economic considerations to include environmental, social and ethical factors. Our ethical sourcing comprises our Responsible Sourcing programme, which is about driving compliance in our supply chains; our Sourcing at Origin initiatives, in which the main priority is securing the supply of strategic naturals; and Communities at Source projects, which involves supporting communities that produce key natural ingredients.

Looking to science for inspiration

Science also provides new opportunities for creative stimulation and innovation, as we have found recently through the development of three new captive molecules by our Fragrance teams.

This trilogy of floral captive ingredients builds our perfumers' palette of ingredients and provides them with an innovative and competitive edge: Mahonial™ is a muguet molecule bringing a white floral density to creations with magnolia facets and enriching our palette of iconic synthetic materials; Nymphaeal™ is a new Givaudan blockbuster that is more floral, fresh and crisp; and Rosyfolia® has a fresh, diffusive rosy, muguet top note.

Engaging the voice of employees

What is it like to work at Givaudan? What's being done well and where can we still improve? These sorts of questions can be answered only by those at the heart of our Company – our employees. Their input is vital in building Givaudan as a great place to work.

Our second Employee Engagement Survey, conducted in 2016, offered all employees the opportunity to have their say. The survey is anonymous and conducted by an external agency, providing employees with an assurance they can speak freely and that their voice will be heard. There was an impressive 80% response rate, up 10% on 2013 when our first survey was conducted. As part of the survey and linked to our support for communities where we operate, the Company gave CHF 10 for each survey participant and enabled a total of CHF 86,700 to be donated to the Givaudan Foundation.



Nanako, Givaudan employee

2016 in brief

In the following pages we highlight the 2016 business performance for the group, offer a summary of the Corporate Governance and Compliance reports and detail the key tables for the consolidated financial statements.

In this section:

Business performance	26
Corporate governance: highlights	28
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Overview of annual publications	39



Business performance

Solid financial performance – in line with our 2020 guidance

Group Sales

Givaudan Group full year sales were CHF 4,663 million, an increase of 4.2% on a like-for-like basis and 6.1% in Swiss francs when compared to 2015.

Fragrance Division sales were CHF 2,230 million, an increase of 5.6% on a like-for-like basis and 6.4% in Swiss francs.

Flavour Division sales were CHF 2,433 million, an increase of 3.0% on a like-for-like basis and 5.8% in Swiss francs.

Gross margin

The gross margin declined to 45.6% from 46.2% in 2015, mainly as a result of the lower gross margin on the acquired Spicetec Flavors business.

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

The EBITDA increased to CHF 1,126 million in 2016 from CHF 1,070 million in 2015, an increase of 5.2% in Swiss francs and 3.7% in local currency. The EBITDA margin declined slightly to 24.1% in 2016 from 24.3% in 2015. In 2016 the Group recognised one-off non-cash gains of CHF 62 million, mainly following a change in pension plans. As a reminder, in 2015 the Group recognised a net one-off non-cash gain of CHF 20 million, mainly following a change in pension plans.

Operating income

The operating income increased by 10.2% to CHF 875 million from CHF 794 million for the same period in 2015. When measured in local currency terms, the operating income increased by 8.1%. The operating margin increased to 18.8% in 2016 from 18.1% in 2015.

Financial performance

Financing costs in 2016 were CHF 51 million, versus CHF 61 million for the same period in 2015. In 2016 the Group continued to refinance at lower interest rates. Other financial expense, net of income, was CHF 40 million in 2016, up versus the CHF 37 million reported in 2015, 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 18%, flat when compared to the underlying rate in 2015. As a reminder, in 2015 income tax expense was impacted by one-time items following changes in Swiss Accounting Law and the Group's operating structure.

Net income

The net income increased to CHF 644 million in 2016 from CHF 625 million in 2015, an increase of 3.1%. This results in a net profit margin of 13.8%, versus 14.2% in 2015. Basic earnings per share increased to CHF 69.95 versus CHF 67.89 for the same period in 2015.

Cash flow

Givaudan delivered an operating cash flow of CHF 805 million in 2016, compared to CHF 915 million in 2015. The decrease was mainly as a result of higher working capital and taxes paid. As a percentage of sales, working capital was flat when compared to 2015.

Total net investments in property, plant and equipment were CHF 135 million, compared to CHF 125 million in 2015. During 2016 the Group continued its investments to support growth in high growth markets, most notably the start of a new flavours savoury facility in Pune, India and the investment in the Zurich Innovation Centre (ZIC).

Intangible asset additions were CHF 40 million in 2016 compared to CHF 35 million in 2015 as the Company continued to invest in its IT platform. Total net investments in tangible and intangible assets were 3.8% of sales in 2016, compared to 3.6% in 2015.

Operating cash flow after net investments was CHF 630 million in 2016, versus the CHF 756 million recorded in 2015. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 597 million in 2016, versus

CHF 720 million for the comparable period in 2015. As a percentage of sales, free cash flow in 2016 was 12.8%, compared to 16.4% in 2015.

Financial position

Givaudan's financial position remained solid at the end of the year. Net debt at December 2016 was CHF 930 million, compared to CHF 677 million at December 2015. At the end of December 2016 the leverage ratio was 19%, compared to 15% at the end of 2015.

Dividend proposal

At the Annual General Meeting on 23 March 2017, Givaudan's Board of Directors will propose a cash dividend of CHF 56.00 per share for the financial year 2016, an increase of 3.7% versus 2015. This is the 16th consecutive dividend increase following Givaudan's listing at the Swiss stock exchange in 2000.

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.

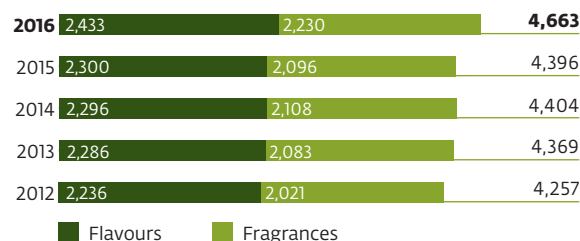
Future results may be affected by a range of factors, for example political conditions; local or global economic changes, including financial risks; interruptions to supply and production; R&D project withdrawals; product recalls; information technology security issues; exposures to product liability; changes in law; inability to recruit and retain skilled employees; and failures to maintain a culture of compliance.

Givaudan is in continuous dialogue with frameworks and standard setters. We feel well prepared to meet these sorts of uncertainties and challenges and have in place detailed instructions in the different risk areas, along with experienced employees and well-developed internal control systems to mitigate risks and conduct remedial actions to contain impacts where required.

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

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



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'.

Group structure and shareholders

Givaudan SA, Chemin de la Parfumerie 5, 1214 Vernier, Switzerland ('the Company'), the parent company of the Givaudan Group (the 'Group'), 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 196 to the consolidated financial statements of the 2016 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 2016 (or as at the date of their last notification under article 20 of the Stock Exchange Act):

William H. Gates III - Cascades investment (13.86%), BlackRock Inc. (5.08%), MFS Investment Management (3.00%), Nortrust Nominees Ltd (nominee; 15.49%), Chase Nominees Ltd (nominee; 6.47%) and Messieurs Pictet & Cie (nominee: 4.17%). The Company has not entered into any shareholder agreements with any of its key shareholders.

Capital structure

Ordinary share capital

As at 31 December 2016, 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 2016 was CHF 17,229,871,476. The Company's conditional share capital is described in the Governance Report of the 2016 Annual Report, page 79.

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.

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 eight Board members have an in-depth knowledge of their relevant contribution, 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 make an important contribution in leading a company of Givaudan's size in a complex and fast-changing environment.

Board of Directors and its committees 2016

Board of Directors ¹			
<p>Dr Jürg Witmer Chairman Swiss born 1948 Member since 1999</p>	<p>Calvin Grieder Swiss born 1955 Member since 2014</p>	<p>Victor Balli Swiss born 1957 Member since 2016</p>	<p>Prof. Dr-Ing. Werner Bauer German and Swiss born 1950 Member since 2014</p>
<p>Lilian Biner Swedish born 1962 Member since 2011</p>	<p>Michael Carlos French born 1950 Member since 2015</p>	<p>Ingrid Deltenre Dutch and Swiss born 1960 Member since 2015</p>	<p>Thomas Rufer Swiss born 1952 Member since 2009</p>

<p>Audit Committee</p> <p>Thomas Rufer (Chairman), entire year Lilian Biner, entire year Calvin Grieder, until March 2016 Victor Balli, from March 2016</p> <ul style="list-style-type: none"> – 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 	<p>Compensation Committee</p> <p>André Hoffmann (Chairman), until March 2016 Peter Kappeler, until March 2016 Prof. Dr-Ing. Werner Bauer, entire year (Chairman since March 2016) Calvin Grieder, from March 2016 Ingrid Deltenre, from March 2016</p> <ul style="list-style-type: none"> – Reviews and recommends the compensation policies to the Board – Approves the remuneration for the Executive Committee – Prepares the Compensation Report
<p>Nomination and Governance Committee</p> <p>Dr Jürg Witmer (Chairman), entire year Michael Carlos, until March 2016 Lilian Biner, since March 2016 Ingrid Deltenre, entire year</p> <ul style="list-style-type: none"> – Assists the Board in applying principles of good corporate governance – Prepares appointments to the Board and the Executive Committee 	<p>Science and Innovation Committee</p> <p>Michael Carlos (Chairman), since March 2016 Calvin Grieder, from March 2016 Prof. Dr-Ing. Werner Bauer, from March 2016</p> <ul style="list-style-type: none"> – Assists the Board in scientific matters relating to the flavours, fragrances and cosmetics industry. – Identifies opportunities, proposes and screens potential innovation partners

1. André Hoffman retired as Board member, as Vice-Chairman and as Chairman of the Compensation Committee on 17 March 2016. Peter Kappeler retired as Board member and member of the Compensation Committee also on 17 March 2016.

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

<p>Gilles Andrier Chief Executive Officer French Born 1961 Appointed in 2005</p>	<p>Mauricio Graber President Flavour Division Mexican Born 1963 Appointed in 2006</p>	<p>Maurizio Volpi President Fragrance Division Italian Born 1969 Appointed in 2015</p>	<p>Matthias Währen Chief Financial Officer Swiss Born 1953 Appointed in 2004</p>	<p>Joe Fabbri Head of Global EHS and Sustainability Canadian Born 1958 Appointed in 2008</p>
<p>Simon Halle-Smith Head of Global Human Resources British Born 1966 Appointed in 2015</p>	<p>Willem Mutsaerts Head of Global Procurement Dutch Born 1962 Appointed in 2015</p>	<p>Anne Tayac Head of Givaudan Business Solutions French national Born in 1968 Appointed in 2016</p>	<p>Chris Thoen Head of Global Science & Technology American and Belgian Born 1960 Appointed in 2015</p>	

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

Further information on corporate governance

www.givaudan.com – our company – corporate governance

Principles of Disclosure and Transparency; Articles of Incorporation:

www.givaudan.com – our company – corporate governance – rules and policies.

Compensation: highlights

Attract, motivate, 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 of the Board of Directors (Board) consists of three members of the Board, all of whom are independent, and is currently chaired by Prof. Dr-Ing. Werner Bauer. 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.

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

The 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).

Key changes implemented during 2016

No changes in respect of Board of Director or Executive Committee compensation system were made in the reporting year.

Overall reported Executive Committee compensation increased due to the reporting of full year compensation for the three Executive Committee members who joined during 2015 and the appointment of a new member in August 2016. Details are provided in section 4, 'Compensation of the Executive Committee', of the Compensation Report in Givaudan's 2016 Annual Report, page 108.

Overall reported Board of Directors' compensation decreased, which is explained by the reduction of the number of members to eight members. With the establishment of a new Science and Innovation Committee at the beginning of 2016 additional Committee fees according to the Givaudan policy are now applicable.

Compensation of the Executive Committee

In 2016, total compensation reported increased due to the reporting of full year compensation for the three Executive Committee members who joined during 2015 and the appointment of Anne Tayac as Head of Givaudan Business Solutions in August 2016.

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 2016

Adrien Gonckel retired from his role as Chief Information Officer on 1 August 2016. He did not receive any special compensation as a result of his retirement

The fixed and long term variable compensation approved for 2016 was CHF 19,800,000 (2015: CHF 15,500,000).

Executive Committee compensation summary

in Swiss francs	Gilles Andrier CEO 2016	Gilles Andrier CEO 2015	Executive Committee members (excluding CEO) ¹ 2016	Executive Committee members (excluding CEO) ² 2015	Total 2016	Total 2015
Base salary	1,035,599	1,027,689	3,819,306	2,662,741	4,854,905	3,690,430
Pension benefits ³	442,705	459,199	1,558,506	1,119,563	2,001,211	1,578,762
Other benefits ⁴	111,061	100,616	792,134	591,992	903,195	692,608
Total fixed compensation	1,589,365	1,587,504	6,169,946	4,374,296	7,759,311	5,961,800
Annual incentive ⁵	944,804	854,544	2,342,717	1,538,172	3,287,521	2,392,716
Number of performance shares granted ⁶	1,686	1,446	5,441	4,396	7,127	5,842
Value at grant ⁷	2,882,048	2,307,671	9,300,845	7,015,576	12,182,893	9,323,247
Total variable compensation	3,826,852	3,162,215	11,643,562	8,553,748	15,470,414	11,715,963
Total compensation	5,416,217	4,749,719	17,813,508	12,928,044	23,229,725	17,677,763
Employer social security ⁸	438,000	382,000	1,427,000	1,064,000	1,865,000	1,446,000

1. Represents full year compensation of eight Executive Committee members and partial year compensation of the new Executive Committee member in 2016. Adrien Gonckel retired from his role as Chief Information Officer on 1 August 2016. Part of his total compensation for 2016 relates to the period from the time he ceased to be an EC member until 31 December 2016.

2. Represents full year compensation of five Executive Committee members and partial year compensation of the three new Executive Committee members in 2015.

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 2016 performance.

6. 2016 Performance shares vest on 15 April 2019, 2015 Performance shares vest on 31 March 2018.

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

8. 2016 estimated social security charges based on 2016 compensation; 2015 estimated social security charges based on 2015 compensation.

The annual incentive, short term variable compensation for 2016 was CHF 3,287,520 and will be submitted for approval at the 2017 Annual General Meeting (2015: CHF 2,392,716).

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.

With the exception of the Chairman and outgoing Board members, 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 equity awards 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 2016. No special compensation of members of the Board who left the Company during the reporting period was incurred during the reporting period.

The compensation paid to the Board members for the period between the 2015 and 2016 Annual General Meetings is within the amount approved by shareholders at the 2015 Annual General Meeting (CHF 3,300,000). Amounts approved at the 2016 Annual General Meeting (CHF 3,300,000) will be paid by the end of the year in office and validated in the 2016 Compensation Report. Such approved and paid amounts will differ from those shown in the Board of Directors compensation summary table which, according to the OaEC, must include compensation paid in the reporting year.

Ownership of Givaudan securities

Executive Committee

The Chief Executive Officer and other members of the Executive Committee, including persons closely connected to them, held 4,460 Givaudan shares.

No member of the Executive Committee held any share options or option rights as at 31 December 2016 (31 December 2015: no member of the Executive Committee held any share options or option rights).

Board of Directors compensation summary

2016 in Swiss francs	Dr Jürg Witmer Chairman ⁷	André Hoffmann ^{6,7}	Victor Balli ^{5,7}	Prof. Dr-Ing. Werner Bauer ⁷	Lilian Biner ⁷	Michael Carlos ⁷	Ingrid Deltenre ⁷	Calvin Grieder ⁷	Peter Kappeler ^{6,7}	Thomas Rufer ⁷	Total 2016 ¹
Director fees ²	400,000	25,000	75,000	100,000	100,000	100,000	100,000	100,000	25,000	100,000	1,125,000
Committee fees ²	40,000	10,000	18,750	65,000	50,000	40,000	50,000	50,000	6,250	55,000	385,000
Total fixed (cash)	440,000	35,000	93,750	165,000	150,000	140,000	150,000	150,000	31,250	155,000	1,510,000
Number of RSUs granted ³	340		85	85	85	85	85	85		85	935
Value at grant ⁴	581,196		145,299	145,299	145,299	145,299	145,299	145,299		145,299	1,598,289
Total compensation	1,021,196	35,000	239,049	310,299	295,299	285,299	295,299	295,299	31,250	300,299	3,108,289

1. Represents total compensation for the Board of Directors 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 2019.
4. Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.
5. Elected at the Annual General Meeting in March 2016.
6. Retired at the Annual General Meeting in March 2016.
7. The function of each member of the Board of Directors are indicated on pages 80-84 in the Corporate Governance section of the 2016 Annual Report.

Estimated social security charges based on 2016 compensation amounted to CHF 221,000 (2015: CHF 232,000). In addition to the above, payments to Board members for out-of-pocket expenses amounted to CHF 70,000 (2015: CHF 80,000).

Two people closely connected to members of the Executive Committee owned Givaudan securities as at 31 December 2016: one person owned 859 shares; one person owned 264 unvested performance shares.

The Company is not aware of any other ownership of shares, share options/option rights, RSUs or performance shares as per 31 December 2016 by persons closely connected to members of the Executive Committee.

Executive Committee: ownership of Givaudan securities

2016 in numbers	Shares	Unvested performance shares
Gilles Andrier, CEO	2,400	5,032
Matthias Waehren	300	3,293
Mauricio Graber	550	2,929
Maurizio Volpi	486	1,710
Joe Fabbri	100	2,287
Simon Halle-Smith		943
Willem Mutsaerts	56	1,312
Anne Tayac	104	529
Chris Thoen	464	1,243
Total 2016	4,460	19,278
Total 2015	3,575	21,845

Board of Directors

As per 31 December 2016, the Chairman and other Board members, including persons closely connected to them held 5,546 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 2016 by persons closely connected to members of the Board.

Board of Directors: ownership of Givaudan securities

2016 in numbers	Shares	Unvested RSUs
Dr Jürg Witmer, Chairman	1,500	1,180
Victor Balli		85
Prof. Dr-Ing. Werner Bauer	970	295
Lilian Biner	377	295
Michael Carlos ¹	2,083	176
Ingrid Deltenre	26	176
Calvin Grieder		295
Thomas Rufer	590	295
Total 2016	5,546	2,797
Total 2015	93,901	3,526

1. Mr Carlos also held 1,750 unvested performance shares as per 31 December 2016 granted to him during his tenure as an Executive Committee member.

Further information on compensation matters:

2016 Annual Report

www.givaudan.com – investors – online annual report – download centre

Principles of Disclosure and Transparency: Articles of Incorporation:

www.givaudan.com – our company – corporate governance – rules and policies

Consolidated financial statements

Consolidated Income Statement

For the year ended 31 December

in millions of Swiss francs, except for earnings per share data	2016	2015 ^a
Sales	4,663	4,396
Cost of sales	(2,535)	(2,366)
Gross profit	2,128	2,030
as % of sales	45.6%	46.2%
Selling, marketing and distribution expenses	(640)	(608)
Research and product development expenses	(400)	(366)
Administration expenses	(186)	(169)
Share of (loss) profit of jointly controlled entities	(1)	(2)
Other operating income	75	41
Other operating expense	(101)	(132)
Operating income	875	794
as % of sales	18.8%	18.1%
Financing costs	(51)	(61)
Other financial income (expense), net	(40)	(37)
Income before taxes	784	696
Income taxes	(140)	(71)
Income for the period	644	625
Attribution		
Income attributable to equity holders of the parent	644	625
as % of sales	13.8%	14.2%
Earnings per share – basic (CHF)	69.95	67.89
Earnings per share – diluted (CHF)	69.34	67.06

a) Previous year figures have been restated in accordance with early adoption of IFRS 9.

Consolidated Statement of Comprehensive Income

For the year ended 31 December

in millions of Swiss francs	2016	2015 ^a
Income for the period	644	625
Items that may be reclassified to the income statement		
Cash flow hedges		
Movement in fair value, net	(14)	(15)
Gains (losses) removed from equity and recognised in the consolidated income statement	10	11
Movement on income tax	1	1
Exchange differences arising on translation of foreign operations		
Change in currency translation	(125)	(206)
Movement on income tax	2	5
Items that will not be reclassified to the income statement		
Defined benefit pension plans		
Remeasurement gains (losses) of post employment benefit obligations	(148)	67
Movement on income tax	33	(24)
Other comprehensive income for the period	(241)	(161)
Total comprehensive income for the period	403	464
Attribution		
Total comprehensive income attributable to equity holders of the parent	403	464

a) Previous year figures have been restated in accordance with early adoption of IFRS 9.

Consolidated Statement of Financial Position

As at 31 December

in millions of Swiss francs	31 December 2016	31 December 2015 ^a	1 January 2015 ^a
Cash and cash equivalents	328	478	412
Derivative financial instruments	9	17	21
Derivatives on own equity instruments	3	6	10
Financial assets at fair value through income statement	1	2	64
Accounts receivable - trade	996	901	911
Inventories	788	716	771
Current tax assets	26	16	22
Other current assets	192	143	146
Current assets	2,343	2,279	2,357
Property, plant and equipment	1,442	1,384	1,430
Intangible assets	2,311	2,197	2,293
Deferred tax assets	259	260	258
Post-employment benefit plan assets	12	15	7
Financial assets at fair value through income statement	59	76	76
Jointly controlled entities	35	27	17
Other long-term assets	53	44	34
Non-current assets	4,171	4,003	4,115
Total assets	6,514	6,282	6,472
Short-term debt	7	208	57
Derivative financial instruments	32	18	19
Accounts payable - trade and others	494	400	423
Accrued payroll & payroll taxes	143	120	119
Current tax liabilities	46	70	82
Financial liability: own equity instruments	57	48	54
Provisions	6	12	12
Other current liabilities	174	138	155
Current liabilities	959	1,014	921
Derivative financial instruments	62	62	50
Long-term debt	1,251	947	1,150
Provisions	59	51	36
Post-employment benefit plan liabilities	722	637	735
Deferred tax liabilities	93	92	88
Other non-current liabilities	75	64	79
Non-current liabilities	2,262	1,853	2,138
Total liabilities	3,221	2,867	3,059
Share capital	92	92	92
Retained earnings and reserves	5,477	5,373	5,209
Own equity instruments	(109)	(79)	(78)
Other components of equity	(2,167)	(1,971)	(1,810)
Equity attributable to equity holders of the parent	3,293	3,415	3,413
Total equity	3,293	3,415	3,413
Total liabilities and equity	6,514	6,282	6,472

a) Previous year figures have been restated in accordance with early adoption of IFRS 9.

Consolidated Statement of Changes in Equity

For the year ended 31 December

2016 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	Remeasure- ment of post employment benefit obligations	Total equity
Balance as at 1 January published	92	5,361	(79)	(70)	12	(1,396)	(505)	3,415
Balance as at 1 January restated	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

2015 ^a 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	Remeasure- ment of post employment benefit obligations	Total equity
Balance as at 1 January published	92	5,187	(78)	(67)	22	(1,195)	(548)	3,413
Balance as at 1 January restated	92	5,209	(78)	(67)		(1,195)	(548)	3,413
Income for the period		625						625
Other comprehensive income for the period				(3)		(201)	43	(161)
Total comprehensive income for the period		625		(3)		(201)	43	464
Dividends paid		(461)						(461)
Movement on own equity instruments, net			(1)					(1)
Net change in other equity items		(461)	(1)					(462)
Balance as at 31 December restated	92	5,373	(79)	(70)		(1,396)	(505)	3,415

a) Previous year figures have been restated in accordance with early adoption of IFRS 9.

Consolidated Statement of Cash Flows

For the year ended 31 December

in millions of Swiss francs	2016	2015 ^a
Income for the period	644	625
Income tax expense	140	71
Interest expense	42	47
Non-operating income and expense	49	51
Operating income	875	794
Depreciation of property, plant and equipment	113	112
Amortisation of intangible assets	132	157
Impairment of long-lived assets	6	7
Other non-cash items		
- share-based payments	33	40
- pension expense	(23)	1
- additional and unused provisions, net	10	30
- other non-cash items	(10)	43
Adjustments for non-cash items	261	390
(Increase) decrease in inventories	(38)	4
(Increase) decrease in accounts receivable	(107)	(76)
(Increase) decrease in other current assets	(53)	3
Increase (decrease) in accounts payable	55	(7)
Increase (decrease) in other current liabilities	52	(4)
(Increase) decrease in working capital	(91)	(80)
Income taxes paid	(127)	(107)
Pension contributions paid	(45)	(45)
Provisions used	(8)	(12)
Purchase and sale of own equity instruments, net	(48)	(43)
Impact of financial transactions, net	(12)	18
Cash flows from (for) operating activities	805	915
Increase in long-term debt	299	200
(Decrease) in long-term debt	-	(202)
Increase in short-term debt	463	506
(Decrease) in short-term debt	(663)	(564)
Interest paid	(33)	(36)
Distribution to the shareholders paid	(495)	(461)
Purchase and sale of derivative financial instruments, net	(8)	(16)
Others, net	-	(5)
Cash flows from (for) financing activities	(437)	(578)
Acquisition of property, plant and equipment	(136)	(126)
Acquisition of intangible assets	(40)	(35)
Increase in share capital of jointly controlled entities	(9)	(14)
Acquisition of subsidiary, net of cash acquired	(331)	(91)
Proceeds from the disposal of property, plant and equipment	1	1
Interest received	2	1
Purchase and sale of financial assets at fair value through income statement, net	23	52
Purchase and sale of derivative financial instruments, net	-	-
Others, net	(13)	(13)
Cash flows from (for) investing activities	(503)	(225)
Net increase (decrease) in cash and cash equivalents	(135)	112
Net effect of currency translation on cash and cash equivalents	(15)	(46)
Cash and cash equivalents at the beginning of the period	478	412
Cash and cash equivalents at the end of the period	328	478

a) Previous year figures have been restated in accordance with early adoption of IFRS 9.

Overview of annual publications



Online 2016 Annual Report

Available in English

- From 31 January 2017
- 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.



2016 Annual Report

Available in English

- PDF from 31 January 2017
- Print from 23 March 2017
- www.givaudan.com – media – publications

Content

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



2016 Highlights

Available in English, French and German

- PDF and print from 23 March 2017
- 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.



2016 Sustainability Report

Available in English

- PDF from 23 March 2017
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Givaudan Foundation

2016 Annual Report

Available in English

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- 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.

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