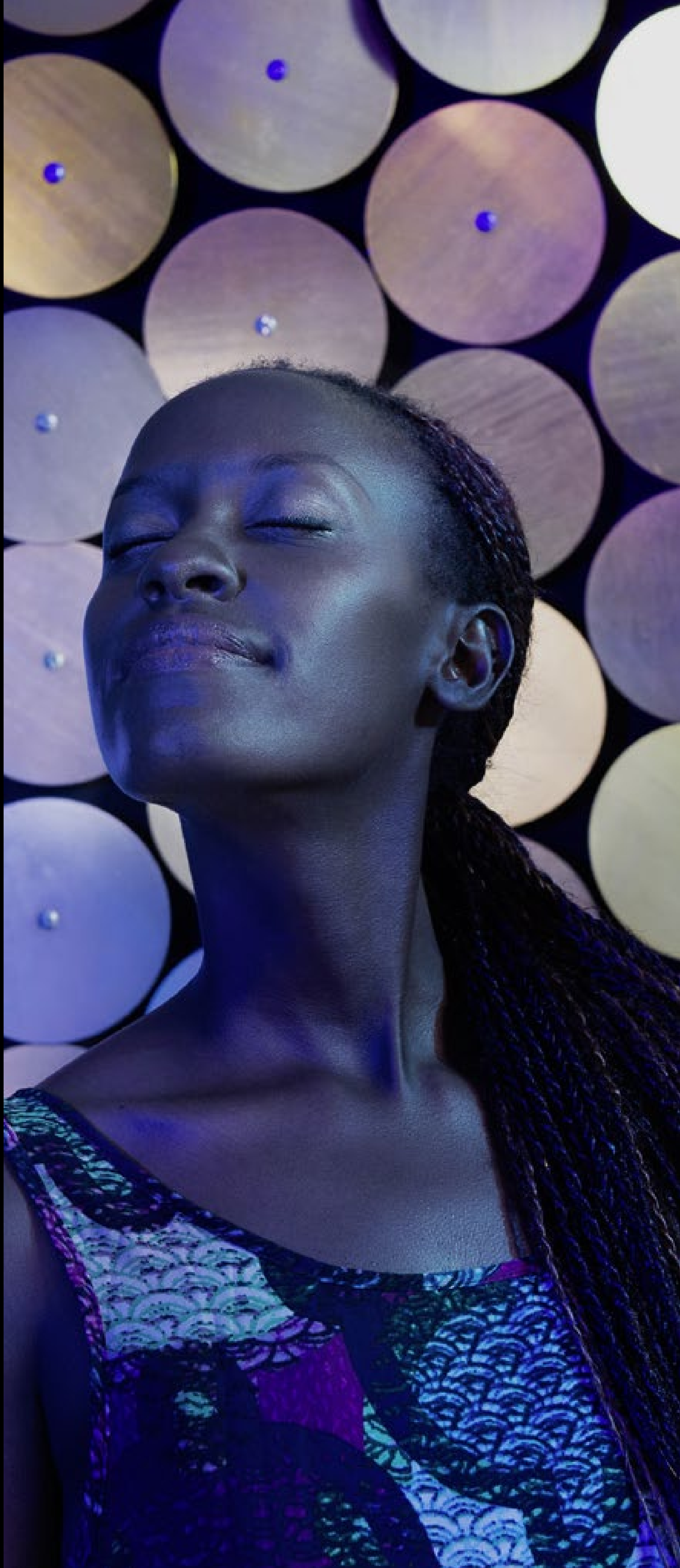
Annual Report 2015
Responsible growth. Shared success.



Givaudan engage your senses

Key figures
Strong financial performance

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

CHF 4.4 billion
Group sales

2.7%
Organic sales growth

24.3%
EBITDA margin

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

1. LFL: Like-for-Like, excludes the impact of currency, acquisitions and disposals.
2. EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

Performance highlights
Full year results 2015

CHF 635 million
Net income

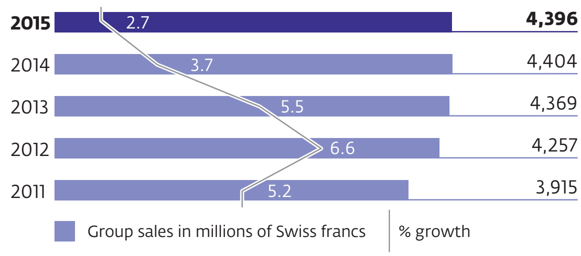
CHF 720 million
Free cash flow

CHF 54.00
Proposed cash dividend per share[1]

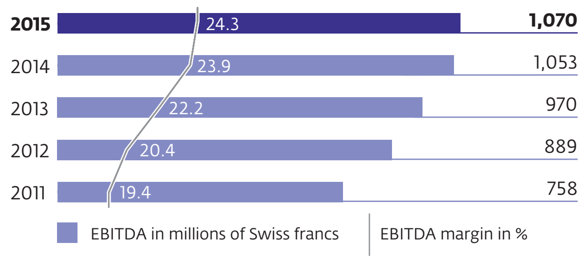
16.4%
Free cash flow as % of sales

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

Group sales and growth rate



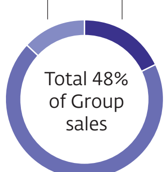
EBITDA and margin



Sales breakdown by division
Fragrances

13%
Fragrance and Cosmetic Ingredients

18%
Fine Fragrances
Signature fragrances
Line extensions

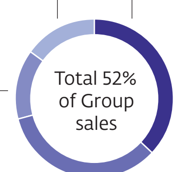


69%
Consumer Products
Fabric and personal care
Hair and skin care
Household and air care
Oral care

Sales breakdown by division
Flavours

15%
Confectionery
Confectionery
Baked goods
Sugar confectionery
Chocolate
Chewing gum

37%
Beverages
Soft drinks
Fruit juices
Instant beverages



14%
Dairy
Ice cream and yoghurt
Desserts
Yellow fats (margarines)

34%
Savoury
Ready-made meals
Snacks
Soups and sauces
Meat and poultry

Our business
Close partnership, always by our customers' side

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

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

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

Our consumers
Every day, we bring the realm of taste and scent to life, in many ways, touching millions of lives, everywhere
Givaudan impacts the lives of millions of consumers around the world with the fragrances and flavours we create, from prestige perfumes to laundry care and from a favourite drink to a preferred snack.

94
Locations worldwide

35
Production sites

25%
Market share

9,907
Employees

Our divisions
Fragrance Division
We live to perfume life

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

Flavour Division
We make life taste delicious

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

Our profile

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

Our vision

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

Our mission

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

Table of contents:

Our culture
At the heart of who we are

We are the world's leading fragrance and flavours company, but what makes us different goes beyond facts and figures. Our culture, what we call our DNA, is at the heart of who we are. It cannot be seen, touched, smelt or tasted, but pervades all aspects of our Company. It is unique and essential to our success.

Inspiring

Challenging

With heart and soul

Our DNA guides the way we think, act and make decisions. It is what makes us different, and we live this difference with passion. Every employee brings the Givaudan DNA to life in their work each day by being Inspiring, Challenging and acting with Heart and Soul. This is what we refer to as the personality of our DNA, articulated from our new brand which we have introduced as a fresh way of presenting ourselves to the world.

By being Inspiring, we foster a positive environment of openness and curiosity, where we shape and share innovative ideas that delight, surprise and touch everyone's emotions. By being Challenging, we perform with a mindset of best and see challenges as opportunities to grow. We anticipate what's next, question conventions and welcome debate. And by acting with Heart and Soul, we create fragrances and flavours that bring memorable experiences to consumers around the world. We establish true partnerships because we are dedicated, passionate and always give our all. We 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 scent and taste experiences, helping our customers build their brands and delight consumers.

Our employees are passionate ambassadors in expressing the Givaudan DNA and bringing our culture to life. Our Employer Value Proposition (EVP) acknowledges this fascination and defines our offering as an employer. We are a global company of over 9,500 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.

The EVP is summarised as 'Impact Your World', which reflects our aspiration as a business to positively impact the lives of people around the world with memorable fragrances and flavours and to drive performance through sustainable measures. Importantly, the EVP also empowers employees to impact their own world through their contribution to the creation of inspiring scent and taste experiences, helping our customers build their brands and delight consumers.

At Givaudan, employees understand that they can express their individuality, collaborate and learn with passionate teams, and grow and shape their world.

Together, our DNA and EVP allow us to talk about ourselves based on our brand and emotions, illuminating the way we will bring further success for our business through a continued focus on our customers and their needs.

Our capabilities
Surprising and delighting consumers with creative solutions

Our capabilities in creation, innovation and operational excellence are driven by extensive consumer insights. As our customers' loyal partner, we are committed to their success and translate our knowledge of local preferences into creations that delight consumers around the world.

Creation

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

A team of passionate perfumers and flavourists

Extensive consumer understanding and close partnership with customers

Unique product palette and ingredients

Innovation

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

Pioneering Research and Development teams

Focus on the science of taste and smell

Broad product offering for diverse customer portfolio

Operational excellence

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

Global spread of operations, with local presence

Supply chain excellence, addressing customers' needs

Sustainable sourcing of raw materials

Chairman's introduction
Continuing to deliver value

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

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

Looking back over the last five years, we are reminded of the challenges of operating in the midst of a global economic crisis, the 2011 raw materials price increases and a slowdown in the emerging markets during the course of 2015. More importantly, however, we see our business solidly performing as we turn challenges into opportunities, make advances in product and technology innovation and uphold our market leadership position. Our progress over the last five years culminated at the end of 2015 with the delivering of our ambitious mid-term financial targets, a defining moment for our business.

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

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

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

Dr Jürg Witmer, Chairman

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

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

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

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

Succession planning for both the Board of Directors and the senior management continues to be of critical importance to the Board. Two longstanding directors, André Hoffmann and Peter Kappeler, will not stand for re-election at the 2016 Annual General Meeting. Both have been instrumental in shaping the strategy of Givaudan over many years and I would like to extend my gratitude for their commitment and friendship. I am pleased that André Hoffmann has accepted a new role as the Chairman of the Board of Trustees of the Givaudan Foundation. He will act in his new function on a non-remunerated basis. In line with the new strategic direction of the Company, our Executive Committee was expanded in 2015 to include dedicated Human Resources, Procurement and Innovation roles. To fulfil these positions we were able to draw from our internal pool of talent that has been nurtured over the years in order to provide experienced and capable candidates who can ensure the continuity of our culture as well as our business principles.

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

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

Dr Jürg Witmer Chairman

Chief Executive Officer's review
Five-year targets achieved

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

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

What were Givaudan's key operational achievements this year?
2015 was marked by the unprecedented expansion of Givaudan's footprint in Asia. In line with our commitment to grow closer to our customers and their consumers, we prioritised our investments for an increased presence in emerging markets. With the opening of our second Flavours site in China, our Nantong facility doubles our production capacity in this key growth market. We inaugurated our new Fragrance facility in Singapore which includes a compounding facility, a creative centre and the first extension of our Perfumery School outside of the original in Paris. The new site will enable us to increase our production capacity and enhance collaboration with partners across the region. In addition, we consolidated our Flavours creative facilities in Japan into a central location in order to drive the creation and innovation needs of our customers. Finally, in October we laid the foundation for our new Flavours production site in Pune, India to open in 2018.

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

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

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

Gilles Andrier,
Chief Executive Officer

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

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

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

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

What implication does the 2020 strategy have on leadership?

To deliver our strategic objectives for 2020, it is crucial to have the right leadership team in place. In 2015, we added three new members to our Executive Committee who will lead Human Resources, Procurement and Science and Technology.
These additions reflect our commitment to nurturing our talent, partnering with our suppliers to deliver the best palette of ingredients for our creations and developing highly innovative solutions to further differentiate our offer to customers.

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

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

What are the priorities for the business in 2016?

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

Gilles Andrier Chief Executive Officer

Milestones of the year

Throughout each and every year, we seek to enliven the world with innovative fragrances and flavours, bringing joy in the moment as you engage your senses. We have many stories to tell, from innovative partnerships in Madagascar to finding inspirational sensorial experiences in unlikely sources. Discover some of the exciting achievements of 2015 in the following pages. Discover our world.

The stories:

Flavours

A love affair with citrus
An inspiring consumer trend

Consumers love citrus. From oranges and lemons to grapefruit and limes, citrus is used every day in juices, fizzy drinks, tea and cooking. It is truly a global flavour favourite.

Givaudan has a longstanding love affair with citrus, one that provides inspiration for us and for our customers, who are always looking for new ways of presenting innovative citrus flavours to consumers.

Thanks to Givaudan, consumers can also enjoy exotic citrus flavours such as the Millsweet Limetta and Seedless Kishu.

While it is a favourite around the world, local tastes call for customised solutions. It is over many years of building expertise in citrus that we have developed a set of capabilities that allows us to understand both local consumer desires and our customers' products and flavour needs.

Givaudan's TasteTrek® Citrus brings citrus alive. This inspirational programme allows our flavourists in the field to capture the most exciting flavours at the source. They also gain an understanding of local citrus crops and explore how they can help us develop local, customised solutions. Over the past ten years, we have conducted TasteTrek® Citrus programmes in Argentina, Brazil, China, India, Italy and the USA.
Our work in the USA further highlights our commitment. In 2006, we set out on a TasteTrek® at the University of California, Riverside (UCR) in its Citrus Variety Collection to explore, taste, analyse and develop new citrus flavours. Through a close collaboration with UCR we have discovered many unique fruits in these old groves, established in 1910, and in turn have developed new amazing flavours. From these Treks we have greatly expanded our knowledge of citrus and have also been rewarded with boundless inspiration - a great benefit to us and our customers. In 2015, we completed a donation of USD 1 million for the endowment of a chair position to support and maintain the Citrus Variety Collection in perpetuity, and in 2016 we will mark our tenth anniversary of this fruitful collaboration.

Here's to the next ten years of our love affair with citrus.

Yellow-India lime

Fragrances

Staying beautiful longer Building our ACI business

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

There is an infinite diversity of beauty needs consequent to the world's population growing older, the trend towards urbanisation and increased disposable income. These offer many opportunities for an innovative and creative company such as ours. In addition to our fragrances, we have been building our business to deliver highly functional, high-performance products for our customers in the cosmetic sector.

In addition to our fragrances, we have been building our business to deliver highly functional, high-performance products for our customers in the cosmetic sector.

We have recently set a clear path to be a key player in the active cosmetic ingredients (ACI) business with the acquisitions of Soliance SA in 2014 and Induchem AG in 2015. Also during 2015 we inaugurated a new CHF 11 million ACI production line at Pomacle in France, which will help us meet fast-growing demands from our customers for sustainably sourced products used in cosmetic applications.

These acquisitions and investments in our ACI enterprise mean we are well-positioned to not only provide a wide range of products but also deploy formidable R&D and production know-how in the creation of innovative and efficacious solutions for the cosmetics industry in skin care and hair care applications.

We have recently set a clear path to be a key player in the ACI business with the acquisitions of Soliance SA in 2014 and Induchem AG in 2015.

These applications include anti-ageing, self-tanning, moisturising, soothing, lifting, conditioning and shining. Most of our products are natural ingredients of 100% vegetable origin derived from bioscience techniques that make use of fermentation, bioconversion, biocatalysis, plant fractionation, green chemistry and marine micro-algae cultures. Some of our key products include dihydroxyacetone (DHA), a natural molecule used in self-tanning lotions and produced using a high-yield and sustainable bioconversion process. It also includes hyaluronic acid (HA), which is a key component of anti-ageing creams and is extracted from bacteria during fermentation, then harvested and purified for use as a powerful moisturising molecule, it also brings unique reparation properties according to the grade. Redensyl® is one of our latest launches, made by a biocatalysis route. It is the first generation of hair growth stimulating ingredient targeting follicle stem cells. In three months, it will give an equivalent result to hair transplant surgery.

Our ACI business also deploys metagenomics, which is the genomic analysis of microbial DNA extracted from communities in environmental samples. In the cosmetic space, a metagenomics study might be the direct sequence results of DNA extracted from the microbiote of the skin and the understanding of the positive impact of our actives on such microbiote. There is no doubt that metagenomics has the potential to take our ACI business into exciting new dimensions. Together with our strong R&D platform and wide range of products, we are well on the way towards our ambition to be a key player in the global ACI industry.

Active cosmetic ingredients for high performance cream

Q&A with Frédérique Lafosse Head of Active Cosmetic Ingredients

Integrating Induchem: the best of nature plus science-based innovations.

Frédérique has the task of developing our ACI business and making Givaudan a key player in the global ACI arena. She reveals how Induchem's expertise will help us serve customers in the cosmetic sector and bring consumers around the world the best from nature and cosmetic engineering.

What is Induchem and why was it acquired?
Induchem AG was acquired in August 2015 to continue building Givaudan's ACI business with science-based technologies. It was a second key step, after the acquisition of Soliance SA, towards our ambition to make Givaudan a significant player in the ACI business. Established in 1946 and based in Switzerland, Induchem develops and manufactures a wide range of ingredients for cosmetic applications. It has a total of 65 employees at Volketswil in Switzerland, Toulouse in France and New York in the USA, and a distribution network in more than 40 countries.

What expertise and portfolio does Induchem bring?
Induchem is known for its strong brand and innovative portfolio of products. As well as its range of active ingredients with proven efficacy, it produces carrier systems and other formulation ingredients such as exfoliants, polymers and additives. Induchem's strong talent will complement Givaudan's highly diverse and talented employees and contribute to the development of a successful future together. As well as expanding Givaudan's product portfolio, the acquisition creates a strong R&D and marketing platform to drive future growth, in particular through its French biotech subsidiary Libragen. This is the 'R&D heart' of Induchem, and its focus is on ACI in the areas of biocatalysis, metagenomics and biochemical synthesis.

> Induchem is a second key step, after the acquisition of Soliance, towards our ambition to make Givaudan a significant player in the ACI business.

What is the future for Givaudan's ACI business?
Induchem's strengths are synergistic with those of Soliance, and give Givaudan access to the latest technologies to develop award-winning molecules and a new generation of cosmetics ingredients such as actives, biovectors, visual carriers, and exciting breakthroughs in skincare and rejuvenation. We always strive to deliver the best to our customers.

Sustainability

Making a positive difference
Eco-efficiency commitments renewed

Working across the entire organisation to meet new and ambitious eco-efficiency targets.

We have been tackling our eco-efficiency targets to limit the impact of our activities on the environment for some time, and now we are setting more ambitious goals for 2020.

Some of our original targets, set in 2010 around energy, waste, water and CO_2, are being reached ahead of schedule. This is a cause for celebration and gives us a chance to further reduce our environmental impact while strengthening the social and economic fabric of the communities in which we operate.

Some initiatives we have in place that are already making an impact include site energy saving workshops and mapping and reducing our CO_2 footprint in goods transportation. In addition, our Green Teams, on individual sites, contribute to making a difference with local innovative actions.

Road to Paris signatory

To formalise our commitment to eco-efficiency, Givaudan is a signatory to four commitments put forward in the CDP's 'Road to Paris' initiative [1]. This sets a solutions-oriented agenda on climate change in cooperation with business, governments and the financial community and which was part of the UN Conference on Climate Change (COP21) in late 2015. The four Road to Paris commitments Givaudan signed up for are: 100% renewable electricity, reporting climate change information in mainstream reports, adopting science-based emissions reduction targets and removing commodity-driven deforestation from supply chains.

By signing up to the Road to Paris commitments, Givaudan is demonstrating its desire to work in a broad global partnership of proactive companies dedicated to making a positive difference.

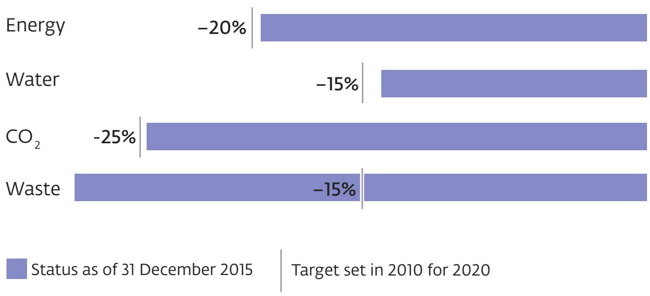
We were recognised by the CDP with the highest possible score of 100A for corporate reporting and action on climate change mitigation.

CDP recognition

We were recognised by the CDP with the highest possible score of 100A for corporate reporting and action on climate change mitigation – a key milestone in embracing our responsibility. With this score, we are listed in CDP's regional and global 2015 reports as a country leader for Switzerland and as a global A-list category leader in the Materials sector.

1. www.cdp.net/en-US/Pages/commit-to-action.aspx

2010 – 2020 eco-efficiency targets (consumption per tonne of product)



Fragrances

Givaudan in full Bloom
Creating new enchantment in women's perfumery

The artistry and inspirational creativity of our perfumers were taken to new heights in 2015 with the challenge of creating a new generation of floral fragrances for our customers.

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

The internal initiative encouraged teams of perfumers, evaluators, as well as marketing, to take on a challenge and explore new olfactive territories to build a collection of scents different from current market offerings.

When the project started, perfumers and creative teams were immersed into a multitude of insights and embarked on a journey of visionary adventure driven by their own imagination and drawing from our palette of innovative captives. It inspired a playful approach to being creative with fragrance by drawing inspiration from art, fashion, and perfume.

The underlying momentum behind this initiative was to fill in a perceived gap in the market identified by consumers. With a current dominance on gourmand scents and darker colognes, there was an opportunity to create a new series of fragrances tapping into what we refer to as 'blooming florals'.

The results were extraordinary: a new generation of timeless, luminous, radiant and beautifully diffusing feminine fragrances. A series of presentations showcasing the fragrance collection with artistic stagings designed for our fine fragrance customers captivated audiences. Project Bloom successfully challenged the inventive minds of our fine fragrance teams to inspire the creation of beautiful and original blooming fragrances for the 21st Century.

> "Project Bloom demonstrated our high-quality craftsmanship in perfumery. Our talented perfumers created scents with our beautiful palette of naturals resulting in a remarkable collection of blooming fine fragrances."
>
> **Francois Bousquet,**
> **Global Head of Development, Fine Fragrances**

Into The Bloom

Flavours

Differentiating innovation
Inspiring full taste experience

Underlying all of our innovative efforts is the constant objective of helping our customers make great tasting, differentiated products. This means staying many steps ahead of trends and market drivers, then using that knowledge to direct innovative solutions. In 2015, we brought to market two such innovations as illustrated below.

Tasting the full 3D experience

In many parts of the world consumers today have a love for anything and everything that is fast paced, high intensity, unusual and extreme. Long gone are the days of plain and simple – remember telephone booths and black and white television sets? The same consumers want no different when it comes to their flavours; the old black and white version won't do, nor will even the standard colour set in many cases. In 2015, Givaudan moved beef and chicken flavours to the world of High Definition.

> "It's great to see these ingredients really making a difference across a range of different applications while retaining and enhancing taste."
>
> **Laith Wahbi,**
> **Global Product Manager Savoury**

Can you imagine a flavour experience heightened to 3D plasma screen viewing in full colour and high definition, with taste to match? Or a sensorial experience that lifts beef and chicken flavours with all the deliciousness of home or restaurant quality food? That's exactly what we've done with our new High Definition flavours, a genuine breakthrough in beef and chicken.

After almost five years of research by a cross-functional team of experts, these new flavours really do break the mould by offering an enhanced eating experience. With a high degree of culinary accuracy, they faithfully replicate the taste of different cuts and cooking techniques.

Our High Definition flavours are made with an extensive palette of new, proprietary ingredients and are flexible so allowing our flavourists to easily customise. In addition, these tailor-made High Definition flavours mean locally authentic profiles can be built with faster turnaround time for our customers.

Launched fully in 2015 with a dedicated manufacturing unit, our High Definition flavours help customers to clearly differentiate their brands with distinction and close the gap between the quality of industrially prepared food and food prepared at home or in restaurants.

Inspiring 'real world' tastes

Fermented condiments are not the obvious choice for inspirational sensorial experiences, but that's exactly what our flavourists turned to in creating three new flavour ingredients introduced and used in successful applications by customers in 2015.

The strongly smelling fermented condiments, a target of a recent TasteTrek®, are commonly used throughout China where they are appreciated for their taste and mouthfeel. Our research into the elements responsible for the characteristics of these condiments led to the development of an exciting new class of taste modifiers. They form a new palette of ingredients for authenticity, flavour modification and a wide range of product applications.

The successful development and commercialisation of these taste modulating ingredients is a further example of the differentiation we can offer through our TasteSolutions® programme. We have developed a range of technologies through this programme, helping us to address the taste challenges in Savoury, Snacks, Sweet and Beverages. Issues such as salt reduction, clean label enhancement, sugar and fat reduction are now global issues where customers are looking for healthy products that do not compromise on taste.

Our new taste modulators have quickly proved to be a valuable addition to our taste capabilities, especially for TasteSolutions® Richness, our flavour solutions that capture the authentic flavours of home-made cooking for use in prepared foods. The success of the project highlights the benefits of seeking inspiration outside the laboratory and in the 'real world', where traditional cooking and food preservation methods from different regions can be explored – including the roadside stands and markets of China.

Procurement

Madagascar
Partnership for sourcing and transforming clove leaf oil

Having the vision and capabilities to collect and transform clove leaf oil at origin is fundamental in ensuring the long-term availability of this key natural ingredient.

Working with local communities and well-established local business partners is essential in securing the supply of rare and precious natural ingredients needed for our creations.

In Madagascar, we have forged long-term relationships with farmers and distillers and set up a clove leaf oil collection network. This partnership ensures a regular income for communities from which we source and contributes to safeguarding the efficient use of resources for the long term. We also have programmes in place to support the producers.

In addition, we have a joint venture called NATEMA to transform clove leaf oil into derivatives directly in Madagascar.

Why Madagascar, and why clove leaf oil?
Madagascar is particularly attractive because of its impressive diversity of ingredients for the fragrance and flavour industry, and one of them is clove leaf oil. Essential for many of our creations, this natural ingredient will be sourced through our existing collection network in Madagascar and processed into clove extracts.

What is a collection network?
This is a combination of resources including people, infrastructure and expertise needed for the sourcing of ingredients in a country of origin. Our teams travel around the country, buying directly from farmers, distillers, village associations and collectors. This provides communities with a regular purchase of their product.

What are the benefits of the joint venture and who is involved?
The NATEMA joint venture enables us to establish a footprint for clove leaf oil extraction supplied through our collection network. A factory is being built for this extraction, and the operation of the plant will be managed by the joint venture.

Our joint venture partner is Henri Fraise Fils, a well-established company in Madagascar with a solid reputation and which is active in supporting value creation in the country. We are pleased to be working with a company that has a similar mindset, strategy and vision.

What is the value added for Givaudan?
The Madagascar collection network, complemented by the NATEMA joint venture, contributes to ensuring a constant supply in quality and quantity, as well as a control on the end-to-end value chain. This is achieved by closely following the market, developing stronger ties and deeper trust with local producers and value creation directly in the country of origin.

How are the local communities and their environment safeguarded?
The clove leaf oil we purchase through our collection network ensures a regular purchase of the local producers' product. In addition, for several years we have supported a natural resources preservation programme, working with village associations to plant fast-growing trees in the clove leaf distillation areas.

Partnering for sustainable clove leaf oil

Flavours

Building capabilities for customer needs

Expanding our footprint and finding new ways to best serve customers.

Warehouse at Savoury Manufacturing facility, Nantong, China

Laying the foundation for our new facility in Pune, India

The world is changing quickly and companies like ours need to make the most of the opportunities that emerge. It is not just a matter of identifying new high growth markets, but acting quickly – and as we've done for decades, we continue to do so.

About 60% of our capital expenditure is already being spent in such markets, where we are building new flavours facilities or expanding our existing production plants and commercial presence. In China and India, for example, we constantly strive to be closer to our customers and meet consumer demands.

Offering new horizons

We are perfectly placed to meet the rapidly growing demand of customers and consumers for new taste and flavour experiences in the large and dynamic market that is China. In 2014, we opened a new flavour creation centre in the Sichuan province city, Chengdu and in 2015 the opening of our new world-class savoury flavours manufacturing facility in Nantong enables us to target flavour development more closely to meet consumer preferences. The new plant strengthens our capabilities in savoury and culinary flavour blends, snack seasonings, spray dries and process flavours. Givaudan has held operations in China for over 25 years; this CHF 50 million investment shows a clear and continuous commitment to a significant high growth market, and customers in China and across the Asia Pacific region will benefit from faster access to our innovative flavour and taste solutions.

Meeting local demands

India gives us a great opportunity to respond to an exciting market that demands both longstanding authentic local tastes and quickly evolving and changing taste demands. With a CHF 55 million investment in a new state-of-the-art flavours manufacturing facility at Pune, expected to open in 2018, we are committed to providing differentiated solutions for local market needs. It also shows our continued commitment to collaborate closely with customers in Asia Pacific. The investment builds on our 50-year heritage of operations in India and will enable customers from across the sub-continent to benefit from faster access to our flavour solutions. It will boost our capabilities in liquids compounding, powder blending, emulsions, process flavours and spray drying in India.

The Pune facility follows the opening of our Flavour Innovation Centre in Mumbai in 2013. This creation centre successfully brings sensory science, flavour science and foodservice expertise to our customers from within India.

With these and other investments in both production and creative facilities, we are perfectly placed in high growth markets to meet the fast-growing, fast-changing demands of customers and consumers for new taste and flavour experiences.

Fragrances

Building a stronger presence in the heart of Asia Pacific


Creative centre at the new fragrance hub in Singapore

Nurturing creativity within the Asia Pacific Fragrance team fosters customer understanding.

Our continued strong commitment to high growth regions is clearly demonstrated with a new home in Singapore to innovate, collaborate and create fragrances that delight Asian consumers.

The fragrance creative centre and production hub, opened in 2015, is an industry benchmark for the region. It positions us to work in closer partnership with our customers, serving them with speed and insights.

> "The new building is truly fit-for-purpose, built around our internal culture of openness and designed to address very specific creative and commercial needs."
>
> **Jeremy Compton,**
> **Regional Head of Fragrances for Asia Pacific**

The CHF 70 million facility is the largest global investment in the history of our Fragrance Division and is home to our first Perfumery School campus outside France, dedicated to training and developing future perfumers from Asia. The fully equipped school will build on the tradition of our Perfumery School in Paris, a legendary institute that can claim to have trained the perfumers responsible for more than one-third of fine fragrances on the market today.

The highly modern building is built around our internal culture of openness and is designed to nurture creativity and dynamic interactivity within the Asia Pacific Fragrance team. Here, diverse ideas may be only a staircase away, promoting a culture of teamwork and collaboration that will ultimately benefit our regional customers. "The new building is truly fit-for-purpose, built around our internal culture of openness and designed to address very specific creative and commercial needs." Jeremy, Regional Head of Fragrances for Asia Pacific.

The creative centre, with a multicultural team of more than 170 people, is a place where our people can flourish. The centre also offers specialised expertise ranging from consumer insights to fragrance evaluation facilities for creating the finest quality perfumes.

The production hub uses sophisticated technology and highly automated systems and processes with the ultimate goal of achieving even shorter lead times in production and delivery, and helping our customers go to market faster.

Our Singapore fragrance creative centre, production hub and Perfumery School pave the way for building an even stronger presence in Asia, and allows us to work in closer partnership with all our customers and create the talented perfumers of tomorrow.

Reception area at the new creative centre in Singapore

Strategy report

We have delivered on our 2011–2015 ambitions and are now embarking on our roadmap for 2020, a strategy that builds on our business model which has delivered continuous profitable growth and continues to focus on long-term value creation. The following section highlights some of our recent achievements and describes how we will continue our responsible growth.

In this section:

2011 – 2015
Targets achieved

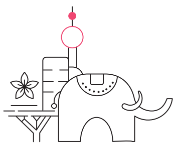
In 2010, we set ambitious financial targets for the five-year period ending in 2015. We aimed for sales and market share gains that outperformed the underlying market growth[1], to achieve industry-leading EBITDA margins, and an annual free cash flow (FCF) of 14–16% of sales in 2015, whilst returning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

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

1. Sales growth assumes a market growth of 2–3%.
2. Above 60% return to shareholders whilst maintaining a leverage ratio of no more than 25%.
3. Average distributed since leverage ratio target achieved.

Key achievements by executing
Our five pillar growth strategy

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

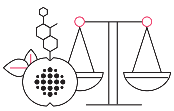


Developing markets

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

Research and Development

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

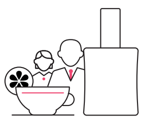


Health and Wellness

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

Responsible sourcing of raw materials

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



Targeted customers and segments

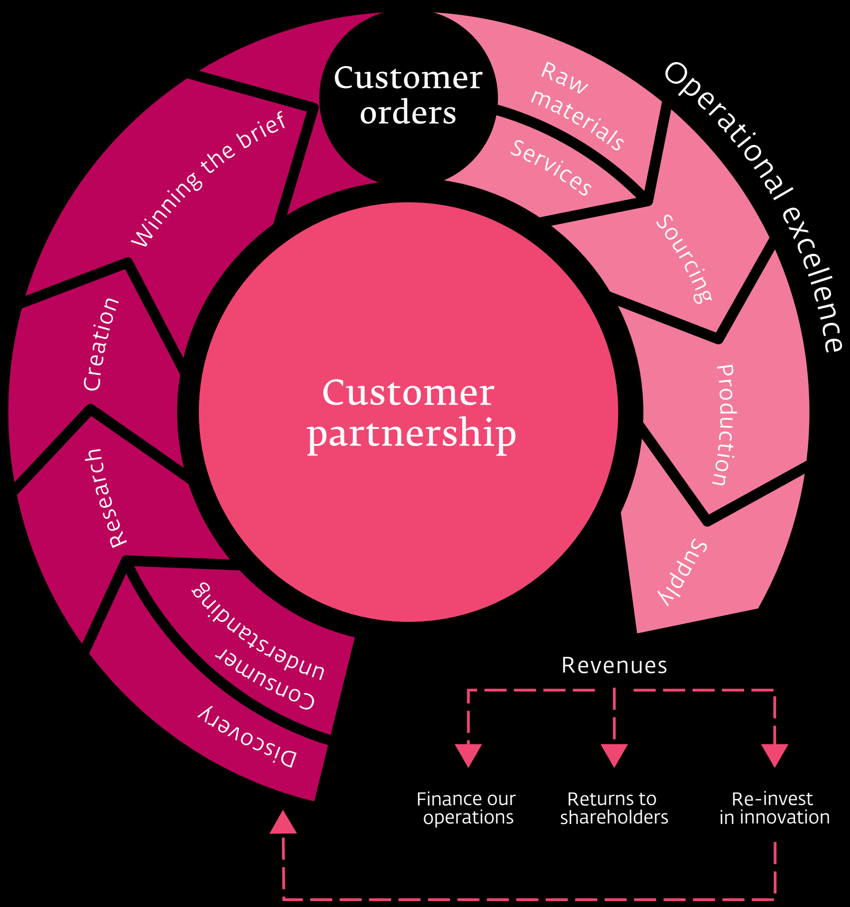
We built on strategic partnerships with our main customers and developed our presence with accounts and product categories where we were under-represented and had the opportunity to expand. Through our acquisition of Soliance and Induchem we extended our capabilities in active cosmetic ingredients. In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

Our business model
Focused on close customer partnership

Our passion to understand market trends and our culture of innovation enable us to focus on customer needs.

Customers are at the heart of our business - they come first. Our business model revolves around the partnerships we have with our customers and doing our utmost, at every step along the value chain, to create innovative fragrance and flavour solutions that surpass their expectations and help build their brands.

To help them win in their marketplace we leverage our consumer insights, innovation expertise and the creativity of our teams to create tastes and scents that inspire emotion. Our innovative sourcing strategies ensure that we have the right raw materials to meet the needs of our customers and that orders are delivered on time by our highly efficient supply chain.



Our 2020 Strategy
Responsible growth. Shared success.

Our financial ambitions and roadmap for the next five years seek to ensure responsible growth and shared success for shareholders, customers and all key stakeholders.

Building on the success of our 2011 – 2015 strategy, we want to create further shareholder value through profitable, responsible growth and acquisitions. To create long-term value, we will capitalise on our market leadership and, most importantly, continue to build close partnerships with our customers.

Continued ambitious financial targets are part of our roadmap to 2020, and we aim to outperform the market and deliver a continued strong free cash flow. These targets are an average organic sales growth of 4 – 5% and an average free cash flow of 12 – 17% of sales[1].

Our 2020 strategy is built on the pillars of growing with our customers, delivering with excellence, and partnering for shared success. These pillars and their drivers for success are detailed in the following pages.

4 – 5%
Average organic sales growth[1]

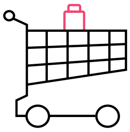
12 – 17%
Average free cash flow as % of sales[1]

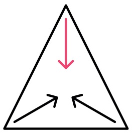
Partner of choice

Growing with our customers

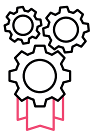

High growth markets


Health & well-being

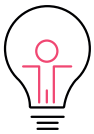

Consumer preferred products

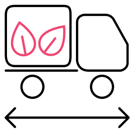

Integrated solutions

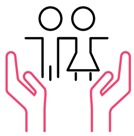
Delivering with excellence

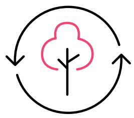

Excellence in execution

Partnering for shared success


Innovators


Suppliers


People


Communities

1. Over a five-year period by 2020.

Growing with our customers

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

Overview
Macro trends impacting our business

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

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

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

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

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

2020 targets
Growing with our customers

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

4–5%
Average organic sales growth[1]

High growth markets

Health & well-being

Consumer preferred products

Integrated solutions

1. Average over the five-year period.

High growth markets

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

Increasing presence in key regions for Fragrances

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

Multi-tiered investment approach in Flavours

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

Eleven focus markets for our growth strategy

Largest growth opportunity	Fast growing markets	Up-and-comer markets
1	5	5
China	India Indonesia Thailand Brazil Mexico	Nigeria Egypt Pakistan Vietnam Philippines

Consumer preferred products

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

Driving creativity in Fragrances

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

High growth segments for Flavours

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

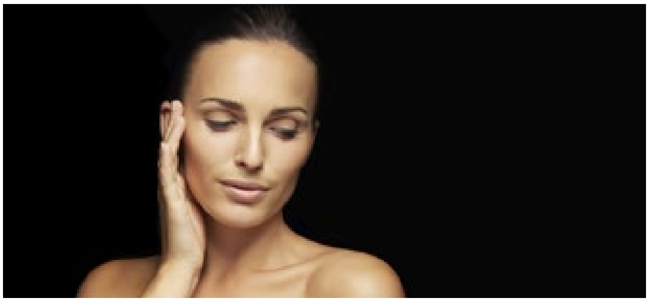
Accelerating growth through innovative approaches to high growth product segments: beverages, dairy drinks, yoghurts and processed meats.

Health and well-being

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

Leading in active cosmetic ingredients

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



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

Evolving our flavours offer

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

Integrated solutions

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

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

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

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

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

Delivering with excellence

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

Overview
Driving outstanding performance

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

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

Excellence in execution

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

Superior customer experience

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

Streamlined enterprise

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

Operations

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

Agility

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

2020 targets Delivering with excellence

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

12 – 17%
Average free cash flow as % of sales[1]

Excellence in execution

1. Average over the five-year period.

Partnering for shared success

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

Overview
Creating shared success

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

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

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

2020 targets
Partnering for shared success

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

Partner of choice

Innovators

Suppliers

People

Communities

Innovators

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

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

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

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

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

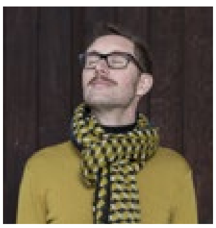
People

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

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

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






Our workforce is diverse, reflecting our global customer base.

Suppliers

Patchouli plantation, Malaysia.

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

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

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

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

Communities

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

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

To meet our objective to help protect our planet we will stabilise our environmental impact while increasing production volumes. To achieve this we have strengthened our eco-efficiency targets and will further reduce our CO_2 footprint, waste production, energy consumption and water use by 2020.

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

Management report

We have delivered on all of the ambitious mid-term targets that we set in 2010. The business performances of the Group and our Divisions in 2015 are detailed in the following section. Also included is an overview of the areas central to our sustainable business and developments in areas such as innovation, customers and our people. Updates in our risk management, compliance and regulatory are also presented.

In this section:

Givaudan - Annual Report 2015

Business performance
Strong financial performance

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

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

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

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

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

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

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

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

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

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

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

Financial position

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

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

Dividend proposal

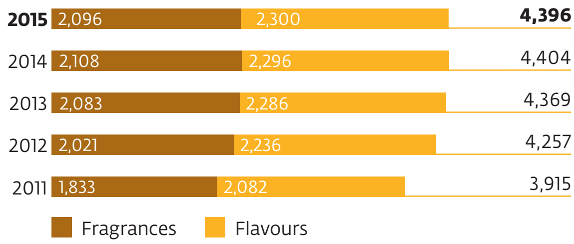
At the Annual General Meeting on 17 March 2016, Givaudan's Board of Directors will propose a cash dividend of CHF 54.00 per share for the financial year 2015, an increase of 8.0% versus 2014. This is the fifteenth consecutive dividend increase following Givaudan's listing at the Swiss stock exchange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

2020 guidance: Responsible growth. Shared success

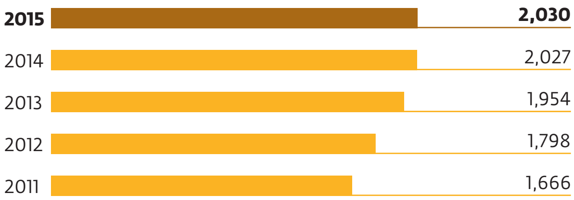
The Company's 2020 ambition is to create further value through profitable, responsible growth. Capitalising on the success of the 2011 – 2015 strategy, Givaudan's 2020 ambition is built on the three strategic pillars of growing with its customers; delivering with excellence; and partnering for shared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

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

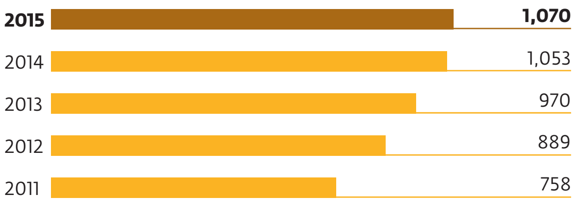
Group sales
in millions of Swiss francs



Gross profit
in millions of Swiss francs



EBITDA
in millions of Swiss francs



Operating income
in millions of Swiss francs

Business performance
Fragrance Division

Sales

Fragrance Division sales were CHF 2,096 million, an increase of 1.9% on a like-for-like basis and a decline of 0.6% in Swiss francs. Including Soliance and the recently acquired company Induchem, the growth was 3.1% in local currencies. Induchem contributed CHF 9 million following the acquisition on 27 August 2015.

Total sales for Fragrance Compounds (Fine Fragrances and Consumer Products combined) increased by 2.7% on a like-for-like basis. In Swiss francs, sales of compounds decreased to CHF 1,823 million from CHF 1,844 million in 2014.

Fine Fragrances sales grew 3.0% on a like-for-like basis, driven by growth in both mature and developing markets.

Consumer Products sales increased by 2.7% on a like-for-like basis, driven by a strong performance of the developing markets.

Sales of Fragrance and Cosmetic Ingredients decreased by 4.0% on a like-for-like basis, due to the lower sales performance of Fragrance Ingredients. As in 2014 the Cosmetic Ingredients business continued to grow double-digit in 2015.

The EBITDA declined to CHF 498 million in 2015 from CHF 505 million in 2014. The EBITDA margin declined to 23.7% in 2015 from 23.9% in 2014. The Division incurred a one-off non-cash charge of CHF 12 million in 2015.

The operating income increased by 0.9% to CHF 374 million in 2015, versus CHF 370 million for the same period in 2014. The operating margin increased to 17.8% in 2015 from 17.5% in 2014.

Fine Fragrances

Fine Fragrances sales grew 3.0% on a like-for-like basis with growth being achieved in both developing and mature markets as new business more than compensated for erosion.

Growth in developing markets was driven by Asia and the Middle East where both regions realised strong double-digit growth driven by a combination of new wins as well as volume gains at a number of accounts. In mature markets, solid gains in North America more than offset a slight decrease of sales in Western Europe.

> The Cosmetic Ingredients business continued to grow double-digit in 2015.

At the major industry award ceremonies in Europe and the USA, a number of Givaudan fragrances received recognition including: A Thousand Wishes by Bath and Body Works, Tom Ford's Velvet Orchid and Mandarino Di Amalfi, Intoxicated by Kilian, Bottega Veneta Pour Homme Eau Extreme, Bottega Veneta Knot, Christian Dior Miss Dior Blooming Bouquet, Narciso by Narciso Rodriguez. In addition, J'Adore received a Hall of Fame award at the ceremonies in the USA.

Consumer products

The Consumer Product business unit sales grew by 2.7% on a like-for-like basis with strong growth in developing countries more than offsetting lower sales in mature markets.

Latin America delivered double-digit growth against strong comparables, supported by all customer groups. In particular, the personal care and home care segments posted double-digit sales growth in the region. The solid sales growth in Asia was supported by all sub-regions and all customer groups, spread across all product segments. The performance was led by double-digit sales growth with local and regional customers and by the excellent performance in China and Japan.

In Europe, Africa and the Middle East, sales growth was also driven by solid performance with local and regional customers in all sub-regions. The Africa-Middle East zone delivered a strong sales increase across all customer groups. Sales in North America declined against last year, due to international customers, whereas local and regional customers posted strong growth compared to prior year.

On a product segment basis, the sales growth was sustained by the strong increase on the fabric care segment, followed by personal care and oral care. The home care segment contributed as well to the growth due to developing markets.

Fragrance and Cosmetic Ingredients

Sales of Fragrance and Cosmetic Ingredients declined by 4.0% on a like-for-like basis. The Cosmetic Ingredients business showed a strong growth driven by a strong underlying demand and new product launches. Sales of Fragrance Ingredients were affected by lower demand of some global customers and the high comparables of the prior year. However, Fragrance Ingredients sales saw a good performance with local and regional customers in all developing markets.

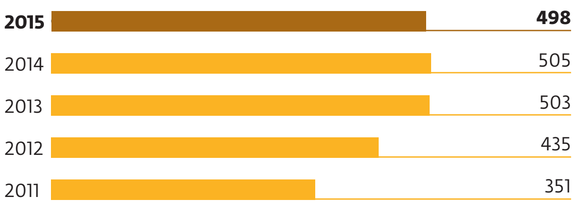
The previously announced product transfers to the production site in Mexico and the joint venture partner in China are on schedule and will continue to ensure that the Group remains competitive in the Fragrance Ingredients market.

Key fine fragrance wins 2015

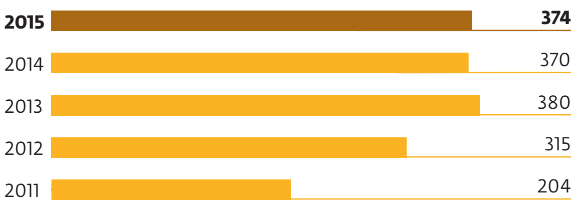
Women	
Avon – Imari Elixir – Musk + Marine	**Belcorp** – Cyzone Love Bomb – Cyzone True by Yuya
Boticario – Elysée	**Coty** – Miu Miu – Roberto Cavalli Essenza
Estée Lauder – Tom Ford Noir pour femme EDP	**Euroitalia** – Missoni
Mary Kay – Cityscape	**Natura** – Kaiak Energia – Ilia
Puig – Valentino Donna	**Shiseido** – Ever Bloom – Narciso Rodriguez For Her L'Absolu
Men	
Avon – Musk and Fresh	**Elizabeth Arden** – John Varvatos Dark Rebel
L'Oreal – Armani Code Special Blend – Polo Red Intense	**Puig** – Paco Rabanne One Million Cologne – Prada Luna Rossa Sport
Unisex	
Boticario – Egeo 7 Temptations	**LVMH** – Bulgari Eau Parfumée au Thé Bleu

Sales
in millions of Swiss francs

EBITDA
in millions of Swiss francs



Operating income
in millions of Swiss francs



Business performance
Flavour Division

Sales

Flavour Division sales were CHF 2,300 million in 2015, an increase of 3.5% on a like-for-like basis and 0.2% in Swiss francs.

Beverages, Dairy and Snacks segments favourably influenced the overall increase in sales. Growth in Latin America was driven by increased sales of health and wellness solutions as well as strong Beverages growth. New wins and increases from existing business contributed to the strong performance in North America. Despite demanding economic conditions in Eastern Europe and testing market conditions in Indonesia and Thailand, both Asia Pacific as well as Europe, Africa and Middle East regions grew when compared to 2014.

> Beverages, Dairy and Snacks segments favourably influenced the overall increase in sales.

EBITDA increased by 4.4% to CHF 572 million from CHF 548 million in 2014. The EBITDA margin was 24.9% in 2015, up from 23.9% in 2014. In 2015 the Division recognised a one-off non-cash gain of CHF 32 million following a change in pension plans. As a reminder, in 2014 the Division recognised a one-off gain of CHF 42 million on the disposal of land at its Dübendorf facility in Switzerland.

The operating income increased by 7.9% to CHF 420 million in 2015 from CHF 390 million for the same period in 2014. The operating margin increased to 18.3% in 2015 from 17.0% in 2014.

Asia Pacific

Sales in Asia Pacific grew 2.9% on a like-for-like basis. The emerging markets increased as a result of new wins and existing business growth in China and India offset by the difficult market conditions in South Asia. The mature markets contributed with increases in Japan, Korea and Singapore whilst sales in Oceania declined. Snacks and Sweet Goods segments contributed to the overall growth as a result of new wins.

Europe, Africa and Middle East

Sales increased 0.4% on a like-for-like basis. Solid growth in the mature markets was driven mainly by Germany, Great Britain, Ireland and Spain. Challenging economic conditions in Eastern Europe continued to hamper emerging markets growth, particularly in Russia and Ukraine. Africa and Middle Eastern markets advanced in their expansion. Dairy, Snacks and Sweet Goods segments increased as a result of new wins and existing business growth.

North America

Sales in North America increased 5.6% on a like-for-like basis. The strong performance was attributed to the growth of existing business and new wins with particularly good performance coming from Beverage, Dairy and Snacks segments.

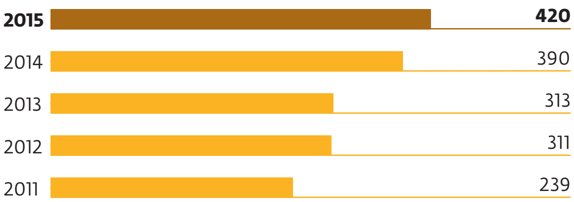
Latin America

Sales improved 10.9% on like-for-like basis with strong growth coming from Brazil, Argentina and Mexico. New win revenue and expansion of existing business contributed to the growth. Growth in Latin America was driven by increased sales of health and wellness solutions as well as strong Beverages growth. All major business segments improved with solid growth in Beverages, Savoury and Sweet Goods.

Sales
in millions of Swiss francs

EBITDA
in millions of Swiss francs

Operating income
in millions of Swiss francs



Capital markets
Creating shareholder value

Givaudan has demonstrated robust financial performance since 2000, resulting in both a rising share price and a year-on-year dividend pay-out to shareholders.

We are proud of the value we have created over the last 15 years and want to ensure that this success continues.

Shares

From its spin-off in 2000 to the end of 2014, Givaudan has created over CHF 12 billion in value for shareholders in the form of share price appreciation and dividend payments. Our shares are traded on the SIX Swiss Exchange, ticker symbol 1064593 GIVN. At the end of 2015, Givaudan had approximately 25,247 registered shareholders owning 61% of the capital. The top 20 registered and non-registered shareholders, owned 58% of the capital. US and Swiss shareholders held approximately 52% of all shares.

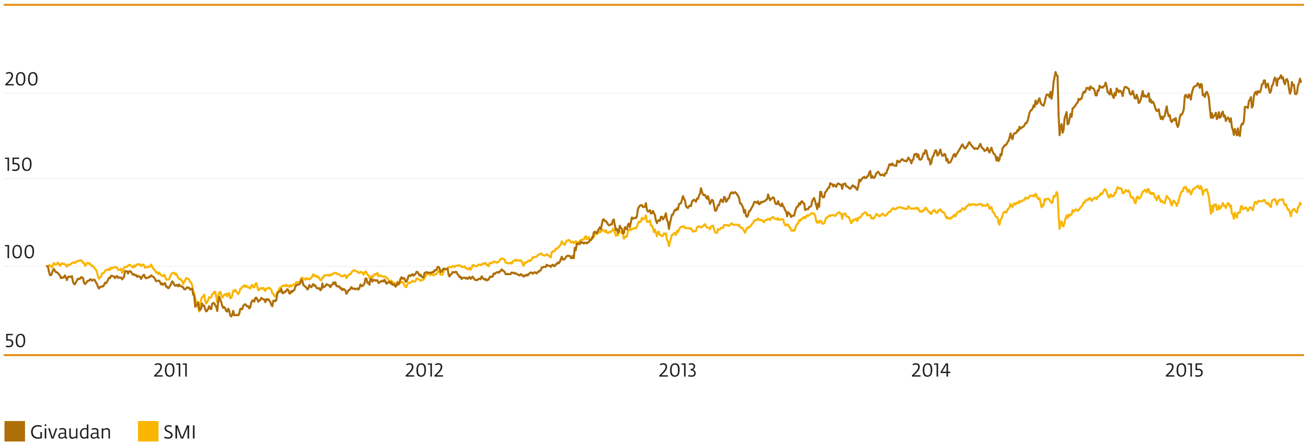
Dividend policy and total shareholder return

Givaudan holds a strong commitment to return surplus cash to shareholders and year-on-year the dividend has risen since 2000. In 2015, Givaudan's free cash flow was CHF 720 million, driven by a slightly higher EBITDA and an improvement in working capital.

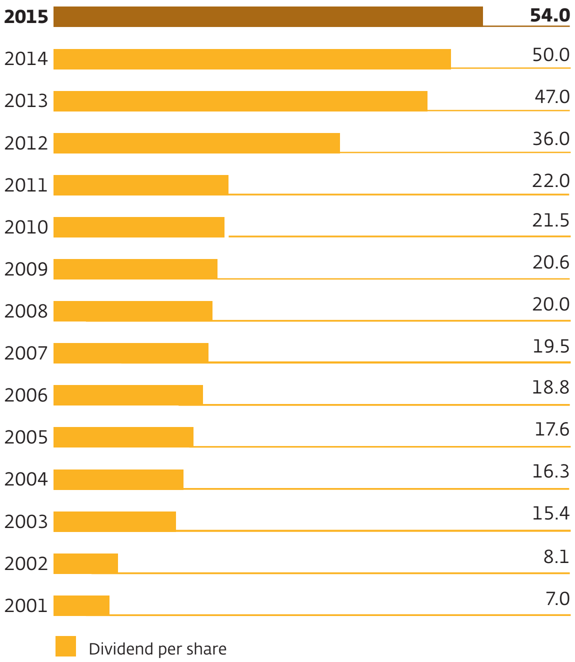
At the Annual General Meeting on 17 March 2016, Givaudan's Board of Directors will propose a cash dividend of CHF 54.00 per share for the financial year 2015, an increase of 8.0% versus 2014. If approved, this will be the fifteenth consecutive dividend increase following Givaudan's listing on the Swiss stock exchange.

Share price development – 2015
in %

Share price development – 5 years
in %



Dividend per share
in Swiss francs



Creating additional value through acquisitions

We have a strong acquisition track record and see clear opportunities to grow our business. In Fragrances, we aim to become a significant player in the active cosmetic ingredients business. In Flavours, we see opportunities to extend the type of solutions we provide to customers.

Induchem

At the end of August 2015, we announced the acquisition of 100% of Induchem Holding AG and its subsidiaries. Induchem's portfolio of products is based on a wide range of innovative and highly functional active ingredients, as well as research expertise in fields such as biocatalysis, metagenomics and biochemical synthesis. Employing 65 people, Induchem operates primarily from Volketswil in Switzerland, Toulouse in France, and New York in the USA.

Soliance

In June 2014, we acquired 100% of the shares of Soliance SA and its subsidiaries. Soliance provides innovative cosmetic solutions to its international customers and partners and develops high added-value active ingredients derived from vegetable sources, microorganisms and microalgae. Soliance has two sites in France, at Pomacle and Ile Grande, and employs 96 people.

Analyst coverage

Consensus recommendations and forecasts illustrated in the charts on this page are compiled from research reports made by analysts covering Givaudan during 2015. Further information and the names of sell-side analysts who cover Givaudan on a regular basis and those analysts whose forecasts were used to compile these charts are listed on our website: www.givaudan.com – investors – analysts coverage and consensus. Please consult these pages on a regular basis as the recommendations and forecasts are updated regularly.

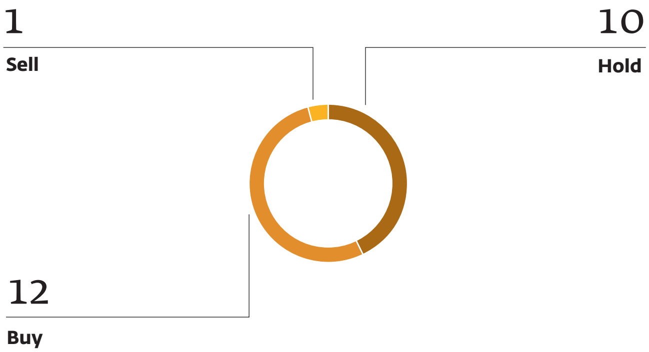
All forward-looking information presented on these pages, and in the Annual Report as a whole, is subject to a variety of significant uncertainties, including scientific, business, economic and financial factors, and therefore actual results may differ significantly from those presented. Investors must not rely on this information for investment decisions.

Consensus forecasts: 2016 full year results

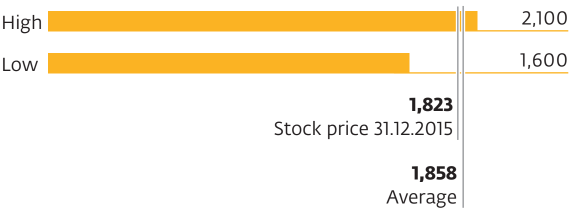
in million Swiss francs	Sales	Growth like-for-like	EBITDA	Reported net income	Free cash flow
High	4,851	5.0%	1,161	765	786
Average	4,582	3.9%	1,109	681	694
Low	4,388	2.2%	1,067	636	640

Source: www.givaudan.com/investors/analysts-coverage-and-consensus. Data based on reports and emails, received between 17 July 2015 and 26 January 2016.

Analyst recommendations
Number



Target prices
in CHF



Investor relations

Givaudan adheres to good corporate governance and follows best practices consistent with those of major international companies. All information published in our Annual Report complies with the Swiss Code of Best Practice for Corporate Governance and the SIX Directives for Corporate Governance. Further information can be found in a separate section on Corporate Governance on page 70.

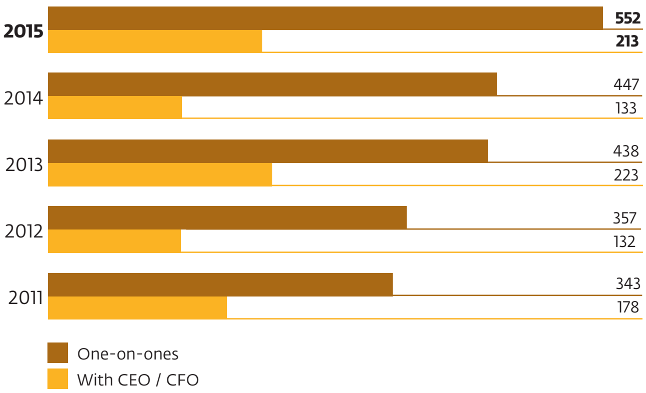
We use investor news, teleconferences and publications on our website to disseminate material information about our performance and activities, helping us to inform various stakeholders in timely and responsible ways and ensuring transparency and equal treatment. Our principles of disclosure and transparency can be found on www.givaudan.com – our company – corporate governance – rules and policies. In 2015, our CEO, CFO, Group Controller and Head of Investor Relations took part in roadshows and conferences in 22 cities globally, meeting existing and potential shareholders. Two conference calls and 39 Group presentations were held, attracting a total of 1,890 participants, an all-time high since 2000. Five hundred and ninety individual meetings and conference calls with fund managers contributed to improved awareness about Givaudan. In addition, 23 visits to our sites, with a total of 150 participants, mainly fund managers, were organised to provide an in-depth view of our activities.

The 2015 site visit programme included a two-day investor event in Singapore and Borneo. At our new fragrance facility and Perfumery School in Singapore, 22 sell-side analysts and fund managers heard about our activities in Asia, and in Borneo they visited our partner for the supply of patchouli oil. For the seventh consecutive year, Givaudan organised presentations in our fragrance creation centres in New York and Paris. The agenda and events for the financial community for 2016 are published on www.givaudan.com – investors – shareholder information – investor calendar.

Key significant shareholders

2015 in %	
Nortrust Nominees Ltd (nominee)	15.50
William H. Gates III	13.86
Chase Nominees Ltd (nominee)	6.10
BlackRock Inc.	5.02
Messieurs Pictet & Cie (nominee)	3.79
MFS Investment Management	3.01

Investor relations meetings
Number of meetings held



Sustainable management
Delivering long-term benefits

Our approach to sustainability centres on responsible operations at all levels, helping us to maintain and expand our business for long-term stakeholder benefit.

Our creations of consumer preferred fragrances and flavours are designed and developed in ways that are fully in line with sustainability principles. An essential focus in this process is to offer innovative solutions that address our customers' and consumers' quest for ever more sustainable products, and that reduce our impact on the environment.

Sustainable management means generating a solid business performance and growth without depleting resources and taking into account the needs of present and future generations. At Givaudan, we have a business model that aims to create value for our shareholders, customers, employees and partners. At the same time, this model calls for the protection of the environment, sourcing materials in a responsible and sustainable way, using materials and energy efficiently, and creating a safe environment for our employees.

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

Increasingly, consumers want to know more about where their products come from, and our customers want to identify the environmental and social impacts of the products we supply. In taking a holistic approach to sustainability and in responding to these needs, often in partnership with others, we seek to know the extent to which our ingredients impact resources, the environment and mankind. We work to identify criteria that are relevant for natural and synthetic materials, and where meaningful data can be obtained for our manufactured ingredients and purchased materials.

We acknowledge the need to promote sustainability reporting in the continuing process of building trust and delivering progress. We are committed to reporting our sustainability status and performance, and our GRI report detailing the progress and performance in 2015 will be published in March 2016.

The following section is an overview of the areas that are central to our sustainable business, and outlines 2015 developments in innovation, customers, our people, procurement, supply chain, information technology, and environment, health and safety (EHS).

Innovation

Innovation is at the heart of what we commit to our customers: creating and discovering new fragrances and flavours that delight consumers with the unexpected. Successful innovations rely on the combined aspirations of our scientists, technologists, flavourists and perfumers. They play a key role in the process of creating the refreshing taste of citrus when you sip your favourite lemonade, the rich taste of a healthy low-fat meal, or the heady scent of a fine fragrance.

We are committed to leading the industry as the innovation partner of choice in offering customers superior and sustainable solutions. By being such a partner, we can enhance our competitive advantage sustainably and drive future growth.

Innovation is essential for our future success and creates opportunities for our business as well as cutting-edge solutions for our customers.

Reflecting the importance of this approach, in 2015 we created a position on the Executive Committee to represent our Science and Technology activities across our two divisions.
As Head of Global Science and Technology, Chris Thoen will be responsible for setting our long-term innovation strategy and portfolio, prioritising opportunities in innovation, and leveraging internal and external capabilities across our Fragrance and Flavour divisions. He will also expand our network of strategic partners and establish a culture of open collaborative innovation. More about Chris and his background can be found on page 88.

Research and development

Our Science and Technology teams in Fragrance and Flavours drive the research and development value in innovation and make it possible for us to engage the senses of consumers around the world.

We spent CHF 366 million in 2015 on our innovation programmes, more than any other company in the industry, allowing us to maintain and extend our offering of breakthrough science and technology and the best palette of ingredients sourced in a responsible way.

We are committed to investing for the mid- to long-term in our creative and innovative R&D programmes.

In the Fragrance Division, our Science and Technology teams focus on the development of novel scent molecules, technologies and sensory solutions to enable us to create high-performing, consumer preferred fragrances. The focus areas are Fragrance Ingredients, Fragrance Delivery and Sensory, which are supported by technology departments in all five regions to bring research ideas into practical execution for the marketplace. This organisation underpins superior and differentiated fragrances that help position Givaudan as the essential fragrance partner for customer brands around the world.

The Flavour Division's Science and Technology organisation focuses on innovation to support Givaudan's business strategy and to help build the growth of our food and beverage customers' brands. We are committed to continuing our current collaborations and alliances with external partners, seeking new opportunities for innovative flavour solutions across flexible technology platforms. These platforms allow us to design and commercialise customised and differentiated proprietary solutions for savoury taste, sweet taste, meat and poultry, citrus, dairy and cheese, tea and coffee, and vanilla.

Technologies and products

World-class technology platforms enable our Science and Technology teams to create customer-pleasing products. In 2015, achievements by these teams in Fragrance and Flavours helped our Company further establish its leadership position and deepen its capability to be the innovation partner of choice. The following section covers some of these achievements.

Fragrance Division

Delivery systems

Fragrance technologies can draw on various innovative ways to enhance the perfume experience. We have developed sophisticated encapsulated solutions that control the release of the sensory experience at key moments of end product use. The offering of new sensory benefits, driving product satisfaction through our caps technologies, is significant.

In 2015, we extended the use of these encapsulated technologies from traditional application areas such as laundry and home care as well as beauty and skin care. This was not a simple process, but was made possible by adapting to varying customer needs and regulatory requirements. The extension of our fragrance delivery technology enables formulations for perfumers that offer more complete and efficient solutions for our customers in the growing beauty care segment.

We introduced during the year, an optimised version of Mechacaps™, our core shell caps technology, to cover multiple consumer touch points related to laundry product scent experiences. This new version provides a unique release profile that leads to improved fragrance freshness. It was complemented with technology to counteract malodour and provide a stronger sign of freshness, reassuring consumers on the quality and efficiency of their laundry product during use. The optimised Mechacaps™ technology was quickly deployed in all our creative centres and made available to all our customers.

Ingredient discovery

In Zurich and Shanghai, our teams of organic chemists design molecules of the future to create a sustainable and competitive perfumers' palette. Each year these teams create about 3,000 molecules, from which just one or two are launched after a thorough screening for performance and safety. We also actively pursue process optimisation, leveraging the key principle of green chemistry in our manufacturing processes and cost-savings for the main fragrance ingredients. In this way, perfumes can create competitive fragrances while actually using more ingredients. Overall research investment is aimed at maintaining a safe, high-performing, diverse and cost-effective palette for our perfumers.

Perfume benefits
In our continuing journey into a detailed understanding of the impact of fragrances on behaviour, we have designed a suite of fragrances with benefits ranging from sleep quality enhancement to lower stress during the day. At the centre of this development is our unique understanding of the sense of smell, achieved by dedicated creative teams. It has taken several years of research together with academic labs in developing and collaborating on psychological measures to better understand and link fragrance formulation with consumer behaviours.

Cosmetic actives
With the acquisition of Soliance and Induchem, our Fragrance Science and Technology teams have expanded the scope of cosmetic actives, building on our existing strengths in bio-catalysis and fermentation, and expanding our expertise in bioassays for the testing and substantiation of our new actives and their beneficial effect on skin.

Flavour Division

Faithful replication
Moving from black and white TV to 3D viewing. That's how we see our innovative approaches in beef and chicken flavours, now available in High Definition – flavours that maintain a high degree of culinary accuracy, faithfully replicating the taste of different cuts and cooking techniques. This breakthrough technology is the result of almost five years of research by a cross-functional team of experts and is a great stride in helping our customers differentiate their brands. Our High Definition beef and chicken flavours, launched in full in 2015 were received with great enthusiasm by customers. It closes the gap between industrially produced food and home or restaurant quality food. We have a specialised production facility dedicated to these flavours.

Groundbreaking innovation
TasteSolutions® Richness is a groundbreaking innovation and the outcome of our Givaudan Chef's Council 2010 event that originally focused on the taste concept of kokumi. This concept grew into the development of an all-rounded, fully balanced and complete flavour sensation. We analysed the dishes created by the culinary chefs and developed a revolutionary approach to flavour creation that brings the taste and authenticity of home-cooked meals to commercially prepared food. It is not just us who are excited by the results – consumers in tests are enthusiastic about the opportunities. While the main benefit is authenticity, TasteSolutions® Richness also allows our customers to reduce their reliance on salt and other traditional taste ingredients in their products and meet consumers' demands for healthier products.
Its applicability extends beyond savoury to a wider range of products such as sweet goods and beverages.

Sustainable citrus
We are proud of our leadership in citrus flavours, but are fully aware of the challenges around the world's favourite beverage such as citrus greening disease and adverse weather and economic conditions that affect citrus supplies. Global demand for citrus remains strong and, in the face of these challenges, we seek to maintain the highest quality, the right quantities and sustainable prices for our citrus customers. Our global sourcing programmes and sustainable practices in citrus flavour development ensure we are well placed to achieve this.

Supply assurance for our citrus customers is offered through SunThesis® ingredient replacers. In 2015, we started the commercialisation of our enhanced SunThesis® 2.0, which provides a reliable and sustainable extension for the original oils.

Central to bringing alive the essence of the broad citrus family is our TasteTrek® Citrus programme. Next year will mark the tenth anniversary of the programme and our partnership with the University of California, Riverside. In 2015, we completed the donation to create the Givaudan Citrus Variety Collection Endowed Chair, which will help protect citrus biodiversity through the support and maintenance of the university's Citrus Variety Collection in perpetuity.

Changing landscapes
Meat protein and vegetable or plant-based protein is increasingly in the spotlight in the flavours industry. The need for an alternative source of protein is driven by concerns over the long-term sustainability of animal sources of protein, complemented by a greater awareness of the positive role of protein in maintaining muscle mass in ageing populations. In Europe in 2015, we introduced a suite of flavour, taste and texture solutions for high protein dairy products. We call them our ABC tools – addressing the issues of Authenticity, Balance and Consistency – which are aimed at creating delicious high protein dairy products using either dairy or plant protein. Given the question over the future security of animal protein sources, we believe these tools have the potential of nothing less than changing the future food landscape.

Transforming trends
FlavourVision® is a future-focused proprietary programme that looks closely at global macro and micro trends in food and beverages to provide inspiration and drive innovation. It connects global markets with consumers, helping our customers stay ahead of the game, transforming trends into flavours. In 2015, we invested significant resources in terms of people and money in updating the big themes. With these insights, we can go to our customers confident that together we are ready for the future.

Customers

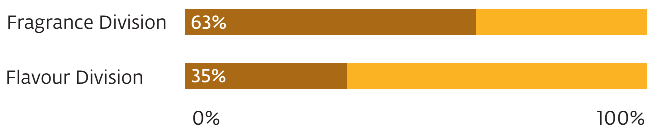
Customers come first. They are at the heart of what we do. Our business model centres on these partnerships and doing our best, at every step along the value chain, to surpass their expectations and help build their brands.

Our extensive global footprint enables us to be at our customers' side, everywhere, acting as a true partner in presenting them with innovation, market and consumer insights, creative and commercial expertise. This means using our global knowledge to meet our customers' local needs. We listen carefully to our customers to address the changing needs of the market and our Fragrance and Flavour divisions have implemented programmes to drive enhanced customer focus throughout the organisation.

Through such partnerships, we can develop fragrance and flavour creations that help grow their brands and delight consumers around the world.

Together with our customers, our mission is to craft memorable fragrances and flavours that bring moments of delight to consumers.

Breakdown of sales: 15 top customers



We are passionate about translating our knowledge of consumer preferences, know-how and expertise to deliver creations that positively surprise our customers and give them a competitive edge. Engaging with our customers, understanding people's preferences and bringing them happiness is what inspires us every day. It is an approach that reflects our mission of, together with customers, crafting memorable fragrances and flavours that bring moments of delight to consumers.

Our people

We value the talents and skills of our more than 9,500 employees who work at over 80 sites around the world. They are critical to our success in achieving our business strategy, and we are committed to providing a work environment where employees feel empowered to impact their world.

Impact Your World reflects our unique offering as an employer, our culture and what we stand for.

Reflecting this commitment to our people, we will continue to reinforce our ongoing efforts around talent management and diversity, strengthen the link between rewards and performance, offer targeted development opportunities, and provide an environment for our people to grow and shape their world. Our efforts will also be focused on recruiting the best local talent, especially in high growth markets, and ensuring strong links between our HR organisation, the business and our people.

Our Employer Value Proposition (EVP) is an important cornerstone and reflects our unique offering as an employer, our culture and what we stand for. In 2015, we continued

Head count development by region

	Number of employees 31.12.2015	%	Number of employees 31.12.2014	%	Growth 2014 to 2015 in %
Switzerland	1,486	15%	1,477	15%	0.6%
Other Europe, Middle East, Africa	2,933	30%	2,894	30%	1.3%
Asia Pacific	2,314	23%	2,249	23%	2.9%
Latin America	1,255	13%	1,192	12%	5.3%
North America	1,919	19%	1,892	20%	1.4%
Total	**9,907**	**100%**	**9,704**	**100%**	**2.1%**

Staff turnover by region

	2015	Turnover %	2014	Turnover %
Europe, Middle East, Africa	387	8.4%	420	9.1%
Asia Pacific	237	10.1%	198	8.7%
Latin America	137	10.9%	144	12.0%
North America	187	9.7%	202	10.7%
Total	**948**	**9.4%**	**964**	**9.7%**

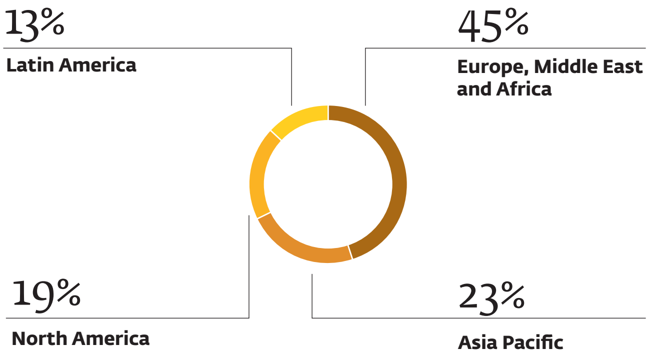
our efforts to further strengthen our EVP, summarised as 'Impact Your World', by bringing our DNA – our Company values – to life. These translate into a desire to be Inspiring and Challenging, and to act with Heart and Soul. Among these innovative programmes were:

Leadership development

We continued to roll out our Leadership Senses programmes, launched in 2014. This suite of programmes is designed to develop our leaders at all levels using classroom, on-the-job learning and coaching as well as the use of formalised assessment tools such as 360-degree feedback and psychometrics. In 2015, we ran the second of our Leadership Senses 'Evolve' programmes targeted at successors to our senior leadership positions, and we continued our roll out of the Leadership Senses 'Begin' programmes, targeted at first-time managers in each of the regions.

One of our leadership development tools is Engage 360, which assesses an employee's skills and behaviours. This involves feedback from the employee's immediate work circle such as their manager, colleagues, direct reports and external partners, and helps an employee identify development opportunities. Following a successful set of pilots in 2015 that involved the accreditation of nearly 40 internal coaches, Engage 360 is being made available to the wider organisation in 2016.

Employee by region



Talent management

To develop our leaders of the future, we need to ensure strong succession to critical positions, and to do this we need to consider all of our talent. Further, to ensure our people have the most fulfilling careers we can offer, we need to look across our Company for the best possible opportunities for them. In order to achieve these two objectives, we aim to further embed cross-functional and cross-divisional talent management. In 2015, we started to implement processes that allow us to reach across our divisions and functions and leverage knowledge and talent more efficiently.

Trainee programmes

Within Givaudan we have a number of trainee programmes that are designed to build a talent pipeline by attracting top talent early in their career, developing them through challenging assignments and providing them with attractive career opportunities. In 2015, we saw the globalisation of some of our regional programmes due to their success. Some examples of this include our Management Trainee programme that has been successful in Asia Pacific for Fragrance and Flavours for the past four years and has been extended globally within the Fragrance Division. Our operations trainee programme, initiated in the Flavour Division, has expanded into the Fragrance Division. Specific to our divisions, we currently have a Fragrance Evaluation trainee programme globally and continue our investment into developing our future perfumers with the opening of the Perfumery School in Singapore. Our flavourist training has also been revised and the new global flavourist training development programme is being rolled out worldwide.

Performance management

To guide personal development and performance, employees need to know how they are performing in their role through continuous feedback with their managers. We have a well-established annual performance management process in place, but took it a step further in 2015 by adding two new aspects. The first, which followed feedback from employees, was to bring more focus to the mid-year discussion, in particular to career planning conversations. The second was to evaluate employees on the Givaudan DNA of being Inspiring, Challenging and acting with Heart and Soul – characteristics that drive how we act, how we make decisions and how we treat each other. With these two new aspects, combined with the traditional evaluation of objectives, our people can take more control of their career and identify development needs and have more rounded performance discussions.

On a regional level, some examples of our initiatives in 2015 included:

EAME – training flavourists
Building the next generation of world-class flavourists is a priority for the Flavour Division. To help us achieve this, we updated our flavourist training programme curriculum which includes new modules for full-time trainees on the programme and modules which can be used as standalone learning tools by experienced flavourists to support their ongoing professional development. The new curriculum has been implemented in Asia and for the first time in our Europe, Africa and the Middle East (EAME) region in 2015 where three highly talented trainees, selected from hundreds of applicants, started this intensive three-year training programme that exposes them to the full world of flavour creation. The trainees – two from Russia and one from Egypt – will eventually return to the Givaudan sites in their own countries to ensure the highest standards of local flavour creation. The next flavourist school intake is planned for 2016 for our markets in North America as well as Latin America and China, reflecting our commitment to strengthen our presence and success in high growth markets.

North America – mentoring pilot
For the past three years a mentoring programme has been successfully implemented in three Fragrance sites to help build cross-functional business awareness and collaboration among middle managers. For their monthly meetings of 2-4 hours, all 18 mentees were matched with mentors outside their discipline to enable cross-functional exposure and networking. Due to its large success, 2015 saw the preparation of these mentoring programmes to be rolled out globally starting 2016.

Asia Pacific – Fragrance and Flavour academies
In 2015, we launched Fragrance and Flavours academies to improve the technical and functional skills of employees in Asia Pacific in our sales and creation and development teams. A feature of the training at these academies is the sharing of knowledge and expertise by our leaders and experts, helping our people to sharpen business skills and enhance Givaudan-specific knowledge. About 230 people have been involved so far respectively in each of these academies. These academies will be expanded beyond sales and creation to other areas of the business. In addition in 2015, and in partnership with our well-established Perfumery School in France, we opened a Perfumery School campus in Singapore with three students. This is the first time in Givaudan's history that our prestigious Perfumery School has established a campus outside of France. Working very closely together, the two campuses will train and develop future perfumers while focusing on different areas of perfumery.

Latin America – meeting future talent needs
We launched a two-year internship programme in Brazil for technical and bachelor degree students with the aim of strengthening our employer brand and relationship with key universities and to help meet our future talent needs. The recruitment process was redesigned to include online assessment and business simulation with the involvement of our managers. We also developed a customised onboarding plan to ensure the interns quickly understood our business and culture. A formal development plan includes a mentoring programme and diversified training to develop skills and competencies. Fifteen interns were hired in mid-2015.

Our Human Resources teams are developing a global strategy for 2020 that will be implemented from 2016. This strategy will continue efforts to bring to life our EVP, Impact Your World, and focus on developing talent, the performance of our people and further embedding our DNA as a foundation to achieving our 2020 ambitions.

Procurement

We are the largest player in the fragrance and flavour industry. This translates into an annual procurement spend of CHF 2,400 million with more than 10,000 different synthetic and natural ingredients sourced from over 100 countries, more than 2,000 raw material suppliers, and more than 14,000 indirect material and service suppliers. Our procurement position varies from being small in large markets to being large in small markets, yet the goal of the global Procurement team is consistent. It is to ensure continuous supply at competitive and predictable cost, optimal quality, and taking into account sustainability standards.

> The Procurement team's goal is to ensure continuous supply at competitive and predictable costs, optimal quality, and taking into account sustainability standards.

Procurement is a strategic pillar supporting our growth and has a significant impact on the profitability and free cash flow of the Company. To reflect the importance of procurement, a dedicated position was established on the Executive Committee at the end of 2015. As Head of Global Procurement, Willem Mutsaerts will be responsible for developing differentiating sourcing strategies, leveraging novel sources such as biotransformation and further enhancing the Company's responsible sourcing programme. With the support of his team he will drive our continuing efforts to secure the long-term supply of raw materials and fostering close collaboration with suppliers. More details on Willem and his background can be found on page 88.

The year saw us successfully reaching the end of our six-pillar strategy in Procurement: we exceeded the number of suppliers registered with the standards set out by the Supplier Ethical Data Exchange (Sedex); our commitment to driving performance and fostering innovation through partnership programmes was fully embraced; and we focused on areas such as improving cash flow, increasing capabilities through our Procurement Academy, and implementing a state-of-the-art risk management process.

Within Procurement, our Origination teams continued their initiatives to source key natural ingredients in countries of origin. These teams aim to secure supply, improve traceability and stabilise costs. By setting up collection networks and sourcing these materials locally, we can position ourselves to be the partner of choice to producers in these countries of origin. We have recently established a collection network on the Indonesian island of Sulawesi to provide patchouli oil for our perfumers and a farming partnership with two companies in Borneo for the same material. A further example of this approach to sourcing – for clove leaf oil in Madagascar – can be found on page 15. Other stories can be found on our website www.givaudan.com – sustainability – sourcing – working together.

In 2015 we established the role of Procurement Innovation Manager to manage the growing collaboration projects involving our Science and Technology teams and suppliers. This is an important interaction that helps bridge the capabilities of suppliers with our own, across both fragrances and flavours. It is in line with our 2020 strategy and will help strengthen our capabilities in this area and enable further cross functional alignment.

The professionalism of our global network of procurement experts continues to strengthen through the Givaudan Procurement Academy, established in 2013 with the aim of developing the skills of our teams in raw materials, indirect materials and services. The success of the academy also provides these professionals with motivation and relevance, as well as harmonisation and awareness of global procedures and processes to support Company objectives.

Identifying and managing risk in sourcing raw materials is an essential part of our procurement and supply chain operations to ensure security of supply. Our Raw Material Risk Management system is a procurement portfolio matrix that gives us a quick, high-level overview of our global sourcing situation. This SAP-based system provides information that allows us to be proactive in mitigating risk. It improves transparency and helps determine the best overall business solutions.

Our Indirect Materials & Services (IM&S) procurement organisation manages the very large number of items and services that are needed to operate our business. This organisation, with over 50 people located around the world, help us greatly in achieving our free cash flow targets and containing spend. In 2015, we focused on supporting our main capital investments in the developing markets of Indonesia, Singapore, China, India and Japan (read the stories on pages 16-17). Here, IM&S works with the project teams to ensure that the best procurement processes and supplies are in place to meet the projects' objectives and budgets. IM&S also enhanced and developed its closed loop operating model during the year, making it more robust and resilient. This model covers the full sourcing cycle, from the identification of clear targets through all stages of project planning and execution, to a clear reporting process to validate the intended results were achieved. Also in 2015, IM&S worked to further implement a business partnership for its main stakeholders. The use of online catalogues continued to increase and now represents about 50% of all transactions, significantly improving operational efficiency.

Looking ahead, Procurement will continue to focus on the areas of cost, cash and risk management, as well as driving innovation and sustainability to support our customer demands.

Supply chain

We continuously seek to create a more agile supply chain and to place the customer at the centre of what we do. With this in mind, in 2011 we embarked on a Supply Chain Excellence programme aimed at improving customer service levels while optimising inventory and other supply chain costs. The successful implementation of this programme has strengthened Fragrance and Flavours service levels to almost 98% and significantly reduced supply chain costs. It was done through a combined effort between the Fragrance Division and Flavour Division and supported by the fully deployed SAP platform.

In addition, we designed and deployed new supply chain models to reinforce our partnership with customers. We developed common tools and processes, indispensable in sustaining our growth and reaching our targets, and we built our supply risk segmentation and mitigation tool. It enhanced transparency in many areas and allowed further optimisation, for example in transport, warehousing and duties.

In 2015, Procurement category management worked closely with the Supply Chain teams on jointly delivering a balance between inventory optimisation and supply security while improving customer service levels. This was another example of cross-functional teamwork with Supply Chain, an important pillar of Givaudan's strategy, which allowed further joint efforts to reach our Company targets.

> Our supply chain teams are determined to continually adapt their models to meet changing customers' and market needs.

We have identified key Fragrance and Flavours areas for further improvement and associated projects that will help us continuously improve our supply chain performance, thanks to our enhanced tools and processes. Our teams are determined to continually adapt their models to meet the changing needs of our customers and the market, and to consistently support sales growth with an end-to-end and total cost of ownership approach.

Information technology

Delivering competitive advantage through innovative IT solutions, accompanying Givaudan in its growth and adapting with agility to the digital world is the challenging mission of our Information Technology (IT) team. In 2015, expected benefits from major initiatives which were initiated in 2014 were fully delivered. All Givaudan employees have moved smoothly to our new email and collaboration platform using Google's cloud business service. The Flavour Division is now equipped with a highly performant Compliance Engine, unique in the industry, able to calculate for our entire products portfolio its compliance to any of the numerous and fast-evolving product safety and regulatory rules.

> Our challenge is to connect our world, deliver unique solutions, embrace innovative technologies and adapt with agility to our fast-changing world.

The IT team has been working to support Givaudan's growth in the active cosmetic ingredients business with the integration of Soliance and Induchem into our systems platform. The work will continue through 2016 for the appropriate sites in Switzerland, France and the USA. Givaudan's SAP platform has also been rolled out in our new facilities in Singapore and Nantong, China, enabling these additional Asia Pacific sites to fully benefit from our integrated supply chain and manufacturing excellence.

Several projects were undertaken in the core areas of Science and Technology and Creation to offer new ways of working. Our 'creation on the move' app, iSphinx, has been enriched with a tablet version, capturing perfumer inspiration anywhere, anytime. With our commitment to foster innovation, ART was launched as a global platform to capture knowledge on Flavours evaluation and applications, a great addition to our Flavours creation suite.

The year also marked an important milestone for Givaudan IT with the set-up of a dedicated digital strategy and innovation team, aiming at creating business opportunities through technology and digitalisation. The year was dedicated to strengthening our big data capabilities and developing predictive models in various areas such as procurement and sales, bringing tangible insight to decision-makers and preparing the ground for further business digitalisation.

Environment, Health and Safety (EHS)

Safety is one of our highest priorities in Givaudan. Our business has a passion for understanding consumer preferences and a relentless drive to innovate. The level of this passion is the same as that we bring to a culture in which safety, health and environmental commitments are the personal responsibility of every employee. The essence of what we strive to do is to safeguard our Company's ability to deliver to our customers by protecting people and the world in which we live.

> We strive to safeguard our Company's ability to deliver to our customers by protecting people and the world in which we live.

We have a global EHS strategy that includes programmes to help business innovation and performance without compromising the safety of our people, products, assets and the environment. We continued the successful implementation of this strategy in 2015, in particular our efforts to be valued partners for our operations and business teams so that our EHS performance can be recognised as a differentiating factor.

Renewed policy

Our EHS policy, defined by the Executive Committee, is essential to ensure the safety and health of people and the environment, our workplaces and the communities in which we operate. We have examined our existing policy and harmonised our approach through our suite of global directives and standards, and we will be launching this new policy in 2016. It will reflect our commitment to being transparent in what we want to achieve.

We have been working on a Responsible Care® Management System (RCMS) that will also be launched in 2016 and be an important step in improving our EHS culture and achieving our 2020 sustainability targets.

Partnering for success

With the benefits of partnering for success in mind, our first EHS Academy was held in 2015 when over 60 EHS experts from around the world met in the UK to share, listen, understand and, most importantly, act as one function to help ensure alignment with Company strategy and reinforce the commitment to be close to the business and a strategic partner that supports our business success.

The diversity of the EHS Academy was a particular strength, and there were many Givaudan contributors from outside the EHS organisation. Skills training played an important part and the key themes included leadership, change management, engagement, sharing best practice, stakeholder management, and coaching skills. The EHS Academy will lead efforts for the function to strive for excellence and ensure that a mindset of best is applied to all relationships and the way EHS interacts with stakeholders.

Caring for the environment

We continued to measure and report on progress towards achieving our ambitious yet realistic eco-efficiency targets for 2020 on energy, CO_2 emissions, water consumption and waste.

For the fifth time we applied the Global Reporting Initiative (GRI) guidelines to report on our sustainability status and performance. Our 2014 Sustainability Report, published in March 2015, achieved the new GRI G4 application at the 'core' compliance level. Givaudan has taken a leading step in sustainability reporting by transitioning to the G4 guidelines. These guidelines, developed by the GRI, offer the latest international standard for companies wanting to disclose management and performance information about their environmental, social and economic impacts.

For the ninth consecutive year we participated in the CDP through the reporting of CO_2 emissions and risks and opportunities regarding climate change, in relation to our activities. We are very proud to have been awarded the top score on the A-list of the CDP Climate Performance Leadership Index for 2015. Givaudan is listed in CDP's regional and global reports as country leader for Switzerland and as a category leader in the Materials sector. For more on this achievement, read our story on page 12. Cross-divisional and cross-functional workshops continued to be held during the year to identify and share best practice in energy savings.

Our fundamentals

Work by our EHS teams continues day by day, around the world – fundamental 'behind the scenes' tasks that may not catch the headlines. Our corporate EHS Centre of Expertise (CoE), for example, looks after programmes on industrial hygiene, process safety management, odour emissions control, EHS engineering support and internal benchmarking. It also manages our Global Safety Laboratory, an internal centre for providing chemical safety data for the safe manufacture of our ingredients and products. In 2015, training on process safety risk assessment continued globally, with workshops to improve skills in assessing and managing risks in process safety. Another area of day-to-day activity in EHS is the management and control of industrial hygiene, which involves the comprehensive, systematic and efficient identification, evaluation and control of potential health risks in the workplace. Elements of this programme include exposure assessments, risk prioritisation, control strategies, medical surveillance and documentation.

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

During 2015, we continued to ensure the compliance of our classification and labelling for all our products (raw materials, intermediates and finished products) that we sell, produce and ship, and completed the implementation of the Globally Harmonized System (GHS) in the USA. In 2016 we will continue our efforts to harmonise and optimise packages and labels. We will also continue implementing the various requirements for classification and labelling according to the different national legislations, and proceeding with Classification, Labelling and Packaging (CLP) notifications in additional European countries to conform with European Union requirements.

> We are passionate about ensuring everyone returns home safely every day. Our mission is to empower all of us to safeguard the environment and protect people's health and safety.

Risk management, compliance and regulatory
Integral to Givaudan's business

We have robust structures and processes in place to ensure the effective management of risks to our business, and are committed to high ethical standards in the conduct of this business.

The pace of new legislation in our industry has increased markedly in recent years and so it is critical that our efforts in risk management, compliance and regulatory keep up with and even anticipate these changes. Efficiency and effectiveness in these areas also allow us to identify business opportunities, to the benefit of all stakeholders.

Enterprise Risk Management

Managing risk is integral to Givaudan's business. The Company operates a structured and continuous process of identifying, assessing and deciding on responses to mitigate key risks at all levels. The reporting of the opportunities and threats that these risks create and how they might hinder the business in achieving its objectives is also part of managing risks.

Risk management is the responsibility of the Board of Directors, which empowers the Executive Committee to manage the overall Company risk management process. The Group actively promotes the continuous monitoring and management of risks at the operational management level.

Principles and responsibilities

Enterprise Risk Management (ERM) at Givaudan is based on our Enterprise Risk Management Charter. The charter describes the principles, framework and process of the Givaudan Enterprise Risk Management which ensure that material risks are identified, managed and reported. It defines the associated roles and responsibilities which are reflected in the delegated authorities. ERM encompasses both the Fragrance and Flavours businesses, as well as Givaudan Group functions. It includes all types of risks in terms of their nature, their source or their consequences.

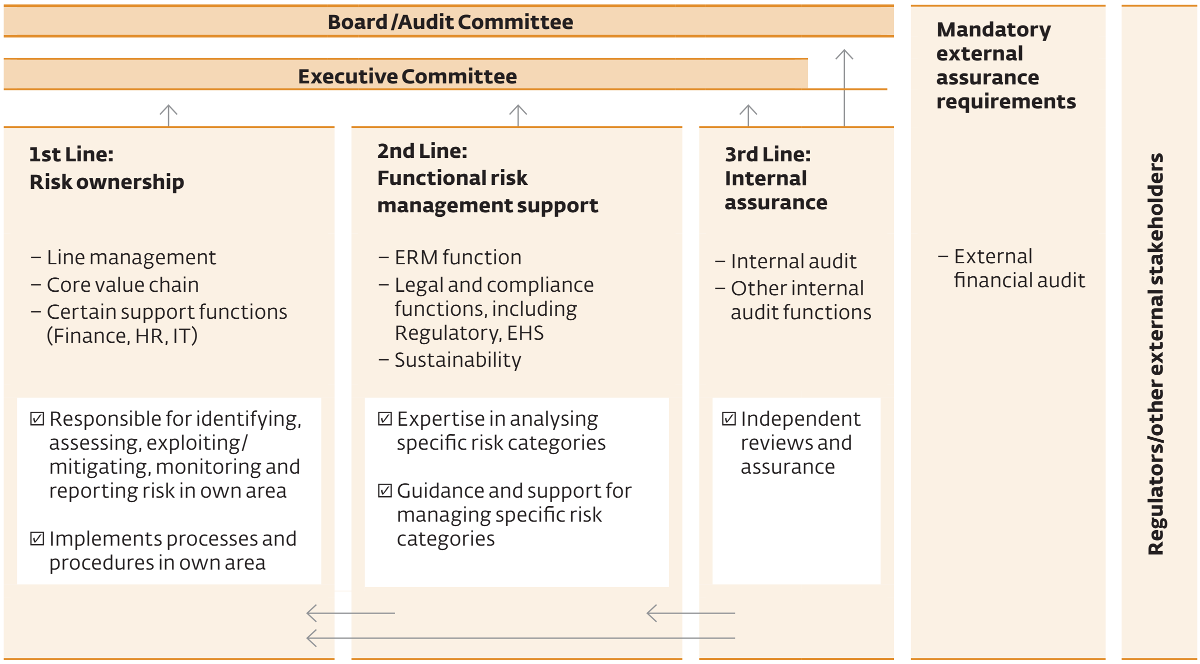
The Board of Directors is responsible for defining and approving the Givaudan Enterprise Risk Management approach as articulated in this Charter. Execution of the overall risk management process is delegated to the Executive Committee. The Givaudan ERM approach is compliant with applicable law, SIX Directives,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

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

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

The framework outlined on the opposite page describes the respective roles and responsibilities of each function.
The ERM process is an annual process which includes the

Enterprise Risk Management Framework



structured and continuous identification of risk on the basis of an overall risk universe, the analysis and assessment of the risks to understand the underlying drivers, the formulation of the appropriate risk exploitation and/or mitigating responses and the tracking and reporting of risks to provide comfort regarding the achievement of corporate objectives. The process aims to be comprehensive, organised and documented in order to improve compliance with corporate governance regulations, guidelines and good practices; better understand the risk profile of the business; and provide additional risk-based management information for decision-making.

The objectives of the ERM process are to continuously ensure and improve compliance with good corporate governance guidelines and practices as well as laws and regulations, where applicable; facilitate disclosure to key stakeholders of potential risks and the Company's philosophy for dealing with them. At the same time, the process creates the awareness of all key executives of the magnitude of risks; provides risk-based management information for effective decision-making; and safeguard the values of the Company and its assets, and protect the interests of shareholders.

Givaudan's management, at all levels, is accountable for ensuring the appropriateness, timeliness and adequacy of the risk analysis. Mitigation decisions are taken at individual and combined levels. This management is also responsible for implementing, tracking and reporting the risk mitigation directives of the Executive Committee, including periodic reporting to the Board.

For further information about the risk management process, please refer to page 83.

Risk categories

Top Company risks

The Company has recognised a number of top risks that might prevent the Company from reaching its strategic targets. For each top-level Company risk a member of the Executive Committee is designated as the risk owner with the responsibility for managing the risk on a Group-wide basis. The assessment and management process follows an annual cycle and is coordinated by the Corporate Compliance Officer. Corporate Internal Audit provides assurance on the effectiveness of the risk management process. The 2015 strategic risk management process re-evaluated and confirmed the top Company risks and focused on further risk mitigation actions for the top Company risks on the basis of the work done in previous years.

Procurement and supply chain risk management

Please see page 61 for management of procurement and supply chain risks.

Product safety risk

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

In addition, Givaudan supports, and in many cases leads, industry-wide programmes of the respective industry associations (the International Fragrance Association and the International Organization of the Flavor Industry) for assuring the safe use of fragrances and flavours in consumer products.

Environment, Health and Safety and operational risk management

Environment, Health and Safety (EHS) regularly carries out comprehensive risk assessments for Givaudan's production and major commercial sites. In 2015, our dedicated EHS Centre of Expertise continued to oversee risk assessment and mitigation strategies.

In 2015 this group further enhanced our Process Risk Analysis Methodology and capabilities in line with leading industry standards in order to identify actions and manage them internally using a proprietary EHS Management System with formally documented solutions and closure records.

In the focus are our chemical and powder handling processes.

Information technology risk

In a globally connected world, information and communication technologies increase our ability to efficiently share information and collaborate remotely. However, Information Security risks may arise from new and existing technologies and the increase of digitalisation.

In line with Givaudan's commitment of continually adapting and protecting information and networks, we have extended our risk assessment scope as well as put in place dedicated policies to increase IT awareness. Moreover, several initiatives in data and information protection have been implemented.

Financial risk

Please consult pages 130 – 137 of the Financial Report regarding our financial risk management.

Compliance

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

> We are committed to high ethical standards in business conduct.

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

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

Organisation and processes

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

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

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

The Company has a group-wide Compliance Helpline system, which allows employees to report suspected or actual misconduct or violations of the Company's policies on a confidential basis and without fear of retaliation. Other compliance processes include the process for selection and engagement of third-party agents and distributors and the global vendor selection process of the Procurement organisation.

Focus 2015

Compliance training remained a focus area in 2015. The e-training programme on Givaudan's Principles of Business Conduct that is mandatory for all employees, except those in the USA, who accomplish a similar programme adapted to the specific US requirements, continues to be applied. The completion rate for this programme, which is available in 13 corporate languages, at the end of 2015 stands at 92% for Givaudan's employees and 100% for the senior management of the Group. During 2015, the basic training was followed up by a refresher training on Givaudan's Principles of Business Conduct which was rolled out again in all corporate languages. Completion rate for this programme is at 73% at year end.

The specific anti-bribery training also continued in 2015: 4,968 senior managers, including all members of the Executive Committee and other employees whose work involves regular and direct contact with external stakeholders, have by now completed this specific anti-bribery training (out of 5,044 who have been invited).

Another focus for 2015 was a review of the Group's data protection policy programme following certain changes in applicable data protection laws (in Singapore, for example) and preparing for further wide-ranging changes to come with the entry into force of new legislation currently under discussion in the European Union as well as in Switzerland. Further initiatives will be taken over the next couple of years in view of the entering into force of new legislation.

Regulatory

Regulatory is an essential part of our business, supporting customers with critical information that authorises them to use our products around the world. At over 25 locations, we have about 200 people with a range of different skills, from scientists to trade and safety experts, who provide consumer safety reassurance, regulatory compliance and guidance for our fragrance and flavours customers, wherever they are. Beyond the direct support of our customers' needs, we continue to lead efforts to help shape the industry landscape by committing resources and sharing expertise.

> We continue to lead efforts to help shape the industry landscape by committing resources and sharing expertise.

Through our advocacy efforts and sound science in both Fragrance and Flavours, we lead the industry in supporting those regulatory developments we consider to be in the best interests of the consumer and our customers.

Fragrances

We strive to strictly comply with local, regional and international regulations, and in many cases we go beyond these requirements. We also seek to be ready for future regulatory challenges so we can be well-positioned to serve our customers and their consumers.

We are proud to support the critical work of the International Fragrance Association (IFRA) in representing the industry. IFRA needs the full support of all fragrance companies to continue its work effectively, and we are actively engaged in helping IFRA move forward, and encourage other companies to increase their resource contributions to the association. It is important that participation and commitment from all members in the global fragrance industry increase to enable IFRA to better anticipate and strongly manage issues that affect the industry globally and regionally.

> We also seek to be ready for future regulatory challenges so we can be well positioned to serve our customers and their consumers.

Givaudan continues to be on track to meet the registration obligations of Europe's REACH regulations governing chemical control by 2018. We would like to see more suppliers committing to registrations, and we are working through our Procurement organisation and our suppliers to ensure that these companies meet their commitments well ahead of the deadline.

From a regulatory point of view, the integration of Soliance was successfully completed in 2015 and work is well under way for the integration of Induchem, our second active cosmetic ingredients (ACI) company acquisition. We have also completed the development of the Regulatory and Product Safety organisation for the active cosmetic ingredients business unit in 2015. The ACI business has some different regulatory and safety requirements to that of fragrance materials and so we have developed a structure for appropriate support for the newly acquired companies. We intend to enhance the capabilities of these companies through the strengths of our Regulatory and Product Safety organisation.

There have been continuing pressures around toxicology issues with raw materials, and so the effective management of these issues through strategies to find replacements has been a focus for our technology development teams. A recent example is the successful launch of the fragrance ingredient Mahonial™ to replace a product that is being withdrawn from the market because of changes in regulation. We are also looking at the introduction of captive technologies to replace other key materials to ensure that our customers' products are minimally affected by the ever-increasing impact of regulatory decisions, mainly from Europe through REACH and the European Commission Scientific Committee on Consumer Safety. With continued investment in the work of our Product Safety and Science and Technology teams in this area, we are seeing significant benefits in proactively managing the impacts of these decisions.

Flavours

Consumer perception and expectations influence our business, and in 2015 we continued to see the increased development of new food and flavour regulations in high growth markets in response to consumer demands. In addition, there was a significant increase in the activities of non-governmental organisations (NGOs) in the areas of organic food certification and genetically modified organism (GMO) labelling in the US market, Latin America and parts of Asia.

Complementing the increased regulatory push on GMO labelling, there was an increase in activity around independent third party certifiers for organic and natural labelling. The impetus behind these activities stems from a heightened consumer desire to know more about the contents and safety of the foods they eat. We have been active in supporting trade association activities to educate and inform government authorities, NGO representatives and the general public about the safety and quality of flavours sold today.

In Europe, 2015 saw successful approvals for over 100 flavourings that were provisionally accepted by the European Commission in 2012. These substances have been permanently added to the European positive lists of flavourings. Through our active support of the industry trade associations, we are working to gain approval of the remaining 250 substances that are under evaluation by the European Food Safety Authority. It is expected that the review and approval of the remaining substances will continue through 2018. In all regions, our science and advocacy efforts are focused on supporting a global, harmonised list of approved ingredients.

In addition to potential changes in food labelling regulations, Givaudan maintains leadership positions within national, regional and international trade associations that have been effective in working with government authorities to ensure that new regulations and flavour requirements are harmonised around the world. This ensures a consistent approach to the commercialisation of new flavour technology and the free flow of flavours on a global basis. This has been especially important in the USA, where efforts to undermine the FDA's GRAS (generally recognised as safe) process have intensified. Through the efforts of the Flavor and Extract Manufacturers Association (FEMA), Givaudan continues to support the FEMA GRAS™ programme which has been identified by the FDA and NGOs as the 'gold standard' for GRAS determinations.

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

Givaudan maintains leadership positions within trade associations that have been effective in working with government authorities to ensure new regulations are harmonised around the world.

In 2015, we launched a state-of-the-art SAP-based Flavours Compliance Engine that enables us to rapidly evaluate the regulatory status of our flavour products created, produced and used anywhere in the world. Once we have fully integrated our Compliance Engine with other commercial systems – expected to be completed in early 2017 – it will allow consistent and seamless utilisation of regulatory knowledge, from the initial stages of flavour development to product certification at the operations level. This improved capability will significantly increase the reliability of our customer support. It will also reduce our response time to customer requests for critical data that support demands by consumers for regulatory and safety information.

Corporate Governance

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

In this section:

Corporate governance
Aligned with international standards

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

The Governance chapter has been prepared in accordance with the Swiss Code of Obligations, the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange and the 'Swiss Code of Best Practice for Corporate Governance' issued by economiesuisse. Relevant international governance standards and practices are taken into consideration.

The basis of the internal corporate governance framework is included in Givaudan's Articles of Incorporation. The 'Board Regulations of Givaudan SA', the Company's organisational regulation further clarifies the duties, powers and regulations of the governing bodies of the Company.

Except when otherwise provided by law, the Articles of Incorporation and Givaudan's Board Regulations, all areas of management are fully delegated by the Board of Directors, with the power to sub-delegate to the Chief Executive Officer, the Executive Committee and its members. The Board Regulations of Givaudan also specify the duties and the functioning of its three Board Committees.

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

1. Group structure and shareholders

1.1 Group structure

1.1.1 Description of the issuer's operational Group structure

Givaudan SA , 5 Chemin de la Parfumerie, 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 is the global leader in the fragrance and flavour industry, offering its products to global, regional and local food, beverage, consumer goods and fragrance companies. The Company operates around the world and has two principal divisions: Fragrance and Flavour. The Fragrance Division has three business units: Fine Fragrances, Consumer Products and Fragrance & Cosmetic Ingredients. The Flavour Division consists of four business units: Beverages, Dairy, Savoury and Sweet Goods.

Both divisions have a sales and marketing presence in all major countries and markets and operate separate Research and Development organisations. Whenever appropriate, the divisions share resources and knowledge in the areas of research, consumer understanding and purchasing. Corporate functions include finance, information technology, legal, compliance and communications, as well as human resources.

1.1.2 Listed companies within the scope of consolidation

The Company does not have any publicly listed subsidiaries.

1.1.3 Unlisted companies within the scope of consolidation

The list of principal consolidated companies, their domiciles and the shareholding is presented in appendix page 187 to the consolidated financial statements of the Financial Report 2015, notes 1 and 5 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 4 to the statutory financial statements mentioned above.

The Financial Report 2015 is printed in English as part of the Annual Report 2015 or can be downloaded on the Company website: www.givaudan.com - media - publications.

1.2 Significant shareholders

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

The notifications can be viewed on the following site: www.six-swiss-exchange.com – market date – shares – givaudan – overview – significant shareholders.

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

1.3 Cross-shareholdings

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

2. Capital structure

2.1 Capital on the disclosure deadline

Ordinary share capital

As at 31 December 2015, the Company's ordinary share capital amounted to CHF 92,335,860 fully paid in and divided into 9,233,586 registered shares with a par value of CHF 10.00 each. The market capitalisation of the Company at 31 December 2015 was CHF 16,832,827,278. The Company has also conditional share capital as described in the next section.

2.2 Authorised and conditional capital in particular

Authorised share capital

The Company does not have any authorised share capital.

Conditional share capital

The Company's share capital can be increased:

- by issuing up to 161,820 shares through the exercise of option rights granted to employees and/or the members of the Board of Directors of the Group

- by issuing up to 463,215 shares through the exercise of option or conversion rights granted in connection with bond issues of Givaudan SA or a Group company.

  The Board of Directors is authorised to exclude the shareholders' preferential right to subscribe to such bonds if the purpose is to finance acquisitions or to issue convertible bonds or warrants on the international capital market. In that case, the bonds or warrants must be offered to the public at market conditions, the deadline for exercising option rights must be not more than six years and the deadline for exercising conversion rights must be not more than 15 years from the issue of the bond or warrants and the exercise or conversion price for new shares must be at a level corresponding at least to the market conditions at the time of issue

- by issuing up to 123,163 shares through the exercise of option rights granted to the shareholders of Givaudan SA.

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

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

2.3 Changes in capital

The information regarding the year 2013 is available in notes 6 and 7 to the statutory financial statements of the 2013 Financial Report. Details of the changes in equity for the years 2014 and 2015 are given in notes 9 and 10 to the statutory financial statements of the 2015 Financial Report.

2.4 Shares and participation certificates

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

2.5 Dividend-right certificates

Other than the registered shares, dividend-right certificates and participation certificates do not exist.

2.6 Limitations on transferability and nominee registrations

2.6.1 Limitations on transferability for each share category; indication of statutory group clauses and rules for granting exceptions

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

2.6.2 Reasons for granting exceptions in the year under review

This is not applicable because there are no longer any limitations on transferability.

2.6.3 Permissibility of nominee registrations; indication of any percent clauses and registration conditions
Subject to the provisions mentioned in the next paragraph, registration with voting rights in the Company's share register is conditional on shareholders declaring that they have acquired the shares in their own name and for their own account.

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

2.6.4 Procedure and conditions for cancelling statutory privileges and limitations on transferability
The limitations on transferability and nominee registrations may be changed by a positive vote of the absolute majority of the share votes represented at a shareholders' meeting.

2.7 Convertible bonds and warrants/options
There are no bonds or warrants outstanding that are convertible into shares of Givaudan SA.

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

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

As of 31 December 2015, the following were members of the Board of Directors:

3.1 Members of the Board of Directors

Dr Jürg Witmer
Chairman

Attorney

Swiss national, born 1948

Non-executive

First elected 1999

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

Jürg Witmer holds the following mandates in companies that are quoted on an official stock exchange: Vice-Chairman of the Board of Syngenta AG, Basel. He holds the following mandates in companies that are non-quoted: Chairman of Interpharma Investments Ltd, Hong Kong and non-executive Director of A. Menarini IFR, Florence, Italy.

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

André Hoffmann
Vice-Chairman

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

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

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

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

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

Peter Kappeler
Director

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

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

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

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

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

Thomas Rufer
Director

Certified Public Accountant

Swiss national, born 1952

Non-executive

First elected 2009

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

Until May 2015, Thomas Rufer held the following mandates in companies that are quoted on an official stock exchange: Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of the Berner Kantonalbank.

He holds the following mandates in non-listed companies: Chairman of the Board of Directors of the Federal Audit Oversight Authority and member of the Swiss Takeover Board.

Thomas Rufer has a degree in business administration (économiste d'entreprise HES) and is a Swiss Certified Public Accountant.

Lilian Biner
Director

Businesswoman

Swedish national, born 1962

Non-executive

First elected 2011

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

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

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

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

Prof. Dr-Ing. Werner Bauer
Director

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

Prof. Dr-Ing. Werner Bauer started his career as a university professor in chemical engineering at the Technical University in Hamburg, Germany. After serving as the Director of the Fraunhofer Institute for Food Technology & Packaging and as Professor in Food Processing Technology at the Technical University of Munich from 1985 to 1990, he joined Nestlé as Head of the Nestlé Research Centre in Lausanne in 1990. After heading commercially Nestlé South and East Africa he joined general management as Executive Vice-President in 2002, responsible for technical, production, environment and R&D. In 2007 he became Executive Vice- President and Head of Innovation, Technology, Research and Development, a post from which he retired in September 2013.

Prof. Bauer holds the following mandates in companies that are quoted on an official stock exchange: member of the Boards of Lonza Group AG and GEA Group AG.

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

Prof. Dr-Ing. Werner Bauer received a Diploma and a PhD in Chemical Engineering from the University Erlangen- Nürnberg in Germany.

Calvin Grieder
Director

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

In 1980, Calvin Grieder started his career as Marketing Manager with Georg Fischer Ltd in Switzerland and continued in various executive positions at Swiss and German companies including Bürkert Controls Ltd., Mikron Machines Ltd, Swiss Industrial Company (SIG) Ltd and Swisscom Telecom Ltd, where he served as Head of the Mobile and Internet business and Member of the Executive Board. He has been CEO of the international engineering group Bühler since 2001.

Calvin Grieder holds the following mandate in companies that are quoted on an official stock exchange: Member of the Board of Implenia AG.

He holds the following mandates in companies that are non-quoted: Chairman of the Board of the Bühler Group, member in the Advisory Board of Swissmem and member in the Advisory Board of the ETH, Department of Mechanical and Process Engineering.

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

Michael Carlos
Director

Businessman
French national, born in 1950
Non-executive
First elected 2015

Michael Carlos started his career with Givaudan in 1984 as General Manager in Hong Kong. He became Head of the European Creative Centre in Argenteuil in 1992 where he was in charge of integrating the creative resources from Givaudan and Roure. In 1999 he was appointed Global Head of Consumer Products and then President of the Fragrance Division in 2004.

Michael Carlos holds the following mandates in companies that are quoted on an official stock exchange: member of the Board of Deinove SA. He also holds the following mandates: Chairman of the International Fragrance Association (IFRA) and Chairman of the Research Institute of Fragrance Materials.

Michael Carlos holds an MBA from the Indian Institute of Management and a degree in chemical engineering from the Indian Institute of Technology.

Ingrid Deltenre
Director

Businesswoman
Dutch and Swiss national, born in 1960
Non-executive
First elected 2015

Ingrid Deltenre has held several executive positions in the press and media including Director of Publisuisse from 1999 to 2004, and Director of the leading public TV broadcaster in German speaking Switzerland, Schweizer Fernsehen, from 2004 to 2009. In 2010, she became Director General of the Geneva-based European Broadcasting Union (EBU) a position she still holds.

She holds the following mandates in companies that are quoted on an official stock exchange: Member of the Board of Banque Cantonale Vaudoise.

Ingrid Deltenre holds a Bachelor of Arts in Journalism and Educational Sciences from the University of Zurich.

Board of Directors and its committees 2015

Board of Directors[1]

Dr Jürg Witmer
Chairman
Swiss, born 1948
Member since 1999

André Hoffmann
Vice-Chairman
Swiss, born 1958
Member since 2000

Peter Kappeler
Swiss, born 1947
Member since 2005

Thomas Rufer
Swiss, born 1952
Member since 2009

Lilian Biner
Swedish, born 1962
Member since 2011

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

Calvin Grieder
Swiss, born 1955
Member since 2014

Michael Carlos
French, born 1952
Member since 2015

Ingrid Deltenre
Dutch and Swiss, born 1960
Member since 2015

Audit Committee

Thomas Rufer (Chairman), entire year
Calvin Grieder, entire year
Lilian Biner, entire year

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

Compensation Committee

André Hoffmann (Chairman), entire year
Peter Kappeler, entire year
Dr-Ing. Werner Bauer, entire year

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

Nomination and Governance Committee[1]

Dr Jürg Witmer (Chairman), entire year
Michael Carlos, since March
Ingrid Deltenre, since March
Lilian Biner, until March

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

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

Meetings: attendance 2015

	Number of Board meetings attended		Number of Audit Committee meetings attended		Number of Compensation Committee meetings attended		Number of Nomination and Governance Committee meetings attended	
Board member	Jan – March	March – Dec	Jan – March	March – Dec	Jan – March	March – Dec	Jan – March	March – Dec
Dr Jürg Witmer	2	5						2
André Hoffmann	2	4			1	3		
Peter Kappeler	2	5			1	3		
Thomas Rufer	2	5	2	3				
Lilian Biner	2	5	2	3				
Calvin Grieder	2	5	2	3				
Prof. Dr-Ing. Werner Bauer	2	5			1	3		
Dr Nabil Y. Sakkab	2	0						
Michael Carlos	0	4						2
Ingrid Deltenre	0	3						2
Meetings held in period	**02**	**05**	**02**	**03**	**01**	**03**	**00**	**02**
Meetings held in the year	**07**		**05**		**04**		**02**	
Average length of meetings	**1.5 days**		**0.5 days**		**1.5 hours**		**1.5 hours**	

3.2 Other activities and vested interests

Please refer to the biographies of the Board members described in section 3.1 for their other activities and vested interests.

Except for those described in section 3.1, no Board member of Givaudan SA holds any material permanent management or consultancy functions for significant domestic or foreign interest groups nor any significant official functions or political posts. The Board of Directors assesses the independence of its members.

As at 31 December 2015, all members of the Board of Directors were non-executive. None of the Board members has important business connections with Givaudan SA or any of its affiliates. Dr Jürg Witmer, non-executive Chairman, was the Chief Executive Officer of Givaudan until 27 April 2005 and Michael Carlos was President of the Fragrance Division of the Company until the end of 2014.

3.3 Rules in the Articles of Incorporation on the number of permitted activities pursuant to Art. 12 para. 1 point 1 of the Ordinance against Excessive Compensation (OaEC)

Article 32 of the Articles of Incorporation of the Company permits the following external mandates for members of the Board of Directors:

- Members of the Board of Directors may not hold more than four additional mandates in companies that are quoted on an official stock exchange and seven additional mandates in non-quoted companies

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

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

3.4 Elections and terms of office

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

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

3.4.2 For each Board member: date of first election to Board and attendance of meetings

For the dates of first election to the Board and attendance of Board and committee meetings, please refer to the table on page 79.

3.5 Internal organisational structure

3.5.1 Allocation of tasks among the Board members

The Chairman is elected annually at the Annual General Meeting. He convenes, prepares and chairs the meetings of the Board of Directors, prepares and supervises the implementation of resolutions of the Board of Directors (to the extent not delegated to a committee), supervises the course of business and the activities of the Executive Committee, proposes succession candidates for appointment to the Board of Directors or to the Executive Committee, proposes the global remuneration of the Chief Executive Officer and other members of the Executive Committee to the Compensation Committee and coordinates the work of the Committees of the Board of Directors.

The Chairman receives all invitations and minutes of Committee meetings and is entitled to attend these meetings. The Chairman further decides in cases which fall under the tasks and powers of the Board of Directors, but in which a timely decision of the Board of Directors cannot be made because of urgency. In such cases, the Chairman informs the members of the Board of Directors as quickly as possible and the corresponding resolution is minuted at the next Board meeting.

If the Chairman is unable to act, the Vice-Chairman exercises his functions, assuming all his tasks and powers.

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

The Board of Directors has established three Committees: an Audit Committee, a Nomination and Governance Committee and a Compensation Committee. Each committee is led by a Committee Chairman whose main responsibilities are to organise, lead and minute the meetings. For the participation of the Board members in the committees, please refer to the table on page 79.

Audit Committee
The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information, the systems of internal controls and the audit process. It carries out certain preparatory work for the Board of Directors as a whole. The Audit Committee currently consists of three members of the Board.

The Audit Committee ensures that the Company's risk management systems are efficient and effective. It promotes effective communication among the Board, management, the internal audit function and external audit. It reviews and approves the compensation of the external auditors for the annual audit. The Chief Financial Officer attends the meetings of the Audit Committee on the invitation of its chairman.

The Audit Committee met five times in 2015, including one ordinary meeting by telephone. Each meeting lasted approximately half a day, except for the meeting by telephone, which lasted for about one hour. The Head of Internal Audit attended four meetings and the Corporate Compliance Officer attended three meetings. The Chief Financial Officer and the external auditors attended all meetings, apart from certain private sessions.

Compensation Committee
The Compensation Committee reviews and recommends the compensation policies to the Board of Directors. It approves the remuneration of the Chief Executive Officer and the other members of the Executive Committee as well as all performance-related remuneration instruments and pension fund policies. Since the OaEC came into force, the Committee prepares the Compensation Report to be established by the Board.

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

In 2015, the Compensation Committee met four times. The average duration of each meeting was approximately one and a half hours. During these meetings and among other things, the Committee reviewed short and long term incentive plan parameters as well as the alignment of Executive Committee compensation with our principles and policy. For further information on the work of the Compensation Committee, please see page 94.

Nomination and Governance Committee
The Nomination and Governance Committee assists the Board in applying the principles of good corporate governance. It prepares appointments to the Board of Directors and the Executive Committee and advises on the succession planning process of the Company. It consists of three members of the Board.

The Nomination and Governance Committee met twice during 2015 to prepare changes in the composition of the Board and senior management succession. Each meeting lasted for approximately one and a half hours.

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

3.5.3 Work methods of the Board and its Committees
Board meetings are held periodically and also when matters require a meeting or on the written request of one of the members of the Board. Ordinary Board meetings are held on average once a quarter plus one additional ordinary Board meeting to approve the Annual Report. The Chairman, after consultation with the Chief Executive Officer, determines the agenda for the Board meetings. Decisions may also be taken by circulation (including telefax and electronic data transmission) or by telecommunication (including telephone and video-conference), provided that none of the Board members requests a formal meeting.

Meetings of Board Committees are usually held directly before or directly following a Board meeting, with additional meetings scheduled as required. The Board of Directors receives regular reports from its Committees and the Chairman, as well as from the Executive Committee.

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

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

In 2015, the Givaudan Board of Directors held seven meetings, including one constitutive meeting directly following the general meeting of shareholders and one extraordinary meeting by telephone. Regular meetings in Switzerland usually last for one to one and a half days, Board meetings at Givaudan locations outside Switzerland last for two days, including visits to sites and strategic locations and discussion with the management of the visited region. Extraordinary meetings are usually shorter. In July 2015, the Board visited the Company's savoury flavours manufacturing facility in Hungary and in October 2015, the Board attended the official opening ceremony of the new Fragrances creation centre and compounding hub in Singapore.

Apart from the constitutive meeting directly following the general meeting of shareholders and the extraordinary meeting by telephone, the Company's operational and financial performance was presented by management and reviewed by the Board during each Board meeting. The Board was also informed about and discussed various aspects of the Company's future strategy, all major investment projects, management succession planning and compensation and other major business items as well as the findings of Internal Audit and risk management. Except for the constitutive meeting and certain closed sessions, the members of the Executive Committee were present at all regular meetings apart from the one by telephone, which only the Chief Financial Officer attended. Selected members of the management team were invited to address specific projects at regular Board meetings.

In 2015, the Board conducted one annual self-assessment and had continuous discussion of its own succession planning.

The attendance of Board members at Board and Committee meetings in 2015 as well as the average duration of the meetings can be seen in the table on page 79.

3.6 Definition of areas of responsibility

The Board of Directors is responsible for the ultimate direction, strategic supervision and control of the management of the Company, as well as other matters which, by law, are under its responsibility. This includes the establishment of medium- and long-term strategies and of directives defining Company policies and the giving of the necessary instructions in areas such as acquisitions, major investments and long-term financial commitments exceeding certain thresholds.

In accordance with Swiss law, the Articles of Incorporation and the Board Regulations of Givaudan, the duties of the Board of Directors include the following matters:

– the ultimate management of the Company and, in particular, the establishment of medium- and long-term strategies and of directives defining Company policies and the giving of the necessary instructions

– the establishment of the organisation

– the approval of the annual Group budget

– the structuring of the accounting system and of the financial controlling, as well as the financial planning

– the assessment of the Company's risk management

– the decision on investments in, or divestments of, fixed and tangible assets of a global amount exceeding the limit set by the corporate investment guidelines established by the Board of Directors

– the appointment and removal of the persons entrusted with the management and representation of the Company, in particular the Chief Executive Officer and the other members of the Executive Committee

– the ultimate supervision of the persons entrusted with the management, in particular with respect to compliance with the law, the Articles of Incorporation, regulations and instructions given in any areas relevant to the Company, such as working conditions, environmental protection, trade practices, competition rules, insider dealing and ad hoc publicity

– the preparation of the annual business report, as well as the preparation of the Annual General Meeting of shareholders and the implementation of its resolutions

– the notification of the court in case of insolvency

– the decisions regarding the subsequent performance of contributions on shares not fully paid in

– the ascertainment of share capital increases to the extent that these fall under the powers of the Board of Directors and resulting confirmations and modifications to the Articles of Incorporation

– the verification of the special professional qualifications of the auditors.

Except as otherwise provided by Swiss law, the Articles of Incorporation and the Board Regulations, all other areas of management are fully delegated by the Board of Directors to the Chief Executive Officer, the Executive Committee and its members.

The Board Regulations can be found at: www.givaudan.com – our company – corporate governance – rules and policies.

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

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

Management information system

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

– The Chairman of the Board receives invitations and minutes of Executive Committee meetings on a regular basis and the Chief Executive Officer and the Chief Financial Officer report regularly to the Chairman of the Board of Directors

- The Chief Executive Officer and the Chief Financial Officer are present and report at all regular Board meetings and answer all requests for information by the Board members about any matter concerning Givaudan that is transacted. Other members of the Executive Committee and selected senior managers are regularly invited to address specific projects at regular Board meetings. All members of the Executive Committee have a duty to provide information at meetings of the Board of Directors on request

- The Head of Internal Audit and the Corporate Compliance Officer report to the Board once annually. The Board also receives annual reports on Environment, Health and Safety, Sustainability and Risk Management

- The Head of Internal Audit is present and reports at each meeting of the Audit Committee. The Chief Financial Officer and the Corporate Compliance Officer are also present at all meetings of the Audit Committee, as are the external auditors. The Head of Human Resources, the Head of Compensation & Benefits and the Chief Executive Officer are present at each Compensation Committee meeting, except when questions of compensation for Executive Committee members are being deliberated. The Chairman also attends regularly the meetings of the Compensation Committee

- All Board members have access to all Committee meeting minutes

- The Board of Directors receives summarised monthly reports including performance against key performance indicators from the Executive Committee. All Board members are immediately informed on extraordinary events. They also have direct access to the Givaudan intranet where all internal information on key events, presentations and organisational changes are posted. In addition, the Board members receive relevant information, including press releases and information to investors and financial analysts

- In preparation for each Board meeting, the Board members receive information and reports from the Executive Committee and other members of senior management via a secure electronic document sharing system and other means of communication

- The Board of Directors visits at least one Givaudan country operation per year, where it meets members of senior local management. Additionally, Board members are encouraged to visit country operations when travelling and meet with local and regional senior management directly to allow Board members the opportunity of getting first- hand information on local and regional developments and interacting directly with management across the globe

- The Board has regular access to the Chief Executive Officer, Chief Financial Officer and the other members of the Executive Committee. Any Board member may request from the Chief Executive Officer and other members of the Executive Committee information concerning the course of the business.

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

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

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

For further information on risk management please refer to pages 64 – 66.

Internal Audit
The Corporate Internal Audit function is established as an independent and objective corporate function reporting directly to the Audit Committee.

Its role is to evaluate and contribute to the continuous improvement of the Company's risk management and control systems. This specifically includes the analysis and evaluation of the effectiveness of business processes and recommendations for adjustments where necessary.

Corporate Internal Audit uses a risk-based audit approach aimed at providing assurance on all relevant business processes across Givaudan entities. This approach follows a business process audit methodology that provides value to the local entities and to the Group's management.

Givaudan corporate strategy, risk management findings, past audit results, management input, changes in organisation and Corporate Internal Audit experience are the elements taken into account to build the annual internal audit plan. Effective communication and reporting ensure an efficient implementation of the audit recommendations. For specific audits of affiliates, the internal audit function is supported by dedicated staff from EY.

The internal audit activity is reported to the full Board of Directors once a year.

4. Executive Committee

The Executive Committee, under the leadership of the Chief Executive Officer, is responsible for all areas of operational management of the Company that are not specifically reserved to the Board of Directors.

The Chief Executive Officer is appointed by the Board of Directors upon recommendation of the Nomination Committee. Subject to the powers attributed to him, he has the task of achieving the strategic objectives of the Company and determining the operational priorities. In addition, he leads, supervises and coordinates the other members of the Executive Committee, including convening, preparing and chairing the meetings of the Executive Committee.

The members of the Executive Committee are appointed by the Board of Directors on recommendation of the Chief Executive Officer after evaluation by the Nomination Committee. The Executive Committee is responsible for developing the Company's strategic as well as long-term business and financial plans. Key areas of responsibility also include the management and supervision of all areas of the business development on an operational basis, and approving investment decisions.

The tasks and powers of the Executive Committee include the approval of investments, leasing agreements and divestments within the corporate investment guidelines. The Executive Committee approves important business projects, prepares the business plan of the Company and the budgets of the individual divisions and functions.

In addition, it plays a key role – together with the Human Resources organisation – in the periodic review of the talent management programme, including succession planning for key positions. Alliances and partnerships with outside institutions, such as universities, think tanks and other business partners, are also monitored by the Executive Committee. The members of the Executive Committee are individually responsible for the business areas assigned to them.

The Executive Committee meets generally on a monthly basis to discuss general Company business and strategy. In 2015, the Committee held 14 meetings at Company sites around the world, each meeting lasting between one and three days. These meetings are an opportunity to interact with local management and to visit Givaudan locations across the globe. Each major region is visited at least once a year to ensure a close interaction with all the different business areas.

4.1 Members of the Executive Committee

Gilles Andrier
Chief Executive Officer

French national

Born in 1961

Appointed in 2005

Gilles Andrier spent the first part of his career with Accenture in management consulting before joining Givaudan in 1993 as Fragrance Division Controller and Assistant to the Chief Executive Officer. He later held various positions including Head of Fragrance Operations in the USA and Head of Consumer Products in Europe. In 2001 he was appointed Head of Fine Fragrances, Europe before becoming Global Head of Fine Fragrances in 2003 and then CEO of Givaudan in 2005.

Other mandates held by Gilles Andrier are: Independent non-executive Director of Albea SA, member of the Board of the Swiss-American Chamber of Commerce, and Co-Chairman of the Board of the Natural Resources Stewardship Circle.

Gilles Andrier graduated with two Masters in Engineering from ENSEEIH Toulouse.

Mauricio Graber
President Flavour Division

Mexican national

Born in 1963

Appointed in 2006

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

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

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

Maurizio Volpi
President Fragrance Division

Italian national

Born in 1969

Appointed in 2015

Maurizio Volpi began his career in consumer goods with P&G and Reckitt Benckiser in Italy, working in various marketing roles. In 2000, he joined Givaudan Italy as Account Manager in Milan before moving to Argenteuil in 2003 as Head of Marketing Consumer Products Europe. Maurizio Volpi subsequently took on roles of increasing responsibility at the global level: Head of Global Marketing Consumer Products, Head of Global Marketing and Consumer Market Research for both Consumer Products and Fine Fragrances, and World Account Manager for Unilever. He was appointed Regional Head of Western and Eastern Europe (WEE) for the Consumer Products business in 2012 and in 2015 became President of the Givaudan Fragrance Division.

Maurizio Volpi holds a degree in Economics from the Bocconi University in Milan, Italy.

Matthias Währen
Chief Financial Officer

Swiss national

Born in 1953

Appointed in 2004

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

Other mandates held by Matthias Währen are: member of the Regulatory Board SIX Exchange Regulation, and a member of the Boards of scienceindustries Switzerland and SwissHoldings, and Chairman of the Board of the Givaudan Foundation.

Matthias Währen is a graduate of the University of Basel.

Joe Fabbri
Head of Global EHS and Sustainability

Canadian national

Born in 1958

Appointed in 2008

Joe Fabbri spent the first years of his career in various engineering roles before moving into operations management. Joe Fabbri joined Givaudan in 1989 as Operations Director responsible for commissioning the Canadian manufacturing facility. Moving to the USA in 1996, he was appointed Head of Operations at East Hanover, New Jersey. He later led various regional operations projects in Switzerland before becoming Head of Flavours Operations, EAME in 2001. In 2004 he was appointed Head of Global Flavours Operations, and then Head of Global Human Resources from 2008 to 2015. In addition to his Human Resources responsibilities in 2008, he became Head of Global Sustainability and in 2010 he was appointed Head of Global Environment, Health and Safety (EHS) alongside his Sustainability role.

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

Adrien Gonckel
Chief Information Officer

French national

Born 1952

Appointed in 1982

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

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

Simon Halle-Smith
Head of Global Human Resources

British national

Born in 1966

Appointed in 2015

Simon Halle-Smith began his career in 1991 in the pharmaceutical industry with Eli Lilly & Company in the UK, working in Clinical Trial Project Management, Sales and Human Resources. In 2004 he joined Quest as HR Director for the UK, before being appointed European HR Director in 2005. In 2007, when Quest was acquired by Givaudan, he continued as European HR director before being appointed Head of Human Resources for the Fragrance Division in 2009. In 2015 he was appointed Head of Global Human Resources.

Simon Halle-Smith holds a bachelors' degree in Biology and Chemistry and a PhD in biochemistry from the University of East Anglia in the UK.

Willem Mutsaerts
Head of Global Procurement

Dutch national

Born in 1962

Appointed in 2015

Willem Mutsaerts joined Givaudan in 1989, initially with responsibility for sales in Benelux, then moving on to become Regional Account Manager for the APAC region in Singapore before being appointed Head of Global Purchasing for Fragrances. In 2001, he took commercial responsibility for Fragrance consumer products in the EAME region. Willem has been based in Geneva since 2007 as Head of Global Operations Fragrances, and was appointed Head of Global Procurement in 2015.

Willem Mutsaerts has a degree in international marketing and is the holder of an MBA obtained at Golden Gate University in Singapore.

Chris Thoen
Head of Global Science and Technology

American and Belgian national

Born in 1960

Appointed in 2015

Chris Thoen began his career in enzymology and plant genetics with Plant Genetic Systems in Ghent before joining Procter & Gamble in Brussels in 1988. At P&G, he took on positions of increasing responsibility in the Fabric & Home Care and Personal Health Care division. In 2009, he became Managing Director of the Global Connect + Develop Office responsible for the Open Innovation with external partners at corporate level. Chris Thoen joined Givaudan as Head of Science and Technology for Flavours in 2011. He was appointed Head of Global Science and Technology in 2015.

Chris Thoen holds a Master's degree in Chemistry and a PhD in Biochemistry from the University of Antwerp, Belgium

4.2 Other activities and vested interests

Please refer to the biographies of the members of the Executive Committee described in section 4.1 for their other activities and vested interests.

Except for those described in section 4.1, no member of the Executive Committee of Givaudan SA holds any material permanent management or consultancy functions for significant domestic or foreign interest groups nor any significant official functions or political posts.

4.3 Rules in the Articles of Incorporation on the number of permitted activities pursuant to Art. 12 para. 1 point 1 OaEC

Article 32 of the Articles of Incorporation of the Company permits the following external mandates for members of the Executive Committee:

- Members of the Executive Committee may, subject to approval by the Board of Directors, hold up to two mandates in quoted or non-quoted companies

- The following mandates are not subject to these limitations:

  - mandates in companies which are controlled by the corporation
  - mandates held by order and on behalf of the corporation or any controlled company. No member of the Board of Directors or of the Executive Committee shall hold more than ten such mandates
  - mandates in associations, foundations, charitable organisations, trusts, employee welfare foundations and other comparable structures. No member of the Board of Directors or of the Executive Committee shall hold more than 15 such mandates.

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

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

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

5. Compensation, shareholdings and loans

In accordance with the Swiss Code of Obligations and the SIX Directive on Corporate Governance, Givaudan publishes the details of the remuneration of its Board of Directors and its Executive Committee in the separate 'Compensation Report' in this Annual Report as well as in the 2015 Financial Report.

6. Shareholders' participation

6.1 Voting rights and representation restrictions

6.1.1 All voting rights restrictions; indication of any statutory group clauses and rules on granting exceptions, particularly in the case of institutional voting rights representatives

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

For the restrictions on nominee shareholders, see point 2.6.3.

6.1.2 Reasons for granting exceptions in the year under review

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

6.1.3 Procedure and conditions for abolishing statutory voting rights restrictions

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

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

There are no restrictions of the Swiss legal provisions.

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

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

Article 10 of the Articles of Incorporation of the Company states that the Board of Directors establishes the rules regarding participation and representation of the shareholders in the shareholders' meeting, including the rules regarding proxies and voting instructions (by electronic means or otherwise).

6.2 Statutory quorums

The Articles of Incorporation of Givaudan SA follow the majority rules prescribed by Swiss law for decisions of general meetings of shareholders.

6.3 Convocation of the general meeting of shareholders

Shareholders registered with voting rights are convened to general meetings by ordinary mail and by publication in the Swiss official trade journal (SHAB/FOSC) at least 20 days prior to the day of the meeting. Shareholders representing at least 10% of the share capital may demand in writing that a shareholder meeting be convened, setting forth the items to be included on the agenda and proposals.

6.4 Agenda

Shareholders representing shares for a nominal value of at least CHF 1 million may demand in writing at least 45 days before the meeting that an item be included in the agenda, setting forth the item and the proposals.

6.5 Inscriptions into the share register

Shareholders will be registered with a right to vote in the share register of Givaudan SA until the record date set by the Board of Directors. The specified date for the ordinary general meeting is specified in the invitation and is set approximately two weeks before the meeting. Only shareholders who hold shares registered in the share register with a right to vote at a certain date, or their representatives, are entitled to vote.

Givaudan SA has not granted any exceptions from this rule.

7. Change of control and defence measures

7.1 Duty to make an offer

The Articles of Incorporation of Givaudan SA do not contain any rules on opting out or opting up under Swiss law. The Swiss legal provisions apply, by which anyone who acquires more than 33.3% of the voting rights of a listed company is required to make a public offer to acquire all listed securities of the Company that are listed for trading on the SIX Swiss Exchange.

7.2 Clauses on changes of control

In the event of a change of control, share options, restricted share units (RSU) and performance shares granted, as the case may be, by the Company to members of the Board of Directors and to a total of 347 senior management and employees may vest immediately. All other defence measures against change of control situations previously in effect were deleted by the Board of Directors in 2007.

8. Auditors

8.1 Duration of the mandate and term of office of the lead auditor

At the Annual General Meeting of shareholders on 26 March 2009, Deloitte SA was first appointed as Group and statutory auditor of Givaudan SA and its affiliates and has held the audit mandate since that time. At the Annual General Meeting of shareholders on 19 March 2015, Deloitte SA was reappointed for the business year 2015. Since March 2009, the responsible principal auditor for the Givaudan audit at Deloitte has been Thierry Aubertin, Partner.

8.2 Auditing fees

The fees of Deloitte for professional services related to the audit of the Group's annual accounts for the year 2015 were CHF 3.4 million. This amount includes fees for the audit of Givaudan SA, its subsidiaries, and of the consolidated financial statements.

8.3 Additional fees

In addition, for the year 2015, Deloitte rendered tax and compliance related services for a total of CHF 0.1 million.

8.4 Informational instruments pertaining to the external audit

The external auditor presents the outcome of the audit directly to the Audit Committee after the end of each reporting year. The Audit Committee is also responsible for evaluating the performance of Deloitte as external auditors pursuant to a set of defined criteria. In addition, the Committee reviews and approves the compensation and evaluates and approves other services provided by the external auditor. During 2015, Deloitte attended all five meetings of the Board's Audit Committee.

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

9. Information policy

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

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

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

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

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

All relevant information can also be found at:
www.six-swiss-exchange.com – market data – shares – Givaudan - company details.

The complete calendar of events is available at:
www.givaudan.com – investors – shareholder information – investor calendar.

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Compensation Report

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

In this section:

Compensation Report
Attract, motivate and retain

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

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

This report on compensation, complementing our business and financial reports, has been prepared in compliance with the Ordinance against Excessive Compensation at Listed Stock Companies (OaEC).

1. Compensation governance

1.1 Overview

The Compensation Committee of the Board of Directors (Board) consists of three members of the Board, the majority of whom are independent, and is currently chaired by André Hoffmann. The Chief Executive Officer is regularly invited to Compensation Committee meetings, but does not participate in discussions regarding his own compensation. Our Head of 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 Compensation Committee meets three to five times a year and informs the Board of its deliberations, recommendations and resolutions after each meeting. It utilises independent external consultants to benchmark the compensation of senior management. For further information on the work of the Compensation Committee, please see page 81.

Table I on the next page summarises the Compensation Committee standing agenda items and approvals.

1.2 Key changes implemented during 2015

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

Overall reported Executive Committee compensation remains stable despite the expansion of the Executive Committee from six to nine members in 2015. Details are provided in section 4 of this report: Compensation of the Executive Committee.

I. Compensation Committee standing agenda items and approvals

Timing	Agenda items	Proposed[a]	Approved
Beginning of year	Compensation Report	Compensation Committee	Board of Directors
	Prior year annual incentive achievement	CEO[b], then Compensation Committee	Board of Directors
	Set current year performance targets	CEO[b], then Compensation Committee	Board of Directors
	Long-term incentive award allocation	CEO[b]	Compensation Committee
	Maximum amounts for shareholder voting on Executive Committee and Board compensation	Compensation Committee	Board of Directors (preliminary)[c]
Mid-year / end of year	Long-term incentive achievement against targets	CEO[b]	Compensation Committee
	Compensation of the Executive Committee	CEO[b]	Compensation Committee
	Compensation of the Board of Directors	Compensation Committee	Board of Directors
	Changes to compensation system (if any)	Compensation Committee	Board of Directors
	Preview of key items for next year	–	–

a) CEO compensation proposed by Chairman of the Board.
b) Individual concerned does not attend/abstains.
c) Final approval by shareholders.

1.3 Governance rules

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).

Full details on these rules are available on the Givaudan's website: www.givaudan.com – our company – corporate governance – rules and policies.

In line with Givaudan's Articles of Incorporation, at the 2016 Annual General Meeting the Board will submit the following maximum aggregate amounts for shareholder approval:

a) compensation of the Board for the period until the 2017 ordinary shareholders' meeting;

b) short-term variable compensation of the Executive Committee for the 2015 fiscal year;

c) fixed and long-term variable compensation of the Executive Committee for the 2016 fiscal year.

The calculation approach to be applied for determining the amounts to be approved by shareholders is aligned with the Compensation Report valuation methodologies.

Givaudan will also submit the 2015 Compensation Report to a consultative vote at the 2016 Annual General Meeting.

2. Compensation principles

The ability to attract, motivate and retain the right talented employees globally is key to the future success of Givaudan. A competitive remuneration policy supports this ambition and is therefore based on the following principles:

- Pay for performance: employees are rewarded for their contribution to business results. This is achieved through the variable pay plans described below;

- External competitiveness: total compensation positioning should enable Givaudan to attract and retain highly talented individuals critical to its success;

- Internal consistency and fairness: internal salary scales reflect job level, function and geographic market;

- Alignment of interests: Givaudan seeks to align management and shareholders' interests by rewarding long-term value creation through share-based programmes.

Givaudan's total compensation offering in 2015 is composed of the following elements:

- Base salary: base salaries are regularly benchmarked in each location and pay scales are reviewed annually according to local market evolution. As a general rule, pay scales are built around market median.

- Profit Sharing Plan: non-management employees participate in the global Profit Sharing Plan. Pay-outs are based on yearly evolution of Group EBITDA.

- Annual Incentive Plan: this plan covers all managers and executives globally. It rewards participants for the achievement of financial targets and other organisational and individual objectives. Depending on the achievement of performance criteria, pay-outs can vary between 0% and 200% of target pay-out.

- Performance Share Plan (PSP): this plan links executives and selected manager compensation to the evolution of the Givaudan share price and long-term business objectives through the award of performance shares. Depending on the achievement of performance criteria, participants may receive between zero and two Givaudan shares per performance share at the end of the vesting period.

- Restricted Stock Unit (RSU) Plan: this plan links Board member compensation with share price evolution by awarding a right to receive Givaudan shares after a three-year vesting period.

- Benefits (indirect compensation): benefit plans seek to address current and future security needs of employees. These generally include retirement, health, death and disability benefits. Benefits-in-kind such as Company vehicles are offered to certain employees according to local market practice.

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

3. Compensation of Givaudan executives

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

- Fragrance and flavour companies,

- European companies in related industries:

  - consumer products
  - food and beverage
  - speciality chemicals

- Swiss multinational companies of a size similar to Givaudan (excluding the financial sector).

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

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

II. Givaudan compensation

Compensation	Participants (number of participants)	Payout	Link to compensation principles	Alignment with the business strategy
Base salary	All employees (10,000)	Cash	Attract and retain highly talented individuals, provides internal consistency and fairness	Nurture a pipeline of industry experts and future leaders to develop skills for sustained success
Profit Sharing Plan	Non-management employees (6,500)	Cash	Contribution to financial and key qualitative objectives	Allow our people to share in Group profits
Annual Incentive Plan[a]	Manager and executives (3,500)	Cash	Contribution to financial objectives	Achieve annual organic sales growth and EBITDA targets
Performance Share Plan[a] (PSP)	Executives and selected managers (350)	Shares[b]	Alignment of management with long-term targets and shareholders' interests	Achieve long-term organic sales growth and free cash flow targets

a) The Annual Incentive Plan and PSP plan are described in more detail in the next sections.
b) Unless local laws prevent allocation of Givaudan shares, in which case pay-out is in cash.

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

In 2015, Executive Committee compensation was benchmarked against a peer group of 18 Swiss multinational companies of a size similar to Givaudan. This peer group consisted of Swiss Leader Index (SLI) companies, excluding the five largest companies and financial services institutions.

The results confirm that all compensation elements are positioned around or below the median, except for performance-based long-term incentive compensation which appears above median. This is in line with Givaudan policy and reflects our strong focus on rewarding for outstanding performance over the long-term.

In 2015, EY was engaged to conduct the above Executive Committee benchmark and provide additional consulting and tax services.

III. Executive compensation benchmark

	Below median	Median	Above median
Base	■		
Short-term incentive	■		
Long-term incentive			■
Pension		■	
Total compensation		■	

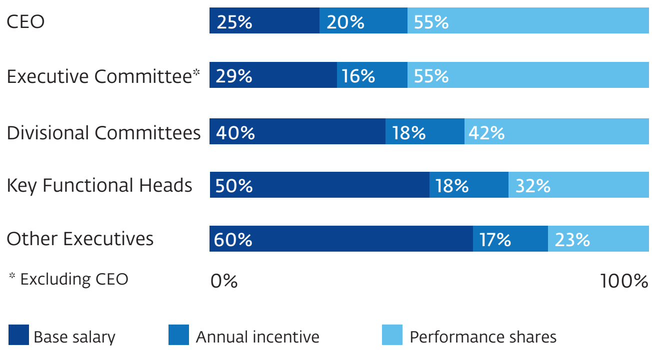
The total compensation of Givaudan executives consists of direct and indirect compensation components.

- Direct compensation consists of base salary, annual incentive and share-based components;

- Indirect compensation includes retirement coverage, health benefits, death and disability protection as well as certain benefits-in-kind according to local market practice.

The chart below illustrates the direct compensation mix at target for Givaudan executives in 2015.

IV. Direct compensation mix policy guidelines



3.1 Base salary

Base salary adjustments are based primarily on market evolution, taking into consideration the executive's performance and contribution to Company results.

Salary adjustments for Executive Committee members are decided by the Compensation Committee.

3.2 Annual Incentive Plan

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

Performance criteria

Annual targets for Executive Committee members are set by the Board based on recommendations by the Compensation Committee. In 2015, the Annual Incentive Plan for Executive Committee members was based on the following performance criteria:

- Sales Growth targets in local currencies: 50%

- EBITDA margin targets: 50%

For the purpose of the Annual Incentive Plan, EBITDA is expressed as a percentage of sales. Achievements against these targets are reviewed and approved by the Compensation Committee.

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

Expressed as a percentage of base salary, annual incentives at target were the following in 2015:

– Chief Executive Officer: 80%

– Chief Financial Officer and Division Presidents: 60%

– Other Executive Committee members: 50%

– Division Management Committee members: 35%-50%

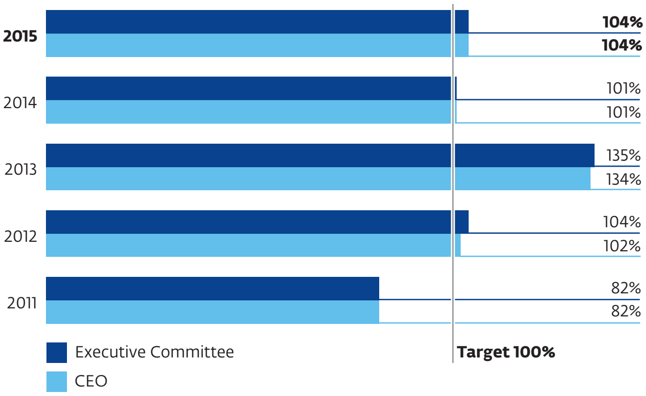
– Other executives and managers: 10%-35%

Incentive caps and pay-outs

Based on the performance achievements, incentive pay-outs may vary between 0% and a cap of 200% of target incentive. Minimum threshold achievement is required, otherwise no annual incentive is paid.

In 2015, the sales growth was below target and the EBITDA above target. This resulted in an average of 104% of target pay-out for the members of the Executive Committee and the same percentage of target pay-out for the Chief Executive Officer. The table below summarises historical annual incentive achievement against target for the past five years.

V. Historical annual incentive achievement



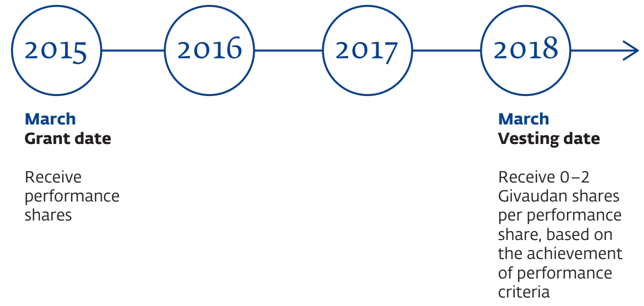
3.3 Performance Share Plan

Executives and selected management are eligible to participate in the Performance Share Plan (PSP). The PSP is designed to reward executives and key talent who significantly influence the long-term success of the business.

Within the plan, participants are granted performance shares annually. The total number of performance shares granted, and the plan parameters generally, are approved each year by the Compensation Committee. Givaudan applies a policy to cap the maximum value of PSP allocations from year to year. The performance shares vest three years from grant date, based on the achievement of performance criteria measured over the performance period. The operation of the new PSP is summarised in the following diagram:

VI. Operation of the new PSP

Performance criteria



Performance is measured on the vesting date based on the extent performance criteria have been met over the previous four years. Measuring performance over an extended four-year period is consistent with the long-term outlook of the business. The performance criteria that apply to grants are a combination of:

– Relative average sales growth as compared to the sales growth of selected peer group companies; and

– Cumulative Free Cash Flow (FCF) margin, expressed as a percentage of cumulative sales

The peer group include companies selected from the fragrance and flavour (F&F) industry that publish sales in local currency. These companies represent in total approximately 75% of the F&F market. The peer companies currently included in the group are: Firmenich, Hasegawa, IFF, Robertet, Sensient, Symrise, Takasago.

The structure of performance criteria calculation has specifically been designed to be challenging. In the case of Cumulative Free Cash Flow (FCF) margin, final achievement is calculated as the average of the reported Free Cash Flow margin for each of the four performance years. This means that the Givaudan's FCF for each year of the Performance Period is summed, and this cumulative result is divided by the sum of Givaudan's sales in each year of the Performance Period. The assessment over four years ensures that the performance targets are stringent and reward sustained company performance.

Share pay-out caps

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

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

The performance for FCF margin, measured over the 4-year performance period, has been increased from the 2014 PSP to a range from 9% to 19%, reflecting our decision to make targets more challenging.

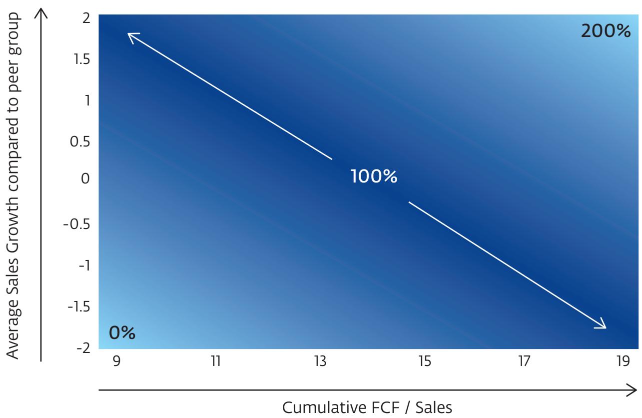
A pay-out of 200% would require an achievement level above the maximum threshold for both measures, relative sales growth **and** FCF margin.

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

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

A 100% pay-out can be obtained where a target combination of the performance criteria is met, such as when relative average sales growth is in line with the peer group and cumulative FCF margin is 14%. High achievement against one performance criteria can be counterbalanced by low achievement on the other provided both minimum thresholds are reached, such that 100% pay-out may occur when relative average sales growth is above the peer group, or FCF/Sales is above 14% (and vice versa).

VII. Performance Share Plan pay-out matrix



Darker region represents target achievement region for 100% payout

Participants do not receive any dividends or have any voting rights in respect of performance shares during the vesting period.

In general, performance shares lapse on cessation of employment. In specific circumstances such as death, disability or retirement, performance shares may vest subject to satisfaction of the performance criteria.

VIII. Variable compensation overview

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

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

3.4 Previous long-term incentive plan arrangements

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

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

– 100% of award value in stock options, with a vesting period of two years and expiry after five years,

– 100% of award value in restricted share units (RSUs), with a vesting period of three years,

– 50% of the award value in stock options and 50% in RSUs.

All remaining stock options under this plan vested in 2014 and remaining RSUs vested in 2015.

4. Compensation of the Executive Committee

4.1 Compensation levels in 2015

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

The compensation packages for the newly appointed Executive Committee members has been set in accordance with our compensation principles, including consideration of roles and responsibilities and with reference to our compensation benchmarks.

Givaudan continuously reviews executive compensation packages to ensure alignment with our compensation principles. In 2015, the CEO pension has been adjusted for closer alignment of fixed compensation (which includes base salary, pension benefits and other benefits) with market practice. Additional pension has been awarded in accordance with our Articles of Incorporation (Art. 31).

In 2016, the compensation of the three new members will be reported for the full year, which will result in an increase of the total compensation amount reported for the Executive Committee.

4.2 Highest total compensation

The Chief Executive Officer, Gilles Andrier, received the highest total compensation in 2015. For compensation details, please refer to table IX.

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

No other compensation or fees were accrued for or paid to any member or former member of the Executive Committee during the reporting period. No member or former member of the Executive Committee or related parties had any loan outstanding as of 31 December 2015.

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

No members of the Executive Committee left the Company in 2015. Michael Carlos retired from his role as President Fragrance Division on 31 December 2014. He did not receive any special compensation as a result of his retirement.

4.5 Employment contract termination clauses of Executive Committee members

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

IX. Executive Committee compensation summary

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

a) Represents full year compensation of five Executive Committee members, and for 2015, partial year compensation of the three new Executive Committee members.
b) Company contributions to broad-based pension and retirement savings plans and annualised expenses accrued for supplementary executive retirement benefit.
c) Represents annual value of health and welfare plans, international assignment benefits and other benefits in kind.
d) Annual incentive accrued in reporting period based on 2015 performance.
e) 2015 Performance shares vest on 31 March 2018, 2014 Performance shares vest on 31 March 2017.
f) Value at grant calculated according to IFRS methodology and based on 100% achievement of performance targets.
g) 2015 estimated social security charges based on 2015 compensation; 2014 estimated social security charges based on 2014.

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

4.6 Compensation voting for Executive Committee members

The compensation paid is within the amounts approved by shareholders in the respective Annual General Meeting.

The fixed and long term variable compensation approved for 2015 was CHF 15,500,000 (2014: CHF 15,500,000).

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

5. 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. The compensation paid out to the Board members for the reporting period is shown in table X on the next page.

5.1 Compensation of the Board member with the highest compensation

The Board member with the highest compensation in 2015 was Dr Jürg Witmer, Chairman of the Board since 28 April 2005. For compensation details please refer to table X.

5.2 Other compensation, fees and loans to members or former members of the Board

No additional compensation or fees were paid to any member of the Board. No Board member or related parties had any loan outstanding as of 31 December 2015.

5.3 Special compensation of members of the Board who left the Company during the reporting period

No such compensation was incurred during the reporting period.

5.4 Compensation voting for members of the Board

The compensation paid to the Board members for the period between the 2014 and 2015 Annual General Meetings is within the amount approved by shareholders at the 2014 Annual General Meeting (CHF 3,000,000). Amounts approved at the 2015 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.

X. Board of Directors compensation summary

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

a) Represents total compensation for the Board of Director paid in respect of the reporting year, reported in accordance with the accrual principle.
b) Represents Director and Committee fees paid in respect of the reporting year, reported in accordance with the accrual principle.
c) RSUs vest on 31 March 2018.
d) Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.
e) Elected at the Annual General Meeting in March 2015.
f) Retired at the Annual General Meeting in March 2015.

Estimated social security charges based on 2015 compensation amounted to CHF 232,000 (2014: CHF 188,000). In addition to the above, payments to Board members for out-of-pocket expenses amounted to CHF 80,000.

2014 in Swiss francs	Jürg Witmer Chairman	André Hoffmann	Lilian Biner	Peter Kappeler	Thomas Rufer	Werner Bauer	Calvin Grieder	Nabil Sakkab	Total 2014[a]
Director fees[b]	400,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,100,000
Committee fees[b]	40,000	40,000	50,000	25,000	55,000	25,000	25,000	25,000	285,000
Total fixed (cash)	440,000	140,000	150,000	125,000	155,000	125,000	125,000	125,000	1,385,000
Number of RSUs granted[c]	476	119	119	119	119	119	119	119	1,309
Value at grant[d]	578,054	144,514	144,514	144,514	144,514	144,514	144,514	144,514	1,589,652
Total compensation	**1,018,054**	**284,514**	**294,514**	**269,514**	**299,514**	**269,514**	**269,514**	**269,514**	**2,974,652**

a) Represents total compensation for the Board of Director paid in respect of the year in office, reported in accordance with the accrual principle.
b) Represents Director and Committee fees to be paid in March 2015 in respect of the prior year in office, in accordance with the accrual principle.
c) RSUs vest on 31 March 2017.
d) Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.

6. Share ownership guidelines

Givaudan introduced share ownership guidelines in 2013, under which Executive Committee members must hold approximately one times their annual base salary in Givaudan shares. This requirement should be met by 2016, or within three years from the beginning of the calendar year after joining the Executive Committee. Ownership of Givaudan shares by Executive Committee members as per 31 December 2015 is shown in table XII.

7. Ownership of Givaudan securities

7.1 Board of Directors

As per 31 December 2015, the Chairman and other Board members, including persons closely connected to them held 93,901 Givaudan shares in total. For further details, please refer to table XI on the next page showing:

– The shares held individually by each Board member as per 31 December 2015

– The RSUs that were granted in 2013-2015 and were still owned by members of the Board as per 31 December 2015

XI. Board of Directors: ownership of Givaudan securities

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

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

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

XII. Executive Committee: ownership of Givaudan securities

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

The Company is not aware of any other ownership of shares, share options/option rights, RSUs or performance shares as per 31 December 2015 by persons closely connected to members of the Board.

7.2 Executive Committee

The Chief Executive Officer and other members of the Executive Committee, including persons closely connected to them, held 3,575 Givaudan shares. For further details, please refer to table XII above showing:

– The shares held individually by each member of the Executive Committee as per 31 December 2015

– The unvested performance shares that were granted in 2013- 2015 and were still owned by members of the Executive Committee as per 31 December 2015

No member of the Executive Committee held any share options or option rights as at 31 December 2015 (31 December 2014: no member of the Executive Committee held any share options or option rights).

One person closely connected to a member of the Executive Committee owned 258 unvested performance shares as per 31 December 2015.

The Company is not aware of any other ownership of shares, share options/option rights, RSUs or performance shares as per 31 December 2015 by persons closely connected to members of the Executive Committee.

Report of the statutory auditor
On the Compensation Report

Deloitte.

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

Report of the statutory auditor in relation to sections 4 and 5 of the compensation report in accordance with the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance)

We have audited sections 4 and 5 of the compensation report of Givaudan SA for the year ended December 31, 2015, presented on pages 100 to 102.

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

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

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

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

Opinion
In our opinion, sections 4 and 5 of the compensation report of Givaudan SA for the year ended December 31, 2015 comply with Swiss law and articles 14 – 16 of the Ordinance.

Deloitte SA

Thierry Aubertin
Licensed Audit Expert
Auditor in Charge

Joëlle Herbette
Licensed Audit Expert

Geneva, January 29, 2016

Financial Report

In this section:

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Financial Review

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

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

in millions of Swiss francs, except for employee data	**31 December 2015**	31 December 2014
Current assets	2,279	2,357
Non-current assets	4,003	4,115
Total assets	**6,282**	**6,472**
Current liabilities	1,014	921
Non-current liabilities	1,853	2,138
Equity	3,415	3,413
Total liabilities and equity	**6,282**	**6,472**
Number of employees	**9,907**	**9,704**

Foreign Exchange Rates

Foreign currency to Swiss francs exchange rates	ISO code	Units	**31 Dec 2015**	**Average 2015**	31 Dec 2014	Average 2014	31 Dec 2013	Average 2013
Dollar	USD	1	1.00	0.96	0.99	0.92	0.89	0.93
Euro	EUR	1	1.09	1.07	1.20	1.21	1.23	1.23
Pound	GBP	1	1.48	1.47	1.55	1.51	1.48	1.45
Yen	JPY	100	0.83	0.80	0.83	0.86	0.85	0.95
Singapore dollar	SGD	1	0.71	0.70	0.75	0.72	0.71	0.74
Real	BRL	1	0.25	0.29	0.37	0.39	0.38	0.43
Renminbi	CNY	1	0.15	0.15	0.16	0.15	0.15	0.15
Mexican peso	MXN	100	5.83	6.09	6.74	6.88	6.80	7.21
Rupiah	IDR	10,000	0.73	0.72	0.80	0.77	0.73	0.89

Sales

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

Operating performance

Gross margin

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

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

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

Operating income

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

Financial performance

Financing costs in 2015 were CHF 61 million, versus CHF 63 million for the same period in 2014. In 2015 the Group continued to refinance at lower interest rates. Other financial expense, net of income, was CHF 27 million in 2015, up versus the CHF 20 million reported in 2014, as a result of increased hedging costs and exchange losses in markets where currencies could not be hedged.
The income tax expense as a percentage of income before taxes was 10%, considerably lower than in 2014 following changes in Swiss Accounting Law and the Group's operating structure. Excluding these one-time items, the income tax expense as a percentage of income before taxes was 18%.

Net income

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

Cash flow

Givaudan delivered an operating cash flow of CHF 915 million in 2015, compared to CHF 806 million in 2014, driven by a slightly higher EBITDA and an improvement in working capital. As a percentage of sales, working capital decreased as a result of lower inventories at the end of the year.
Total net investments in property, plant and equipment were CHF 125 million, up from CHF 110 million incurred in 2014. During 2015 the Group continued its investments to support growth in developing markets, most notably a new flavours savoury facility in Nantong, China and a fragrance creative centre and compounding facility in Singapore. As a reminder, in 2014 the Group received cash of CHF 58 million as a result of the sale of land at its Dübendorf location in Switzerland.
Intangible asset additions were CHF 35 million in 2015 compared to CHF 46 million in 2014 as the Company continued to invest in its IT platform. Total net investments in tangible and intangible assets were 3.6% of sales in 2015 and 2014.
Operating cash flow after net investments was CHF 756 million in 2015, versus the CHF 650 million recorded in 2014. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 720 million in 2015, versus CHF 604 million for the comparable period in 2014, mainly driven by a higher EBITDA and lower working capital requirements, offset by higher net investments. As a percentage of sales, free cash flow in 2015 was 16.4%, compared to 13.7% in 2014.

Financial position

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

Dividend Proposal

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

2020 Guidance – Responsible growth. Shared Success

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

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

Consolidated Financial Statements

Consolidated Income Statement

For the year ended 31 December

in millions of Swiss francs, except for earnings per share data	Note	**2015**	2014
Sales	6	4,396	4,404
Cost of sales		(2,366)	(2,377)
Gross profit		**2,030**	**2,027**
as % of sales		46.2%	46.0%
Selling, marketing and distribution expenses		(608)	(635)
Research and product development expenses		(366)	(405)
Administration expenses		(169)	(176)
Share of (loss) profit of jointly controlled entities	9	(2)	(1)
Other operating income	10	41	52
Other operating expense	11	(132)	(102)
Operating income		**794**	**760**
as % of sales		18.1%	17.3%
Financing costs	13	(61)	(63)
Other financial income (expense), net	14	(27)	(20)
Income before taxes		**706**	**677**
Income taxes	15	(71)	(114)
Income for the period		**635**	**563**
Attribution			
Income attributable to equity holders of the parent		635	563
as % of sales		14.4%	12.8%
Earnings per share – basic (CHF)	16	**68.98**	**61.18**
Earnings per share – diluted (CHF)	16	**68.14**	**60.35**

The notes on pages 117 to 168 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December

in millions of Swiss francs	Note	2015	2014
Income for the period		**635**	**563**
Items that may be reclassified to the income statement			
Available-for-sale financial assets			
Movement in fair value, net		2	4
(Gains) losses removed from equity and recognised in the consolidated income statement	14	(12)	(2)
Movement on income tax	15	–	–
Cash flow hedges			
Movement in fair value, net		(15)	(47)
(Gains) losses removed from equity and recognised in the consolidated income statement	14	11	12
Movement on income tax	15	1	2
Exchange differences arising on translation of foreign operations			
Change in currency translation		(206)	153
Movement on income tax	15	5	5
Items that will not be reclassified to the income statement			
Defined benefit pension plans			
Remeasurement (gains) losses	7	67	(358)
Movement on income tax	15	(24)	99
Other comprehensive income for the period		**(171)**	**(132)**
Total comprehensive income for the period		**464**	**431**
Attribution			
Total comprehensive income attributable to equity holders of the parent		464	431

The notes on pages 117 to 168 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December

in millions of Swiss francs	Note	**2015**	2014
Cash and cash equivalents	17	478	412
Derivative financial instruments	4	17	21
Derivatives on own equity instruments	25	6	10
Available-for-sale financial assets	4, 18	2	64
Accounts receivable - trade	4, 19	901	911
Inventories	20	716	771
Current tax assets	15	16	22
Other current assets	4	143	146
Current assets		**2,279**	**2,357**
Property, plant and equipment	21	1,384	1,430
Intangible assets	22	2,197	2,293
Deferred tax assets	15	260	258
Post-employment benefit plan assets	7	15	7
Financial assets at fair value through income statement	4	35	35
Jointly controlled entities		27	17
Other long-term assets	18	85	75
Non-current assets		**4,003**	**4,115**
Total assets		**6,282**	**6,472**
Short-term debt	4, 23	208	57
Derivative financial instruments	4	18	19
Accounts payable - trade and others	4	400	423
Accrued payroll & payroll taxes		120	119
Current tax liabilities	15	70	82
Financial liability: own equity instruments	25	48	54
Provisions	24	12	12
Other current liabilities		138	155
Current liabilities		**1,014**	**921**
Derivative financial instruments	4	62	50
Long-term debt	4, 23	947	1,150
Provisions	24	51	36
Post-employment benefit plan liabilities	7	637	735
Deferred tax liabilities	15	92	88
Other non-current liabilities		64	79
Non-current liabilities		**1,853**	**2,138**
Total liabilities		**2,867**	**3,059**
Share capital	26	92	92
Retained earnings and reserves	26	5,361	5,187
Own equity instruments	26	(79)	(78)
Other components of equity	25, 26	(1,959)	(1,788)
Equity attributable to equity holders of the parent		**3,415**	**3,413**
Total equity		**3,415**	**3,413**
Total liabilities and equity		**6,282**	**6,472**

The notes on pages 117 to 168 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December

2015 in millions of Swiss francs	Note	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Available-for-sale financial assets	Currency translation differences	Defined benefit pension plans remeasure-ment	Total equity
Note		26	26	25, 26					
Balance as at 1 January		**92**	**5,187**	**(78)**	**(67)**	**22**	**(1,195)**	**(548)**	**3,413**
Income for the period			635						635
Other comprehensive income for the period					(3)	(10)	(201)	43	(171)
Total comprehensive income for the period			**635**		**(3)**	**(10)**	**(201)**	**43**	**464**
Dividends paid	26		(461)						(461)
Movement on own equity instruments, net				(1)					(1)
Net change in other equity items			**(461)**	**(1)**					**(462)**
Balance as at 31 December		**92**	**5,361**	**(79)**	**(70)**	**12**	**(1,396)**	**(505)**	**3,415**

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

The notes on pages 117 to 168 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December

in millions of Swiss francs	Note	2015	2014
Income for the period		635	563
Income tax expense	15	71	114
Interest expense	13	47	52
Non-operating income and expense	13, 14	41	31
Operating income		**794**	**760**
Depreciation of property, plant and equipment	21	112	110
Amortisation of intangible assets	22	157	180
Impairment of long-lived assets	21, 22	7	3
Other non-cash items			
- share-based payments		40	31
- pension expense	7	1	40
- additional and unused provisions, net	24	30	15
- other non-cash items		43	20
Adjustments for non-cash items		**390**	**399**
(Increase) decrease in inventories		4	(47)
(Increase) decrease in accounts receivable		(76)	(40)
(Increase) decrease in other current assets		3	(14)
Increase (decrease) in accounts payable		(7)	(1)
Increase (decrease) in other current liabilities		(4)	(24)
(Increase) decrease in working capital		**(80)**	**(126)**
Income taxes paid		**(107)**	**(112)**
Pension contributions paid	7	(45)	(61)
Provisions used	24	(12)	(15)
Purchase and sale of own equity instruments, net		(43)	(37)
Impact of financial transactions on operating, net		18	(2)
Cash flows from (for) operating activities		**915**	**806**
Increase in long-term debt		200	450
(Decrease) in long-term debt		(202)	(201)
Increase in short-term debt		506	145
(Decrease) in short-term debt		(564)	(562)
Interest paid		(36)	(46)
Distribution to the shareholders paid	26	(461)	(433)
Purchase and sale of derivative financial instruments financing, net		(16)	(47)
Others, net		(5)	(3)
Cash flows from (for) financing activities		**(578)**	**(697)**
Acquisition of property, plant and equipment	21	(126)	(168)
Acquisition of intangible assets	22	(35)	(46)
Increase in share capital of jointly controlled entities	9	(14)	(17)
Acquisition of subsidiary, net of cash acquired	5	(91)	(37)
Proceeds from the disposal of property, plant and equipment	21	1	58
Interest received		1	3
Purchase and sale of available-for-sale financial assets, net		52	6
Purchase and sale of derivative financial instruments, net		–	–
Others, net		(13)	(8)
Cash flows from (for) investing activities		**(225)**	**(209)**
Net increase (decrease) in cash and cash equivalents		**112**	**(100)**
Net effect of currency translation on cash and cash equivalents		(46)	(1)
Cash and cash equivalents at the beginning of the period	17	412	513
Cash and cash equivalents at the end of the period		**478**	**412**

The notes on pages 117 to 168 form an integral part of these financial statements.

Notes to the consolidated financial statements

1. Group Organisation

Givaudan SA and its subsidiaries (hereafter 'the Group') operate under the name Givaudan. Givaudan SA is a limited liability company incorporated and domiciled in Switzerland. The Group is headquartered in Vernier, near Geneva, Switzerland. Givaudan is a leading supplier of creative fragrance and flavour products to the consumer goods industry. It operates in over 100 countries and has subsidiaries and branches in more than 40 countries. Worldwide, it employs 9,907 people. A list of the principal Group companies is shown in Note 31 to the consolidated financial statements.

The Group is listed on the SIX Swiss Exchange (GIVN).

2. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and Swiss law. They are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, of financial assets and financial liabilities at fair value through the income statement, and of own equity instruments classified as derivatives.

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Critical accounting estimates and judgments are disclosed in Note 3.

Givaudan SA's Board of Directors approved these consolidated financial statements on 29 January 2016.

2.1.1. Changes in Accounting Policies and Disclosures

Standards, amendments and interpretations effective in 2015

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in the 2014 consolidated financial statements, with the exception of the adoption as of 1 January 2015 of the standards and interpretations described below:

Amendments to IAS 19: Defined Benefit Plans: Employee Contributions provide clarifications regarding the contributions from employees or third parties when accounting for defined benefit plans as defined by IAS 19 Employee Benefits. If the amount of the contributions is independent of the number of years of services, such contributions are recognised as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. The Group assessed that the adoption of these amendments had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

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

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

2.1.2. IFRSs and IFRICs issued but not yet effective

New and revised standards and interpretations, issued but not yet effective, have been reviewed to identify the nature of the future changes in accounting policy and to estimate the effect of any necessary changes in the consolidated financial statements and supporting notes upon their adoption.

a) Issued and effective for 2016

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment and introduce the rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. The adoption of these amendments does not result in a change in the information currently disclosed because the long-lived assets are depreciated / amortised on a straight-line basis over the estimated economic useful life of the asset (see Notes 2.16 and 2.18).

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations clarify that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3. The adoption of these amendments has no impact on the joint arrangements currently held by the Group.

IFRS 14 Regulatory Deferral Accounts permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP. This standard does not affect the Group as it is not a first-time adopter of IFRS.

Amendments to IAS 27: Equity Method in Separate Financial Statements reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The adoption of these amendments has no impact because the Group does not prepare separate financial statements in accordance with IFRS.

Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants require bearer plants to be accounted for as property, plant and equipment. The produce growing on bearer plants remains in the scope of agriculture activities. The adoption of these amendments has no impact because the Group does not hold bearer plants.

Annual Improvements to IFRSs 2012-2014 Cycle include amendments to a number of IFRSs (IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures with consequential amendments to IFRS 1, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting) which do not affect the information currently disclosed by the Group.

Amendments to IAS 1: Disclosure Initiative are designed to address concerns expressed by constituents about existing presentation and disclosure requirements and to encourage entities to use judgement in the application of IAS 1 when considering the layout and content of their financial statements. The Group assessed that the adoption of these amendments does not result in a change in the information currently disclosed.

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The adoption of these amendments has no impact because the Group does not hold investment entities.

b) Issued and effective for 2017 and after:

IFRS 9 Financial Instruments is to be applied for financial years commencing after 1 January 2018. The Group intends to early adopt IFRS 9 including the new rules in their entirety as issued in July 2014.

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The Group expects impacts mainly related to the new classification of the Group's financial assets.

The adoption of IFRS 9 helps to align the accounting of financial assets with the objectives to collect contractual cash flows as they come due and to sell financial assets.

Financial assets at fair value through the income statement
Financial assets that are used to fund the settlements of long-term incentive plans recognised in the liabilities fulfil the objectives of collecting contractual cash flows and selling financial assets. Investments accounted for as available-for-sale financial assets in accordance with IAS 39 change their measurement category to "at fair value through the income statement" which is more consistent, in the Group's opinion, with the Group's strategic investments objectives.
Derivative financial assets accounted for at fair value through the income statement in accordance with IAS 39 remain in the same measurement category unless they are designated as effective hedging instruments.

Financial assets at amortised cost
Trade receivables reach the objective of collecting contractual cash flows over their life. Trade receivables accounted for as "loans and receivables" financial assets in accordance with IAS 39 change their measurement category to "at amortised cost".

The new hedging rules align hedge accounting more closely with the Group's risk management practices. The Group does not expect to change its hedging strategy.

The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses than the incurred loss impairment model used in IAS 39. A simplified approach is applied for trade receivables for which the tracking of changes in credit risk is not required but instead the base lifetime expected credit loss at all times is applied. There is no expectation to change the current practice for measuring the trade receivables.

For financial liabilities, there is no change to their classification and measurement except for liabilities designated at fair value through the income statement for which the amount of change in fair value that is attributable to changes in own credit risk is presented in other comprehensive income. This has no impact on the current classification of the Group's financial liabilities at amortised cost.

IFRS 15 Revenue from Contracts with Customers: the Group has evaluated the impacts of this standard on its consolidated financial statements. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces existing revenue recognition guidance including IAS 18 Revenues, IAS 11 Construction Contracts and IFRIC 13 Customers Loyalty Programme.

The Group has assessed that the adoption of IFRS 15 does not impact significantly its consolidated financial statements. Contracts with customers relate primarily to the delivery of manufactured products and molecules of fragrance and flavour to the agreed upon specifications and may contain additional performance obligations for certain clients such as the assignment of specific application technologies, joint market research and particular stock conditions. Most of these additional performance obligations are not distinct because they are highly dependent on the delivery of manufactured products and molecules of fragrance and flavour. Generally, the transaction price includes estimating variable consideration such as rebates granted to customers.

Amendments to IFRS 10 and IAS 28: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The adoption of these amendments would not have an impact on the joint arrangements currently hold by the Group.

2.2 Consolidation

The subsidiaries that are consolidated are those companies controlled, directly or indirectly, by Givaudan SA. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if there are indications of a change in facts and circumstances.

Companies acquired during the year are consolidated from the date on which operating control is transferred to the Group, and subsidiaries to be divested are included up to the date on which control passes to the acquirer.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired, shares issued and liabilities undertaken or assumed at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. Acquisition related costs are expensed as incurred. The excess of the cost of acquisition over the fair value of the Group's share of net assets of the subsidiary acquired is recognised as goodwill.

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

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

2.3 Interest in a Joint Venture

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

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

2.4 Foreign Currency Valuation

2.4.1 Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the functional currency of that entity. The functional currency is normally the one in which the entity primarily generates and expends cash. The consolidated financial statements are presented in millions of Swiss francs (CHF), the Swiss franc being the Group's presentation currency.

2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions, or using a rate that approximates the exchange rates on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in other financial income (expense), net, except for:

- Exchange differences deferred in equity as qualifying cash flow hedges on certain foreign currency risks and qualifying net investment hedges.

- Exchange differences on monetary items to a foreign operation for which settlement is neither planned nor likely to occur, therefore forming part of the net investment in the foreign operation, which are recognised initially in other comprehensive income and reclassified from equity to the income statement on disposal of the net investment or on partial disposal when there is a loss of control of subsidiary or a loss of joint control over a jointly controlled entity.

– Exchange differences on foreign currency borrowings relating to assets under construction which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated. Translation differences on non-monetary financial assets carried at fair value such as equity securities classified as available-for-sale are included in the available-for-sale reserve in equity, and reclassified upon settlement in the income statement as part of the fair value gain or loss.

2.4.3 Translation of the financial statements of foreign subsidiaries
For the purpose of presenting consolidated financial statements, the assets and liabilities of Group companies reporting in currencies other than Swiss francs (foreign operations) are translated into Swiss francs using exchange rates prevailing at the end of the reporting period. Cash flows, income and expenses items of Group companies are translated each month independently at the average exchange rates for the period when it is considered a reasonable approximation of the underlying transaction rate. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity.

2.5 Segment Reporting
The operating segments are identified on the basis of internal reports that are regularly reviewed by the Executive Committee, the members of the Executive Committee being the chief operating decision makers, in order to allocate resources to the segments and to assess their performance. The internal financial reporting is consistently prepared along the lines of the two operating Divisions: Fragrances and Flavours.

The business units of each Division, respectively Fine Fragrances, Consumer Products and Fragrance and Active Cosmetic Ingredients for the Fragrance Division and Beverages, Dairy, Savoury and Sweet Goods for the Flavour Division, are not considered as separately reportable operating segments as decision making about the allocation of resources and the assessment of performance are not made at this level.

Inter-segment transfers or transactions are set on an arm's length basis.

Information about geographical areas are determined based on the Group's operations; Switzerland, Europe, Africa and Middle-East; North America; Latin America and Asia Pacific. Revenues from external customers are shown by destination. Non-current assets consist of property, plant and equipment, intangible assets and investments in jointly controlled entities.

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

2.7 Research and Product Development Costs
The Group is active in research and in formulas, technologies and product developments. In addition to its internal scientific efforts, the Group collaborates with outside partners.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Internal developments or developments obtained through agreements on formulas, technologies and products costs are capitalised as intangible assets and amortised over their estimated useful lives, only when there is an identifiable asset that will generate probable economic benefits and when the cost can be measured reliably. When the conditions for recognition of an intangible asset are not met, development expenditure is recognised in the income statement in the period in which it is incurred.

2.8 Employee Benefit Costs

Wages, salaries, social security contributions, annual leave and paid sick leave, bonuses and non-monetary benefits are expensed in the year in which the associated services are rendered by the Group's employees.

Pension obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, principally dependent on an employee's years of service and remuneration at retirement. Plans are usually funded by payments from the Group and employees to financially independent trusts. The liability recognised in the statement of financial position is the aggregate of the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. Where a plan is unfunded, only a liability representing the present value of the defined benefit obligation is recognised in the statement of financial position. The present value of the defined benefit obligation is calculated by independent actuaries using the projected unit credit method twice a year, at interim and annual publication. This reflects the discounted expected future payment required to settle the obligation resulting from employee service in the current and prior periods. The future cash outflows incorporate actuarial assumptions primarily regarding the projected rates of remuneration growth, and long-term indexation rates. Discount rates, used to determine the present value of the defined benefit obligation, are based on the market yields of high quality corporate bonds in the country concerned. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the income statement. Pension assets and liabilities in different defined benefit schemes are not offset unless the Group has a legally enforceable right to use the surplus in one plan to settle obligations in the other plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into publicly or privately administrated funds. The Group has no further payment obligations once the contributions have been made. The contributions are charged to the income statement in the year to which they relate.

Other post-retirement obligations

Some Group companies provide certain post-retirement healthcare and life insurance benefits to their retirees, the entitlement to which is usually based on the employee remaining in service up to retirement age and completing a minimum service period. The expected costs of these benefits are accrued over the periods in which employees render service to the Group.

2.9 Share-Based Payments

The Group has established share option plans and a performance share plan to align the long-term interests of key executives and members of the Board of Directors with the interests of the shareholders. Key executives are awarded a portion of their performance-related compensation either in equity-settled or cash-settled share-based payment transactions. The costs are recorded in each relevant functions part of the employees' remuneration as personnel expenses with a corresponding entry in equity in own equity instruments for equity-settled share-based payment transactions and in the statement of financial position as accrued payroll and payroll taxes for the cash-settled share-based payment transactions. The different share-based payments are described in the table below:

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

2.9.1 Share Options Plans

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

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

B. Restricted shares are set generally with a vesting period of three years, during which the restricted shares cannot be settled or transferred. The Group has at its disposal treasury shares for the delivery of the restricted shares. The cost of these equity-settled instruments to be expensed, together with a corresponding increase in equity, over the vesting period, is determined by reference to the fair value of the restricted shares granted at the date of the grant. The fair value is determined as the market price at grant date reduced by the present value of dividends expected or any other expected distribution to the shareholders to be paid during the vesting period, as participants are not entitled to receive dividends or any other distribution to the shareholders during the vesting period. Service conditions are included in the assumptions about the number of restricted shares that are expected to become deliverable. No performance conditions are included. At each statement of financial position date, the Group revises its estimates of the number of restricted shares that are expected to be delivered. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation.

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

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

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

2.9.2 Performance share plan

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

E. The performance share plan is established with Givaudan registered shares and a vesting period of three years. The Group has at its disposal either treasury shares or conditional share capital. The cost of equity-settled instruments is expensed over the vesting period, together with a corresponding increase in equity, and is determined by reference to the fair value of the shares expected to be delivered at the date of vesting. Performance conditions are included in the assumptions in which the number of shares varies. No market conditions are involved. The fair value is determined as the market price at grant date reduced by the present value of dividends expected or any other expected distribution to the shareholders to be paid during the vesting period, as participants are not entitled to receive dividends or any other distribution to the shareholders during the vesting period. At each statement of financial position date, the Group revises its estimates of the number of shares that are expected to be delivered. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation.

2.10 Taxation

Income taxes include all taxes based upon the taxable profits of the Group, including withholding taxes payable on the distribution of retained earnings within the Group. Other taxes not based on income, such as property and capital taxes, are included either in operating expenses or in financial expenses according to their nature. The Group's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are provided based on the full liability method, under which deferred tax consequences are recognised for temporary differences between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which those items can be utilised. Management considers that these tax benefits are probable on the basis of business projections on the relevant entities.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor the taxable income.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and interests in jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Current tax assets and liabilities are offset and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items that are recognised outside the income statement, in which case the tax is also recognised outside the income statement.

2.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks and similar institutions. Cash equivalents are held for the purpose of meeting short-term cash commitments (maturity of three months or less from the date of acquisition) and are subject to an insignificant risk of changes in value.

2.12 Financial Assets

Financial assets are classified either as financial assets at fair value through the income statement, loans and receivables, or available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at inception. All regular way purchases and sales of financial assets are recognised at the settlement date i.e. the date that the asset is delivered to or by the Group. Financial assets are classified as current assets, unless they are expected to be realised beyond twelve months of the statement of financial position date. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Dividend income from investments is recognised in the line "other financial income (expense), net" when the right to receive payment has been established. Interest income is accrued on a time basis and included in the line "other financial income (expense), net".

2.12.1 Financial assets at fair value through the income statement

Financial assets at fair value through the income statement are financial assets held for trading. A financial asset is classified in this category if acquired for the purpose of selling in the near term or when the classification provides more relevant information. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. They are initially measured at fair value whereas directly attributable transaction costs are expensed in the income statement. At the end of each period, the book value is adjusted to the fair value with a corresponding entry in the income statement until the investment is derecognised. Gains or losses are recognised in the income statement.

2.12.2 Loans and receivables

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

2.12.3 Available-for-sale financial assets

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

For quoted equity instruments, the fair value is the market value, being calculated by reference to share exchange quoted selling prices at close of business on the statement of financial position date. Non-quoted financial assets are valued at fair value based on observable market transactions or if not available based on prices given by reputable financial institutions or on the price of the latest transaction.

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

2.13 Derivative Financial Instruments and Hedging Activities

Most derivative instruments are entered into to provide economic hedges. They are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as cash flow hedges for the interest risk associated with highly probable forecast transactions.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve in shareholders' equity are shown in the statement of changes in equity. These derivatives are presented as current or non-current on the basis of their settlement dates.

2.13.1 Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity, while the gain or loss relating to the ineffective portion is immediately recognised in financing costs in the income statement.

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

When the hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the ultimate forecast transaction occurs. If the forecast transaction is no longer expected to occur, any cumulative gain or loss existing in equity is immediately taken to the income statement.

2.13.2 Derivatives at fair value through the income statement

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through the income statement. At each statement of financial position date, these derivative instruments are valued at fair value based on quoted market prices, with the unrealised gain or loss recognised in the income statement. They are derecognised when the Group has lost control of the contractual rights of the derivatives, at which time a realised gain or loss is recognised in the income statement.

2.14 Accounts Receivable - Trade

Trade receivables are carried at amortised cost less provisions for impairment. A provision for impairment is made for potentially impaired receivables during the year in which they are identified based on a periodic review of all outstanding amounts. Any charges for impairment are recognised within selling, marketing and distribution expenses of the income statement. Accounts receivable - trade are deemed as impaired when there is an indication of significant financial difficulties of the debtor (delinquency in or default on payments occurs, probability of bankruptcy or need for financial reorganisation).

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a weighted average cost formula. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads but exclude borrowing costs. Cost of sales includes the corresponding direct production costs of goods manufactured and services rendered as well as related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.16 Property, Plant and Equipment

Property, plant and equipment are initially recognised at cost of purchase or construction and subsequently less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes expenditure that is attributable to the purchase or construction. It includes, for qualifying assets, borrowing costs in accordance with the Group's accounting policy (see Note 2.20), and cost of its dismantlement, removal or restoration, related to the obligation for which an entity incurs as a consequence of installing the asset.

The assets are depreciated on a straight-line basis, except for land, which is not depreciated. Estimated useful lives of major classes of depreciable assets are as follows:

– Buildings and land improvements	40 years
– Machinery and equipment	5 – 15 years
– Office equipment	3 years
– Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

The carrying values of plant and equipment are written down to their recoverable amount when the carrying value is greater than their estimated recoverable amount (see Note 2.19).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount with gains being recognised within other operating income and losses being recognised within other operating expense within the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent costs such as repairs and maintenance are recognised as expenses as incurred.

2.17 Leases

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

2.18 Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions is recognised in the statement of financial position as an intangible asset. Goodwill is tested annually for impairment or more frequently when there are indications of impairment, and carried at cost less accumulated impairment losses. Any goodwill or fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are recognised in the local currency at the effective date of the transaction and translated at year-end exchange rates. For the purpose of impairment testing, goodwill is allocated to the cash-generating units being the Group's reportable operating segments; Fragrance Division and Flavour Division.

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

Internally generated intangible assets, other than those related to software products and systems, are not capitalised.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. They are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is on a straight-line basis over the estimated economic useful life of the asset.

Estimated useful lives of major classes of amortisable assets are as follows:

– Name and product brands	3 – 7 years
– Software/ERP system	3 – 7 years
– Intellectual property rights	5 – 20 years
– Process-oriented technology	5 – 15 years
– Client relationships	15 – 21 years

An impairment charge against intangible assets is recognised when the current carrying amount is higher than its recoverable amount, being the higher of the value in use and fair value less costs to sell. An impairment charge against intangible assets is reversed when the current carrying amount is lower than its recoverable amount. Impairment charges on goodwill are not reversed. Gains or losses arising on the disposal of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount with gains being recognised within other operating income and losses being recognised in other operating expense within the income statement.

2.19 Impairment of Long-Lived Assets

Non-financial assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When the recoverable amount of a non-financial asset, being the higher of its fair value less cost to sell and its value in use, is less than its carrying amount, then the carrying amount is reduced to the asset's recoverable value. This reduction is recognised as an impairment loss within other operating expense within the income statement. Value in use is determined by using pre-tax-cash flow projections over a five-year period and a terminal value. These are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

An impairment loss is reversed if there has been a change in the circumstances used to determine the recoverable amount. A previously recognised impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

2.20 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

2.21 Accounts Payable – Trade and Others

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are carried at amortised cost.

2.22 Debt

The proceeds of straight bonds, of private placements and of debt issued are recognised as the proceeds received, net of transaction costs incurred. Any discount arising from the coupon rate, represented by the difference between the net proceeds and the redemption value, is amortised using the effective interest rate method and charged to interest expense over the life of the bonds or the private placements. Debt is derecognised at redemption date.

Debt is classified within current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

2.23 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and for which a reliable estimate of the amount of the obligation can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation.

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

2.24 Own Equity Instruments

Own equity instruments are own shares and derivatives on own shares. Purchases and sales are accounted for at the settlement date.

Purchases of own shares are recognised at acquisition cost including transaction costs as a deduction from equity. The original cost of acquisition, results from resale and other movements are recognised as changes in equity, net. Treasury shares bought back for the purpose of cancellation are deducted from equity until the shares are cancelled. Treasury shares acquired by the execution of own equity derivatives are recognised at the execution date market price.

The settlement and the contract for derivatives on own shares determine the categorisation of each instrument. When the contract assumes the settlement is made by exchanging a fixed amount of cash for a fixed number of treasury shares, the contract is recognised in equity except for a forward contract to buy and write puts which is recognised as a financial liability. When the contract assumes the settlement either net in cash or net in treasury shares or in the case of option of settlement, the contract is recognised as a derivative. Instruments recognised in equity are recognised at acquisition cost including transaction costs. Instruments recognised as financial liabilities are recognised at the net present value of the strike price of the derivative on own shares with the interest charge recognised over the life of the derivative in the line "financing costs" of the income statement. They are derecognised when the Group has lost control of the contractual rights of the derivative, with the realised gain or loss recognised in equity. At each statement of financial position date, instruments recognised as derivatives used to hedge the cash-settled share option plans are valued at fair value based on quoted market prices, with any unrealised gain or loss recognised in each relevant line of the operating expenses. They are derecognised when the Group has lost control of the contractual rights of the derivatives, with any realised gain or loss recognised in each relevant line of the operating expenses. Similar treatment is applied to instruments recognised as derivatives that are not used to hedge the cash-settled share option plans apart from the unrealised and realised gain or loss which are recognised in the line "other financial income (expense), net" in the income statement.

2.25 Share Capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.26 Distribution to the Shareholders
Dividend distributions or distributions out of reserves for additional paid-in capital are recognised in the period in which they are approved by the Group's shareholders.

3. Critical Accounting Estimates and Judgments
The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3.1 Critical Accounting Estimates and Assumptions
The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are for the most part related to:

1) The impairment of goodwill requiring estimations of the value in use of the cash-generating units to which goodwill is allocated (see Note 22)

2) The impairment of long-lived assets requiring estimations to measure the recoverable amount of an asset or group of assets (see Note 21)

3) The calculation of the present value of defined benefit obligations requiring financial and demographic assumptions (see Note 7)

4) The determination and provision for income taxes requiring estimated calculations for which the ultimate tax determination is uncertain (see Note 15)

5) The provisions requiring assumptions to determine reliable best estimates (see Note 24)

6) The contingent liabilities assessment (see Note 28)

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

3.2 Critical Judgments in Applying the Entity's Accounting Policies

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

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

- Internal developments on formulas, technologies and products: The outcome of these developments depends on their final assemblage and application, which varies to meet customer needs, and consequently the future economic benefits of these developments are not certain. Thus the criteria for the recognition as an asset of the internal developments on formulas, technologies and products are generally not met. The expenditures on these activities are recognised as expense in the period in which they are incurred.

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

4. Financial Risk Management

4.1 Capital Management

The objective of the Group when managing capital is to maintain the ability to continue as a going concern whilst maximising shareholder value through an optimal balance of debt and equity.

In order to maintain or adjust the capital structure, management may increase or decrease leverage by issuing or reimbursing debt, and may propose to adjust the amounts distributed to the shareholders, return capital to shareholders, issue new shares and cancel shares through share buyback programmes.

The Group monitors its capital structure on the basis of a leverage ratio, defined as net debt divided by the equity plus net debt. Net debt is calculated as the total of the consolidated short-term and long-term debt, less cash and cash equivalents. Equity is calculated as the total equity attributable to equity holders of the parent excluding the defined benefit pension plans remeasurement elements.

The Group has entered into several private placements which contain various covenants with externally imposed capital requirements. The Group was in compliance with these requirements as at 31 December 2015 and 2014. The leverage ratio as at 31 December was as follows:

in millions of Swiss francs	Note	2015	2014
Short-term debt	23	208	57
Long-term debt	23	947	1,150
Less: cash and cash equivalents	17	(478)	(412)
Net Debt		**677**	**795**
Total equity attributable to equity holders of the parent		3,415	3,413
Total defined benefit pension plans remeasurement		505	548
Equity		**3,920**	**3,961**
Net Debt and Equity		**4,597**	**4,756**
Leverage ratio		**15%**	**17%**

The Group intends to maintain its medium term leverage ratio below 25%.

4.2 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group generally enters into financial derivative transactions to hedge underlying business related exposures.

Risk management is carried out by a team within the central treasury department (hereafter "Group Treasury") under the risk management policies approved by the Board of Directors. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Group Treasury monitors and manages financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risk. To manage the interest rate and currency risk arising from the Group's operations and its sources of finance, the Group enters into derivative transactions, primarily interest rate swaps, forward currency contracts and options. Compliance with policies and exposure limits is reviewed by the treasury controlling on a continuous basis. Group Treasury reports monthly to the Chief Financial Officer and quarterly to the Audit Committee.

Categories of financial instruments

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

2015 in millions of Swiss francs	Note	Loans and receivables	At fair value through the income statement	Derivatives used for hedge accounting	Available-for-sale	Other financial liabilities	Total
Current assets							
Cash and cash equivalents	17	478					478
Derivative financial instruments	4.3		17				17
Available-for-sale financial assets	18				2		2
Accounts receivable – trade	19	901					901
Other current assets [a]		143					143
Non-current assets							
Available-for-sale financial assets	18				41		41
Financial assets at fair value through income statement			35				35
Total assets as at 31 December		**1,522**	**52**		**43**		**1,617**
Current liabilities							
Short-term debt	23					208	208
Derivative financial instruments	4.3		18				18
Accounts payable						400	400
Non-current liabilities							
Derivative financial instruments [b]	4.3		6	56			62
Long-term debt	23					947	947
Total liabilities as at 31 December			**24**	**56**		**1,555**	**1,635**

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

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

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

The carrying amount of each class of financial assets and liabilities disclosed in the previous tables approximates the fair value. The fair value of each class of financial assets and liabilities, except loans and receivables, is determined by reference to published price quotations and is estimated based on valuation techniques using the quoted market prices. Given the nature of the Group's accounts receivable trade items, the carrying value is considered as equivalent to the fair value.

4.2.1 Market Risk

The Group's activities primarily expose it to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices. The Group enters into a number of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

- Currency derivatives, mainly forward foreign exchange contracts and options, to hedge the exchange rate risk arising from recorded transactions.
- Interest rate swaps and other instruments to mitigate the risk of interest rate increases and/or to optimally manage interest rate costs depending on the prevailing interest rate environment.

Market risk exposures are measured using sensitivity analysis. There has been no change during the year in the structure of the Group's exposure to market risks or the manner in which these risks are managed.

4.2.1.1 Foreign Exchange Risk

The Group operates across the world and is exposed to movements in foreign currencies affecting its net income and financial position. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

It is the Group's policy to enter into derivative transactions to hedge current, forecasted foreign currency transactions, and translation risk arising from certain investments in foreign operations with a functional currency different from the Group's presentation currency.

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

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

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

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

Currency exposure 2015 in millions of Swiss francs	USD	EUR	CHF	GBP	SGD
Currency exposure without hedge [a]	23	(25)	(11)	(147)	117
Hedged amount	(64)	26	(4)	146	(121)
Currency exposure including hedge	(41)[b]	1	(15)	(1)	(4)

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

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

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

In the exposure calculations, the intra Group positions, except those related to net investments in foreign operations, are included.

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

Currency risks 2015 in millions of Swiss francs	USD	EUR	CHF	GBP	SGD
Reasonable shift	24%	9%	9%	11%	11%
Impact on income statement if the currency strengthens against all other currencies	(13)	–	(1)	–	–
Impact on income statement if the currency weakens against all other currencies	13	–	1	–	–

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

The sensitivity is based on the exposure at the date of the consolidated statement of financial position and based on assumptions deemed reasonable by management, showing the impact on income before tax. The management uses historical volatilities of the significant currencies contributing to the exposure to determine the reasonable change.

4.2.1.2 Interest Rate Risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates, and invests in debt financial instruments. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially counterbalanced by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Group Treasury manages interest rate risk centrally by simulating various scenarios on liabilities taking into consideration refinancing, renewal of existing positions and hedging. Hedging strategies are applied by either positioning the liabilities or protecting interest expense through different interest cycles. Hedging activities are regularly evaluated to align interest rate views and defined risk limits. Group Treasury manages interest rate risk mainly by the use of interest rate swap contracts and forward interest rate contracts.

The following table shows the sensitivity to interest rate changes:

As at 31 December 2015 in millions of Swiss francs	150 basis points increase	25 basis points decrease
Impact on income statement	2	
Impact on equity	59	(12)

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

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

Cash flow hedges

Inception date	Hedged items	Hedge instruments	Objectives	Comments
2009	Highly probable future debt issuances in 2011.	Several forward starting interest rate swaps commencing in 2011, totalling CHF 200 million with an average rate of 2.69% and a 5 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	In June 2011, the Group issued a 2.5% 7 year public bond (maturity 15 June 2018) with a nominal value of CHF 300 million. Correspondingly, hedge positions assigned to this bond issuance of CHF 200 million have been closed. The amortisation of the realised loss of CHF 14 million is recognised in Financing costs over the next 5 years.
2009	Highly probable future debt issuances in 2012.	Several forward starting interest rate swaps commencing in 2012, totalling CHF 250 million with an average rate of 2.70% and a 5 year maturity and CHF 50 million with an average rate of 2.45% and a 3 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	In December 2011, the Group issued a dual tranche public bond, totalling CHF 300 million, respectively of CHF 150 million at a rate of 1.250% for 5 years and CHF 150 million at the rate of 2.125% for 10 years. Correspondingly, hedge positions assigned to this bond issuance have been closed. The amortisation of the realised loss of CHF 28 million and CHF 4 million is recognised in Financing costs over 5 years and 3 years respectively.
2011/ 2012	Highly probable future debt issuances in 2014.	Several forward starting interest rate swaps commencing in 2014, totalling CHF 250 million with an average rate of 1.54% and a 5 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	In March 2014, the Group issued a 1.00% 6.5 year public bond with a nominal value of CHF 100 million; and a 1.75% 10 year public bond with a nominal value of CHF 150 million. Correspondingly, hedge positions assigned to this bond issuance have been closed. The cash flow hedges were effective until February 2014. In March 2014 the IRSs were closed. The amortisation of the realised loss of CHF 15 million is recognised in Financing costs over 5 years.
2012	Highly probable future debt issuances in 2016.	Several forward starting interest rate swaps commencing in 2016, totalling CHF 75 million with an average rate of 1.63% and a 5 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2012	Highly probable future private placements issuance in the USA in 2013.	Several derivatives instruments fixing the interest rate at 1.80% on average for a total amount of USD 100 million.	Protection against short-term increases in USD interest rates and to fix the interest rates.	The cash flow hedges were effective during the period. The amount of USD 1 million (equivalent to CHF 1 million) deferred in hedging reserve in other comprehensive income is recycled over the next 10 years as Financing cost from 6 February 2013, the date when the proceeds were received.
2012/ 2014	Highly probable future debt issuances in 2018.	Several forward starting interest rate swaps commencing in 2018, totalling CHF 150 million with an average rate of 1.90% and a 5 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2014/ 2015	Highly probable future debt issuances in 2020.	Several forward starting interest rate swaps commencing in 2020, totalling CHF 75 million with an average rate of 2.12% and a 10 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2014/ 2015	Highly probable future debt issuances in 2021.	Several forward starting interest rate swaps commencing in 2021, totalling CHF 125 million with an average rate of 2.05% and a 10 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.
2014/ 2015	Highly probable future debt issuances in 2024.	Several forward starting interest rate swaps commencing in 2024, totalling CHF 100 million with an average rate of 2.35% and a 10 year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year.

4.2.1.3 Price Risk

The Group is exposed to equity price risk arising from equity investments held either classified as available-for-sale or at fair value through income statement. The Group manages its price risk through a diversification of portfolios within the limits approved by the Board of Directors.

The Group holds its own shares to meet future expected obligations under the various share-based payment schemes.

Sensitivity analysis

In 2015, the Group's equity portfolio is composed exclusively of US shares. The benchmark for the reasonable change is an average of historical volatility of US indexes (15% for the last three years).

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

2015 – reasonable shifts: 15%US in millions of Swiss francs	Equity price increase	Equity price decrease
Impact on income statement	3	(3)
Impact on equity	3	(3)

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

4.2.2 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Commercial Credit risk is managed by the Group's subsidiaries and monitored on a Group basis whilst counterparty risk related to financial institutions is centrally managed within the Group Treasury function.

Trade receivables are subject to a policy of active risk management which focuses on the assessment of country risk, credit limits, ongoing credit evaluation and account monitoring procedures. Generally, there is no significant concentration of trade receivables or commercial counterparty credit risk, due to the large number of customers that the Group deals with and their wide geographical spread with the exception of one single external customer that generates revenues, mainly attributable to the Fragrance Division, of approximately CHF 545 million (2014: CHF 531 million). Countries, credit limits and exposures are continuously monitored.

The credit risk on liquid funds, derivatives and other monetary financial assets is limited because the counterparties are financial institutions with investment grade ratings.

The following table presents the credit risk exposure to individual financial institutions:

			2015			2014
	Total in Mio CHF	Max. with any individual bank in Mio CHF	Number of banks	Total in Mio CHF	Max. with any individual bank in Mio CHF	Number of banks
AAA – range	79	79	1			
AA – range	145	140	2	85	85	2
A – range	99	48	4	315	77	9
BBB – range	157	68	7			

From one year to another, the exposure of cash in banks which are BBB level increased significantly because several large international banks have been downgraded from single-A to triple-B by the ratings agencies.

The carrying amount of financial assets recognised in the consolidated financial statements which is net of impairment losses, represents the Group's maximum exposure to credit risk.

4.2.3 Liquidity Risk

The Group manages liquidity risk by maintaining sufficient cash, marketable securities, availability of funds through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed and uncommitted credit lines.

Group Treasury monitors and manages cash at the Group level and defines the maximum cash level at subsidiary level. Cash surpluses held by subsidiaries over and above amounts required for working capital management are transferred to the central treasury centre. The surplus of cash is generally invested in interest bearing current accounts, time deposits, money market deposits and funds. When necessary, intercompany loans are granted by the Group to subsidiaries to meet their non-recurrent payment obligations.

The following table analyses the Group's remaining contractual maturity for financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is obliged to pay. The table includes both interest and principal cash flows:

2015 in millions of Swiss francs	Up to 6 months	6 – 12 months	1 – 5 years	Over 5 years	Total
Short-term debt (excluding bank overdraft)	(58)	(152)			(210)
Accounts payable	(400)				(400)
Net settled derivative financial instruments	(3)	(3)	(14)	(43)	(63)
Gross settled derivative financial instruments – outflows	(1,267)	(147)			(1,414)
Gross settled derivative financial instruments – inflows	1,268	146			1,414
Long-term debt	(17)	(3)	(515)	(549)	(1,084)
Balance as at 31 December	**(477)**	**(159)**	**(529)**	**(592)**	**(1,757)**

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

4.3 Fair Value Measurements

The following tables present the Group's assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is measured:

- **Level 1** inputs to measure fair value are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- **Level 2** inputs to measure fair value are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- **Level 3** inputs to measure fair value are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2015 in millions of Swiss francs	Note	Level 1	Level 2	Level 3	Total
Financial assets at fair value through income statement					
Forward foreign exchange contracts			17		17
Corporate owned life insurance			35		35
Available-for-sale financial assets					
Equity securities	18	1	21		22
Debt securities	18	1	20		21
Total assets		**2**	**93**		**95**
Financial liabilities at fair value through income statement					
Forward foreign exchange contracts			18		18
Swaps (hedge accounting)			56		56
Swaps (no hedge accounting)			6		6
Total liabilities			**80**		**80**

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

Financial assets and liabilities at fair value through income statement are measured with Level 2 inputs. They consist of forward foreign exchange contracts that are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts, of interest swaps that are measured using quoted interest rates and yield curves derived from quoted interest rates matching maturities of the contracts, and of corporate owned life insurance (COLI) that are measured on quoted instruments with similar credit ratings and terms in a mix of money market, fixed income and equity funds managed by unrelated fund managers.

During 2015 the Group liquidated a substantial part of the available-for-sale marketable securities in order to reduce the market risk exposure related to those securities.

There was no transfer between Level 1 and 2 in the period. The Group did not carry out any transactions on level 3 type assets during 2015 and 2014, nor did it have any assets in this category at 31 December 2015 and 2014.

5. Acquisitions

On 27 August 2015, Givaudan acquired 100% of the share capital of Induchem Holding AG and its affiliates for a purchase price of CHF 93 million. Induchem's portfolio of products is based on a wide range of innovative and highly functional active ingredients with proven efficacy results, as well as research expertise in fields such as biocatalysis, metagenomics and biochemical synthesis. Induchem primarily operates from Volketswil, Switzerland, Toulouse, France and New York, USA, and employs 65 people.
From 27 August 2015, the acquisition contributed CHF 9 million of sales and CHF 1 million of EBITDA to the Group's consolidated results.

The goodwill of CHF 62 million on the acquisition relates mainly to the value of the qualified workforce and expected synergies that do not meet the criteria for recognition as separable intangible assets. None of the goodwill arising from the acquisition is expected to be tax deductible.

The Group incurred transaction related costs of CHF 1 million (2014: CHF 1 million) related to external legal fees and due diligence. These expenses are reported within other operating expense in the consolidated income statement.

The identifiable assets and liabilities of Induchem Holding AG acquired are recorded at fair value at the date of acquisition. Total net assets acquired of CHF 31 million consist of cash (CHF 2 million), working capital (CHF 5 million), fixed assets (CHF 2 million), intangible assets which are made up of process knowledge, research expertise, client relationships, name and product brands (CHF 38 million), deferred tax liabilities (CHF 9 million) and other liabilities (CHF 7 million). The total purchase price of CHF 93 million was settled in cash, resulting in goodwill of CHF 62 million.

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

6. Segment Information

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

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

Flavours Manufacture and sale of flavours into four business units: Beverages, Dairy, Savoury and Sweet Goods. The information of these business units are reviewed by the Executive Committee primarily by region.

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

Business segments

		Fragrances		Flavours		Group	
in millions of Swiss francs	Note	**2015**	2014	**2015**	2014	**2015**	2014
Segment sales		2,096	2,108	2,311	2,308	4,407	4,416
Less inter segment sales [a]		–	–	(11)	(12)	(11)	(12)
Segment sales to third parties		**2,096**	**2,108**	**2,300**	**2,296**	**4,396**	**4,404**
EBITDA		**498**	**505**	**572**	**548**	**1,070**	**1,053**
as % of sales		23.7%	23.9%	24.9%	23.9%	24.3%	23.9%
Depreciation	21	(50)	(53)	(62)	(57)	(112)	(110)
Amortisation	22	(73)	(82)	(84)	(98)	(157)	(180)
Impairment of long-lived assets	21	(1)	–	(6)	(3)	(7)	(3)
Acquisition of Property, plant and equipment	21	66	75	77	93	143	168
Acquisition of Intangible assets	22	18	22	20	24	38	46
Total Gross Investments		**84**	**97**	**97**	**117**	**181**	**214**

a) Transfer prices for inter-divisional sales are set on an arm's length basis.

The amounts by division provided to the Executive Committee are measured in a consistent manner in terms of accounting policies with the consolidated financial statements.

Reconciliation table to Group's operating income

	Fragrances		Flavours		Group	
in millions of Swiss francs	**2015**	2014	**2015**	2014	**2015**	2014
EBITDA	**498**	**505**	**572**	**548**	**1,070**	**1,053**
Depreciation	(50)	(53)	(62)	(57)	(112)	(110)
Amortisation	(73)	(82)	(84)	(98)	(157)	(180)
Impairment of long-lived assets	(1)	–	(6)	(3)	(7)	(3)
Operating income	**374**	**370**	**420**	**390**	**794**	**760**
as % of sales	17.8%	17.5%	18.3%	17.0%	18.1%	17.3%
Financing costs					(61)	(63)
Other financial income (expense), net					(27)	(20)
Income before taxes					**706**	**677**
as % of sales					16.1%	15.4%

Entity-wide disclosures

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

in millions of Swiss francs	**2015**	2014
Fragrance Division		
Fragrance Compounds	1,823	1,843
Fragrance and Active Cosmetic Ingredients	273	265
Flavour Division		
Flavour Compounds	2,300	2,296
Total revenues	**4,396**	**4,404**

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

	Segment sales [a]		Non-current assets [b]	
in millions of Swiss francs	**2015**	2014	**2015**	2014
Switzerland	42	49	1,356	695
Europe	1,176	1,289	638	1,407
Africa and Middle-East	349	348	63	73
North America	1,020	951	954	955
Latin America	571	579	120	145
Asia Pacific	1,238	1,188	477	465
Total geographical segments	**4,396**	**4,404**	**3,608**	**3,740**

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

Revenues of approximately CHF 545 million (2014: CHF 531 million) are derived from a single external customer. These revenues are mainly attributable to the Fragrance Division.

7. Employee Benefits

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

in millions of Swiss francs	**2015**	2014
Wages and salaries	722	715
Social security costs	104	108
Post-employment benefits: defined benefit plans	1	40
Post-employment benefits: defined contribution plans	18	13
Equity-settled instruments	35	31
Cash-settled instruments	2	18
Change in fair value on own equity instruments	–	(8)
Other employee benefits	99	86
Total employees' remuneration	**981**	**1,003**

Defined Benefit Plans

The Group operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking account of the recommendations of independent qualified actuaries. The most significant plans are held in Switzerland, United States of America and United Kingdom (further information by country is disclosed at the end of this note).

The defined benefit plan held in the Netherlands has been transferred in the first six months of 2015 to a multi-employer plan which by its nature is a defined contribution plan. The transfer resulted in a one-off non-cash gain of CHF 32 million, net of compensation, recognised in the line "other operating income" in the consolidated income statement. The related contribution expensed in the income statement was CHF 5 million.

Non-pension plans consist primarily of post-retirement healthcare and life insurance schemes, principally in the United States of America.

The amounts recognised in the consolidated income statement are as follows:

			2015			2014
in millions of Swiss francs	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
Current service cost	42	2	44	38	2	40
Gain arising from settlement	(43)		(43)			
Total included in employees' remuneration	**(1)**	**2**	**1**	**38**	**2**	**40**
Net interest cost included in financing costs	13	3	16	9	3	12
Total components of defined benefit cost	**12**	**5**	**17**	**47**	**5**	**52**
Of which arising from:						
Funded obligations	7	5	12	43	5	48
Unfunded obligations	5	–	5	4		4

The amounts recognised in other comprehensive income are as follows:

in millions of Swiss francs	2015 Pension Plans	2015 Non-pension Plans	2015 Total	2014 Pension Plans	2014 Non-pension Plans	2014 Total
(Gains) losses from change in demographic assumptions	(28)	–	(28)	27	4	31
(Gains) losses from change in financial assumptions	(50)	(1)	(51)	433	7	440
Experience (gains) losses	3	(4)	(1)	(12)	(6)	(18)
Return on plan assets less interest on plan assets	13	–	13	(95)		(95)
Remeasurement (gains) losses on defined benefit pension plans	**(62)**	**(5)**	**(67)**	**353**	**5**	**358**
Of which arising from:						
Funded obligations	(54)	(5)	(59)	339	5	344
Unfunded obligations	(8)	–	(8)	14	–	14

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

in millions of Swiss francs	2015 Pension Plans	2015 Non-pension Plans	2015 Total	2014 Pension Plans	2014 Non-pension Plans	2014 Total
Funded obligations						
Present value of funded obligations	(1,961)	(72)	(2,033)	(2,420)	(76)	(2,496)
Fair value of plan assets	1,491	1	1,492	1,848	1	1,849
Recognised asset (liability) for funded obligations, net	**(470)**	**(71)**	**(541)**	**(572)**	**(75)**	**(647)**
Unfunded obligations						
Present value of unfunded obligations	(77)	(12)	(89)	(75)	(12)	(87)
Recognised asset (liability) for unfunded obligations	**(77)**	**(12)**	**(89)**	**(75)**	**(12)**	**(87)**
Total defined benefit asset (liability)	**(547)**	**(83)**	**(630)**	**(647)**	**(87)**	**(734)**
Deficit recognised as liabilities for post-employment benefits	(562)	(83)	(645)	(654)	(87)	(741)
Surplus recognised as part of the other long-term assets	15		15	7		7
Total net asset (liability) recognised	**(547)**	**(83)**	**(630)**	**(647)**	**(87)**	**(734)**

Amounts recognised in the statement of financial position for post-employment defined benefit plans are predominantly non-current. The non-current portion is reported as non-current assets and non-current liabilities. The current portion is reported as current liabilities within other current liabilities.

Changes in the present value of the defined benefit obligation are as follows:

in millions of Swiss francs	Pension Plans 2015	Non-pension Plans 2015	Total 2015	Pension Plans 2014	Non-pension Plans 2014	Total 2014
Balance as at 1 January	**2,495**	**88**	**2,583**	**1,945**	**73**	**2,018**
Amounts recognised in the income statement						
Current service cost	42	2	44	38	2	40
Interest cost	49	3	52	65	3	68
Amounts recognised in the other comprehensive income						
(Gains) losses from change in demographic assumptions	(28)	–	(28)	27	4	31
(Gains) losses from change in financial assumptions	(50)	(1)	(51)	433	7	440
Experience (gains) losses	3	(4)	(1)	(12)	(6)	(18)
Employee contributions	10	1	11	11	1	12
Benefit payments	(74)	(4)	(78)	(73)	(3)	(76)
Settlement [a]	(355)		(355)			
Currency translation effects	(54)	(1)	(55)	61	7	68
Balance as at 31 December	**2,038**	**84**	**2,122**	**2,495**	**88**	**2,583**

a) Settlement related to the transfer of the pension plan in the Netherlands

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

in millions of Swiss francs	Pension Plans 2015	Non-pension Plans 2015	Total 2015	Pension Plans 2014	Non-pension Plans 2014	Total 2014
Balance as at 1 January	**1,848**	**1**	**1,849**	**1,655**	**1**	**1,656**
Amounts recognised in the income statement						
Interest income	36	–	36	56		56
Amounts recognised in the other comprehensive income						
Return on plan assets less interest on plan assets	(13)	–	(13)	95		95
Employer contributions	43	2	45	59	2	61
Employee contributions	10	1	11	11	1	12
Benefit payments	(74)	(4)	(78)	(73)	(3)	(76)
Settlement [a]	(312)		(312)			
Currency translation effects	(47)	1	(46)	45		45
Balance as at 31 December	**1,491**	**1**	**1,492**	**1,848**	**1**	**1,849**

a) Settlement related to the transfer of the pension plan in the Netherlands

Plan assets are comprised as follows:

in millions of Swiss francs	2015	2015	2014	2014
Debt	476	32%	788	42%
Equity	533	36%	643	35%
Property	199	13%	197	11%
Insurances policies and other	284	19%	221	12%
Total	**1,492**	**100%**	**1,849**	**100%**

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

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

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

Weighted percentage	**2015**	2014
Discount rates	2.5%	2.4%
Projected rates of remuneration growth	2.6%	2.7%
Future pension increases	0.8%	1.0%
Healthcare cost trend rate	5.0%	5.0%

The overall discount rate and the overall projected rates of remuneration growth are calculated by weighting the individual rates in accordance with the defined benefit obligation of the plans.

Sensitivity analysis

The defined benefit obligations are calculated on the basis of various financial and demographic assumptions. The below information quantifies the consequences of a change in some key assumptions.
The effects ((gain)/loss) of the change in assumptions are as follows:

in millions of Swiss francs	Change in assumption	Effects of the change	Increase in assumption	Decrease in assumption
Discount rate	0.5%	on the current service cost	(5)	5
		on the defined benefit obligation	(160)	176
Salary increases	0.5%	on the current service cost	1	(1)
		on the defined benefit obligation	18	(17)
Pension increases	0.5%	on the current service cost	2	–
		on the defined benefit obligation	102	(32)
Medical cost trend	1.0%	on the current service cost		–
		on the defined benefit obligation	4	(4)
Life expectancy	1 year	on the current service cost	1	(1)
		on the defined benefit obligation	63	(64)

Information by country

Switzerland

According to the Swiss Federal Law on Occupational Retirement, Survivors and Disability (LPP/BVG), the pension plan is managed by an independent, legally autonomous entity which has the legal structure of a foundation.

The Board of Trustees of the foundation is composed of equal numbers of employee and employer representatives. Each year the Board of Trustees decides the level of interest, if any, to apply to the retirement accounts in accordance with the pension policy. It is also responsible for the investment of the assets defining the investment strategy for long-term returns with an acceptable level of risk. The foundation provides benefits on a defined contribution basis.

The majority of the employees are participants to the plan and are insured against the financial consequences of old age, disability and death. The employer and employees pay contributions to the pension plan at rates set out in the foundation rules based on a percentage of salary. The amount of the retirement account can be taken by the employee at retirement in the form of pension or capital.

Under IAS19 employee benefits, the pension plan is classified as defined benefit plan due to the promises and underlying benefits guarantees. Consequently the pension obligation is calculated by using the projected unit credit method.
The Group expects to contribute CHF 18 million to these plans during 2016 (2015: CHF 17 million).

United States of America
The main US pension plan is qualified under and is managed in accordance with the requirements of US federal law. In accordance with federal law the assets of the plan are legally separate from the employer and are held in a pension trust.

The law requires minimum and maximum amounts that can be contributed to the trust, together with limitations on the amount of benefits that may be provided under the plan. There are named fiduciaries that are responsible for ensuring the plan is managed in accordance with the law. The fiduciaries are responsible for the investment of the assets defining the investment strategy for long-term returns with an acceptable level of risk. The employees do not contribute to the plan and the employer contributes to the plan amounts which are at least equal to the minimum required by the law and not more than the maximum that would limit the tax deductibility of the contributions. The plan provides benefits on a defined benefit basis, and is closed to new employees.

The closed group of participants to the defined benefit plan continue to accrue benefits which are payable at retirement and on death in service. With exceptions for optional lump sum amounts for certain sections of the plan, the benefits are paid out as annuities.

Under IAS19 employee benefits, the pension obligations are calculated by using the projected unit credit method.

The Group expects to contribute CHF 16 million to this plan in 2016 (2015: CHF 26 million).

United Kingdom
The two occupational pension schemes (Quest UK Pension Scheme and Givaudan UK Pension Plan) are arranged under the applicable UK Pension Schemes and Pensions Acts and managed as legally autonomous pension trusts by the Boards of Trustees.

The Boards of Trustees are composed of two employee representatives and four employer representatives, for the Quest UK Pension Scheme, and three employee representatives, three employer representatives plus two pensioner representatives for the Givaudan UK Pension Plan. The Boards of Trustees are responsible for the investment of the assets defining the investment strategy for long-term returns with an acceptable level of risk. In their respective sections, both trusts provide benefits on a defined benefit basis. These defined benefit sections are closed to new members.

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

Under IAS19 employee benefits, the pension obligations in the defined benefit sections of both the Quest UK Pension Scheme and the Givaudan UK Pension Plan are calculated by using the projected unit credit method.

The Group expects to contribute CHF 13 million to this plan in 2016 (2015: CHF 14 million).

Rest of the world
The Group operates other retirement plans classified either as defined benefit or defined contribution plans in some other countries. No individual plan other than those described above is considered material to the Group.

The Group expects to contribute CHF 3 million to these plans in 2016 (2015: CHF 3 million).
The funding position of the funded defined benefit plans are as follows:

As at 31 December 2015 in millions of Swiss francs	Switzerland	United States of America	United Kingdom	Other countries	Total
Present value of defined benefit obligation	1,089	458	339	75	1,961
Fair value of plan asset	779	362	307	43	1,491
Deficit / (surplus)	**310**	**96**	**32**	**32**	**470**
In percentage	71.5%	79.0%	90.6%	57.3%	76.0%

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

Key assumptions

2015 in percentage	Switzerland	United States of America	United Kingdom
Discount rate	1.00	4.60	3.70
Future salary increases	2.00	3.50	3.75
Future pension increases	0.00	n/a	3.10
Future average life expectancy for a pensioner retiring at age 65	22.8	22.2	23.1

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

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for the most important countries are based on the following tables:

(i) Switzerland: BVG2010
(ii) United States of America: RP2014
(iii) United Kingdom: S2PA

Allowance for future improvements in mortality have been allowed for as appropriate in each country. In Switzerland the generational rates have been used. In the United States of America the published rates have been adjusted and projected in accordance with the MP2015 scale. In the United Kingdom the rates reflect the latest (2015) CMI projections with a 1.25% long term rate of improvement.

8. Share-Based Payments

Performance share plan

Performance share plans are granted on a yearly basis. The performance shares are converted into tradable and transferable shares of Givaudan S.A. after the vesting period, subject to performance conditions. The performance metric is a combination of the average sales growth of selected peer companies and the cumulative free cash flow margin. There is no market vesting condition involved and participation in this plan is mandatory.

Year of grant	Commencing date	Vesting date	Number of shares expected to be delivered at vesting date	Weighted average fair value (CHF)
2013	29 Mar 2013	29 Mar 2016	44,008	1,041.4
2014	31 Mar 2014	31 Mar 2017	32,212	1,214.4
2015	31 Mar 2015	31 Mar 2018	22,660	1,595.9

The cost of the equity-settled instruments of CHF 33 million (2014: CHF 27 million) has been expensed in the consolidated income statement. A marginal portion of the number of shares expected to be delivered can be settled in cash in the jurisdictions where a physical delivery is not admitted.

Equity-settled instruments related to share options

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

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

Year of grant	Maturity date	Vesting date	Strike price (CHF)	Ratio (option: share)	Option value at grant date (CHF)	**Number of options 2015**	Number of options 2014
2010	3 Mar 2015	3 Mar 2012	925.0	9.5:1	15.16		2,250
2011	25 Feb 2016	25 Feb 2013	975.0	8.5:1	15.57	4,900	16,500
2012	1 Mar 2017	1 Mar 2014	915.0	7.0:1	15.41	28,878	55,700

An immaterial cost of these equity-settled instruments has been expensed in the consolidated income statement.

Movements in the number of share options outstanding, expressed in equivalent shares, are as follows:

Number of options expressed in equivalent shares	**2015**	Weighted average exercised price (CHF)	2014	Weighted average exercised price (CHF)
As at 1 January	**10,135**	**928.6**	**57,801**	**927.3**
Sold	(5,433)	932.7	(47,666)	927.1
As at 31 December	**4,702**	**923.7**	**10,135**	**928.6**

All of the 4,702 outstanding options expressed in equivalent shares (2014: 10,135) are exercisable. For these plans, the Group has at its disposal either treasury shares or conditional share capital up to an amount of CHF 1,618,200 representing 161,820 registered shares with a par value of CHF 10 per share. When held or sold, an option does not give right to receive a dividend or to vote.

Equity-settled instruments related to restricted shares

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

Restricted shares outstanding at the end of the year have the following terms:

Year of grant	Maturity date	Vesting date	Restricted share at grant date (CHF)	**Number of restricted share 2015**	Number of restricted share 2014
2012	1 Mar 2017	1 Mar 2015	810.3		10,359
2013	1 Mar 2018	1 Mar 2016	970.4	1,125	1,125
2014	31 Mar 2019	31 Mar 2017	1,214.4	1,190	1,190
2015	31 Mar 2020	31 Mar 2018	1,595.9	1,092	

Of the 3,407 outstanding restricted shares (2014: 12,674), no share (2014: none) was deliverable. The cost of these equity-settled instruments of CHF 2 million (2014: CHF 4 million) has been expensed in the consolidated income statement.

Movements in the number of restricted shares outstanding are as follows:

Number of restricted shares	**2015**	2014
As at 1 January	**12,674**	**21,441**
Granted	1,092	1,190
Sold	(10,359)	(9,907)
Lapsed/cancelled		(50)
As at 31 December	**3,407**	**12,674**

For these plans, the Group has at its disposal treasury shares.

Cash-settled instruments related to share options

Option rights shown in the table below have been granted on a yearly basis. These rights are not tradable and transferable after the vesting period. Participation in these plans is mandatory.

Year of grant	Maturity date	Vesting date	Strike price (CHF)	Ratio (option: share)	Option value at grant date (CHF)	**Number of options 2015**	Number of options 2014
2010	3 Mar 2015	3 Mar 2012	925.0	9.5:1	15.16		18,750
2011	25 Feb 2016	25 Feb 2013	975.0	8.5:1	15.57	13,750	30,035
2012	1 Mar 2017	1 Mar 2014	915.0	7.0:1	15.41	33,425	62,225

The change of the fair value and the execution of these cash-settled instruments resulted in a credit of CHF 2 million (2014: charge of CHF 10 million) in the consolidated income statement. The liability element of the cash-settled instruments of CHF 7 million (2014: CHF 14 million) has been recognised in the statement of financial position.

Movements in the number of options rights outstanding, expressed in equivalent shares, are as follows:

Number of options expressed in equivalent shares	**2015**	Weighted average exercised price (CHF)	2014	Weighted average exercised price (CHF)
As at 1 January	**14,397**	**932.9**	**47,069**	**920.6**
Exercised	(7,767)	933.5	(32,672)	915.2
Lapsed/cancelled	(237)	925.0		
As at 31 December	**6,393**	**932.5**	**14,397**	**932.9**

All of the 6,393 outstanding options expressed in equivalent shares (2014: 14,397) are exercisable. The Group has at its disposal treasury shares to finance these plans. When held or sold, an option right does not give rights to receive a dividend nor to vote.

Cash-settled instruments related to restricted shares

Option rights shown in the table below have been granted on a yearly basis. These rights are not tradable and transferable after the vesting period. Participation in these plans is mandatory.

Year of grant	Maturity date	Vesting date	Option value at grant date (CHF)	**Number of options 2015**	Number of options 2014
2012	1 Mar 2017	1 Mar 2015	810.3		4,783
2013	1 Mar 2018	1 Mar 2016	970.4	125	125
2014	31 Mar 2019	31 Mar 2017	1,214.4	119	119

The liability element of these cash-settled instruments recognised in the statement of financial position is not material (2014: CHF 8 million). An immaterial cost of these cash-settled instruments has been recorded in the consolidated income statement (2014: charge of CHF 5 million).

Movements in the number of restricted shares outstanding are as follows:

Number of restricted shares	**2015**	2014
As at 1 January	**5,027**	**9,443**
Granted		147
Exercised	(4,783)	(4,563)
As at 31 December	**244**	**5,027**

The Group has at its disposal treasury shares to finance these plans. When held or sold, an option right does not give rights to receive a dividend nor to vote.

9. Jointly Controlled Entities

Name of Joint ventures	Principal activity	Country of incorporation	Ownership interest
Jiangsu Xinrui Aromatics Ltd	Production of fragrance ingredients	China	49%
BGN Tech LLC	Innovative natural ingredients	USA	49%
Natural Extracts International Ltd	Natural ingredient derivatives production	Mauritius	49%

The above entities have been incorporated in 2014. Summarised financial information in respect of the Group's joint ventures is set out below. The following net assets represent 100% of the jointly controlled entities:

As at 31 December in millions of Swiss francs	**2015**	2014
Current assets	42	16
Non-current assets	34	20
Current liabilities	(14)	(3)
Non-current liabilities	(6)	–
Total net assets of joint ventures	**56**	**33**

As at 31 December in millions of Swiss francs	**2015**	2014
Income	5	–
Expenses	(10)	(3)

10. Other Operating Income

in millions of Swiss francs	**2015**	2014
Gains on disposal of fixed assets	–	42
Other income	41	10
Total other operating income	**41**	**52**

For the year ended 31 December 2015, the Group recognised a one-off non-cash gain of CHF 32 million following a change in the pension plans. For the year ended 31 December 2014, the Group recognised a one-off gain of CHF 42 million on the disposal of land at its Dübendorf location in Switzerland.

11. Other Operating Expense

in millions of Swiss francs	**2015**	2014
Amortisation of intangible assets	79	76
Impairment of long-lived assets	7	3
Losses on disposal of fixed assets	3	3
Acquisition related costs	1	1
Other expenses	42	19
Total other operating expense	**132**	**102**

12. Expenses by Nature

in millions of Swiss francs	Note	**2015**	2014
Raw materials and consumables used		1,642	1,638
Total employee remuneration	7	981	1,003
Depreciation, amortisation and impairment charges	21, 22	276	293
Transportation expenses		37	53
Freight expenses		86	93
Consulting and service expenses		109	125
Other expenses		471	439
Total operating expenses by nature		**3,602**	**3,644**

13. Financing Costs

in millions of Swiss francs	**2015**	2014
Interest expense	47	52
Net interest related to defined benefit pension plans	16	12
Derivative interest (gains) losses	(3)	(2)
Amortisation of debt discounts	1	1
Total financing costs	**61**	**63**

14. Other Financial (Income) Expense, Net

in millions of Swiss francs	**2015**	2014
Fair value and realised (gains) losses from derivatives instruments, net (at fair value through income statement)	(41)	(2)
Exchange (gains) losses, net	71	18
(Gains) from available-for-sale financial assets	(2)	(3)
Realised (gains) losses from available-for-sale financial assets removed from equity	(12)	(2)
Unrealised (gains) losses from fair value through income statement financial instruments	–	(2)
Interest (income)	(2)	(3)
Capital taxes and other non business taxes	9	9
Other (income) expense, net	4	5
Total other financial (income) expense, net	**27**	**20**

15. Income Taxes

Amounts charged to (credited in) the consolidated statement of comprehensive income are as follows:

				2015				2014
in millions of Swiss francs	Income statement	Other comprehensive income	Own equity instruments	Total	Income statement	Other comprehensive income	Own equity instruments	Total
Current taxes								
- in respect of current year	115	(5)		110	117	(3)	–	114
- in respect of prior years	(1)			(1)	(6)			(6)
Deferred taxes								
- in respect of current year	(39)	20	(3)	(22)	2	(100)	(1)	(99)
- attributable to changes in tax rates	2			2	1			1
- reclassified from equity to income statement	–	–		–	–	–		–
- in respect of prior years	(6)	3		(3)		(3)		(3)
Total income tax expense	**71**	**18**	**(3)**	**86**	**114**	**(106)**	**(1)**	**7**

Since the Group operates globally, it is subject to income taxes in many different tax jurisdictions. As such, in determining the provision for income taxes, judgment is required as there are transactions for which the ultimate tax determination is uncertain at the time of preparing the financial statements. As a result, any differences between the final tax outcome and the amounts that were initially recorded impact the current and deferred taxes in the period in which such final determinations are made.

The Group calculates on the basis of the income statement its average applicable tax rate as a weighted average of the tax rates in the tax jurisdictions in which the Group operates, including research tax credits and withholding tax on dividends, interest and royalties.

The Group's effective tax rate differs from the Group's average expected tax rate as follows:

	2015	2014
Group's average applicable tax rate	**19%**	**18%**
Tax effect of		
Income not taxable	(2%)	(2%)
Expenses not deductible	1%	1%
Tax losses on changes in the valuation of subsidiaries	(11%)	
Tax on unremitted earnings not recognised in previous periods	3%	
Other adjustments of income taxes of prior years	(1%)	(1%)
Other differences	1%	1%
Group's effective tax rate	**10%**	**17%**

The variation in the Group's average applicable tax rate arises due to changes in the composition of the Group's profitability within the Group's subsidiaries, in accordance with the Group's business profile in terms of geographical presence, product mix and customer portfolio, as well as external factors related to changes in local statutory tax rates.

The tax losses relating to adjustments in the value of the parent company's interests in subsidiaries arise from changes in Swiss Accounting Law and from changes in the Group's legal entity structure.

Income tax assets and liabilities

Amounts recognised in the statement of financial position related to income taxes are as follows:

As at 31 December in millions of Swiss francs	**2015**	2014
Current income tax assets	16	22
Current income tax liabilities	(70)	(82)
Total net current income tax asset (liability)	**(54)**	**(60)**

2015 in millions of Swiss francs	Property, plant & equipment	Intangible assets	Pension plans	Tax loss carry forward	Other differences	Total
Net deferred tax asset (liability) as at 1 January	**(94)**	**(52)**	**202**	**9**	**105**	**170**
Acquisition		(8)			(1)	(9)
(Credited) debited to consolidated income statement	2	(2)		51	(8)	43
(Credited) debited to other comprehensive income			(24)		1	(23)
(Credited) debited to own equity instruments					3	3
Currency translation effects	3	(2)	(5)	(1)	(11)	(16)
Net deferred tax asset (liability) as at 31 December	**(89)**	**(64)**	**173**	**59**	**89**	**168**
Deferred tax assets						260
Deferred tax liabilities						(92)
Net deferred tax asset (liability) as at 31 December						**168**

2014 in millions of Swiss francs	Property, plant & equipment	Intangible assets	Pension plans	Tax loss carry forward	Other differences	Total
Net deferred tax asset (liability) as at 1 January	**(88)**	**(45)**	**98**	**10**	**106**	**81**
Acquisition		(13)				(13)
(Credited) debited to consolidated income statement	(2)	9	(1)	(1)	(8)	(3)
(Credited) debited to other comprehensive income			99		4	103
(Credited) debited to own equity instruments					1	1
Currency translation effects	(4)	(3)	6	–	2	1
Net deferred tax asset (liability) as at 31 December	**(94)**	**(52)**	**202**	**9**	**105**	**170**
Deferred tax assets						258
Deferred tax liabilities						(88)
Net deferred tax asset (liability) as at 31 December						**170**

Amounts recognised in the statement of financial position for deferred taxes are reported as non-current assets and non-current liabilities, the current portion will be charged or credited to the consolidated income statement during 2016.

Deferred tax assets on loss carry forwards of CHF 59 million (2014: CHF 9 million) and on tax credits of CHF 53 million (2014: CHF 56 million) have been recognised. Deferred tax asset on unused tax losses of CHF 5 million (2014: not material) has not been recognised.

A deferred tax liability of CHF 24 million has been recognised in 2015 (2014: none) for certain foreign subsidiaries which have undistributed earnings subject to withholding tax when paid out as dividend as the parent entity is now in a better position to forecast the timing of distributions expected in the foreseeable future. No deferred tax liabilities have been established for temporary differences of CHF 300 million (2014: CHF 378 million).

16. Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders by the weighted average number of shares outstanding:

	2015	2014
Income attributable to equity holder of the parent (CHF million)	**635**	**563**
Weighted average number of shares outstanding		
Ordinary shares	9,233,586	9,233,586
Treasury shares	(27,964)	(31,110)
Net weighted average number of shares outstanding	**9,205,622**	**9,202,476**
Basic earnings per share (CHF)	**68.98**	**61.18**

Diluted earnings per share

For the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted to assume conversion of all potentially dilutive shares:

	2015	2014
Income attributable to equity holder of the parent (CHF million)	**635**	**563**
Weighted average number of shares outstanding for diluted earnings per share of 114,050 (2014: 126,290)	**9,319,672**	**9,328,766**
Diluted earnings per share (CHF)	**68.14**	**60.35**

17. Cash and Cash Equivalents

in millions of Swiss francs	2015	2014
Cash on hand and balances with banks	302	318
Short-term investments	176	94
Balance as at 31 December	**478**	**412**

18. Available-for-Sale Financial Assets

in millions of Swiss francs	2015	2014
Equity securities [a]	22	70
Bonds and debentures	21	35
Balance as at 31 December	**43**	**105**
Current assets	2	64
Non-current assets [b]	41	41
Balance as at 31 December	**43**	**105**

a) In 2015 and 2014 no equity securities were restricted for sale.
b) Available-for-sale financial assets are included in Other long-term assets in the Statement of Financial Position.

19. Accounts Receivable – Trade

in millions of Swiss francs	2015	2014
Accounts receivable	911	920
Notes receivable	1	–
Less: provision for impairment	(11)	(9)
Balance as at 31 December	**901**	**911**

Ageing list:

in millions of Swiss francs	2015	2014
Neither past due nor impaired	847	845
Less than 30 days	46	54
30 – 60 days	11	13
60 – 90 days	3	–
Above 90 days	5	8
Less: provision for impairment	(11)	(9)
Balance as at 31 December	**901**	**911**

Movement in the provision for impairment of accounts receivable – trade:

in millions of Swiss francs	2015	2014
Balance as at 1 January	**(9)**	**(8)**
Increase in provision for impairment recognised in consolidated income statement	(5)	(2)
Amounts written off as uncollectible	1	1
Reversal of provision for impairment	1	–
Currency translation effects	1	–
Balance as at 31 December	**(11)**	**(9)**

No significant impairment charge has been recognised in the consolidated income statement in 2015 or in 2014. Past due and impaired receivables are still considered recoverable. The carrying amount of accounts receivable – trade is considered to correspond to the fair value.

20. Inventories

in millions of Swiss francs	2015	2014
Raw materials and supplies	267	297
Work in process	22	27
Intermediate and finished goods	459	477
Less: allowance for slow moving and obsolete inventories	(32)	(30)
Balance as at 31 December	**716**	**771**

In 2015 the amount of write-down of inventories was CHF 31 million (2014: CHF 35 million). At 31 December 2015 and 2014 no significant inventory was valued at net realisable value.

21. Property, Plant and Equipment

2015 in millions of Swiss francs	Land	Buildings and land improve-ments	Machinery, equipment and vehicles	Construction in progress	Total
Net book value					
Balance as at 1 January	**97**	**650**	**540**	**143**	**1,430**
Additions	–	1	5	137	143
Acquisition			2		2
Disposals	–	(1)	(3)		(4)
Transfers		118	97	(215)	
Impairment		–	(3)		(3)
Depreciation		(32)	(80)		(112)
Currency translation effects	(6)	(28)	(28)	(10)	(72)
Balance as at 31 December	**91**	**708**	**530**	**55**	**1,384**
Cost	91	1,147	1,642	55	2,935
Accumulated depreciation		(424)	(1,105)		(1,529)
Accumulated impairment		(15)	(7)		(22)
Balance as at 31 December	**91**	**708**	**530**	**55**	**1,384**

2014 in millions of Swiss francs	Land	Buildings and land improve-ments	Machinery, equipment and vehicles	Construction in progress	Total
Net book value					
Balance as at 1 January	**98**	**648**	**526**	**71**	**1,343**
Additions		1	5	162	168
Acquisition		2	6		8
Disposals	(4)	(6)	(4)		(14)
Transfers		15	82	(97)	
Impairment		(3)			(3)
Depreciation		(27)	(83)		(110)
Currency translation effects	3	20	8	7	38
Balance as at 31 December	**97**	**650**	**540**	**143**	**1,430**
Cost	97	1,076	1,675	143	2,991
Accumulated depreciation		(408)	(1,130)		(1,538)
Accumulated impairment		(18)	(5)		(23)
Balance as at 31 December	**97**	**650**	**540**	**143**	**1,430**

Qualifying assets related to the investments in China and Singapore for which borrowing costs directly attributable to its acquisition or construction were recognised. At 31 December 2015 the capitalised borrowing costs amounted to CHF 1.3 million (2014: CHF 0.6 million).

22. Intangible Assets

2015 in millions of Swiss francs	Goodwill	Intellectual property rights	Process-oriented technology and other	Client relationships	Name and product brands	Software/ERP system	Total
Net book value							
Balance as at 1 January	**1,718**	**152**	**35**	**153**		**235**	**2,293**
Additions						38	38
Acquisition	62		23	12	3		100
Impairment			(4)				(4)
Amortisation		(23)	(10)	(22)	–	(102)	(157)
Currency translation effects	(73)			–		–	(73)
Balance as at 31 December	**1,707**	**129**	**44**	**143**	**3**	**171**	**2,197**
Cost	1,707	370	409	331	3	588	3,408
Accumulated amortisation		(241)	(361)	(188)	–	(417)	(1,207)
Accumulated impairment			(4)				(4)
Balance as at 31 December	**1,707**	**129**	**44**	**143**	**3**	**171**	**2,197**

2014 in millions of Swiss francs	Goodwill	Intellectual property rights	Process-oriented technology and other	Client relationships	Software/ERP system	Total
Net book value						
Balance as at 1 January	**1,616**	**141**	**73**	**175**	**279**	**2,284**
Additions					46	46
Acquisition	6	32	7			45
Amortisation		(21)	(45)	(22)	(92)	(180)
Currency translation effects	96				2	98
Balance as at 31 December	**1,718**	**152**	**35**	**153**	**235**	**2,293**
Cost	1,718	371	386	321	551	3,347
Accumulated amortisation		(219)	(351)	(168)	(316)	(1,054)
Balance as at 31 December	**1,718**	**152**	**35**	**153**	**235**	**2,293**

Classification of amortisation expenses is as follows:

			2015			2014
in millions of Swiss francs	Fragrances	Flavours	Total	Fragrances	Flavours	Total
Cost of sales	8	2	10	5	2	7
Selling, marketing and distribution expenses	16	17	33	15	17	32
Research and product development expenses	9	24	33	24	41	65
Administration expenses	1	1	2	–	–	–
Other operating expenses	39	40	79	38	38	76
Total	**73**	**84**	**157**	**82**	**98**	**180**

Impairment test for goodwill
Goodwill is allocated to the Group's cash-generating units (CGUs), which are defined as the Fragrance Division and the Flavour Division. Goodwill allocated to these two CGUs was CHF 632 million (2014: CHF 607 million) to the Fragrance Division and CHF 1,075 million (2014: CHF 1,111 million) to the Flavour Division.

The recoverable amount of each CGU has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial business plans and budgets approved by management covering a five year period, as well as a terminal value. The basis of the key assumptions is market growth adjusted for estimated market share gains. The discount rate used to discount the estimated future cash flows has a number of components which are derived from capital market information where the cost of equity corresponds to the return expected by the shareholders by benchmarking with comparable companies in the fragrance and flavour industry, and where the cost of debt is based on the conditions on which companies with similar credit rating can obtain financing.

A discount rate of 9.6% (2014: 9.5%) was applied to cash flow projections of the Fragrance Division and to cash flow projections of the Flavour Division. Cash flows of both divisions beyond the five year period have not been extrapolated using a growth rate per annum. These discount rates are pre-tax.

No impairment loss in either division resulted from the impairment tests for goodwill. The outcome of the impairment test was not sensitive to reasonable changes in the cash flows and in the discount rate in the periods presented.

Intellectual property rights
As part of the acquisition of Food Ingredients Specialties (FIS) and Soliance, the Group acquired intellectual property rights, predominantly consisting of know-how being inseparable processes, formulas and recipes, as well as high added-value in active cosmetic ingredients.

Process-oriented technology and other
This consists mainly of process-oriented technology, formulas, molecules, delivery systems as well as process knowledge and research expertise in innovative cosmetic solutions, acquired when the Group purchased IBF, Quest International, Soliance and Induchem.

Client relationships
As part of the acquisition of Quest International and Induchem, the Group acquired client relationships in the Flavour and Fragrance Divisions, mainly consisting of client relationships with key customers.

Name and product brands
In connection with the acquisition of Induchem, the Group acquired name and product brands in active cosmetic ingredients business, which is part of Fragrance Division.

Software/ERP system
This consists of Group ERP system development costs and computer software costs.

The residual useful lives of the acquired intangible assets carried at cost, being their fair value at acquisition date, are determined in accordance with the principles set out in Note 2.18.

Remaining useful lives of major classes of amortisable intangible assets are as follows:

– Software/ERP system	2.0 years
– Name and product brands	4.9 years
– Process-oriented technology	7.1 years
– Client relationships	7.4 years
– Intellectual property rights	5.8 years

23. Debt

2015 in millions of Swiss francs	Within 1 to 3 years	Within 3 to 5 years	Thereafter	Total long-term	Short-term within 1 year	Total
Floating rate debt						
Bank facility	–			–		–
Bank overdrafts					3	3
Total floating rate debt	**–**			**–**	**3**	**3**
Fixed rate debt						
Bank borrowings						
Straight bonds	299	100	298	697	150	847
Private placements		40	210	250	55	305
Total fixed rate debt	**299**	**140**	**508**	**947**	**205**	**1,152**
Balance as at 31 December	**299**	**140**	**508**	**947**	**208**	**1,155**

2014 in millions of Swiss francs	Within 1 to 3 years	Within 3 to 5 years	Thereafter	Total long-term	Short-term within 1 year	Total
Floating rate debt						
Bank overdrafts					3	3
Total floating rate debt					**3**	**3**
Fixed rate debt						
Bank borrowings	2	1		3	4	7
Straight bonds	149	298	398	845		845
Private placements	55		247	302	50	352
Total fixed rate debt	**206**	**299**	**645**	**1,150**	**54**	**1,204**
Balance as at 31 December	**206**	**299**	**645**	**1,150**	**57**	**1,207**

On 28 May 2003, the Group entered into a private placement for a total amount of USD 220 million. The private placement was made by Givaudan United States, Inc. It was redeemable at various times beginning on May 2008 through May 2015 with annual interest rates ranging from 3.65% to 5.00%. There were various covenants contained in the transaction covering conditions on net worth, indebtedness and disposition of assets of Givaudan United States, Inc. Givaudan United States, Inc was in full compliance with these covenants. In May 2015, Givaudan reimbursed the final USD 50 million (CHF 47 million) instalment of this private placement.

On 16 April 2004, the Group entered into a private placement for a total amount of USD 200 million. The private placement was made by Givaudan United States, Inc. It matures at various times in instalments beginning May 2009 through April 2016 with annual interest rates ranging from 4.16% to 5.49%. There are various covenants contained in the transaction covering conditions on net worth, indebtedness and disposition of assets of Givaudan United States, Inc. Until now, Givaudan United States, Inc has been in full compliance with the covenants set. In April 2014, Givaudan United States, Inc. reimbursed USD 75 million (CHF 66 million) of this placement, the total outstanding at 31 December 2015 is USD 55 million (equivalent to CHF 55 million).

On 23 May 2007, the Group entered into a seven year private placement for a total amount of CHF 50 million with an annual interest rate of 3.125%. The private placement was made by Givaudan SA. In May 2014, the CHF 50 million has been reimbursed.

On 19 March 2009, the Group issued a 4.25% five year public bond with a nominal value of CHF 300 million. The bond was issued by Givaudan SA. The bond was redeemed in March 2014.

On 15 June 2011, the Group issued a 2.5% seven year public bond with a nominal value of CHF 300 million. The bond was issued by Givaudan SA.

On 7 December 2011, the Group issued a dual tranche public bond transaction of CHF 150 million each, totalling CHF 300 million, respectively of 1.250% for five years and of 2.125% for ten years. The bond was issued by Givaudan SA.

In November 2012, Givaudan United States, Inc entered into three private placements for a total amount of USD 250 million (CHF 250 million) respectively USD 40 million redeemable in February 2020 with an annual interest rate of 2.74%, USD 150 million redeemable in February 2023 with an annual interest rate of 3.30% and USD 60 million redeemable in February 2025 with an annual interest rate of 3.45%. The proceeds of these transactions have been received on 6 February 2013. There are various covenants contained in these transactions covering conditions on net worth, indebtedness and EBITDA ratio to net interest expense of Givaudan United States, Inc. The company is and has been in full compliance with the covenants set.

On 19 March 2014, the Group issued a 1.00% six and a half year public bond with a nominal value of CHF 100 million and a 1.75% ten year public bond with a nominal value of CHF 150 million. These bonds were issued by Givaudan SA. The proceeds of CHF 250 million were mainly used to repay the 4.25% five year public bond with a nominal value of CHF 300 million which was redeemed in March 2014.

In March 2015, the Group issued a tranche of CHF 200 million of the multilateral facility (maturity July 2018), of which CHF 75 million was reimbursed in April 2015, CHF 50 million in June 2015 and CHF 75 million in July 2015. This multilateral facility was issued by Givaudan SA.

The carrying amounts of the Group's debt are denominated in the following currencies:

in millions of Swiss francs	**2015**	2014
Swiss Franc	847	848
US Dollar	305	352
Other currencies	3	7
Total debt as at 31 December	**1,155**	**1,207**

The weighted average effective interest rates at the statement of financial position date were as follows:

	2015	2014
Private placements	3.7%	3.9%
Straight bond	1.9%	1.9%
Weighted average effective interest rates on gross debt	**2.4%**	**2.5%**

24. Provisions

2015 in millions of Swiss francs	Restructuring	Claims and litigation	Environmental	Others	Total
Balance as at 1 January	**6**	**8**	**11**	**23**	**48**
Additional provisions	1	6	15	10	32
Unused amounts reversed	(1)	–	–	(1)	(2)
Utilised during the year	(3)	(3)	(4)	(4)	(14)
Currency translation effects	–	–	1	(2)	(1)
Balance as at 31 December	**3**	**11**	**23**	**26**	**63**
Current liabilities	2	4	4	2	12
Non-current liabilities	1	7	19	24	51
Balance as at 31 December	**3**	**11**	**23**	**26**	**63**

2014 in millions of Swiss francs	Restructuring	Claims and litigation	Environmental	Others	Total
Balance as at 1 January	**12**	**2**	**12**	**22**	**48**
Additional provisions	3	8	8	4	23
Unused amounts reversed	(2)	(1)	(4)	(1)	(8)
Utilised during the year	(7)	(1)	(5)	(2)	(15)
Currency translation effects	–	–	–	–	–
Balance as at 31 December	**6**	**8**	**11**	**23**	**48**
Current liabilities	4	–	5	3	12
Non-current liabilities	2	8	6	20	36
Balance as at 31 December	**6**	**8**	**11**	**23**	**48**

Significant judgment is required in determining the various provisions. A range of possible outcomes is determined to make reliable estimates of the obligation that is sufficient for the recognition of a provision. Differences between the final obligations and the amounts that were initially recognised impact the income statement in the period in which such determination is made.

Restructuring provisions

Restructuring provisions arise from re-organisations of the Group's operations and management structure.

Claims and litigation

These provisions are made in respect of legal claims brought against the Group and potential litigations. Related estimated legal fees are also included in these provisions.

Environmental

Givaudan's affiliate, Givaudan Fragrances Corporation, is one of more than 100 companies identified by the US Environmental Protection Agency ("EPA") as "Potentially Responsible Parties" for alleged contamination within the lower 17 mile stretch of the Passaic River. EPA released a Focused Feasibility Study ("FFS") covering only the lower 8 miles of the river in 2014, which contains several potential options for future remediation of that portion of the river. The Cooperating Parties Group, of which Givaudan is a member, has issued a draft Remedial Investigation/Feasibility Study which proposes a Sustainable Remedy for the entire lower 17 miles of the river. To date, the EPA has not selected the remedy for the river. At this time, there are many uncertainties associated with the final remediation plan and the Company's share of the costs, if any. However, in accordance with accounting guidance, the Company has recorded a reserve which it believes can reasonably be expected to cover the Company's obligation, if any, given the information currently available.

The other material components of the environmental provisions consist of costs to sufficiently clean and refurbish contaminated sites and to treat where necessary.

Other provisions

These consist largely of provisions related to long-term deferred compensation plan and 'make good' on leased facilities.

25. Own Equity Instruments

Details of own equity instruments are as follows:

As at 31 December 2015	Settlement	Category	Maturity	Strike price (CHF)	in equivalent shares	Fair value in millions CHF
Registered shares		Equity			39,706	72
Purchased calls	Net cash	Derivative	2016 - 2017	915.0 - 975.0	6,392	6
Purchased calls	Gross shares	Equity	2016	1,200.0 - 1,756.7	39,000	20
Written puts	Gross shares	Financial liability	2016	1,108.0 - 1,756.7	39,000	–

As at 31 December 2014	Settlement	Category	Maturity	Strike price (CHF)	in equivalent shares	Fair value in millions CHF
Registered shares		Equity			47,872	86
Written calls	Gross shares	Equity	2015 - 2017	915.0 - 975.0	61,166	53
Purchased calls	Net cash	Derivative	2016 - 2017	915.0 - 975.0	12,091	10
Purchased calls	Gross shares	Equity	2015 - 2016	1,197.6 - 1,443.5	46,000	25
Written puts	Gross shares	Financial liability	2015 - 2016	1,108 - 1,443.5	46,000	–

26. Equity

Share capital

As at 31 December 2015, the share capital amounts to CHF 92,335,860, divided into 9,233,586 fully paid-up registered shares, with a nominal value of CHF 10.00 each. Every share gives the right to one vote.

The Board of Directors has at its disposal conditional capital of a maximum aggregate amount of CHF 7,481,980 that may be issued through a maximum of 748,198 registered shares, of which a maximum of CHF 1,618,200 can be used for executive share option plans.

At the Annual General Meeting held on 19 March 2015 a distribution to the shareholders of CHF 50.00 per share (2014: CHF 47.00 per share) was approved. The payment has been made out of general legal reserve – additional paid-in capital, in accordance with the Swiss tax legislation.

Movements in own equity instruments are as follows:

2015	Number	Price in Swiss francs High	Average	Low	Total in millions of Swiss francs
Balance as at 1 January	**47,872**				**78**
Purchases at cost	32,000	1,789.2	1,575.8	1,191.6	50
Sales and transfers	(40,166)	1,233.0	1,233.0	1,233.0	(49)
(Gains) losses, net recognised in equity					9
Movement on registered shares, net					**10**
Movement on derivatives on own shares, net					**(6)**
Income taxes					**(3)**
Balance as 31 December	**39,706**				**79**

2014	Number	Price in Swiss francs High	Average	Low	Total in millions of Swiss francs
Balance as at 1 January	**45,020**				**70**
Purchases at cost	33,000	1,385.5	1,338.3	1,200.0	44
Sales and transfers	(30,148)	999.3	999.3	999.3	(30)
(Gains) losses, net recognised in equity					2
Movement on registered shares, net					**16**
Movement on derivatives on own shares, net					**(7)**
Income taxes					**(1)**
Balance as 31 December	**47,872**				**78**

27. Commitments

At 31 December, the Group had operating lease commitments mainly related to buildings. Future minimum payments under non-cancellable operating leases are as follows:

in millions of Swiss francs	**2015**	2014
Within one year	22	26
Within two to five years	55	53
Thereafter	45	39
Total minimum payments	**122**	**118**

The 2015 charge in the consolidated income statement for all operating leases was CHF 35 million (2014: CHF 33 million).

The Group has capital commitments for the purchase or construction of property, plant and equipment totalling CHF 17 million (2014: CHF 44 million).

28. Contingent Liabilities

From time to time and in varying degrees, Group operations and earnings continue to be affected by political, legislative, fiscal and regulatory developments, including those relating to environmental protection, in the countries in which it operates.

The activities in which the Group is engaged are also subject to physical risks of various kinds. The nature and frequency of these developments and events, not all of which are covered by insurance, as well as their effect on the future operations and earnings are not predictable.

Givaudan Group companies are involved in various legal and regulatory proceedings of a nature considered typical of its business, including contractual disputes and employment litigation.
One of the Group's US affiliates, Givaudan Flavors Corporation was named as a defendant in several lawsuits brought against it

and other flavour and raw chemical supply companies. The plaintiffs alleged that they sustained pulmonary injuries due to diacetyl-containing butter flavours manufactured by one or more of the flavour and raw chemical supply company defendants. The majority of the cases filed against Givaudan Flavors Corporation have been settled. The Group has already recovered or will recover amounts it is entitled to under the terms of its insurance policies.

29. Related Parties

Transactions between Givaudan SA and its subsidiaries, which are related parties of Givaudan SA, have been eliminated on consolidation and are not disclosed in this note.

Compensation of key management personnel

The compensation of the Board of Directors and the Executive Committee during the year was as follows:

in millions of Swiss francs	**2015**	2014
Salaries and other short-term benefits	10	10
Post-employment benefits	2	1
Share-based payments	11	11
Total compensation	**23**	**22**

No other related party transactions have taken place during 2015 (2014: nil) between the Group and the key management personnel.

Reconciliation table to the Swiss code of obligations

	IFRS		Adjustments [a]		Swiss CO (Art. 663b^{bis})	
in millions of Swiss francs	**2015**	2014	**2015**	2014	**2015**	2014
Salaries and other short-term benefits	10	10	(2)	(2)	8	8
Post-employment benefits	2	1	–	–	2	1
Share-based payments	11	11	–	–	11	11
Total compensation	**23**	**22**	**(2)**	**(2)**	**21**	**20**

a) IFRS information is adjusted mainly to the recognition of the share-based payments, IFRS 2 versus economic value at grant date. IFRS information also includes security costs.

There are no other significant related party transactions including in the jointly controlled entities.

30. Board of Directors and Executive Committee Compensation

Compensation of members of the Board of Directors

Compensation of Board members consists of Director fees, 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 amount of CHF 10,000 to cover out-of-pocket expenses. This amount is paid for the coming year in office. The equity awards are also granted for the same period. The compensation paid out to the Board members for the reporting period is shown in the table below:

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

a) Represents total compensation for the Board of Director paid in respect of the reporting year, reported in accordance with the accrual principle.
b) Represents Director and Committee fees paid in respect of the reporting year, reported in accordance with the accrual principle.
c) RSUs vest on 31 March 2018.
d) Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.
e) Elected at the Annual General Meeting in March 2015.
f) Retired at the Annual General Meeting in March 2015.

Social security charges estimated based on 2015 compensation amounted to CHF 232,000 (2014: CHF 188,000).
In addition to the above, payments to Board members for out-of-pocket expenses amounted to CHF 80,000.

2014 in Swiss francs	Jürg Witmer Chairman	André Hoffmann	Lilian Biner	Peter Kappeler	Thomas Rufer	Werner Bauer	Calvin Grieder	Nabil Sakkab	Total 2014[a]
Director fees [b]	400,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,100,000
Committee fees [b]	40,000	40,000	50,000	25,000	55,000	25,000	25,000	25,000	285,000
Total fixed (cash)	440,000	140,000	150,000	125,000	155,000	125,000	125,000	125,000	1,385,000
Number of RSUs granted [c]	476	119	119	119	119	119	119	119	1,309
Value at grant [d]	578,054	144,514	144,514	144,514	144,514	144,514	144,514	144,514	1,589,652
Total compensation	**1,018,054**	**284,514**	**294,514**	**269,514**	**299,514**	**269,514**	**269,514**	**269,514**	**2,974,652**

a) Represents total compensation for the Board of Director paid in respect of the year in office, reported in accordance with the accrual principle.
b) Represents Director and Committee fees to be paid in March 2015 in respect of the prior year in office, in accordance with the accrual principle.
c) RSUs vest on 31 March 2017.
d) Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.

Other compensation, fees and loans to members or former members of the Board

No additional compensation or fees were paid to any member of the Board.
No Board member or related parties had any loan outstanding as at 31 December 2015.

Special compensation of members of the Board who left the company during the reporting period

No such compensation was incurred during the reporting period.

Compensation of members of the Executive Committee

The compensation of the Executive Committee during the year was as follows:

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

a) Represents full year compensation of five Executive Committee members, and for 2015, partial year compensation of the three new Executive Committee members.
b) Company contributions to broad-based pension and retirement savings plans and annualised expenses accrued for supplementary executive retirement benefit.
c) Represents annual value of health and welfare plans, international assignment benefits and other benefits in kind.
d) Annual incentive accrued in reporting period based on 2015 performance.
e) 2015 Performance shares vest on 31 March 2018, 2014 Performance shares vest on 31 March 2017.
f) Value at grant calculated according to IFRS methodology and based on 100% achievement of performance targets.
g) 2015 estimated social security charges based on 2015 compensation; 2014 estimated social security charges based on 2014.

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

No other compensation or fees were accrued for or paid to any member or former member of the Executive Committee during the reporting period. No member or former member of the Executive Committee or related parties had any loan outstanding as at 31 December 2015.

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

No members of the Executive Committee left the Company in 2015. Michael Carlos retired from his role as Head of Fragrances on 31 December 2014. He did not receive any special compensation as a result of his retirement.

Ownership of shares and unvested share rights

Details on the Givaudan share based payment plans are described in Note 8.

As per 31 December 2015, the Chairman and other Board members including persons closely connected to them held 93,901 Givaudan shares in total. For further details, please refer to the following table on the next page showing:

- The shares held individually by each Board member as per 31 December 2015.
- The RSUs that were granted in 2013-2015 and were still owned by members of the Board as per 31 December 2015.

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

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

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

The company is not aware of any ownership of shares, share options or RSU's as at 31 December 2015 by persons closely connected to the Board.

The Chief Executive Officer and other members of the Executive Committee, including persons closely connected to them, held 3,575 Givaudan shares. For further details, please refer to the table below showing:

– The shares held individually by each member of the Executive Committee as per 31 December 2015.

– The unvested performance shares that were granted in 2013-2015 and were still owned by members of the Executive Committee as per 31 December 2015.

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

No member of the Executive Committee held any share options or option rights as at 31 December 2015 (31 December 2014: No member of the Executive Committee held any share options or option rights).

One person closely connected to a member of the Executive Committee owned 258 unvested performance shares as at 31 December 2015.

The company is not aware of any other ownership of shares, share options/option rights, RSUs or performance shares as at 31 December 2015 by persons closely connected to members of the Executive Committee.

31. List of Principal Group Companies

The following are the principal companies fully owned by the Group. Share capital is shown in thousands of currency units:

Switzerland	Givaudan SA	CHF	92,336
	Givaudan Suisse SA	CHF	4,000
	Givaudan Finance SA	CHF	100,000
	Givaudan International SA	CHF	100
	Induchem Holding AG	CHF	500
	Induchem AG	CHF	500
	Fondation Givaudan	-	-
Argentina	Givaudan Argentina SA	ARS	9,000
	Givaudan Argentina Servicios SA	ARS	5,000
Australia	Givaudan Australia Pty Ltd	AUD	35,812
Austria	Givaudan Austria GmbH	EUR	40
Bermuda	FF Holdings (Bermuda) Ltd	USD	12
	Givaudan International Ltd	USD	12
	FF Insurance Ltd	CHF	170
Brazil	Givaudan do Brasil Ltda	BRL	133,512
Canada	Givaudan Canada Co	CAD	12,901
Chile	Givaudan Chile Ltda	CLP	5,000
China	Givaudan Fragrances (Shanghai) Ltd	USD	7,750
	Givaudan Flavors (Shanghai) Ltd	USD	10,783
	Givaudan Specialty Products (Shanghai) Ltd	USD	12,000
	Givaudan Hong Kong Ltd	HKD	7,374
	Givaudan Flavors (Nantong) Ltd	USD	25,000
Colombia	Givaudan Colombia SA	COP	6,965,925
Czech Republic	Givaudan CR, s.r.o.	CZK	200
Egypt	Givaudan Egypt SAE	USD	2,000
	Givaudan Egypt Fragrances LLC	EGP	50
France	Givaudan France SAS	EUR	4,696
	Soliance SA	EUR	1,203
	Libragen SA	EUR	345
Germany	Givaudan Deutschland GmbH	EUR	4,100
Hungary	Givaudan Hungary Kft	EUR	15
	Givaudan Finance Services Kft	EUR	2
India	Givaudan (India) Private Ltd	INR	87,330
Indonesia	P.T. Givaudan Indonesia	IDR	2,608,000
Italy	Givaudan Italia SpA	EUR	520
Japan	Givaudan Japan K.K.	JPY	1,000,000
Korea	Givaudan Korea Ltd	KRW	550,020
Malaysia	Givaudan Malaysia Sdn.Bhd	MYR	200
Mexico	Givaudan de Mexico SA de CV	MXN	53,611
Netherlands	Givaudan Nederland B.V.	EUR	402
	Givaudan Treasury International B.V.	EUR	18
New Zealand	Givaudan NZ Ltd	NZD	71
Nigeria	Givaudan (Nigeria) Ltd	NGN	10,000
Peru	Givaudan Peru SAC	PEN	25
Poland	Givaudan Polska Sp. Z.o.o.	PLN	50
Russia	Givaudan Rus LLC	RUB	9,000
Singapore	Givaudan Singapore Pte Ltd	SGD	24,000
South Africa	Givaudan South Africa (Pty) Ltd	ZAR	360,002
Spain	Givaudan Iberica, SA	EUR	8,020
Sweden	Givaudan North Europe AB	SEK	120
Thailand	Givaudan (Thailand) Ltd	THB	100,000
Turkey	Givaudan Aroma Ve Esans Sanayi Ve Ticaret Limited Sirketi	TRY	34
United Kingdom	Givaudan UK Ltd	GBP	70
	Givaudan Holdings UK Ltd	GBP	317,348
United States of America	Givaudan United States, Inc.	USD	0.05
	Givaudan Flavors Corporation	USD	0.1
	Givaudan Fragrances Corporation	USD	0.1
	Givaudan Flavors and Fragrances, Inc.	USD	0.1
Venezuela	Givaudan Venezuela SA	VEF	4.5

32. Disclosure of the Process of Risk Assessment

Risk management in Givaudan is an integral part of the business. It is a structured and continuous process of identifying, assessing and deciding on responses to risks. The reporting of the opportunities and threats that these risks create and how they might hinder the business in achieving its objectives is also part of managing risks.

Risk management is the responsibility of the Board of Directors, which empowers the Executive Committee to manage the overall company risk management process. The Group actively promotes the continuous monitoring and management of risks at the operational management level.

The Givaudan Enterprise Risk Management Charter describes the principles, framework and process of the Givaudan Enterprise Risk Management, which ensure that material risks are identified, managed and reported. It defines the associated roles and responsibilities which are reflected in the delegated authorities. Enterprise Risk Management encompasses both the Fragrance and Flavour businesses, as well as Givaudan Group functions. It includes all types of risks in terms of their nature, their source or their consequences.

The process aims to be comprehensive, organised and documented in order to improve compliance with corporate governance regulations, guidelines and good practices; better understand the risk profile of the business; and provide additional risk-based management information for decision making.

The objectives of the Risk Management process are to continuously ensure and improve compliance with good corporate governance guidelines and practices as well as laws and regulations, where applicable; facilitate disclosure to key stakeholders of potential risks and the company's philosophy for dealing with them. At the same time, the process creates the awareness of all key executives of the magnitude of risks; provides risk-based management information for effective decision-making; and safeguard the values of the company and its assets, and protect the interests of shareholders.

Givaudan's management, at all levels, is accountable for ensuring the appropriateness, timeliness and adequacy of the risk analysis. Mitigation decisions are taken at individual and combined levels. This management is also responsible for implementing, tracking and reporting the risk mitigation directives of the Executive Committee, including periodic reporting to the Board.

The assessment is performed in collaboration between the Executive Committee, divisional and functional management teams and the Corporate Compliance Officer.

The Board of Director's Audit Committee also promotes the effective communication between the Board, Givaudan's Executive Committee, other senior corporate functions and Corporate Internal Audit in order to foster openness and accountability.

Givaudan has carried out its annual review of internal controls over accounting and financial reporting. A risk assessment is performed throughout the Internal Control System for those identified risks which may arise from the accounting and financial reporting. Then, relevant financial reporting controls are defined for each risk.

Report of the statutory auditor
On the consolidated financial statements

Deloitte.

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Report of the Statutory Auditor
To the General Meeting of
Givaudan SA, Vernier

Report of the Statutory Auditor on the Consolidated Financial Statements
As statutory auditor, we have audited the accompanying consolidated financial statements of Givaudan SA, presented on pages 112 to 168, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year ended December 31, 2015.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended December 31, 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on Other Legal Requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte SA

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

Geneva, January 29, 2016

Statutory financial statements of Givaudan SA (Group Holding Company)

Income Statement

For the year ended 31 December

in millions of Swiss francs	Note	2015	2014 [a]
Income from investments in Group companies	3	166	179
Royalties from Group companies		878	875
Other operating income		–	1
Total Operating income		**1,044**	**1,055**
Research and development expenses to Group companies		(256)	(269)
Other operating expenses		(34)	(29)
Amortisation and impairment of intangible assets		(125)	(119)
Share of (loss) profit of jointly controlled entities	4	(2)	(2)
Total Operating expenses		**(417)**	**(419)**
Operating income		**627**	**636**
Financial expenses		(129)	(134)
Financial income		123	66
Non-operating expenses		(221)	(86)
Extraordinary, non-recurring expenses	12	(1,240)	
Income before taxes		**(840)**	**482**
Income taxes		–	(26)
Net (loss) income		**(840)**	**456**

a) Previous year figures have been reclassified in accordance with the new requirements of the Swiss Code of Obligations, effective 1 January 2015.

Statement of Financial Position

in millions of Swiss francs	Note	31 December 2015	1 January 2015 [a]	31 December 2014
Cash and cash equivalents		6	1	1
Marketable securities	9, 10			57
Accounts receivable from Group companies		178	116	116
Other current assets		23	10	10
Current assets		**207**	**127**	**184**
Loans to Group companies		150	150	150
Other long-term assets		4	29	29
Investments in Group companies	3	2,572	4,029	4,029
Jointly controlled entities	4	27	16	16
Other financial assets	5	10		
Intangible assets		283	370	370
Non-current assets		**3,046**	**4,594**	**4,594**
Total assets		**3,253**	**4,721**	**4,778**
Short-term debt	6, 7	240	213	213
Accounts payable to Group companies		78	65	65
Other current liabilities		44	62	63
Deferred income and accrued expenses		1	1	
Current liabilities		**363**	**341**	**341**
Long-term debt	7	697	845	845
Other non-current liabilities		61	99	99
Non-current liabilities		**758**	**944**	**944**
Total liabilities		**1,121**	**1,285**	**1,285**
Share capital	9	92	92	92
General legal reserve				
- first attribution	9	18	18	18
- additional paid-in capital	9	402	863	863
Reserve for own equity instruments	9, 10			85
Free reserve	9	2,042	1,642	1,557
Own shares	10	(60)	(57)	
Retained earnings				
Balance brought forward from previous year		478	422	422
Net income for the year		(840)	456	456
Equity		**2,132**	**3,436**	**3,493**
Total liabilities and equity		**3,253**	**4,721**	**4,778**

a) Previous year figures have been reclassified in accordance with the new requirements of the Swiss Code of Obligations, effective 1 January 2015.

Notes to the statutory financial statements

1. General Information

1.1. Structure and description of the activity

Givaudan SA is a holding company based in Vernier, near Geneva, whose main goal is to manage its investments in subsidiaries.

More specifically Givaudan SA invests in companies whose aim is to manufacture and commercialise natural and synthetic aromatic or fragrance raw materials as well as other related products. In addition, Givaudan SA invests in research and development and supplies services for the use of these products. Givaudan SA develops, registers and makes use of all trademarks, patents, licenses, manufacturing processes and formulas.

1.2. Employees

The average number of employees during the year was less than ten (2014: less than ten).

2. Summary of accounting principles adopted

The financial statements at 31 December 2015 are prepared in accordance with the new requirements of the Swiss Code of Obligations that Givaudan SA adopted on 1 January 2015.

The company is classified as a large entity as it meets the criteria to present group accounts under the definition of art. 961d al. 1 of the Swiss Code of Obligations. As Givaudan prepares and reports comprehensive consolidated financial statements including a cash flow, accompanying footnotes and a management report, Givaudan SA is exempt from preparing this information.

2.1. Presentation of Financial Statements

Prior year figures have been reclassified in accordance with the new requirements of the Swiss Code of Obligations, effective 1 January 2015.

2.2. Valuation Methods and Translation of Foreign Currencies

Investments in, and loans to, Group companies are stated at cost less appropriate write-downs. Marketable securities are shown at the lower of cost and market value. Derivatives are recorded at fair value.

Givaudan SA has performed the individual valuation of its investments, as required by art. 960 al. 1 of the Swiss Code of Obligations, during 2015.

The currency in which Givaudan SA operates is Swiss francs (CHF) and the accounts are presented in Swiss francs. In the statement of financial position, foreign currency assets and liabilities are remeasured at year-end exchange rates with the exception of investments in Group companies which are valued at historical exchange rates. In the income statement, expenses and income in foreign currencies are converted in Swiss francs using the daily exchange rate of the transaction date. Foreign currency gains and losses are recognised in the income statement as they occur.

3. List of Direct Subsidiaries

The following are the direct subsidiaries of the company, which are wholly-owned unless otherwise indicated (percentage of voting rights):

Switzerland	Givaudan Suisse SA
	Givaudan Finance SA
	Prodiga AG
	Givaudan International SA
	Induchem Holding AG
Argentina	Givaudan Argentina SA
	Givaudan Argentina Servicios SA
Australia	Givaudan Australia Pty Ltd
Austria	Givaudan Austria GmbH
Bermuda	Givaudan Capital Transactions Ltd
Brazil	Givaudan do Brasil Ltda
Canada	Givaudan Canada Co
Chile	Givaudan Chile Ltda
China	Givaudan Fragrances (Shanghai) Ltd
	Givaudan Flavors (Shanghai) Ltd
	Givaudan Specialty Products (Shanghai) Ltd
	Givaudan Hong Kong Ltd
	Givaudan Flavors (Nantong) Ltd
	Givaudan Management Consulting (Shanghai) Ltd
Colombia	Givaudan Colombia SA
Czech Republic	Givaudan CR, s.r.o.
Egypt	Givaudan Egypt SAE
	Givaudan Egypt Fragrances LLC
France	Givaudan France SAS
	Soliance SA
Germany	Givaudan Deutschland GmbH
Hungary	Givaudan Hungary Kft
	Givaudan Finance Services Kft
India	Givaudan (India) Private Ltd
Indonesia	P.T. Givaudan Indonesia
	P.T. Givaudan Flavours and Fragrances Indonesia
Italy	Givaudan Italia SpA
Japan	Givaudan Japan K.K.
Korea	Givaudan Korea Ltd
Malaysia	Givaudan Malaysia Sdn.Bhd
Mexico	Givaudan de Mexico SA de CV
	Grupo Givaudan SA de CV
Netherlands	Givaudan Nederland B.V.
	Givaudan Treasury International B.V.
Nigeria	Givaudan (Nigeria) Ltd
Peru	Givaudan Peru SAC
Poland	Givaudan Polska Sp. Z.o.o.
Russia	Givaudan Rus LLC
Singapore	Givaudan Singapore Pte Ltd
South Africa	Givaudan South Africa (Pty) Ltd
Spain	Givaudan Iberica, SA
Sweden	Givaudan North Europe AB
Thailand	Givaudan (Thailand) Ltd
Turkey	Givaudan Aroma Ve Esans Sanayi Ve Ticaret Limited Sirketi
United Kingdom	Givaudan Holdings UK Ltd
United States of America	Givaudan United States, Inc.
Venezuela	Givaudan Venezuela SA

In 2015 Givaudan SA increased its investments in Givaudan Argentina SA and Givaudan Australia Pty Ltd and acquired Induchem Holding AG. The Group implemented for the first time the individual valuation of its investments. As a result of this Givaudan SA has recorded an impairment of CHF 124 million. In addition, the company carried out a legal restructuring which impacted its affiliates in the Netherlands and the United Kingdom (refer to Note 12. Exceptional Events).

4. Jointly Controlled Entities

Name of joint ventures	Principal activity	Country of incorporation	Ownership interest
Jiangsu Xinrui Aromatics Ltd	Production of fragrance ingredients	China	49%
BGN Tech LLC	Innovative natural ingredients	USA	49%
Natural Extracts International Ltd	Natural ingredient derivatives production	Mauritius	49%

5. Other Financial Assets

During 2015 Givaudan SA acquired a minor ownership in a bio-manufacturing company in the United States of America.

6. Short-Term Debt

Short-term debt includes an amount of CHF 90 million (2014: CHF 213 million) related to the cash pooling agreements with a Group company.

7. Debt

On 15 June 2011, Givaudan SA issued a 2.5% seven year public bond with a nominal value of CHF 300 million.

On 7 December 2011, Givaudan SA issued a dual tranche public bond transaction of CHF 150 million each, totalling CHF 300 million, respectively of 1.250% for five years and of 2.125% for ten years.

On 19 March 2014, Givaudan SA issued a 1.00% six and a half year public bond with a nominal value of CHF 100 million and a 1.75% ten year public bond with a nominal value of CHF 150 million. The proceeds of CHF 250 million were mainly used to repay the 4.25% five year public bond with a nominal value of CHF 300 million which was redeemed in March 2014.

In March 2015, Givaudan SA issued a tranche of CHF 200 million of the multilateral facility (maturity July 2018), of which CHF 75 million was reimbursed in April 2015, CHF 50 million in June 2015 and CHF 75 million in July 2015.

8. Indirect Taxes

The company is part of a Group for VAT purposes with two other affiliates of the Group in Switzerland. The company is jointly and severally liable towards the tax authorities for current and future VAT payables of the VAT Group to which it belongs.

9. Equity

As at 31 December 2015, the share capital amounts to CHF 92,335,860, divided into 9,233,586 fully paid-up registered shares, with a nominal value of CHF 10.00 each. Every share gives the right to one vote.

The Board of Directors has at its disposal conditional capital of a maximum aggregate amount of CHF 7,481,980 that may be issued through a maximum of 748,198 registered shares, of which a maximum of CHF 1,618,200 can be used for executive share option plans.

At the Annual General Meeting held on 19 March 2015, a distribution to the shareholders of CHF 50.00 per share (2014 CHF 47.00 per share) was approved. The payment has been made out of general legal reserve – additional paid-in capital, according to the Swiss Code of Obligations.

The movements in equity are as follows:

2015 in millions of Swiss francs	Share Capital	General legal reserve First attribution	 Additional paid-in capital	Reserve for own equity instruments	Free reserve	Retained earnings	Own shares	Total
Balance as at 1 January published	**92**	**18**	**863**	**85**	**1,557**	**878**		**3,493**
Balance as at 1 January reclassified [a]	**92**	**18**	**863**		**1,642**	**878**	**(57)**	**3,436**
Registered shares								
Issuance of shares								
Movement of shares							(3)	(3)
Appropriation of available earnings								
Transfer to the free reserve					400	(400)		
Transfer to the general legal reserve								
Distribution to the shareholders paid relating to 2014			(461)					(461)
Net profit for the year						**(840)**		**(840)**
Balance as at 31 December	**92**	**18**	**402**		**2,042**	**(362)**	**(60)**	**2,132**

2014 in millions of Swiss francs	Share Capital	General legal reserve First attribution	 Additional paid-in capital	Reserve for own equity instruments	Free reserve	Retained earnings	Total
Balance as at 1 January	**92**	**18**	**1,296**	**66**	**1,176**	**822**	**3,470**
Registered shares							
Issuance of shares							
Appropriation of available earnings							
Transfer to the free reserve					400	(400)	
Transfer to the general legal reserve							
Distribution to the shareholders paid relating to 2013			(433)				(433)
Transfer to/from the reserve for own equity instruments				19	(19)		
Net profit for the year						456	456
Balance as at 31 December	**92**	**18**	**863**	**85**	**1,557**	**878**	**3,493**

a) Previous year figures have been reclassified in accordance with the new requirements of the Swiss Code of Obligations, effective 1 January 2015.

Reserves from additional paid-in capital are presented separately in equity. Any payments made out of these reserves are not subject to Swiss withholding tax, nor subject to income tax on individual shareholders who are resident in Switzerland. All distributions of reserves are subject to the requirements of the Swiss Code of Obligations.

In accordance with the new Swiss Code of Obligations, the reserve for own shares has been reclassified to free reserve and a new column has been added to report the value of own shares transferred from an asset to a negative item in equity.

10. Own Shares

The movements in own shares are as follows:

2015	Number	Price in Swiss francs High	Price in Swiss francs Average	Price in Swiss francs Low	Total in millions of Swiss francs
Balance as at 1 January	**47,872**				**57**
Purchases at cost	32,000	1,789.2	1,575.8	1,191.6	50
Sales and transfers at cost	(40,166)	1,179.6	1,179.6	1,179.6	(47)
Balance as at 31 December	**39,706**				**60**

2014	Number	Price in Swiss francs High	Price in Swiss francs Average	Price in Swiss francs Low	Total in millions of Swiss francs
Balance as at 1 January	**45,020**				**38**
Purchases at cost	33,000	1,385.5	1,338.3	1,200.0	44
Sales and transfers at cost	(30,148)	827.4	827.4	827.4	(25)
Balance as at 31 December	**47,872**				**57**

In accordance with the new Swiss Code of Obligations, the reserve for own shares has been reclassified to retained earnings and the value of the own shares is presented as a negative item in equity (previously shown as an asset).

As at 31 December 2015, there were no other companies controlled by Givaudan SA that held Givaudan SA shares.

As at 31 December 2015, William H. Gates III (13.86%), BlackRock Inc. (5.02%), MFS Investment Management (3.01%), Nortrust Nominees Ltd (nominee; 15.50%), Chase Nominees Ltd (nominee; 6.10%) and Messieurs Pictet & Cie (nominee; 3.79%) were the only shareholders holding more than 3% of total voting rights.

11. Board of Directors and Executive Committee Compensation

Information required by Swiss law, as per art. 663b bis CO, on the Board of Directors and Executive Committee compensation are disclosed in the Givaudan consolidated financial statements, Note 30.

12. Exceptional Events

As a result of an internal restructuring, a subsidiary of Givaudan SA was liquidated during 2015 which generated a loss of CHF 1,240 million. This item had no effect on the consolidated financial statements of the Group, aside the tax impact.
Net losses can be carried forward over seven years.

Appropriation of available earnings and distribution from the general legal reserve – additional paid-in capital of Givaudan SA

Proposal of the Board of Directors to the General Meeting of Shareholders

Available earnings

in Swiss francs	**2015**	2014
Net (loss) profit for the year	(839,571,189)	455,705,932
Balance brought forward from previous year	477,535,823	421,829,891
Total available earnings	**(362,035,366)**	**877,535,823**
Transfer (from) to free reserve	(500,000,000)	400,000,000
2015 distribution proposal of CHF 10.50 gross per share [a]	96,952,653	
Total appropriation of available earnings	**(403,047,347)**	**400,000,000**
Amount to be carried forward	**41,011,981**	**477,535,823**

General legal reserve – additional paid-in capital

in Swiss francs	**2015**	2014
Balance brought forward from previous year	402,348,672	862,942,672
General legal reserve – additional paid-in capital	**402,348,672**	**862,942,672**
2014 distribution of CHF 50.00 gross per share [a]		461,679,300
Total appropriation of general legal reserve – additional paid-in capital		**461,679,300**
2015 distribution proposal of CHF 43.50 gross per share [a]	401,660,991	
Total appropriation of general legal reserve – additional paid-in capital	**401,660,991**	
Distribution not paid on Treasury shares held by the Group		**1,085,300**
Amount to be carried forward	**687,681**	**402,348,672**

a) The 2015 distribution proposal will be distributed firstly from the general legal reserve - additional paid-in capital and the remaining amount from available earnings. All distributions of reserves are subject to the requirements of the Swiss Code of Obligations.

Deloitte.

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

Report of the Statutory Auditor on the Financial Statements
As statutory auditor, we have audited the accompanying financial statements of Givaudan SA, presented on pages 170 to 176, which comprise the income statement, the statement of financial position and the notes for the year ended December 31, 2015.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2015 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings and distribution from the general legal reserve – additional paid-in capital complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte SA

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

Geneva, January 29, 2016

Appendix

In this section:

Givaudan sites worldwide

Country	Address	Legal Entity name	Fragrances	Flavours	Sales	Creation/ Application	Production	Financing Services
Algeria	Tour A - 4eme Etage, Business Centre Dar El Madina, Micro Zone d'activité Hydra Lot No. 20, 16035 Algers	Givaudan International SA (Suisse) Bureau de Liaison Algérie	■		■			
Argentina	San Lorenzo 4759, Esquina Ave Mitre, Munro, Prov. Buenos Aires B 1605 EIO	Givaudan Argentina SA		■	■	■	■	
	Ruta 9 Panamericana Km 36.5, Partido Malvinas Argentinas, Buenos Aires B1667KOV	Givaudan Argentina SA	■		■	●	■	
	Tronador 4890, 8° piso, Buenos Aires C 1430 DNN CABA	Givaudan Argentina Servicios SA						■
Australia	12-14 Britton Street, Smithfield, Sydney NSW 2164	Givaudan Australia Pty Ltd		■			■	
	Unit 36, 5 Inglewood Place, Baulkham Hills, Sydney NSW 2153	Givaudan Australia Pty Ltd	■	■	■	■		
	Suite West 11A, 215 Bell Street, Preston VIC 3072	Givaudan Australia Pty Ltd		■	■			
Austria	Twin Tower Vienna, Wienerbergstrasse 11, 1109 Vienna	Givaudan Austria GmbH		■	■	■		
Bermuda	Hamilton	Givaudan International Ltd						■
		FF Holdings (Bermuda) Ltd						■
		FF Insurance Ltd						■
Brazil	Avenida Engenheiro Billings 2185, Jaguaré, São Paulo SP - 05321-010	Givaudan do Brasil Ltda	■	■	■	■	■	
	Avenida Engenheiro Billings 1653 & 1729, Jaguaré, São Paulo SP - 05321-010	Givaudan do Brasil Ltda	■		■	■		
Canada	2400 Matheson Blvd. East, Mississauga, Ontario L4W 5G9	Givaudan Canada Co.		■	■			
Chile	Avda Del Valle 869, oficina 202, Ciudad Empresarial, Comuna de Huechuraba, Santiago de Chile	Givaudan Chile Ltda		■	■	■		
China	15F, Tower 2, Kun Sha Center, No. 16 Xin Yuan Li Road, Chao Yang District, 100027 Beijing	Givaudan Fragrances (Shanghai) Ltd Beijing Branch	■		■			
	15F, Tower 2, Kun Sha Center, No. 16 Xin Yuan Li Road, Chao Yang District, 100027 Beijing	Givaudan Flavors (Shanghai) Ltd Beijing Branch		■	■	●		
	298 Li Shi Zhen Road, Zhangjiang High-Tech Park, Pudong New Area, 201303 Shanghai	Givaudan Fragrances (Shanghai) Ltd	■		■	■	■	
	668 Jing Ye Road, Jin Qiao Export Area, Pu Dong New Area, 201201 Shanghai	Givaudan Flavors (Shanghai) Ltd		■	■	■	■	
	No. 7 Jianghai Road, Nantong Economic and Technological Development Area, 226017 Nantong, Jiangsu Province	Givaudan Flavours (Nantong) Ltd		■			■	
	Unit 6-7, 15F Shuion Center, No 374-2 Beijing Road, Yue Xiu District, 510030 Guangzhou	Givaudan Fragrances (Shanghai) Ltd Guangzhou Branch	■		■			
	Unit 5, 15F Shuion Center, No 374-2 Beijing Road, Yue Xiu District, 510030 Guangzhou	Givaudan Flavors (Shanghai) Ltd Guangzhou Branch		■	■	●		
	222, Jiang Tian East Road, Songjiang Development Zone, 201600 Shanghai	Givaudan Specialty Products (Shanghai) Ltd	■	■			■	
	298 Li Shi Zhen Road, Zhangjiang High-Tech Park, Pudong New Area, 201303 Shanghai	Givaudan Management Consulting (Shanghai) Ltd						■

● Application only ○ Active Cosmetic Ingredients ▲ Flavour ingredients △ Creation only

Country	Address	Legal Entity name	Fragrances	Flavours	Sales	Creation/ Application	Production	Financing Services
China	Room 2001, 20F Funian Plaza-2, No. 666 Jitai Road, Gaoxin District, 610041 Chengdu, Sichuan Province	Givaudan Flavors (Shanghai) Ltd Chengdu Branch		■	■	●		
	Unit 1001, 10 F Miramar Tower, 132 Nathan Road, Tsim Sha Tsui	Givaudan Hong Kong Ltd	■	■	■			
Colombia	Carrera 98 No. 25 G - 40, 151196 Bogotá D.C.	Givaudan Colombia SA	■	■	■	■		
Czech Republic	Klimentská 10, Praha 110 00	Givaudan CR, s.r.o.		■	■			
Egypt	Piece 37, Industriel Zone 3, 6th of October City	Givaudan Egypt SAE		■	■	■	■	
	46 El Thawra st., 3rd floor, Appt 304, Heliopolis	Givaudan Egypt Fragrances LLC	■		■			
Finland	Niemenkatu 73, 15140 Lahti	Givaudan International SA, Branch in Finland		■	■			
France	46, avenue Kléber, 75116 Paris	Givaudan France SAS	■		■	■		
	55 Rue de la Voie des Bans, CS500024, 95102 Argenteuil Cedex	Givaudan France SAS	■		■	■		
	19-23 Rue de la Voie des Bans, CS500024, 95102 Argenteuil Cedex	Givaudan France SAS		■	■	■		
	Route de Bazancourt, 51110 Pomacle	Soliance SA	○		■		■	
	Anse du Pors Gelin, 22560 Pleumeur Bodou	Soliance SA	○				■	
	72 Rue du Faubourg Saint Honoré, 75008 Paris	Induchem SAS	○		■			
	3 Rue des Satellites, 31000 Toulouse	Libragen SAS	○			●		
Germany	Giselherstrasse 11, 44319 Dortmund	Givaudan Deutschland GmbH		■	■	■	■	
	Lehmweg 17, 20251 Hamburg	Givaudan Deutschland GmbH	■		■			
Hungary	Seregély köz 11., 1037 Budapest	Givaudan International AG Hungary Commercial Representative Office		■	■			
	Királyhegyesi út 3, 6900 Makó	Givaudan Hungary Kft		■	■		■	
	Teréz körút 55-57, Eiffel Offices, Building C, 1062 Budapest	Givaudan Finance Services Kft						■
India	Plot No. 30, Survey No. 168, Dabhel Industrial Estate, Daman 396210	Givaudan (India) Pvt Ltd		■			■	
	Survey No. 57/3 (2) & 3, Village Dunetha, Daman 396 210	Givaudan (India) Pvt Ltd		■			■	
	Plot No. 26, 2nd Cross Jigani Industrial Area, Anekal Taluk, Jigani, Bangalore, Karnataka 560 105	Givaudan (India) Pvt Ltd	■				■	
	13th Floor Prestige Meridian 1, 29 MG Road, Bangalore, 560001	Givaudan (India) Pvt Ltd	■	■	■			
	401 Akruti Centre Point, 4th Floor, MIDC Central Road, MIDC, Andheri (East), Mumbai 400093	Givaudan (India) Pvt Ltd	■	■	■	■		

● Application only ○ Active Cosmetic Ingredients ▲ Flavour ingredients △ Creation only

Country	Address	Legal Entity name	Fragrances	Flavours	Sales	Creation/ Application	Production	Financing Services
India	Block B – Vatika Atrium, DLF Golf Course Road, Sector 53, Gurgaon, Haryana 122001	Givaudan (India) Pvt Ltd	■	■	■			
Indonesia	Jl. Raya Jakarta-Bogor Km 35, Cimanggis Depok, 16951 West Java	PT. Givaudan Indonesia	■	■			■	
	Menara Anugrah 7th - 9th Floor, Kantor Taman E3.3, Jl. Mega Kuningan Lot 8.6 - 8.7, Kawasan Mega Kuningan, 12950 Jakarta	PT. Givaudan Indonesia	■	■	■	■		
Iran	P.O. Box 15175/534 - No.202 - 204, Gol Bld., Gol Alley, After Park Saei, Vali Asr, Tehran	Givaudan International SA, Iran Branch	■	■	■			
Italy	Via XI Febbraio 99, 20090 Vimodrone (MI)	Givaudan Italia SpA	■	■	■	●		
Japan	3014-1 Shinohara-cho, Kohoku-ku, Yokohama-shi, Kanagawa 222-0026	Givaudan Japan K.K.	■		■	■		
	3056 Kuno, Fukuroi-shi, Shizuoka 437-0061	Givaudan Japan K.K.		■			■	
	3-6-6 Tokiwa New Building, Osaki, Sinagawa-Ku, Tokyo 141-0032	Givaudan Japan K.K.		■	■	■		
Malaysia	A-901 Menara 1, Kelana Brem Towers, Jalan SS 7/15 (Jalan Stadium), 47301 Petaling Jaya Selangor Darul Ehsan	Givaudan Malaysia Sdn Bhd	■	■	■	●		
Mexico	Camino a Quintanares Km. 1.5, Pedro Escobedo, 76700 Queretaro	Givaudan de México SA de CV	■				■	
	Av. Eje Norte-Sur No. 11 Civac, 62578 Jiutepec Morelos	Givaudan de México SA de CV		■	■	■	■	
	Av. Paseo de la Reforma #2620, piso 12 Edificio Reforma Plus, Col. Lomas Altas, 11950 Mexico, D.F	Givaudan de México SA de CV		■	■			
	Av. Paseo de la Reforma #2620, piso 9 Edificio Reforma Plus, Col. Lomas Altas, 11950 Mexico, D.F	Givaudan de México SA de CV	■		■	■		
Myanmar	46A - 2C Excellent Condo, Pantra Street, Dagon Township, Yangon	Givaudan Singapore Pte Ltd (Myanmar Branch)	■	■	■	●		
Netherlands	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Nederland BV		■	■	■	▲	
	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Nederland Services BV						■
	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Treasury International BV						■
	Nijverheidsweg 60, 3771 ME Barneveld	Givaudan Nederland BV		■			▲	
New Zealand	Level 1, The Lane, Botany Town Center, Te Irirangi Drive, Botany 2010	Givaudan NZ Ltd		■	■			
Nigeria	Plot 2 and 4, Block D, Amuwo Odofin Industrial scheme, Apapa/Oshodi Expressway, Lagos	Givaudan (Nigeria) Limited	■	■	■	●		
Pakistan	25 th Floor. The Ocean Tower, Block - 9. Clifton, Karachi - 75600	Givaudan International SA Pakistan		■	■	●		
Peru	Av. Victor Andrés Belaúnde 147, Centro Empresarial Real, Torre Real 1 Piso 11, San Isidro 27 Lima	Givaudan Peru SAC	■	■	■	●		

● Application only ○ Active Cosmetic Ingredients ▲ Flavour ingredients △ Creation only

Country	Address	Legal Entity name	Fragrances	Flavours	Sales	Creation/ Application	Production	Financing Services
Philippines	37/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City 1605	Givaudan Singapore Pte Ltd, Regional Operating Headquarter	■	■	■	●		
Poland	ul. Puławska 182, IO-1 Building, 02-670 Warszawa	Givaudan Polska Sp. z o.o.		■	■			
Russian Federation	Riverside Towers Business Centre, Floor 7-8, Kosmodamianskaya Naberezhnaya 52/1, 115054 Moscow	Givaudan Rus LLC		■	■	■		
	Delovoy dom B-5, floor 9, Botanicheskiy pereulok 5, 129090 Moscow	Givaudan Rus LLC	■		■	■		
Singapore	1 Woodlands Avenue 8, Singapore 738972	Givaudan Singapore Pte Ltd	■	■	■	■	■	
	1 Pioneer Turn, Singapore 627576	Givaudan Singapore Pte Ltd	■		■	■	■	
	19 Chin Bee Road, Singapore 619833	Givaudan Singapore Pte Ltd		■			■	
South Africa	9-11 Brunel Road, Tulisa Park, Johannesburg 2197	Givaudan South Africa (Pty) Ltd		■	■	■	■	
	51A Galaxy Avenue, Linbro Business Park,Frankenwald, Sandton 2065	Givaudan South Africa (Pty) Ltd	■		■	●		
South Korea	11/F Trust Tower Bldg, 275-7 Yangjae-Dong Seocho-Gu, Seoul 137-739	Givaudan Korea Ltd	■		■	●		
	12/F Trust Tower Bldg, 275-7 Yangjae-Dong Seocho-Gu, Seoul 137-739	Givaudan Korea Ltd		■	■	●		
Spain	Colquide, 6 Edificio Prisma, 2a Planta, 28231 Las Rozas, Madrid	Givaudan Ibérica, SA		■	■			
	Pla d'en Batllé s/n, 8470 Sant Celoni, Barcelona	Givaudan Ibérica, SA	■	■	■	△	■	
	Edificio Géminis, Bloque B 1° 2a, Parque de Negocios Mas Blau, 8820 El Prat de Llobregat, Barcelona	Givaudan Ibérica, SA	■		■			
Sweden	Hedvig Möllers gata 17, 22355 Lund	Givaudan North Europe AB		■	■			
Switzerland	**Corporate Headquarters**							
	Chemin de la Parfumerie 5, 1214 Vernier	Givaudan SA						■
	Chemin de la Parfumerie 5, 1214 Vernier	Givaudan Finance SA						■
	Überlandstrasse 138, 8600 Dübendorf	Givaudan Schweiz AG		■			■	
	Überlandstrasse 138, 8600 Dübendorf	Givaudan International AG		■	■	■		
	8310 Kemptthal	Givaudan Schweiz AG		■		●	■	
	8310 Kemptthal	Givaudan International AG		■		△		
	Chemin de la Parfumerie 5, 1214 Vernier	Givaudan Suisse SA	■				■	
	Chemin de la Parfumerie 5, 1214 Vernier	Givaudan International SA	■		■			■
	Industriestrasse 8A, 8604 Volketswil	Induchem AG	○				■	
Taiwan, PR China	7/F, No 303, Hsin Yi Road, Sec 4, Taipei City, Taiwan 106	Givaudan Singapore Pte Ltd, Taiwan Branch	■	■	■	●		

● Application only ○ Active Cosmetic Ingredients ▲ Flavour ingredients △ Creation only

Country	Address	Legal Entity name	Fragrances	Flavours	Sales	Creation/ Application	Production	Financing Services
Thailand	719 KPN Tower, 16 & 25 Floor, Rama 9 Road, Bangkapi Huaykwang, Bangkok 10310	Givaudan (Thailand) Ltd	■	■	■	●		
Turkey	Ebulula Cad. Lale Sok., Park Maya Sitesi Barclay 19A Daire 6-7, Akatlar, Besiktas / Istanbul 34335	Givaudan Aroma ve Esans Sanayi ve Ticaret Ltd. Sirketi	■		■			
	Büyükdere Cad. Telpa Plaza., No 195 K.3, Levent, Istanbul 34394	Givaudan Aroma ve Esans Sanayi ve Ticaret Ltd. Sirketi		■	■	■		
UAE	Concord Tower Floor 21, Offices 2109 - 2114, P.O. Box No. 33170, Media City, Dubai	Givaudan International SA (Representative Office)	■		■	■		
	Concord Tower, Floor 36, Offices 3606 - 3610, P.O. Box No. 33170, Media City, Dubai	Givaudan International SA (Representative Office)		■	■	■		
United Kingdom	Magna House, 76-80 Church Street, Staines, Middx. TW18 4XR	Givaudan UK Ltd	■		■			
	Chippenham Drive, Kingston, Milton Keynes MK10 OAE	Givaudan UK Ltd		■	■	■		
	Kennington Road, Ashford, Kent TN24 0LT	Givaudan UK Ltd	■		■	■	■	
Ukraine	Pimonenko Str. 13 6B/18, 04050 Kiev	Givaudan International SA, Representative Office		■	■			
United States of America	880 West Thorndale Avenue, Itasca, IL 60143	Givaudan Flavors Corporation		■			■	
	580 Tollgate Road, Suite A, Elgin, IL 60123	Givaudan Flavors Corporation		■	■	■		
	1199 Edison Drive 1-2, Cincinnati, OH 45216	Givaudan Flavors Corporation		■	■	■		
	245 Merry Lane, East Hanover, NJ 07936	Givaudan Flavors Corporation		■	■	■	■	
	9500 Sam Neace Drive, Florence, KY 41042	Givaudan Flavors Corporation		■			■	
	4705 U.S. Highway 92 East, Lakeland, FL 33801-3255	Givaudan Flavors Corporation		■	■		■	
	100 East 69th Street, Cincinnati, OH 45216	Givaudan Flavors Corporation		■			■	
	International Trade Center, 300 Waterloo Valley Road, Mount Olive, NJ 07828	Givaudan Fragrances Corporation	■				■	
	40 West 57th St. 11th floor, New York, NY 10019	Givaudan Fragrances Corporation	■		■	■		
	717 Ridgedale Avenue, East Hanover, NJ 07936	Givaudan Fragrances Corporation	■		■	■		
	535 Fifth Avenue, Floor 23, New-York, NY 10017	Induchem USA, Inc.	○		■			
Venezuela	Calle Veracruz con calle Cali Torre, ABA Piso 8, Ofic 8A, Las Mercedes, Caracas CP 1060	Givaudan Venezuela SA	■	■	■	●		
Vietnam	Giay Viet Plaza 5th Fl., 180-182 Ly Chinh Thang Street, District 3, Ho Chi Minh City	Givaudan Singapore Pte Ltd, Vietnam Representative Office	■	■	■	●		

● Application only ○ Active Cosmetic Ingredients ▲ Flavour ingredients △ Creation only

Givaudan registered offices

Country	Legal Entity name	Address
Algeria	Givaudan International SA (Suisse) Bureau de Liaison Algérie	Tour A - 4eme Etage, Business Centre Dar El Madina, Micro Zone d'activité Hydra Lot No. 20, 16035 Algers
Argentina	Givaudan Argentina SA	Nicolàs Rodriguez Peña 1568, 5 ° B, 1021, C.A.B.A.
	Givaudan Argentina Servicios SA	Rodriguez Peña 1568, piso 5, oficina B, Ciudad Autónoma de Buenos Aires
Australia	Givaudan Australia Pty Ltd	12-14 Britton Street, Smithfield, Sydney NSW 2164
Austria	Givaudan Austria GmbH	Twin Tower Vienna, Wienerbergstrasse 11, 1109 Vienna
Bermuda	Givaudan International Ltd	Hamilton
	FF Holdings (Bermuda) Ltd	Hamilton
	FF Insurance Ltd	Hamilton
Brazil	Givaudan do Brasil Ltda	Avenida Engenheiro Billings 2185, Jaguaré, São Paulo SP - 05321-010
Canada	Givaudan Canada Co.	2400 Matheson Blvd. East, Mississauga, Ontario L4W 5G9
Chile	Givaudan Chile Ltda	Avda Del Valle 869, oficina 203, Ciudad Empresarial, Comuna de Huechuraba, Santiago de Chile
China	Givaudan Fragrances (Shanghai) Ltd Beijing Branch	15F Tower 2, Kun Sha Center, No. 16 Xin Yuan Li Road, Chao Yang District, Beijing 100027
	Givaudan Flavors (Shanghai) Ltd Beijing Branch	15F Tower 2, Kun Sha Center, No. 16 Xin Yuan Li Road, Chao Yang District, Beijing 100027
	Givaudan Fragrances (Shanghai) Ltd	298 Li Shi Zhen Road, pilote Free Trade Zone, Shanghai 201303
	Givaudan Flavors (Shanghai) Ltd	668 Jing Ye Road, Jin Qiao Export Area, Pu Dong New Area, Shanghai 201201
	Givaudan Fragrances (Shanghai) Ltd Guangzhou Branch	15F The Centrepoint, No 374-2 Beijing Road, Yue Xiu District, Guangzhou 510030
	Givaudan Flavors (Shanghai) Ltd Guangzhou Branch	15F The Centrepoint, No 374-2 Beijing Road, Yue Xiu District, Guangzhou 510030
	Givaudan Flavors (Shanghai) Ltd Chengdu Branch	Room 2001, 2 Fu Nian Plaza, Ji Tai Road, Gao Xin District, Chengdu 610041, Sichuan Province
	Givaudan Flavors (Nantong) Ltd	No. 7 Jiang Hai Road, Nantong Economnic and Technology Development Area, Nantong, Jiangsu Province 226017
	Jiangsu XinRui Aromatics Ltd	3rd Zhongshan Road, Coastal Industrial Park, Binhai Economic Development Zone, Jiangsu Province
	Givaudan Specialty Products (Shanghai) Ltd	222, Jiangtian East Road, Songjiang District, 201600 Shanghai
	Givaudan Management Consulting (Shanghai) Ltd	3rd floor, no. 5 building, 298 Lishizhen Road, Zhangjiang High-Tech Park, Pudong New Area, 201303 Shanghai
	Givaudan Hong Kong Ltd	6th Floor Alexandra House, 18 Chater Road, Central
Colombia	Givaudan Colombia SA	Carrera 98 No. 25 G - 40, 151196 Bogotá D.C.

Country	Legal Entity name	Address
Czech Republic	Givaudan CR, s.r.o.	Klimentská 10, Praha 110 00
Egypt	Givaudan Egypt SAE	Piece 37, Industriel Zone 3, 6th of October City
	Givaudan Egypt Fragrances LLC	46 El Thawra st., 3rd floor, Appt 304, Heliopolis
Finland	Givaudan International SA, Branch in Finland	Niemenkatu 73, 15140 Lahti
France	Givaudan France SAS	55 Rue de la Voie des Bans, CS500024, 95102 Argenteuil Cedex
	Soliance SA	Route de Bazancourt, 51110 Pomacle
	Induchem SAS	72 Rue du Faubourg Saint Honoré, 75008 Paris
	Libragen SAS	3 Rue des Satellites, 31000 Toulouse
Germany	Givaudan Deutschland GmbH	Giselherstrasse 11, 44319 Dortmund
Hungary	Givaudan Hungary Kft	Királyhegyesi út 3, 6900 Makó
	Givaudan Finance Services Kft	Teréz körút 55-57, Eiffel Offices, Building C, 1062 Budapest
India	Givaudan (India) Pvt Ltd	Plot No. 26, 2nd Cross Jigani Industrial Area, Anekal Taluk, Jigani, Bangalore, Karnataka 560 105
Indonesia	PT. Givaudan Indonesia	Jl. Raya Jakarta-Bogor Km 35, Cimanggis Depok, 16951 West Java
Iran	Givaudan International SA, Iran Branch	P.O. Box 15175/534 - No.202 - 204, Gol Bld., Gol Alley, After Park Saei, Vali Asr, Tehran
Italy	Givaudan Italia SpA	Via Borgogne 5, 20121 Milano
Japan	Givaudan Japan K.K.	6-6 Osaki 3-chome, Shinagawa-ku, Tokyo 141-0032
Malaysia	Givaudan Malaysia Sdn Bhd	Level 8, Symphony House, Block D13, Pusat Dagangan Dana 2, Jalan PJU 1A/46, 47301 Petaling Jaya Selangor
Mexico	Givaudan de México SA de CV	Av. Eje Norte-Sur No. 11 Civac, 62578 Jiutepec Morelos
Myanmar	Givaudan Singapore Pte Ltd (Myanmar Branch)	46A - 2C Excellent Condo, Pantra Street, Dagon Township, Yangon
Netherlands	Givaudan Nederland BV	Huizerstraatweg 28, 1411 GP Naarden
	Givaudan Nederland Services BV	Huizerstraatweg 28, 1411 GP Naarden
	Givaudan Treasury International BV	Huizerstraatweg 28, 1411 GP Naarden
New Zealand	Givaudan NZ Ltd	Level 1 The Lane, Botany Town Center, Te Irirangi Drive, Botany 2010
Nigeria	Givaudan (Nigeria) Limited	Plot 2 and 4, Block D, Amuwo Odofin Industrial scheme, Apapa/Oshodi Expressway, Lagos
Pakistan	Givaudan International SA Pakistan	25 th Floor. The Ocean Tower, Block - 9. Clifton, Karachi - 75600
Peru	Givaudan Peru SAC	Av. Victor Andrés Belaúnde 147, Centro Empresarial Real, Torre Real 1 Piso 11, San Isidro 27 Lima
Philippines	Givaudan Singapore Pte Ltd, Regional Operating Headquarter	37/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City 1605

Country	Legal Entity name	Address
Poland	Givaudan Polska Sp. z o.o.	ul. Puławska 182, IO-1 Building, 02-670 Warszawa
Russian Federation	Givaudan Rus LLC	Riverside Towers Business Centre, Floor 7-8, Kosmodamianskaya Naberezhnaya 52/1, 115054 Moscow
Singapore	Givaudan Singapore Pte Ltd	1 Woodland Avenue 8, Singapore 738972
South Africa	Givaudan South Africa (Pty) Ltd	9-11 Brunei Road, Tulisa Park, Johannesburg 2197
South Korea	Givaudan Korea Ltd	11-12/F Trus Tower Building, 60 Mabang-Ro, Seocho.Ku
Spain	Givaudan Ibérica, SA	Pla d'en Batllé s/n, 8470 Sant Celoni, Barcelona
Sweden	Givaudan North Europe AB	Glimmervägen 6, 224 78 Lund
Switzerland	Givaudan SA	Chemin de la Parfumerie 5, 1214 Vernier
	Givaudan Finance SA	Chemin de la Parfumerie 5, 1214 Vernier
	Givaudan Suisse SA	Chemin de la Parfumerie 5, 1214 Vernier
	Givaudan International SA	Chemin de la Parfumerie 5, 1214 Vernier
	Induchem Holding AG	Industriestrasse 8A, 8604 Volketswil
	Induchem AG	Industriestrasse 8A, 8604 Volketswil
Taiwan, Republic of China	Givaudan Singapore Pte Ltd, Taiwan Branch	7/F No 303, Hsin Yi Road, Sec 4, Taipei City Taiwan 106
Thailand	Givaudan (Thailand) Ltd	719 KPN Tower, 16 & 25 Floor, Rama 9 Road, Bangkapi Huaykwang, Bangkok 10310
Turkey	Givaudan Aroma ve Esans Sanayi ve Ticaret Ltd. Sirketi	Akat mahallesi, Bilge sokak, Park Maya Sitesi Barclay 19 No 1 daire 6/7 Besiktas, Istanbul
UAE	Givaudan International SA (Representative Office)	Concord Tower Floor 21, Offices 2109 - 2114, P.O. Box No. 33170, Media City, Dubai
United Kingdom	Givaudan UK Ltd	Kennington Road, Ashford, Kent TN24 0LT
	Givaudan Holdings UK Ltd	Kennington Road, Ashford, Kent TN24 0LT
Ukraine	Givaudan International SA, Representative Office	Pimonenko Str. 13 6B/18, 04050 Kiev
United States of America	Givaudan Flavors Corporation	880 West Thorndale Avenue, Itasca, IL 60143
	Givaudan Fragrances Corporation	International Trade Center, 300 Waterloo Valley Road, Mount Olive, NJ 07828
	Soliance Corporation	6G Pearl Court, Allendale, NH 07401
Venezuela	Givaudan Venezuela SA	Calle Veracruz con calle Cali Torre, ABA Piso 8, Ofic 8A, Las Mercedes, Caracas CP 1060
Vietnam	Givaudan Singapore Pte Ltd, Vietnam Representative Office	Giay Viet Plaza 5th Fl., 180-182 Ly Chinh Thang Street, District 3, Ho Chi Minh City

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Available in English
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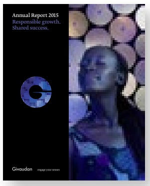

Annual Report 2015

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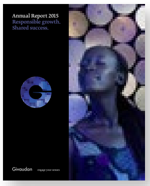

Highlights 2015

Available in English, French and German
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– www.givaudan.com - media - publications

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Givaudan Foundation

Annual Report 2015

Available in English
PDF from 17 March 2016
www.givaudan-foundation.org

The Givaudan Foundation was created by Givaudan in 2013 in Geneva as a non-profit organisation, following the Company's desire to reinforce its commitment to charitable causes and involvement in the communities in which it operates. The purpose of the Foundation is to initiate and support projects, as well as to grant donations in the areas of humanitarian action, health, nutrition, science, education, development, environment and sustainable development. There is a specific focus on three areas in which Givaudan as a company is already engaged and where its expertise and experience can be leveraged to make a difference: communities at source, blindness and nutrition. The Givaudan Foundation works closely with and relies on resources provided by Givaudan to conduct and monitor its projects. The Foundation also operates with local partners to ensure the efficient deployment of projects and their relevance to those who are intended to benefit from them.

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