Givaudan

ENGAGING
THE
SENSES

Annual Report 2012

Introduction and contents

As the leading company in the fragrance and flavour industry, Givaudan develops unique and innovative fragrance and flavour creations for its customers around the world. We have a market share of approximately 25%, and this industry leadership position is underpinned by a sales and marketing presence in all major markets. We create fragrances for personal and home care brands that range from prestige perfumes to laundry care, and in flavours our expertise spans beverages, savoury, snacks, sweet goods and dairy products.

Overview

Strategy

Performance

Sustainable Business Model

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Financial Report

Engaging the senses through a culture of creativity and innovation

Across the business, our people have a nose for new ideas and an appetite for invention. In more than 40 countries, we rely on their passion, knowledge and curiosity. Seeking out fresh ways to engage the senses, our perfumers and flavourists constantly search for the next creative breakthrough.

Our hunt takes us to far-flung corners of the world, to the depth of our imagination and to laboratories on our own doorstep. We track down natural ingredients from distant continents, we take off in novel directions and we discover new techniques and processes within the fertile minds of our in-house scientists.

In these diverse ways, listening to consumers, talking to clients and tapping into knowledge gained throughout our 200-year history, we reinforce our position as the world's leading fragrance and flavour company. We can rely on our ever-evolving culture of creativity and innovation.

Financial highlights

CHF 4.3 billion
Sales up 6.6% in local currencies

44% of sales
in developing markets

CHF 870 million
EBITDA

20.4%
EBITDA margin

CHF 411 million
Net income, 9.7% of sales

CHF 512 million
Free cash flow

CHF 6.4 billion
Total assets

CHF 2.7 billion
Total liabilities

CHF 3.7 billion
Total equity

Key figures

In millions of Swiss francs, except per share and employee data	2012	2011
Group sales	**4,257**	3,915
Fragrance sales	2,021	1,833
Flavour sales	2,236	2,082
Gross profit	**1,798**	1,666
as % of sales	42.2%	42.6%
EBITDA[1]	**870**	758
as % of sales	20.4%	19.4%
Operating income	**607**	443
as % of sales	14.3%	11.3%
Income attributable to equity holders of the parent	**411**	252
as % of sales	9.7%	6.4%
Earnings per share – basic (CHF)	**45.15**	27.71
Earnings per share – diluted (CHF)	**44.85**	27.55
Operating cash flow	**781**	456
as % of sales	18.3%	11.6%
Free cash flow	**512**	117
as % of sales	12.0%	3.0%
Number of employees	**9,124**	8,913

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

Distinct capabilities

In serving customers, we take pride in our distinct capabilities in creation, innovation and operational excellence.

Creation
The heart of our business

Passionate perfumers and flavourists

Unique product palettes and ingredients

Customer intimacy and consumer understanding

Innovation
The bedrock for continued commercial success

Pioneering R&D teams

Focus on the science of taste and smell

Broad product offering for diverse client portfolio

Operational excellence
A culture of driving performance

Global spread of operations, with local presence

Supply chain excellence, addressing customers' unmet needs

Sustainable sourcing of raw materials

Key events

June

World Perfumery Congress

At the World Perfumery Congress in Connecticut, USA, Givaudan demonstrates that the world needs perfumery because of the universal nature of human emotion. Working in collaboration with the '7 billion Others' project, filmed interviews with Givaudan perfumers illustrate how the emotion of the perfumer, relating to the need of the consumer, creates the power of fragrance.

November

The Art of Scent

Givaudan is a major sponsor of The Art of Scent 1889-2012, the first museum exhibition dedicated to exploring the design and aesthetics of olfactory art through 12 pivotal fragrances, at the Museum of Arts and Design in New York, USA.

January

Finance Service Centre

Following the successful introduction of the service centre for Finance in Europe in 2011, the Finance organisation announces the implementation of a new service centre for Latin America and North America. The new centre is based in Buenos Aires, Argentina, and managed and run by Givaudan employees.

March

Work-life balance

We launch our formal position regarding supporting a work-life balance for our employees, underlining our commitment to provide a work environment that enables employees to engage in challenging careers while meeting the needs of the business and achieving their personal goals and interests.

November

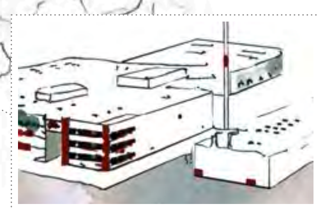
Lavender partnership

Our Innovative Naturals programme is expanded as we partner with the cooperative France Lavande and the French fragrant plants research organisation CRIEPPAM to support the production of healthy lavender in France.

May

Russia tea seminar

In Russia, Givaudan becomes the first flavour company to hold a tea seminar for customers, underpinning our industry leadership and showing we can bring value and innovation into customers' brands. Over 65 guests representing about 35 companies from Russia and Ukraine attended the one-day event in Moscow.



October

Hungary flavours factory

Givaudan's new savoury flavours and snack seasoning manufacturing facility is officially opened at Makó in Hungary. Production at the CHF 170 million facility, with a floor area of 50,000 sq m, is being progressively ramped up and will be fully operational by the end of 2013.

August

TasteSolutions™ Sweetness

Our TasteSolutions™ Sweetness toolbox and customer presentation for Beverages and Sweet Goods is expanded for a global market where health and wellness challenges are growing and evolving, and where an estimated 50% of daily sugar consumption comes from processed foods and beverages.

March

Social networking

An initiative is launched to explore how adopting social networking tools and related behaviours can support our business strategy. Effective use of an internal social media platform has advantages such as changing the way employees work together, collaborating, sharing knowledge and communicating on a global scale.

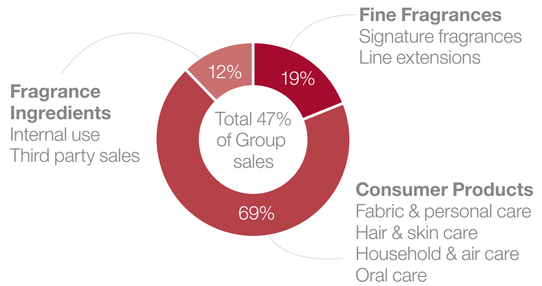
Our business

What we do

Fragrance Division

Our talents extend across three business areas – Fine Fragrances, Consumer Products and Fragrance Ingredients – through which we create scents for leading brands worldwide. In-depth consumer understanding, a high-performing research and development organisation and an efficient global operations network support our business. Our perfumery team is the largest in the industry.

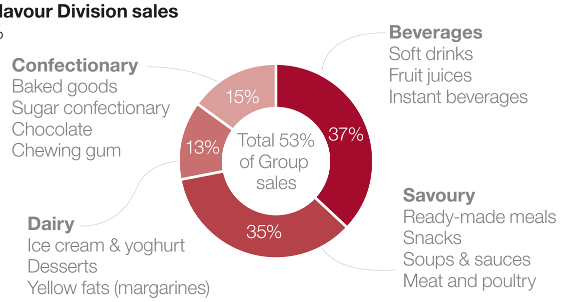
Fragrance Division sales
%



Flavour Division

We work with food and beverage manufacturers to develop flavours and tastes for market-leading products across all continents. We are a trusted partner to the world's leading food and beverage companies, combining our global expertise in sensory understanding, analysis and consumer-led innovation in support of unique product applications and new market opportunities.

Flavour Division sales
%



Where we do it

Mature markets ●

56% of Group sales
Representing 56% of the annual sales, mature markets such as North America, Western Europe and Japan are expected to grow slower than the developing markets but at the same time offer potential for growth in areas such as the increase in demand for Health and Wellness products.

9,124
Employees

33
Production sites

Developing markets

44% of Group sales

Asia Pacific, Latin America and Eastern Europe, already account for 44% of our annual sales and this is expected to increase to 50% by 2015. Market growth is expected to be much higher due to urbanisation, changes in lifestyle and the increase in consumers' disposable income. We have a dedicated presence with creation and production facilities in all key regions to fully capture this potential.

25%

Market share

81

Locations worldwide

How we do it

Research

Innovating to create new consumer-preferred aromas and ingredients combinations and improving the performance of flavours and fragrances in their final application.

Creation

The creative process of transforming ingredients and technology into successful products.

Winning the brief

An ability to fulfil the demands of our customers, thanks to successful research and creation.

Production

Timely and efficient manufacturing of thousands of flavour and fragrance ingredients globally.

Chairman's letter

Dr Jürg Witmer, Chairman

Dear Shareholder,

2012 was a record year for Givaudan in several respects as our unique offering of sensory solutions to the packaged consumer goods and food industries proved resilient in a volatile environment. The local currency sales growth of 6.6% was one of the highest in the Company's public history, second only to the growth in 2010 as a result of the rebound after 2009. A strong operating performance and continued focus on working capital enabled the Company to generate over CHF 500 million of free cash flow, another high in our history. These results strengthened our balance sheet to a point where the leverage ratio is now below 25%.

The strong results achieved in 2012 and our solid position at the end of the year means that the Board of Directors is able to propose to the Annual General Meeting a significantly increased cash distribution for the financial year, the twelfth annual increase in succession since our listing on the Swiss stock exchange. The proposed dividend is CHF 36 per share and will be made out of reserves for additional paid-in capital.

The demand of the growing middle classes in developing markets for appealing consumer products is opening up plenty of new opportunities as our fragrance and flavour creations appeal to this new class of consumers. Our sales reflect continued strong demand by consumers in these markets for packaged food and beverages, as well as for household and personal care products. At the same time, the price pressures our direct customers are facing in Europe and North America bring new challenges and opportunities, namely to develop higher performing fragrances and flavours which stand the test of consumers in highly competitive markets and are profitable for both our customer base and Givaudan as a supplier.

Developing markets account for an increasing part of our sales, and in 2012 they grew by 13.2%. They remain a key focus in our mid- to long-term strategy, and we are on course for sales in these markets to reach our target of 50% of overall sales by 2015. In line with this objective, we continued to expand our operational capacities in these markets to meet growing demand. A particular milestone was the opening of our new savoury flavours and snack seasoning manufacturing complex at Makó in Hungary in October. Other investments in developing markets were made during the year in India, Indonesia, Mexico, Brazil and Argentina.

CHF 512 million

of free cash flow generated

In 2012, the Board and management continued to thoroughly discuss long-term business opportunities and ways of reinforcing the Company's industry-leading position. The Board believes that in the current business environment a long-term view is needed more than ever, but this view can be taken from a position of strength based on our unique expertise. To enhance our position, flexibility coupled with constant adaptation and change is critical while focusing on our core competencies. This means that we also increasingly need to shift our talent and asset base to the high-growth markets and continue to critically review our production set-up. Regarding Western Europe in particular, we have already started this process with the announced closure of flavour production sites at Kemptthal in Switzerland and Bromborough in the UK.

As the largest buyer of specific natural and synthetic fragrance and flavour ingredients, it is important that our procurement decisions safeguard the environment and stimulate the development and well-being of the communities from which we source them. Natural ingredients that we buy must be traceable and fulfil our sustainability standards. For sensitive crops, we have set up specific collection networks and partnerships in the countries of origin, for example in Laos, Madagascar, the Comores Islands and Venezuela. Similar projects in other countries are underway. In 2012, we launched a partnership with farmers in the south of France to help protect and develop threatened crops of lavender/lavandin, widely used in perfumes. For synthetic materials we are establishing partnerships with local producers, particularly in India and China.

Over the past few years, much work has been carried out in the global roll-out of our SAP-based enterprise management system, which was effectively completed in 2012. This work was done in parallel with the global integration of Quest, and both projects have tied up a lot of resources and management capacity. We are now in a position to leverage this platform in a range of areas such as Global Finance Services and supply chain, and are already seeing the benefits of transparency and integrated processes, all of which takes Givaudan to higher performance levels. Much effort has also been done to reduce our carbon footprint by implementing targeted eco-efficiency initiatives. Our 2012 Sustainability Report will give more details about these projects and on our performance.

Strengthening compliance and risk management were also on the Board's agenda throughout the year and progress made in these areas is covered in the following pages. To ensure continuity while adding fresh viewpoints and diverse experiences, the Board will increasingly shift its focus to the long-term succession planning of the Board and senior management level over the next few years.

The Board of Directors and I are grateful for the efforts of our management team and employees to achieve the strong results in 2012. The quality and motivation of our employees remains the key to our long-term success. I am confident that we are well positioned for the long term and are on course to achieve our ambition to continue to deliver value to our customers and shareholders.

Dr Jürg Witmer Chairman

Chief Executive's review

Gilles Andrier, Chief Executive Officer

Dear Shareholder,

Givaudan had a successful year in terms of sales growth, free cash flow generation and net profit, which all improved in a very significant way. The five pillars of our growth strategy have supported us in delivering these strong results. Our focus and investment continued in developing markets, where sales accelerated in 2012 and now account for 44% of Company turnover. We have made a significant step towards achieving our 2015 objectives.

Group sales totalled CHF 4,257 million, an increase of 6.6% in local currencies and an increase of 8.7% in Swiss francs compared to 2011. Fragrance Division sales were CHF 2,021 million, an increase of 8.4% in local currencies and an increase of 10.3% in Swiss francs. In the Flavour Division, sales were CHF 2,236 million, an increase of 5.0% in local currencies and an increase of 7.4% in Swiss francs compared to 2011.

At the mid-term point of our five-year strategy to 2015, the overall objective is to grow organically between 4.5% and 5.5% per annum, assuming a market growth of 2-3%, and to continue on the path of market share gains. By delivering on the Company's five-pillar growth strategy – developing markets, Health and Wellness, market share gains with targeted customers and segments, innovation and sustainable sourcing – we expect to outgrow the underlying market. Our objective is to continue achieving an industry-leading EBITDA margin and improving our annual free cash flow to between 14% and 16% of sales by 2015.

As part of our developing markets strategy, we continue to invest in high-growth markets. A highlight of the year was the opening of our new savoury flavours and snack seasoning manufacturing complex in Makó, Hungary. This CHF 170 million investment, our biggest so far, will be fully operational by the end of 2013. It is an important part of our growth strategy and will enable us to continue expanding in those markets in Europe, Africa and the Middle East that are fast developing.

Sales up by **6.6**%

in local currencies

To service the fast-growing flavour and taste demands in India, we invested in our technical centre which will house expanded flavour creation, application and innovation capabilities. We have also expanded our flavours production site in Argentina to meet increasing demand in the Beverage category. This year we also further invested in the fragrance manufacturing site in Pedro Escobedo, Mexico, to meet the fast-growing global demand in encapsulation technologies.

The global roll-out of our SAP-based enterprise management system was essentially completed, with only a few remaining users to migrate in early 2013. This new system is being used successfully across the organisation, including operations, finance and product compliance. The global Supply Chain programme, launched in 2011 to improve customer service and working capital is already seeing the benefits of leveraging the SAP platform with increased transparency and improved processes.

Givaudan Finance Services implemented a new shared service centre for Latin America and North America during the year. This new centre is based in Buenos Aires, Argentina and follows the successful introduction of the shared service centre for Europe in 2011, in Budapest, Hungary. A Procurement Support Centre for North America was introduced in 2012 to help increase spend control and compliance while improving the effectiveness of the function. This also follows the introduction of a similar centre in Europe in 2011.

Each year we spend over CHF 2,000 million in purchasing the raw materials and the indirect materials and services we need for our operations. Procurement is a strategic pillar which has a strong positive impact on the growth and the profitability of the Company. In 2012, the Executive Committee appointed a Chief Procurement Officer to lead our global Procurement teams and take responsibility for our global Procurement strategies in line with our strategic plan.

Increases and volatility of raw material prices have been a particular challenge for Givaudan over the recent years, but these have been compensated for by the measures we took in response. Price pressures and volatility in raw materials continued in 2012, but our Procurement teams developed and successfully executed sourcing strategies to help ease the impact of the unfavourable market trend as well as to secure sustainable and uninterrupted supply.

We are further developing our sourcing strategy in countries of raw materials origin. By being directly involved at the source we can better control the full supply chain and hence improve quality, traceability and price stability. The sustainable sourcing of raw materials is an integral part of our operations and is essential to our business success in terms of security of supply, cost of goods, quality, environment, health and safety. We are the world's largest buyer in the fragrance and flavour industry, and strive to ensure our purchasing decisions safeguard the environment and stimulate the development and well-being of the communities from which we source. Our top 300 suppliers of raw materials have been asked to register on the Supplier Ethical Data Exchange (Sedex), and in 2012 we started audits of our suppliers through a third party, covering labour standards, environment, health and safety, and business integrity.

For a creative company such as ours, innovation remains a vital platform from which we can launch our continued successes. In 2012, we introduced the first phase of a Company – wide chemical information system that includes the aroma composition of food, beverages, fine fragrances and functional fragrances as well as the raw materials used by both divisions. This database will be welcomed by our innovation teams, who can now leverage the synergies from a combined source. In Fragrances, our Science and Technology teams completed a reorganisation around three centres of research excellence during the year. It included the opening of a new Sensory Centre of Excellence in Ashford, UK. Fragrances won a number of awards in 2012 and also launched two novel fragrance technologies designed to help meet needs around malodour. In Flavours, we rolled out PureDelivery™ UltraSeal™.

Our most recent Sustainability Report, published in March 2012, recorded our achievement of a B+ application level from the Global Reporting Initiative (GRI). This provides increased rigour and credibility expected of sustainability reporting, while serving the information needs of a broad range of stakeholders. The report for our sustainability performance in 2012 will be published in March 2013.

"By delivering on the Company's five-pillar growth strategy – Givaudan expects to outgrow the underlying market and to continue to achieve its industry-leading EBITDA margin while improving its annual free cash flow to between 14% and 16% of sales by 2015."

Our Green Team Sustainability Award programme was extended in 2012 to recognise achievements by local teams in manufacturing and in commercial activities. Our Daman manufacturing site in India won a Green Team award for its programme on delivering a health and nutrition camp for local villagers. Our commercial site at Bogotá in Colombia also won for its project to convert waste disposal from incineration and landfill into recycled materials that can be sold.

Our global behavioural-based safety programme, ‘Zero is Possible’, continued to be implemented during 2012. As part of this, we completed over 85% of the roll-out of SafeStart™ training in all our manufacturing locations. This safety awareness training will be implemented at our commercial locations in 2013. The health and well-being of our employees leads to greater engagement, productivity and retention, and we aim to provide a work environment where employees are able to meet the needs of the business while achieving their career goals and personal interests. In early 2013 we will be launching ‘Engage’, a new approach for our people that is designed to encourage them to take an active role in their career through improved objective setting, performance reviews and career discussions.

The Executive Committee and I thank all employees for their engagement in 2012. Their dedication and commitment are at the heart of our success.

The macroeconomic outlook remains uncertain, but Givaudan is better placed than many others in the industry and I am confident we are in good shape to meet these challenges. Given the current environment a long-term view is needed more than ever, and our long-term ambition remains unchanged. It is to further expand our position in the industry, one that features the everyday consumption of fragrances and flavours.

Throughout this report you will see examples of how we are ‘Engaging the Senses’ through a culture of creativity and innovation. We listen to consumers, talk to clients and tap into our people’s passion, knowledge and curiosity. In these ways we are able to underpin our position as the world’s leading fragrance and flavour company. We seek to make the most of our culture of creativity and innovation, bringing increased value for shareholders and all other stakeholders.

Gilles Andrier Chief Executive Officer

Creating flavours: then, now and next

From ancient times, when herbs and spices were used to add flavour, to our Virtual Aroma Synthesizer™ and MiniVAS, flavour creation has come a long way.

Our scientists are continually seeking innovative ways to create flavours. The Virtual Aroma Synthesizer™, for example, uses Givaudan-developed algorithms to create the desired flavour almost instantly. Our portable MiniVAS allows consumers to sample many different concepts quickly and easily, enabling predictive modelling for new concepts. We are using sensory analysis and molecular biology to drive the development of taste ingredients and the science of flavour creation forward. Our search to understand the drivers of consumer preference goes on.

Strategy

We continue our commitment to outperform the underlying markets and further expand our leadership position in the industry.

Key pillars of our five-year strategy:

Our five-year strategy targets (2010-2015):

- Organic sales growth of 4.5-5.5%, assuming a 2-3% market growth
- EBITDA best-in-class
- Free cash flow between 14-16% of sales by 2015
- Above 60% free cash flow return to shareholders, while maintaining a medium-term leverage ratio target below 25%

Developing markets

We continue to focus on the opportunities for growth offered by the world's developing markets, where consumer demand remains high for packaged food and beverages as well as household and personal care products. Our sales in these markets accelerated in 2012 and accounted for 44% of our turnover.

奇华顿在中国推出中文网站。

In China, Givaudan launches a local-language website. www.givaudan.cn has China-specific content for fragrances and flavours.

The aim of the Chinese-language site is to support our business goals in China and help us compete in the local market against multinational and local market players. The site is an additional tool to help our employees, clients and business partners better understand who we are, what we are doing and what kind of value we can bring to them. It will also help us attract and retain capable people by maintaining a positive company image.

Growth in developing markets is one of our strategic pillars and we aim to increase our total sales in these markets to 50% by 2015 across all categories. We will achieve this growth through superior local talent, capabilities and consumer understanding, together with world-class infrastructure.

Our fragrance business in developing markets continues to grow, driven by a combination of new business and volume gains with key clients as they expand in these regions. New consumers from lower income brackets are also starting to buy fragranced personal wash and laundry products, while other consumers are upgrading to higher quality fragranced personal care and household products.

In Asia, our continued investment includes the unveiling of plans for a new dedicated fragrance creative and commercial centre and a production centre in Singapore. In Latin America, Brazil is now the largest fine fragrance market in the world. Consumers here are natural fragrance enthusiasts and Givaudan is well represented in the market. Our award-winning fragrance recommendation application, iPerfumer2, will soon be available in Portuguese to engage with this increasingly important market for fine fragrance. In the Middle East and Africa we have established a roadmap for building capabilities as well as expanding our footprint in this increasingly important region.

We are committed to building our network throughout developing markets as we believe that presence is critical to build the local knowledge necessary to exploit our global expertise.

Flavour Division sales in developing markets now account for more than 41% of sales and are growing at greater than twice the rate achieved in the more mature markets. With comprehensive flavour profiles to work intimately with customers, the division continued to invest in flavour creation, application and manufacturing capabilities to support the fast-growing and diverse developing markets, which require our innovation and creativity expertise now more than ever before. The division has achieved accelerated growth in key areas related to Health and Wellness, such as sodium and sugar reduction, which are quickly becoming critical to market success in these markets. Key categories such as Beverage, Savoury and Snacks also saw substantial growth. Our investment in developing markets continued in 2012 with the completion of our savoury manufacturing site in Hungary and the expansion of laboratories, offices and spray dry technology capabilities in Argentina and Brazil. In 2013, further investments will be completed in Asia Pacific with the expansion of the technical centre in India, new spray drying capabilities in Indonesia and the ground-breaking on a new savoury facility in China.

From traditional Chinese wisdom to modern beverages

In a concerted effort to appeal to the flavour desires of Chinese consumers, our China team carried out a detailed exploration of traditional Chinese medicine.

Our team worked with culture experts, traditional medicine specialists and consumers to understand how flavours in traditional Chinese medicine may be associated with positive attributes in products today. Their aim was to identify opportunities for modern-day concepts based on ancient beliefs concerning well-being and health. Our learning led to consumer-inspired innovative platforms for product development. We are using the findings to develop flavours to be used in beverages for well-being, including juices, teas and herbal drinks. This knowledge will then be leveraged into other categories.

Research and Development

Creative and innovative research and development (R&D) programmes are the bedrock for Givaudan's continued commercial success. Our investment in R&D – CHF 404 million in 2012 – significantly exceeds that of any other company in the fragrance and flavour industry. We are committed to investing for the mid- and long-term to maintain our competitive edge.

Our research teams made significant progress in 2012 in understanding taste and smell mechanisms that provide the basis for successful products for customers. During the year both divisions adapted the organisation of their R&D teams to enable more efficient and effective innovation programmes.

Fragrance Division

In 2012, the Science and Technology teams in the Fragrance Division completed a reorganisation around three centres of research excellence. The new Sensory Centre of Excellence was opened in Ashford, UK and the two other centres are the Fragrance Ingredients Centre, based in Dübendorf, Switzerland and Shanghai, China, and the Fragrance Delivery Centre at Argenteuil in Paris, France.

The opening of the new Sensory Centre at Ashford brings together expertise in the evaluation and measurement of perfume benefits. It is an investment that allows our scientists to measure and precisely understand perfume performance with facilities that include an outstanding array of laboratories and evaluation rooms for the use of the sensory analysis, malodour management, measurement science and sensory neuroscience teams.

Neuroscience evaluation facilities are critical to our focus on research into olfactory perception and the intrinsic mechanisms that underpin the sense of smell within the nose and the brain. This research aims to further our understanding about the way that fragrances are perceived and the mechanisms which influence factors such as perceived fragrance intensity and performance. This initiative was supported in 2012 by investment in open innovation collaborations with leading academics from the field of olfactive research.

CHF **404** million

Investment in R&D

Combating malodour through fragrance design

Fragrance creation is not always about pleasant smells. Experts in the Sensory Centre also work to design fragrance technologies that combat personal and environmental malodours. During 2012, two novel fragrance technologies were launched, addressing gender-specific deodorant needs and a catalytically enhanced malodour elimination system that targets reactive malodour species. The Sensory Centre of Excellence also put in place a Fundamental Understanding programme that will extend Givaudan's knowledge of key malodours in terms of composition, evolution and perception, and allow for the development of future malodour counteraction technologies to target specific consumer needs.

Our nose for new ideas

The scent of the first ingredient developed by our Biosciences group in Dübendorf, Switzerland is now available for the exclusive use of our perfumers.

Akigalawood™ has spicy aspects of pink peppercorn and curcuma that combine with an interesting woody character and an agarwood facet, with slightly rosy floral touch that is reminiscent of Indian hemp. It is obtained by the enzymatic transformation of a specific fraction of patchouli oil. The modification of a light patchouli fraction produced this excellent performing novel woody note to add to the perfumers' palette and to our portfolio of nature-derived materials.

Freshness feels good for oral care and the planet

In our quest for creativity, we have developed the EverCool™ system to increase oral freshness. Our next generation of cooling compounds aims at delivering the ultimate freshness sensation in the mouth.

Responding to consumer demand for higher levels of freshness from toothpaste and mouthwash, our flavourists have created a proprietary blend of materials for oral care products. The aim is to optimise the cooling effect and improve product sustainability. The flavour system enables manufacturers to maintain effective perceived mouth freshness from lower flavour dosage. With less flavour required, the shipping and production impacts associated with product manufacture can be significantly reduced.

The Fundamental Understanding programme has three elements:

Understanding consumer needs
Malodours affect everyone on a daily basis but the type, severity and frequency of the malodours will depend on local customs, habits and the individual's social situation. It is important to focus the technical resource on the most beneficial targets, so a thorough understanding how people live (cook, work, wash, eliminate waste) in different parts of the world is key. Understanding the malodour problems faced by the different lifestyles ensures that our fragrance solutions address the targeted consumer needs. This is particularly relevant in developing markets.

Analytical excellence
Givaudan's sensory analytical capability allows the separation and identification of specific malodour components from a complex air sample. We are also evaluating real-time analytical techniques that can monitor the formation and evolution of specific malodour components in a real-life environment such as the kitchen or bathroom. In other words we can watch a bad smell develop and work out ways to combat it. Over the next few years, the knowledge generated from this work will enable the development of novel technologies targeting the specific malodour culprits, enabling the creation of superior performing fragrances.

Malodour counteracting technologies
Fragrance can tackle malodour at numerous 'touch-points' between the formation of the malodour and its perception. Applying the correct fragrance technologies will depend on the malodour source and composition, but the ideal solution will address as many of these 'touch-points' as possible, balancing fragrance functionality with fragrance aesthetics. Applying the learning from the fundamental analytical understanding of key malodours will help define the most suitable fragrance strategies, while the real-time analysis will provide evidence for the fragrance performance.

On the scent of perfume performance

A new Science and Technology Sensory Centre of Excellence, bringing together expertise in the evaluation and measurement of perfume benefits, opened at our Ashford, UK site.

The investment gives our scientists state-of-the-art facilities in which to measure fragrance behaviour and to precisely understand the effect of different climates, conditions and equipment upon perfume performance. Digital management systems enable precise temperature and humidity control, replicating the expected conditions of any given environment. The Sensory Centre of Excellence allows specialist teams to focus on measuring and identifying perfume benefits in facilities with an outstanding array of laboratories and evaluation rooms.

Automation/catalysis investment

In today's business environment, factory process optimisation is vital in delivering commercial and environmental benefits to the Company. During 2012, a team was established in Dübendorf to identify, optimise and understand catalytic processes. This team works to significantly increase Givaudan's capability to develop cost effective and sustainable production processes for existing and new fragrance ingredients.

Catalysis is at the core of all synthetic processes that produce organic molecules such as our fragrance ingredients. Through the use of catalysts, a process can be accelerated, reducing the production of waste and minimising the use of energy. The application of catalysis is central to improving the environmental impact of a process and so is of great interest to Givaudan.

The field of catalysis is immense, however, and the traditional approach to finding a good catalyst entails a sequential approach that is time consuming. It typically involves one experiment at a time, with analysis, refinement, reinvestigation and reassessment until the optimum process is identified.

Givaudan has installed automated technologies that enable rapid parallel screening of catalysts in order to identify performing catalysts within a fraction of the time required by traditional approaches. We now have the capability to optimise these lead catalysts through the effective use of experimental design techniques and are able to study catalytic processes to obtain vital kinetic data which is of high value in transferring processes to a larger scale and ultimately to production.

Flavour Division

In 2012, the Flavour Division's Science and Technology (S+T) organisation continued its focus on innovation that supports our business strategy and helps drive brand growth for our food and beverage customers. We are closely aligned with key customer and market drivers: Health and Wellness, naturals, delivering authentic flavour and taste experiences, developing and achieving sustainable and cost-effective technologies, and addressing the needs of mature and developing markets. To meet these needs, S+T is built around the following core areas:

Ingredients research and analytical sciences

The ingredients research team discovers new ingredients and the analytical science team provides scientific knowledge and analytical services to Givaudan's creation and application communities.

We continue to pioneer ways of meeting consumer expectations of deliciousness for low salt and low MSG products. Based on our TasteTrek™ programme, we have discovered a new class of molecules in traditional dishes and condiments of Asia. This new patented technology enables us to develop authentic and 'rich' flavours which provide consumer preference for products with low salt or low MSG content.

Also during the year our technical and creation team in China conducted a CulinaryTrek™ that investigated beef noodle soup, one of the country's most famous dishes. Based on a TasteTrek™, we have discovered a new natural material which effectively masks the unpleasant off-taste of potassium chloride, used in low salt applications.

Flavour, application and sensory sciences

The flavour science and sensory teams develop novel tools, methodologies and insight that empower the design of superior flavours. Application science applies great taste with new technologies in applications such as sweet goods, beverage, savoury and snacks product applications.

This group has developed a supplier relationship with a technology development partner to facilitate the use of our Mini Virtual Aroma Synthesiser™ (MiniVAS), helping meet the growing demands of Givaudan's regional flavour creation and application groups as well as our customers' expectations.

Flavour delivery

The flavour delivery group is responsible for the research and development of new delivery and encapsulation systems and ways to manufacture them.

We have rolled out our latest development for powdered beverage applications, PureDelivery™ UltraSeal™ and invested significantly in our sampling and manufacturing capabilities to cover our core markets, mainly in the Asia Pacific, Latin America and Europe, Africa and the Middle East (EAME) regions.

The new UltraSeal™ technology, a combination of approaches in material science and process engineering, is capable of delivering unique performance in encapsulating fresh and volatile flavour ingredients in a particle, together with excellent flowability, flavour stability and dissolution.

Our beverage heritage is strong

Back in the 1940s, we were first to perfect the spray drying of flavours to produce a powder form. Today, we continue to lead the way in powdered beverage innovation.

We lead the industry in making the authentic powdered fruit flavours consumers desire and prefer. Starting with fruit from nature as our guide, and employing the newest technologies, we create authentic flavours with fresh fruit character that deliver a fresh-squeezed taste and aroma, bright juicy notes, sweetness, and a refreshing smooth finish. Our UltraSeal™ patented encapsulation technology protects the flavours and provides fast dissolution, flow, visual cues, and long shelf life stability. Our goal is ensuring freshness and taste during processing, shelf life, opening of the product and dilution to give consumers an authentic and satisfying beverage experience.

Creation technology

The creation technology group is the key interface of S+T and regional flavour creation and applications teams. The team evaluates new ingredients from S+T to test their efficacy against benchmarks.

We continue to make progress in our quest to unravel the secrets of what makes good food taste so good. Through our regional TasteTrek™ and ChefsCouncil™ programmes we are gaining increasing molecular-level insights into hedonics, the study of pleasant and unpleasant sensations.

Our flavourists have more tools available to them to create flavours that differentiate and deliver sustainable solutions for our customers. Our approach to studying regional and ethnic cuisines and then relating this back to delivering unique creation tools for our flavourists is bearing fruit and has set a benchmark for the industry.

Our technology tastes sweet

Our innovative developments in sugar reduction stretch back over ten years. Now, as the global health and wellness movement gains momentum, we continue to lead the way.

Our TasteSolutions™ sweetness flavours achieve the sweet taste consumers enjoy in reduced sugar, artificially and naturally-sweetened products. Our deep understanding of the challenges associated with reducing or replacing sugar has led to The Sweet Curve. This proprietary tool helps guide and validate the performance of our TasteSolutions™ flavours for restoring the complex taste and flavour profiles of sugar. The result is a faster path to reduced-sugar products that deliver the sweet taste consumers prefer.

Alliances and accelerated discovery

The alliance team is devoted to establishing mutually beneficial, strategic alliances with the best parties including academic centres, technology companies, suppliers and customers. Accelerated discovery aims to build a strong technology/capability platform in specific, strategic areas.

In an effort to support our initiatives on sustainable natural materials, we further strengthened our global alliance network and added new strategic partners. These partners have helped us obtain access to natural speciality materials through biotechnology innovation in sustainable and cost-effective ways. We are exploring the possibility of further alliances to enhance our capabilities and innovative offerings.

We have carried out an extensive investigation in the Asia Pacific region, particularly in China, to identify new internal and partner opportunities to grow our business and to help increase our competitiveness in this fast-growing region.

Development and implementation

Development and implementation is responsible for the efficient and cost-effective industrialisation of new and existing S+T ingredients and technologies.

In the natural volatile ingredients area, progress has been made on making sure several natural materials with high business impact can be supplied without interruption, and can continue to be used for flavour creation without issues. Within the savoury volatile area, significant progress was made on a project that will lead to ingredient cost effectiveness and the potential of significant business growth. In the sweet taste area, the performance of natural sweetness enhancers was improved significantly, allowing broader use of this technology in solutions for our Beverages and Sweet Goods customers.

Several new natural ingredients were developed in the areas of sweet taste, bitter masking, savoury volatiles, dairy, and coffee and tea. One ingredient was specifically developed to meet the requirements of new legislation in Europe.

Creating authentic grain notes

Our innovative scientists have made processed oats and grains more attractive by developing authentic aromas that replace the grain notes lost during drying and processing.

Tapping into our long experience studying the effect of cooking on raw ingredients, we have successfully developed new ingredients that fill the grain note gap caused by the processing of oats. By analysing market samples, mimicking chemical reactions and applying sensory testing, we were able to create an authentic grain aroma. The need for authenticity exists in many other areas and we can often provide customers the authentic taste profiles they need to satisfy consumers.

Health and Wellness

Consumers continue to demand food and beverage products that are not only good for them but also taste good. We have made significant investments in recent years that enable us to help our customers launch great tasting healthy food and beverage products and meet these consumer expectations. Our investments in new ingredient development, sensory methodologies and consumer understanding allow us to maintain a leading position in the Health and Wellness arena.

One area of consumer expectation is in sweetness. Here, consumers seek food and beverage products that are lower in calories so they may control their sugar intake, yet still taste like full sugar products. Sweetness and the study of sugar profiles was a particular focus in 2012 for our Flavour Division, alongside continued work in salt reduction and mouthfeel. The objective in sweetness studies is finding alternatives to sugar which taste like sugar, with the same richness, complexity and body with a crisp finish. Our TasteSolutions™ Sweetness offering was expanded in 2012, providing customers with enhanced capabilities in natural, cost-effective and high performance sweetness perception.

Through our TasteSolutions™ Mouthfeel programme we are also addressing the mouthfeel challenges that food manufacturers of sweet and dairy products face in low-calorie products. This includes a unique sensory language, Sense It™ Mouthfeel, and advanced technologies to optimise the taste profile of reduced-calorie sweet and dairy products and provide the premium flavour perception that consumers desire.

We are investigating the possibility of replacing flavours that contain animal proteins with those containing vegetable proteins. Animal proteins generally contain more fat than vegetable or plant proteins, but there are some off-taste issues such as bitterness in vegetable proteins. We are trying to make vegetable protein taste like animal protein, and expect to launch products that address this challenge in 2013-2014.

Our Fragrance Division continued to invest in programmes of scientific discovery that characterise the benefits of fragrance on health and well-being. Through collaborations with academia and in-house projects, we are endeavouring to quantify and validate known fragrance benefits such as improved sleep quality, relaxation, reduced stress and enhanced cognitive performance.

Understanding the benefits of smell

Surprisingly, our sense of smell is the most mysterious and poorly understood of all the senses. Our scientists are working to address this gap in our understanding.

How are messages, carried by odour molecules, converted into the vivid perceptual and emotional experiences evoked in the mind? Although research has provided extensive insights into how we perceive the world through our visual and auditory systems, there are still many gaps in our knowledge about smell. Our new programme of neuroscientific research should deliver insights in relation to olfactory perception and the intrinsic mechanisms that underpin our sense of smell, both within the nose and the brain.

Reducing salt: from a trend to a demand

Our customers' global drive to reduce the levels of sodium in foods continued in 2012; our initiatives to help make their products taste great thrived.

We are now in our second or third round of sodium reduction initiatives in mature markets and we are leading the way in developing markets. During 2012, a Givaudan savoury team presented our salt reduction technologies and expertise at a global conference in South Africa. Titled 'Subtract the Salt', the event focused on ways industry and government can meet the target of no more than 6g of salt per person per day, as proposed by some nations. Our contribution is to ensure the great taste of these sodium reduced products.

Sustainable sourcing of raw materials

The sustainable sourcing of raw materials is an integral part of our operations and is one of our strategic pillars as well as being part of our Sustainability programme. Such sourcing is essential to our business success in terms of security of supply, cost of goods, quality, and environment, health and safety.

Nurturing vanilla and education

Our ethical vanilla sourcing programme in Madagascar involves improving traceability, helping farmers certify their organic produce and supporting school building projects.

Maintaining our ethical vanilla sourcing programme in Madagascar, we work with vanilla farmers to improve the yield and quality of their crop through the use of new technologies and organic farming practices. Our efforts also help farmers develop sustainable practices in nourishment and education via the System of Rice Intensification. Working side by side with local growers and villagers, we are helping to build the success of Malagasy farmers in the vanilla trade.

We are one of the world's largest buyers in the fragrance and flavour industry, and strive to ensure our purchasing decisions safeguard the environment and stimulate the development and well-being of the communities from which we source.

Following a pilot in 2010, our top suppliers of raw materials have been asked to register on the Supplier Ethical Data Exchange (Sedex), a non-profit organisation that promotes improvements in ethical and responsible business practices in global supply chains. In 2012, we started SMETAs (Sedex Members Ethical Trade Audits) of our suppliers through a third party. These audits focus on labour standards, environment, health and safety, and business integrity.

Our Innovative Naturals programme of ethical sourcing establishes unique partnerships that identify potential local and novel ingredients of interest to our perfumers and flavourists. This approach offers security and traceability of supply and helps us in our search for new naturals. For local communities, the partnerships bring valuable advantages such as additional and more stable income, security for farmers and local suppliers, and increased awareness of local environmental issues.

Lavender

The number of projects in the Innovative Naturals programme continues to grow, for example with a new partnership in France in 2012. France is the world's single biggest producer of lavender and its hybrid lavandin, widely used in perfumes. This position is under threat because of disease in some regions that has led to decreased supply and pressure on prices. While efforts are being made to develop new strains of lavender/lavandin, there are no short-term solutions in sight. Givaudan is supporting different areas of the lavender/lavandin supply chain through an exclusive partnership with a local cooperative, France Lavande. This agreement includes long-term supply contracts at fair prices and support for research efforts to find new lavender species.

Palm oil

Givaudan supports and encourages the production of certified sustainable palm oil through being a member of the Roundtable on Sustainable Palm Oil (RSPO), which we joined in 2011, and by purchasing our crude palm (kernel) oil as well as palm oil fractions and derivatives within the Green Palm certification supply chain system, which promotes the RSPO and the sustainable production of palm oil. Our ultimate objective is to obtain all our palm oil derived ingredients from certified sources by 2020.

More details of these and other projects can be found in our Sustainability Report, available from March 2013 on **www.givaudan.com** – [sustainability] – [publications]

Preserving the natural heritage of Provence

Givaudan is working to support the production of healthy lavender plants and thus protect lavender growth in Provence, France, for the fragrance industry.

We have joined a partnership to protect the iconic lavender fields of Provence and to battle a deadly disease.

The lavender in Provence is threatened by stolbur phytoplasma, bacteria that weakens plants over a period of three years until they dry out and die. To help halt the decline, we are partnering with CRIEPPAM, a research organisation that supplies certified healthy lavender plants to France Lavande, a growers cooperative. The partnership works to encourage farmers to join the cooperative and to evaluate and improve lavender quality each year to strengthen this crop for the future.

Targeted customers and segments

We seek to help our customers drive growth in their market share, in mature as well as developing markets, through bringing innovation, consumer insight, market understanding and commercial expertise to the development of sustainable fragrance and flavour creations.

We want to build on our strategic partnerships with our main customers and develop our presence with accounts or product categories where we are under-represented relative to our overall industry position and where we have an opportunity to expand.

In our Fragrance Consumer Products business, sales in Asia Pacific and Latin America posted strong double-digit growth, spread across international customers as well as local and regional ones. Developing markets represent a major, rapidly growing opportunity for Givaudan as consumers in these regions aspire to become fragrance users and enter the market through personal and home care products. Our focus on engaging with these new consumers is conducted on two fronts: via expansion of facilities to connect in the regions with local customers, and through investment in consumer insights to be best placed to advise our global clients. In Fine Fragrances, our focus remains on two key strategic goals: creating fragrances with sustained success, and growing in developing markets. Our proactive approach includes the use of new digital technologies to engage with consumers worldwide to provide new insights for our creation teams. To this end, we will soon launch the award-winning iPerfumer2 in Portuguese for users in Brazil.

A new twist to classic flavours

Consumers will never fall out of love with classic flavours. At the same time, they look out for brand new taste experiences. Our flavourists find them.

The Givaudan Collections™ launched by our Sweet Goods team in North America have become a model for creating new, consumer-preferred flavours based on a highly methodical approach. First, through a broad demographic product survey, we come to understand how consumers describe various flavour groupings. Working from this landscape of consumer-defined flavour profiles, we evaluate up to 100 flavours from our global portfolio to find or create the flavour twists that provide greatest consumer appeal and marketplace opportunities.

Fashionable fragrance for creative INK conference in India

The Flavour Division again achieved significant growth in 2012 from a core group of customers that delivered over twice the growth rate of the division. This group of customers offers exciting expansion opportunities for Givaudan as they are able to benefit and leverage the breadth and depth of our portfolio, extensive consumer understanding, technology, supply chain capabilities, and our global reach into their offerings. Flavours achieved strong growth in the Beverages and Snacks segments and captured valuable growth opportunities in Food Service as well. Health and Wellness continues to dominate as a major trend in mature markets and is now taking hold as a focus area for our customers in emerging markets. Continued momentum in our TasteSolutions™ programme, notably in sugar reduction, sodium reduction and new patented technologies for mouthfeel and MSG reduction, has greatly contributed to our differentiation and success.

Recognising the rapid growth of the Indian market, we took part in INK India, a conference connecting opinion leaders, fashion and beauty journalists and creative people.

Givaudan senior perfumer Yann Vasnier created Star Jasmine for the conference. Perfumed body sprays are the leading fine fragrance format in India and the prestige market is also expanding as new luxury shopping destinations give the urban Indian access to premium brands. India is therefore an important developing market and we are developing our local fine fragrance capabilities. A key part of our strategy is to build our brand image by reaching out to the industry and beyond.

Our heritage of creativity continues

We have a distinguished fragrance heritage, creating many perfume classics, best sellers and award winners throughout our long history. Inspired by our heritage, we move on...

In the 1920s and '30s, we pioneered the relationship between fragrance houses and fashion designers. Avant-garde and remarkable perfumers defined the fragrance market of their time and in this spirit we created many of the most daring and influential fragrances of the last century. We have continued to translate the aspirations and glamour of prestige, designer and celebrity brands into fragrance ever since and Givaudan creations are loved by people around the world.

Performance

Resilient in the volatile environment, we achieved strong results in 2012 and maintained a strong balance sheet.
In this section, the Fragrance Division and Flavour Division detail their performance.

Highlights:

- EBITDA CHF 870m
- Free cash flow CHF 512m
- Sales Fragrance Division CHF 2,021m
- Sales Flavour Division CHF 2,236m

Business performance

Givaudan Group sales totalled CHF 4,257 million, an increase of 6.6% in local currencies and 8.7% in Swiss francs compared to 2011.

Sales of the Fragrance Division were CHF 2,021 million, an increase of 8.4% in local currencies and 10.3% in Swiss francs.

Sales of the Flavour Division were CHF 2,236 million, an increase of 5.0% in local currencies and 7.4% in Swiss francs compared to 2011.

Gross margin

The gross profit margin decreased to 42.2% from 42.6%, as higher selling prices could not fully compensate for the additional pension costs and the incremental costs associated with the start-up of the Flavours manufacturing facility in Makó, Hungary.

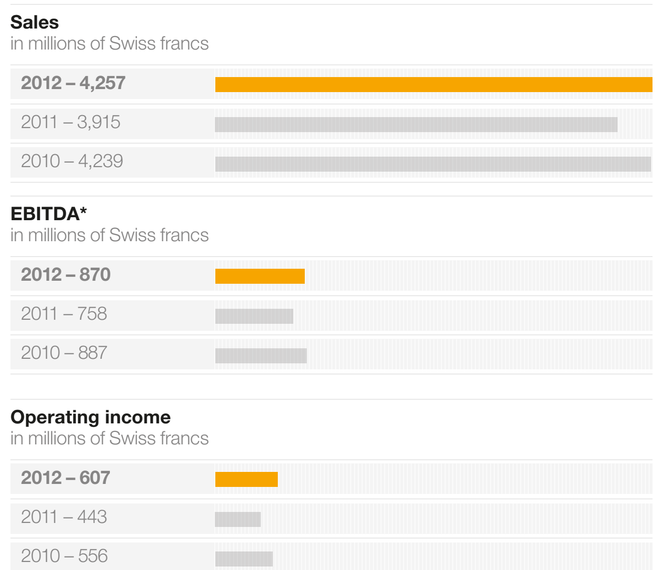
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

The EBITDA increased by 14.8% to CHF 870 million in 2012 from CHF 758 million last year. The improvement in the EBITDA was hampered by higher pension costs and the costs associated with the start-up of the facility in Makó, Hungary. In the second half of 2012 the Group recorded a CHF 27 million gain on the sale of a non-strategic business.

When measured in local currency terms, EBITDA increased by 11.9%. The EBITDA margin was 20.4% in 2012, compared to the 19.4% reported in 2011.

Operating income

The operating income increased by 37.0% to CHF 607 million from CHF 443 million last year. The increase in operating income was greater than the increase in EBITDA as a result of the lower amortisation of intangible assets. When measured in local currency terms, the operating income increased by 32.5%. The operating margin increased to 14.3% in 2012; the operating margin in 2011 was 11.3%.



* 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 and impairment on joint ventures.

Financial performance

Financing costs were CHF 65 million in 2012, down from CHF 91 million in 2011. Other financial expenses, net of income, were CHF 28 million in 2012, versus CHF 34 million in 2011, as currencies were stable during 2012. The Group's income taxes as a percentage of income before taxes were 20% in 2012, versus 21% in 2011.

Net income

Net income increased to CHF 411 million in 2012 from CHF 252 million in 2011, driven by an improved operating performance, lower financial expenses and a lower income tax rate. This represents 9.7% of sales in 2012, versus 6.4% in 2011. Basic earnings per share increased to CHF 45.15 in 2012 from CHF 27.71 in the previous year.

Cash flow

Givaudan delivered an operating cash flow of CHF 781 million, up from the CHF 456 million generated for the comparable period in 2011, mainly due to a higher EBITDA and a decrease in inventories. As a percentage of sales, working capital decreased, mainly as a result of lower inventory levels.

Total net investments in property, plant and equipment were CHF 148 million, down from the CHF 176 million incurred in 2011, as the Company completed the investment in the European savoury manufacturing facility in Hungary.

Intangible asset additions (net) were CHF 45 million in 2012, a significant portion of this investment being in the Company's Enterprise Resource Planning (ERP) project based on SAP. The Company completed the implementation of this project on a global basis in the year. This investment was partially offset by the sale of an intangible asset related to a non-strategic business. Operating cash flow after investments was CHF 588 million, versus the CHF 194 million recorded in 2011. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 512 million in 2012, up from CHF 117 million in 2011, mainly driven by the higher EBITDA, lower working capital requirements and lower investments in 2012. Free cash flow as a percentage of sales was 12.0%, compared to 3.0% in 2011.

Financial position

Givaudan's financial position remained solid at the end of December 2012. Net debt at this date was CHF 1,153 million, down from CHF 1,453 million at December 2011. At the end of December 2012 the leverage ratio (defined as net debt divided by net debt plus equity) was 24%, compared to 29% at the end of 2011.

Dividend proposal

The Board of Directors of Givaudan will propose to the Annual General Meeting, on 21 March 2013, a cash dividend of CHF 36.00 per share for the financial year 2012 an increase of 64% versus 2011. This is the twelfth consecutive dividend increase following Givaudan's listing at the Swiss stock exchange in 2000. The total amount of this distribution will be made out of reserves for additional paid-in capital which Givaudan shows in equity as at the end of 2012.

Board of Directors

In line with its long-term succession planning, the Board of Directors will propose to the Annual General Meeting the re-election of Irina du Bois and Peter Kappeler for terms of one and three years respectively.

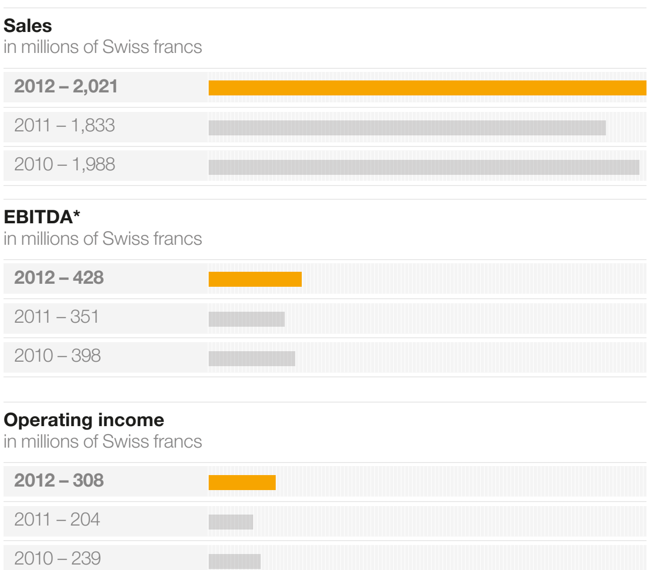
Mid-term guidance

Mid-term, the overall objective is to grow organically between 4.5% and 5.5% per annum, assuming a market growth of 2-3%, and to continue on the path of market share gains. By delivering on the Company's five pillar growth strategy – developing markets, Health and Wellness, market share gains with targeted customers and segments, research and sustainable sourcing – Givaudan expects to outgrow the underlying market and to continue to achieve its industry-leading EBITDA margin while improving its annual free cash flow to between 14% and 16% of sales by 2015.

Givaudan confirms its intention to return above 60% of the Company's free cash flow to shareholders while maintaining a medium-term leverage ratio target of below 25%. The leverage ratio is defined as net debt, divided by net debt plus equity. For this ratio calculation, the Company has decided to exclude from equity any impact arising from the changes of IAS 19 – Employee Benefits (revised) going forward.

Fragrance Division

The Fragrance Division recorded sales of CHF 2,021 million, an increase of 8.4% in local currencies and of 10.3% in Swiss francs as the strong performance in the first six months continued into the second half of the year.



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Total sales for Fragrance compounds (Fine Fragrances and Consumer Products combined) increased by 10.3% in local currencies and by 12.2% in Swiss francs to CHF 1,781 million from CHF 1,587 million. Fragrance Ingredients sales decreased by 3.9% in local currencies.

EBITDA increased to CHF 428 million from CHF 351 million last year. The EBITDA margin increased to 21.2% compared to the 19.1% reported last year.

Operating income increased to CHF 308 million from CHF 204 million last year as a result of the growth in volume, price increases to recover from the impact of higher raw material costs and lower amortisation charges for intangible assets. The operating margin increased to 15.2% from 11.1% reported last year.

The main capital investments in 2012 were in Mexico and the UK. The success of the encapsulation technologies meant that the Division had to increase capacity In the fragrance manufacturing site in Pedro Escobedo, Mexico. In Ashford, UK, a new Science and Technology Sensory Centre of Excellence opened in September. This new centre combines science and consumer understanding so as to develop perfumes with higher performance and benefits. In Singapore, the state-of-the-art creative centre and a new production centre entered into the final planning phase and construction is scheduled to start in 2013.

CHF 2.0 billion

Fragrance sales

Women's fragrances	Men's fragrances
Boticário • Egeo Provoke Woman • Linda Radiance	**Boticário** • Egeo Provoke Man
L'Oreal • Ralph Lauren Big Pony Collection for Women #4	**Estée Lauder** • Tom Ford Noir
Procter & Gamble • Dolce & Gabbana Light Blue Dreaming in Portofino	**Groupe Inter Parfums** • Montblanc Legend Special Edition 2012
Puig • Elixir by Shakira • Her Secret by Antonio Banderas	**Natura** • Amo Esquenta • Essencial Intenso
Shiseido • Pleats Please	**Procter & Gamble** • Boss Bottled Sport • Dolce & Gabbana The One Sport • Eau De Lacoste L.12.12 Rouge • James Bond 007
Unilever • Axe Anarchy for Her	**Puig** • Prada Luna Rossa • CH Men Sport

Paris and New York celebrate our artistry

France honoured Givaudan perfumer Daniela Andrier with the title Knight of the Order of Arts and Letters. In America, her work featured in a new exhibition.

Daniela was one of six perfumers honoured by Frédéric Mitterrand, Minister of Culture and Communications for the French government. At a sparkling event, industry guests gathered to laud those selected and to hear M. Mitterrand acknowledge the importance of perfumers and perfumery to France. Over in New York, Daniela's perfume 'Untitled' (created for Maison Martin Margiela), a winner at the 2011 FiFi® Awards, featured in the Museum of Arts and Design exhibition The Art of Scent 1889-2012.

Fine Fragrances

Fine Fragrances sales grew by 4.2% in local currencies. A strong performance in developing markets and in Europe more than compensated for lower sales in the US.

Growth in developing markets was driven by a combination of new business and volume gains at a number of customers. In mature markets, the good growth in Europe was not sufficient to offset the erosion and challenging comparables in North America.

Strategically, the business continued to make excellent progress against its main growth initiatives in developing markets and at targeted accounts and segments.

At the industry awards ceremonies, Givaudan had another exceptional year capped by the FiFi® Awards in New York where our fragrances won ten of the thirteen fragrance awards. Our iPerfumer2, winner of the FiFi® Technological Breakthrough of the Year, also won the award for Information Technology at the World Perfumery Congress.

Our App clicks with award judges

We win again. Our popular iPerfumer2 App won the FiFi® Technological Breakthrough Award at the 2012 World Perfumery Congress held in Connecticut, USA.

Our long-standing culture of creativity and innovation led to success at the World Perfumery Congress, where we won the FiFi® Technological Breakthrough of the Year Award. New technological concepts such as our iPerfumer2 App help move the fragrance industry forward, attract new consumers to the category and appeal to a modern tech-savvy generation. iPerfumer2 now has 100,000 users who provide valuable insight for Givaudan fragrance creation teams by rating different fragrances.

Consumer Products

Sales for the Consumer Products business unit increased by 12.1% in local currencies against last year's strong comparables. Important new wins, a soft erosion rate on existing business and price increases contributed to this growth. This solid performance was driven by developing markets, supported by good growth in mature markets.

Asia Pacific and Latin America posted strong double-digit growth, spread across all customer categories.

In Europe, Africa and the Middle East, the moderate sales increase was driven by Africa and the Middle East and international customers. Sales in North America showed significant growth, particularly with international customers.

On a product basis, sales grew across all segments, with a double-digit increase in fabric care and oral care. Personal care delivered high single-digit growth with positive gains in all regions.

Fragrance Ingredients

Sales in Fragrance Ingredients decreased by 3.9% in local currencies, driven by the lower sales volume in commodities.

Sales of specialities reported a strong increase, exceeding last year's growth rate. The best results were in Asia Pacific and Latin America.

Over the year, various products were successfully transferred to the Mexican ingredient manufacturing plant to ensure the product portfolio's competitiveness.

The scent of success

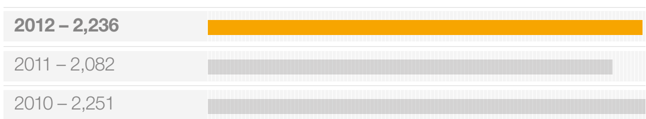
Judges at the 2012 British Society of Perfumers annual fragrance awards confirmed our winning ways. We were declared the winner in several high-profile categories.

In Personal Care we won with Pantene Classic shampoo, where our fragrance received 40% of the votes cast. In Home Care, our Bali Sandalwood & Jasmine fragrance for Glade Moments Candle came first. And in Laundry Care we won with Lenor Scent Fusion Passion Jasmine, achieving 42% of the votes. Members of the society nominate fragrances that are in turn shortlisted by the council. These are then submitted to a blind testing by the delegates to the symposium.

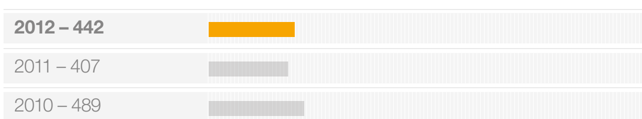
Flavour Division

The Flavour Division reported sales of CHF 2,236 million, a growth of 5.0% in local currencies and 7.4% in Swiss francs.

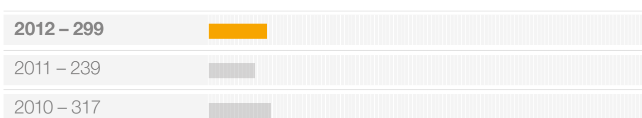
Sales
in millions of Swiss francs



EBITDA*
in millions of Swiss francs



Operating income
in millions of Swiss francs



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All major segments grew favourably with Beverages and Snacks leading the way. The Flavour Division continued to be supported by the strategic pillars of expanding developing markets, executing key initiatives involving Health and Wellness programmes, increasing market share among targeted customers, and partnering with the Foodservice industry in developing key strategic solutions.

EBITDA increased to CHF 442 million from CHF 407 million last year. The start-up costs incurred in Makó, Hungary, were offset by the CHF 27 million gain recognised as the result of the sale of a non-core business. The EBITDA margin increased to 19.8% in 2012 from 19.5% in 2011, mainly as a result of higher sales and tight control on operating expenses.

Operating income increased to CHF 299 million from CHF 239 million last year as a result of lower amortisation changes for intangible assets. The operating margin increased to 13.4% from 11.5% reported last year.

Throughout all regions and segments, the Flavour Division worked closely with its customers on growth and innovation opportunities. In Health and Wellness applications, the division continued its successful commercialisation of sweetness and salt replacement solutions, translating into a strong double-digit growth rate.

CHF 2.2 billion

Flavour sales

Asia Pacific

Sales in Asia Pacific achieved 4.4% growth in local currencies. The developing markets of Indonesia, Philippines and Thailand attained double-digit growth while India delivered high single-digit growth. Sales in China were low single-digit growth against strong prior year comparable. Sales in the mature markets escalated as well with growth in Japan and Korea outperforming the markets Oceania was negatively impacted by a decline in Australia.

Strong new wins and growth of existing business fuelled the expansion across all segments with gains coming from Beverage, Dairy, Savoury and Snacks. The region delivered double-digit growth in the divisional strategic growth pillars, with strong emphasis in targeted customers and Health and Wellness sales.

Investments continue in Asia Pacific to support the growth opportunities within the region. The India technical centre expansion is scheduled for completion in early 2013. The centre will service the fast-growing flavour needs in the Indian marketplace. Spray drying capacity in Indonesia will be operational in mid-2013 to service the developing markets of ASEAN and ground breaking will take place in Nantong, China in 2013 for a new savoury facility.

A tasteful alternative to price volatility

Our Tomato Paste Replacer helps stabilise supply fluctuations and price volatility caused by storms, floods, disease and other natural disasters.

Tomato paste, an indispensable culinary ingredient, is a perfect example of stabilising price volatility with a replacement product. It provides essential tomato flavour, umami enhancement, body and mouthfeel to a variety of applications. Created by our North America Flavour team, TasteSolutions™ Umami Tomato Paste Replacer naturally delivers these attributes without compromise, while providing an alternative that reduces customers' exposure to market price volatility. Our Tomato Paste Replacer is one more way Givaudan helps the global food industry cost-effectively achieve consumer-preferred flavours.

Europe, Africa and Middle East (EAME)

Sales increased 3.6% in local currencies despite the adverse economic conditions in Northern Africa and Southern Europe. The developing markets of Africa, South Eastern Europe, Poland and Russia achieved high single-digit growth. The mature markets increased with gains mainly coming from Ireland and the UK.

The region recorded expansion across all major segments with Beverage and Snacks leading the way. Growth was attributed to both new wins and advancement of the existing business in the region. All strategic pillars experienced strong growth with Health and Wellness and targeted customers delivering double-digit gains.

Construction of the state-of-the-art manufacturing site in Makó, Hungary was completed in the year, with commercial production commencing in the last quarter of the year. The site will serve as the European savoury manufacturing facility close to the fast-growing developing markets of Eastern Europe and enable the division to capture growth opportunities in culinary and Snacks segments.

North America

Sales increased 4.1% in local currencies as a result of new wins and gains on existing business. Sales increase driven by double-digit growth in Snacks, high single-digit growth in Beverage and single-digit growth in Savoury and Sweet Goods.

The strategic growth pillars of Health and Wellness and targeted customers continued to expand at a double-digit rate despite high prior year comparables. New wins in Beverage and Savoury contributed to the strong single-digit gain in Foodservice.

A cocktail of creativity

Our drive to innovate through discovery takes us on BarTreks™, where our flavourists partner with mixologists to investigate their use of flavours in promising new ways.

We constantly search for new ingredients, technologies and fresh insights to support innovative flavour creation. To this end, our BarTreks™ take our flavourists beyond the bench to consult with mixologists. New and exciting flavour profiles can have a significant effect on consumer purchasing decisions, so our ability to keep up brings added value to our customers. We have identified several new emerging trends to translate into flavoured product opportunities for our alcoholic beverage customers.

Latin America

Sales improved by 13.2% in local currencies with all regions experiencing growth, with strength in Argentina, Brazil and Mexico. Sales growth can be attributed to new win revenue and expansion of established business. All major segments improved with double-digit growth in Beverage, Dairy and Savoury.

The Foodservice strategic pillar grew as a result of new wins and an increased focus on delivering key solutions to customers in the region. The strategy pillar of Health and Wellness grew as a result of higher demand for salt and sweetness enhancements and the targeted customers pillar grew as a result of market share gains.

Key investments in labs, offices and spray dry technology were concluded in Argentina and Brazil to support the continued strong growth in this region, particularly in the Beverage segment.

Building on our history and presence in savoury

The opening of a new production plant in Hungary extends our long flavour-production legacy. Our savoury heritage dates back to the late 1800s with the development of authentic stove-top tastes.

In 2012, we opened a best-in-class manufacturing facility in Makò, Hungary, dedicated to the production of savoury flavours. The plant will serve customers more efficiently in the Europe, Africa and Middle East region. Its size and automation in material handling and compounding allows us to meet customers' needs as the scale and complexity of the global savoury and snacks market continues to grow.

Sustainability: an integral part of our business journey

From the sourcing of our raw materials to the impact of our products, we have built sustainability across the life cycle of our business.

The longevity of our heritage is based on the sustainable sourcing of precious raw materials, a process that enhances our products while operating a sustainable business model. The Givaudan Sustainability programme commits us to develop our business while minimising the impact on the environment, sourcing materials in a responsible and sustainable way, using materials and energy efficiently, creating a safe environment for our employees and advancing the social and economic conditions of the communities in which we operate.

Sustainable Business Model

To maintain and expand a business that delivers long-term benefits for all stakeholders, our model has sustainability at its heart. This section complements our separate Sustainability Report.

2012 Highlights:

- 9,124 employees
- Gender split: 37% females 63% males
- Approximately 16% improvement of CO_2 emissions (Kg/Tonne)
- More than 20% reduction in lost time injury rate in 2012 at our manufacturing sites

We are committed to enhancing our competitiveness while operating a sustainable business model. This will be achieved by developing a business that protects the environment, sourcing materials in a responsible and sustainable way, using materials and energy efficiently, creating a safe environment for our employees, and advancing the social and economic conditions of the communities in which we operate.

Sustainability continues to evolve and is becoming more embedded in our organisation and an integral part of who we are. In a changing global environment, society is demanding more from business when it comes to sustainability and the reporting of sustainable performance. Givaudan acknowledges the need to promote sustainability reporting to motivate the continued building of trust and deliver progress.

We continue to apply the Global Reporting Initiative (GRI) guidelines to report on our sustainability status and performance. Our 2011 Sustainability Report, published in 2012, achieved GRI application level B+. We continue to make progress against our 2020 operational targets, and our Sustainability Report detailing progress and performance in 2012 will be published in March 2013.

In the following sections, we outline developments in 2012 under the headings of Compliance, Shareholders, Customers, Our people, Procurement, Information technology, Environment, Health and Safety (EHS), Risk management, and Regulatory.

Compliance

We are committed to the highest ethical standards in business conduct and to compliance with laws and regulations as well as with Company policies, practices and procedures. This includes all our relations with customers, suppliers, shareholders, employees, competitors, government agencies and the communities in which we operate.

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 provide enhanced value to customers, shareholders and other stakeholders.

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

Organisation and processes

Givaudan recognises different aspects of risk-based compliance, from general compliance to specialised areas such as product safety compliance or environment, health and safety (EHS). For these specialised areas, compliance is ensured by specific corporate functions, including the regulatory product safety team or the EHS team.

The general compliance team ensures compliance with the Principles of Business Conduct and general ethical rules outside the specialised areas, and coordinates with the different specialised compliance functions for a harmonised approach. The Corporate Compliance Officer works with a network of local compliance officers to further enhance the function.

Focus 2012

Our compliance e-training programme, launched in 2011 and which focuses on promoting our Principles of Business Conduct, was further rolled-out during 2012. The programme includes modules on risk areas such as corruption, gifts and entertainment. All employees – apart from those in the USA which already has a similar programme – have received invitations to take the e-training and all are required to acknowledge receipt of the Principles, either as part of the training or when they join the Company. The training is being made available in the 13 major languages used at Givaudan sites. Completion rate for the e-training is above 90% for Givaudan employees in general and 100% for the top management of the Company.

As part of the programme, specific training on anti-bribery, gifts and entertainment is being prepared for those employees whose work involves regular and direct contact with external stakeholders. The training will also be available in the 13 languages, as is our policy on anti-corruption, gifts, entertainment and hospitality.

Our helpline allows confidential reporting of alleged compliance incidents in the countries where it already exists. This facility complements our regular reporting processes which remain focused on line managers and local and corporate compliance officers. The global roll-out of the compliance helpline continued during the year and is expected to be completed in 2013.

In 2012, we started risk-based due diligence reviews of the ethical standards of the business conduct of Givaudan's commission agents and distributors, totalling about 150 worldwide. The reviews cover bribery, corruption and fraud as well as government relations, crime or illegal activities, financial concerns or crimes, regulatory non-compliance and litigation, derogatory publicity and other concerns.

Shareholders

From its spin-off in 2000 to the end of 2012, Givaudan has created over CHF 5 billion in value for shareholders in the form of dividend payments and share price appreciation.

We adhere to good corporate governance, following best practices consistent with those of major industrial countries. In particular, all information published in our Annual Report complies with both the Swiss Code of Best Practice for Corporate Governance and the SIX Corporate Governance Directives. For more information please refer to the separate section on Corporate Governance.

Informing different stakeholders in a timely and responsible way is important to ensure transparency and equal treatment. Through media releases, teleconferences and publications on our website, we disseminate material information about performance and activities widely and simultaneously.

The principles of Givaudan's disclosure and information policy can be found on:
www.givaudan.com – [our company] – [corporate governance] – [rules and policies]

One thousand and one scents

We invited investors to the land of one thousand and one nights to hear Arabian tales featuring the scent of success and a taste for growth.

During October, our CEO and CFO hosted two Investor Days in Dubai. Inspired by the fragrances of the souk and the spicy flavours of Arabian kitchens, our management team updated investors on our expanding operations in the Middle East and Africa. Our culture of creativity and innovation, along with the local tradition of fine fragrances, is driving growth in the region. Future Middle-Eastern tales and African stories should be just as inspirational and uplifting.

Preserving resources and building our reputation

As one of the global food and beverage industry's largest buyers of raw materials, we have a duty to drive social responsibility throughout our supply chain.

Our Sustainability programme has been in place for many years, but in 2012 we set a new milestone. We became the first flavour company to co-host a supplier forum to promote responsible sourcing standards of consumer goods manufacturers' supply chains. The forum was organised by AIM-PROGRESS, an association of 32 companies committed to high standards in sourcing. Through our own programme, and working with these companies and suppliers, we continue to meet the needs of today without compromising the future.

At the end of 2012, Givaudan had 18,379 shareholders listed in the share register, owning 52.1% of the share capital. The top 20 shareholders, including nominees and funds, represent around 45% of the share capital. With few changes to last year's figures, approximately 40% of the shareholders are based in North America.

In 2012, the management team conducted over 40 roadshows, maintaining the high level of activity seen in 2011. We added Brazil to the roadshow roster in 2010, and China followed in 2011. In the future, the Company will further expand its activities into developing countries. In 2012, we met existing and potential shareholders in 20 financial centres. Thirty-nine Group presentations and conferences were held, attracting a total of 1,200 participants. Over 400 individual meetings and conference calls with fund managers globally contributed to improved awareness about Givaudan.

In order to inform the financial community directly, we organised two conference calls to provide more details about the full and half year results. Together, they attracted more than 200 participants. In addition, 20 visits to Givaudan sites globally, with a total of more than 100 participants, mainly fund managers, were organised to provide an in-depth view of our activities.

The 2012 site visit programme included a two-day investor event in Dubai, where 16 sell-side analysts and fund managers heard about the promising future of markets in the Middle East and Africa.

For the fifth time, Givaudan organised year-end presentations at the creation and application centre in East Hanover, New Jersey, USA and at the Givaudan Perfumery School in Paris.

The complete agenda of forthcoming events for shareholders is published on: **www.givaudan.com** – [investors] – [investor calendar]

Customers

In 2012, the top ten customers per division accounted for about 55% of Fragrance sales and 32% of Flavour sales. Our customers are among the most successful consumer products manufacturers and Food Service operators. Our success with them is based on our knowledge and innovation, adherence to the highest professional standards and our record as a consistently reliable business partner.

Givaudan serves its global, regional and local customers around the world through a network of more than 40 subsidiaries and a world-spanning supply chain. One of the key aspects of Givaudan's global internal policies and practices is the commitment to maintain strict confidentiality on proprietary customer information and customer projects, as well as to fully protect their intellectual property.

We work in partnership with our customers to ensure that our fragrance and flavour creations engage consumers around the world. Being a key partner and adviser to global brands is an important factor for sustaining Givaudan in the long term, so we invest in the expertise that will strengthen these relationships. For example, our discovery programmes, in fragrance and flavour research and consumer understanding, benefit brands that lead in their respective markets. Also, our extensive regulatory expertise is a significant added value that we offer our customers.

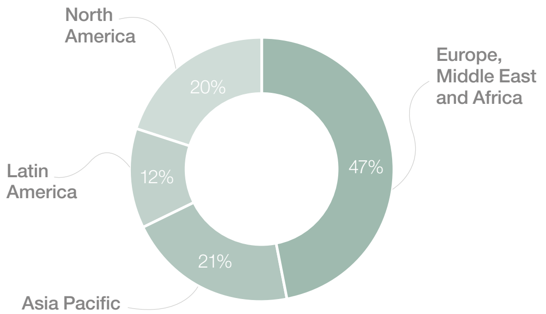
Our people provide a commitment to service that is vital for the sustainability of our strong customer relationships. Our perfumery and flavourist teams are the largest in the industry. Their talents extend across all product categories to deliver the unmatched creativity and innovation needed to remain at the leading edge of today's market.

This can only be achieved by knowing our customers, their markets and brands, while constantly challenging ourselves to exceed their expectations.

Our people

We are committed to offering a workplace where people are able to achieve their career aspirations, be rewarded for their performance, and be given the best development opportunities. Our long-term success relies on attracting and retaining strong and creative people who are stimulated by this thriving work environment. Our Human Resources (HR) team provides value to the business through the delivery of innovative programmes that support these aspirations.

Employees per region
%



Engaging our people

Our success is built on the talents of all our people across the entire organisation. In order to help achieve this, the HR organisation has designed a new, integrated approach for our talent management processes called 'Engage'. Due to be launched in early 2013, 'Engage' empowers our employees to take an active role in their career planning and development, and increases awareness of their career opportunities. At the same time, 'Engage' will support our managers in providing more effective feedback and facilitating forward-thinking career discussions. We will continue to build on this new approach by providing the training, focus and support from our strategic HR business partners to drive business performance through our people.

Future talent

In 2012, we strengthened our HR Centre of Expertise by reinforcing the area of talent acquisition. We developed a global strategy to enable us to be more effective in talent acquisition, and have aligned activities to make sure we have a global staffing organisation that is prepared for future demands. Building on the success of our e-recruitment platform, we are exploring innovative ways to attract talent and reinforce our position as an employer of choice. We have started to leverage social media for employer branding, talent identification and recruitment to build and strengthen our external candidate pipeline. This will enable us to attract talented people in line with future business demands.

Head count development by region	Number of employees 31.12.2012	%	Number of employees 31.12.2011	%	Growth 2011 to 2012 %
Switzerland	1,518	17	1,546	17	(1.8)
Other Europe, Middle East, Africa	2,683	30	2,611	29	2.8
Asia Pacific	1,949	21	1,875	21	3.9
Latin America	1,114	12	1,037	12	7.4
North America	1,860	20	1,844	21	0.9
Total	**9,124**	**100**	**8,913**	**100**	**2.4**

Staff turnover by region	2012	Turnover rate %	2011	Turnover rate %
Europe, Middle East, Africa	432	9.7	423	9.6
Asia Pacific	187	9.3	196	10.1
Latin America	160	14.2	125	12.0
North America	218	11.7	184	10.0
Total	**997**	**10.6**	**928**	**10.0**

A learning year

During the year we developed function-specific learning activities to ensure continued professional development for our employees, whatever their area of expertise.

To ensure our HR community is developed to deliver on its mission and remain a strategic business partner, as well as to help embed the HR strategy across the organisation, 60 HR professionals attended the Givaudan HR Academy in Geneva, Switzerland for a six-day collaborative learning event. We took advantage of this academy to onboard our new HR team members and run collaborative workshops on key strategic HR activities.

In the Flavour Division, we launched a training programme for employees new to creation and application, sales, marketing and other departments. This programme will be run twice a year and is an opportunity for employees to learn more about the Centres of Expertise in creation and application, marketing and sensory, as well as to gain insights into other functions. The four-day programme familiarises new team members with our main European sites and supports them in building their internal networks and increasing knowledge sharing.

In Fragrances, we have finalised career paths for our sales function, providing a framework of professional and functional competencies required for success across all sales positions to support development and career discussions. We are using the fragrance sales career path as a lever to build an intensive curriculum to develop the core skills required to reinforce our leadership position and drive above-market growth business performance. The Fragrance Business Masterclass will start in 2013 and have the curricula ‘Managing a Business’ and ‘Leading a Business’.

We will also be launching the Givaudan Purchasing Academy in 2013. This three-year modular academy has been designed in conjunction with a specialist training provider to support the global purchasing team to work in a harmonised way to apply best practices. The academy will develop the skills of our purchasing colleagues by ensuring consistency in ways of working and optimising the utilisation of policies, procedures and tools.

Our Givaudan learning academies offer the dual benefit of effective curricula designed by internal and external functional experts, as well as giving our employees the opportunity to come together to improve team working and collaboration.

Work-life balance

We believe that the health and well-being of our employees leads to greater engagement, productivity and retention. We aim to provide a work environment where our employees are able to meet the needs of the business while achieving their career goals and personal interests.

In 2012, we launched our work-life balance position statement and strengthened the work-life practices available in the Company. Many Givaudan sites have a number of successful and varied activities in place. In Mexico, we provide employees with ways to relax, keep fit and have fun after work through regular exercise classes. In Spain, we provide the Concilia Plan, which offers employees flexibility in their working time as well as access to other benefits such as discounts on private health insurance and childcare costs. In Shanghai, China we operate a regular transport shuttle service between the site and the metro station to help employees in their commute. Our US employees are able to take additional vacation on Friday afternoons or every other Friday during the summer by working additional hours during the week.

The diversity of our work-life balance practices illustrate that although one practice may meet the individual and business needs in one country, it may not necessarily be appropriate in another. We are committed to finding innovative ways to meet work-life needs and business demands at each of our locations.

Procurement

With an annual spend of over CHF 2,000 million, procurement is a strategic pillar with a strong positive impact on the profitability of the Company.

The Executive Committee appointed a Chief Procurement Officer in 2012 to lead the global Procurement teams for raw materials and for indirect materials and services. Reporting to the Chief Executive Officer, the Chief Procurement Officer takes responsibility for our global Procurement strategies in line with the business plan as well as the strategic growth initiatives for the Company. This emphasises the strategic positioning of Procurement and aims at further improving the agility and effectiveness of the function.

A balancing act with cars

At the Givaudan site in Bogotá, Colombia, our people's route to a stable work-life balance starts with a shared car journey to work.

Taking the health and well-being of our people seriously, we help them achieve a good work-life balance. In Bogotá, for instance, an innovative and popular car-pooling scheme helps employees save money, cut car emissions and get to know their colleagues. People publish their planned car journeys on a board in the cafeteria, encouraging fellow employees to share their journeys. Respecting our people's diversity, these work-life balance initiatives vary from site to site.

Despite the continuing upward price pressures and volatility in the raw material supply market, our Procurement teams have developed and successfully executed a number of sourcing strategies to help ease the impact of the unfavourable market trend as well as to secure sustainable and uninterrupted supply.

Raw materials

Our portfolio of raw materials consists of more than 10,000 items that are in turn used in many fragrance and flavour formulas. The supplier market of these materials ranges from large chemical companies to small farmers in developing countries. This spread of markets requires a differentiated approach and tailored business models to secure sustainable and competitive supply for our core business.

Givaudan is further developing its presence in the countries of raw materials origin. By being directly involved at the source we can better control the full supply chain and therefore improve quality, traceability and price stability/competitiveness (see Sustainable sourcing of raw materials, page 28).

In all raw material categories we are further developing long-term, competitive relationships with strategic suppliers, providing us first-hand access to innovation and continuous improvement.

Indirect Materials & Services

The Indirect Materials & Services (IM&S) category bundles all other spend, from travel and entertainment to capital expenditure for technical operations. We have a clear strategy on how to best manage this large spend and achieve significant savings that can be reinvested in our core business. This strategy comprises three main elements:

- Strategic Cost Management, to guide what people across the organisation can purchase through policies, procedures and demand management.
- Category Management, to develop and execute strategies in order to obtain best products and service at lowest total cost of ownership.
- A best-in-class operating model consisting of systems and processes that provide a transparent, user-friendly and efficient platform. This platform helps us to achieve the savings associated with Strategic Cost Management and Category Management.

Following the successful implementation of an external Procurement Support Centre (PSC) in Europe in 2011, a PSC for North America was introduced in 2012 as part of moves to increase spend control and compliance while improving the effectiveness of the function. Procurement Support Centres free local teams to develop stronger business partnering roles and build functional expertise to better monitor and influence Givaudan's IM&S procurement spend.

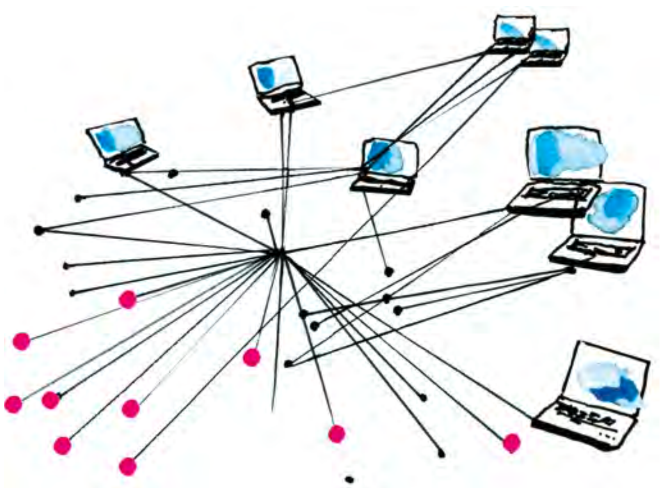
By being an integral part of Givaudan's corporate strategy and with its new central organisation, Procurement's ambition is to remain a recognised industry benchmark. To help achieve this, a training academy for the function is being launched and a talent management process has been established as part of a commitment to attract, retain and develop top talent.

Supply chain

Our Supply Chain programme, introduced in 2011 with the aim of driving improved customer service and working capital, is designed to support the strategy of the business and its long-term sustainability. As scheduled, the programme is entering its implementation phase.

During 2012 we strengthened our supply chain capability and organisation globally with initiatives that enhance supply and demand processes, Sales & Operations Planning (S&OP), risk management, inventory strategies and cross-functional performance measurement.

We are already starting to see the benefits of increased transparency, improved integrated processes and leveraging our SAP platform. We expect further improvements and a reduction in supply chain costs in 2013 and 2014.



We achieved worldwide integration

In a six-year project, we have successfully deployed a new Enterprise Resource Planning (ERP) software across 25 countries. Over 8,000 people now use this single platform.

Starting in France and ending in South Africa, we rolled-out new processes and supporting software from SAP, a market leader in enterprise application software. Across all Givaudan sites, SAP is now implemented on one platform and integrated or interfaced with our main applications. This single platform is used by over 8,000 employees to generate 85,000 labels and 52,000 forms a day. Each day, 27,000 forms are now sent out automatically by email.

Information technology

Work continued in 2012 on the completion of the deployment of the Outlook solution, our ERP system based on SAP. China and India were completed in February, followed a few months later by Japan, Australia and South Korea, finishing the Asia Pacific region and resulting in a total of about 1,500 additional users. Outlook was also deployed in April to support our new savoury flavours and snack seasoning manufacturing facility at Makó in Hungary, and South Africa went live in August.

By the end of 2012, the SAP solution was almost completely deployed worldwide on a single integrated platform, supporting the Company's global activities such as operations, finance and product compliance. All Outlook activities have been formally closed apart from a few remaining users who will migrate to SAP during the early part of 2013.

In addition to the work on Outlook, new differentiating capabilities were delivered in the area of research and technology, creation, sales and marketing. Our ability to fulfil customer demands was strengthened through the successful roll-out of solutions to better manage customer briefs for both divisions – IBIS (Innovative Brief Information System) in Fragrances and project Atlas in Flavours.

During the year we continued our progress in leveraging the benefits of our global SAP-based systems with the implementation of project Phoenix, which provides transparency on profitability at a product level.

The constant evolution of our markets requires the IT function to adapt and move closer to the business, especially in developing markets. With this in mind, several initiatives offering expanded, flexible and cost-effective services were launched in 2012, and we plan to open a Competency Centre in Singapore in 2013 to strengthen IT capabilities in Asia Pacific to support global and regional projects.

Environment, Health and Safety (EHS)

The health and safety of our employees and the protection of the environment in which we operate are a business priority and reflects our respect for people. We regard this as an essential part of being a responsible company and employer. Accordingly, our global EHS strategy includes programmes that help continuing business innovation and performance without compromising the safety of people, products, assets and the environment.

Over the past few years we have put much effort into harmonising our global programmes such as our behavioural-based safety programme 'Zero is Possible' and our EHS knowledge management system, as well as implementing the Globally Harmonized System for the classification and labelling of chemicals. These initiatives, which ensure a common EHS language, are guided by our Project Management Office (PMO) and EHS steering committee. The PMO was launched with the aim of, among other things, managing the portfolio of projects and their follow-up, providing tools and establishing governance, and defining focus areas and priorities. We will continue the execution of our EHS strategy in 2013 and ensuring the harmonisation of EHS activities around the world.

Safety

'Zero is Possible', our global behavioural-based safety programme, continued to be implemented during the year. As part of this programme, we have completed over 85% of the roll-out of SafeStart™ training in all our manufacturing locations. This safety awareness training will continue to be implemented at our commercial locations in 2013. Safety leadership coaching also continued in 2012.

Our Global Safety Laboratory, inaugurated in 2011, centralises chemical safety data for the safe manufacture of our ingredients and products. In 2012, the laboratory started a project to further strengthen our management of risk in the Fragrance Ingredients business, with identification and provision of data and a standardised approach to risk assessment. The safe handling of powders was an important area of the Global Safety Laboratory's activities in 2012, a focus that will continue in 2013.

Safety is no accident

Every day, at every site, we learn from every safety-related experience. This heritage has helped us optimise behavioural safety initiatives and become best in class in process safety.

Our new flavours plant at Makó, Hungary was built on a strong foundation of safety. Safety concepts and technologies were integrated into each stage of its design, construction and commissioning, using knowledge and experience gained at other sites. Our Florida site in the USA, which in 2012 achieved the significant milestone of operating for seven years without a lost time injury, has been a particular source of inspiration. Continuing our culture of innovation, safety features at the Makó site are now guiding new factory developments in various regions.

Industrial hygiene

Our programme of industrial hygiene management and control involves the comprehensive, systematic and efficient identification, evaluation and control of potential health risks in the workplace. Programme elements include exposure assessments, risk prioritisation, control strategies, medical surveillance and documentation. The capabilities of our industrial hygiene organisation and network will continue to be reinforced in 2013.

Hazardous materials

Givaudan operates regional hazardous materials competence centres and in 2012 appointed a Global Packaging Engineer to globally coordinate and reinforce expertise on packaging and labelling activities. No safety or environmental incidents were recorded while our products were being transported in 2012, during which time a total of about 311,500 tons were moved around the world. Our international emergency response platform received 57 calls during the year, most of which were 'no issues' (misuses or emergency checks). In 2013, work will continue on harmonising packages and labels, implementing the Globally Harmonized System in the USA and Mexico, and launching global e-training in transportation.

Environment

In line with the main principles of our Sustainability programme, we have ambitious but realistic eco-efficiency targets for 2020 on energy, CO_2 emissions, waste and water. We continue to measure and report on progress towards achieving these targets. In 2012, a new centrally managed environmental reporting system was introduced for all manufacturing sites. This system features additional management and benchmarking facilities.

For the second time we have applied the Global Reporting Initiative (GRI) guidelines to report on our sustainability status and performance. Our 2011 Sustainability Report, published in March 2012, achieved GRI application level B+, checked and confirmed by the GRI organisation. In keeping with our continuous improvement principles we have acquired the + status through an external assurance process from a third-party auditing firm. This level of achievement provides increased rigour and credibility expected of sustainability reporting, while serving the information needs of a broad range of stakeholders. For the sixth time we participated in the Carbon Disclosure Project (CDP) through the reporting of CO_2 emissions in relation to our activities.

Supplementary information relating to our recent progress on sustainability will be detailed in our 2012 Sustainability Report, published separately and available from March 2013 at **www.givaudan.com** – [sustainability] – [publications]

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 key risks at all levels.

Risk management principles and responsibilities

Givaudan's risk management process is based on the Givaudan Risk Management Charter established by the Board of Directors. Givaudan defines risk management as a structured and continuous process of identifying, assessing and deciding responses to risks, as well as reporting the opportunities and threats they create and which may affect the achievement of the business objectives.

The Givaudan risk management process takes into account interactions among risks on an enterprise-wide scale. The risk management process has been developed on the basis of leading standards and practices including the ERM framework of the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

The Givaudan Risk Management Charter focuses on detailing the objectives and principles of risk management within Givaudan and formalising roles and responsibilities. It offers a framework for a pragmatic and effective risk management process to deal with the most relevant key risks which may affect Givaudan's ability to achieve critical objectives.

The Board of Directors is responsible for defining and approving the risk management framework while the execution of the overall risk management process has been delegated to the Executive Committee, which reports back to the Board of Directors annually.

The risk management process facilitates disclosure of potential risks and Givaudan's philosophy for dealing with them to key stakeholders. At the same time, it reinforces the awareness of key executives of the magnitude of risks, provides risk-based management information for more effective decision-making, helps to safeguard the values of the Company and its assets, and protects the interests of shareholders.

Strategic risks

The strategic risk assessment and management process follows an annual cycle. To ensure a harmonised Group-wide approach, the process is coordinated by the Corporate Compliance Officer and involves managers from all business areas to identify risk profiles and understand the threats and opportunities they present for Givaudan. This in turn permits adequate management and mitigation plans to be put in place to address the different risks.

For each 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. Corporate Internal Audit provides assurance on the effectiveness of the risk management process. The 2012 strategic risk management process continued the work on risk drivers and risk mitigation actions for the top Company risks on the basis of the work done in 2011 and included a re-evaluation of these risks.

Product safety risk management

Our 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.

Finished products are created to comply with all appropriate end consumer product safety and 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 flavours and fragrances in consumer products.

EHS and operational risk management

Environment, Health and Safety (EHS) regularly carries out comprehensive risk assessments for all of Givaudan's production sites. Any actions identified through such assessments are managed internally using a proprietary EHS Management System with formally documented solutions and closure records. Additionally, Givaudan Operations carries out continuous risk assessments and management of all chemical processes in accordance with leading industry standards.

Information technology risks

Following the risk assessment work carried out in 2011, Information Technology (IT) risk management was further strengthened in 2012, especially in the domain of disaster recovery of IT systems. IT security risk assessments are carried out on a regular basis and mitigation actions documented in a risk treatment plan.

Financial risk

Please consult pages 112-119 of the Financial Report regarding our financial risk management.

Regulatory

Ensuring the safety and regulatory compliance of our products is a priority. In order to meet the increasing demands and the needs of our customers and consumers, our regulatory compliance teams work at both local and global levels. We are also advocates for our industry, supporting regulatory developments that are science based and in the interests of customers and consumers alike. Throughout the year, the fragrance and flavour industry was faced with a number of regulatory and safety challenges. To help meet these challenges, we have relied on our regulatory teams to ensure our products meet or exceed all safety and regulatory requirements.

Fragrances

A second important deadline is approaching with Europe's REACH regulations, which govern chemical control. After 31 May 2013, all substances manufactured or imported in quantities above 100 tonnes per year have to be registered. Givaudan is active as a lead registrant and as a joint registrant. Lead registrants are responsible for the development and completion of the technical dossiers for registration to the European Chemical Agency (ECHA), whereas a joint registrant will collaborate with lead registrants but the burden of duty is lower.

Givaudan has opted to be lead registrant for approximately 20% of our registrations as we believe that high-quality registrations are needed to prevent any possible concerns from the ECHA that could disrupt the supply of raw materials. We are focused on ensuring that our registrations contain incisive risk assessments based on sound technical data. Givaudan's 2013 REACH programme is on track to deliver our registrations to meet the phase-in targets/deadlines of the end of March (for lead registrations) and the end of May 2013 (for joint registrations).

We are also playing a lead role in the International Fragrance Association (IFRA) discussions with the European Commission (DG Sanco) over developing a regulatory proposal to expand control over the use of fragrance materials that could be potential allergens. Through our commitment to developing sound science such as the development of the in-vitro KeratinoSens assay for sensitisers, our experts are working with DG Sanco to develop a balanced and pragmatic approach that will ensure the continued safety of consumers exposed to fragrances. Givaudan strongly supports the development of scientific understanding and believes that fragrance allergens should be controlled if they are shown to present a risk to human health. We also believe that through expanded information to consumers, those who have a concern over sensitisation can effectively manage their use of products to prevent any risk.

A new SAP-based solution for fragrance compliance checks has greatly increased Givaudan's regulatory capabilities, allowing us to handle the complex product compliance evaluations required by authorities, customers and industry codes of conduct throughout fragrance development for fine fragrance and consumer products.

Flavours

In 2012, the flavour industry saw significant changes in regulations in the European Union as well as the impact of increased demands for food ingredient traceability and quality information. These demands were from customers and regulatory agencies in response to continuing global food safety concerns. With our comprehensive global ingredients and formula management systems, we were able to support our customers' business needs and provide product quality without interruption. To further enhance our abilities to respond to growing customer and regulatory demands, the Flavour Division is developing a new SAP-based compliance module that will enable Givaudan to maintain its industry-leading commitment to product quality and customer support in an increasingly complex business environment while ensuring global regulatory compliance.

In addition, our customers continue to seek ways of responding to consumers' demands for healthier, more desirable products. In the flavours sector, this means leveraging the capabilities of our local, regional and global resources to differentiate ourselves and support customers as they launch products and brands. In 2012, we continued our efforts to gain regulatory approval for new ingredients and technology, and to provide industry-leading support of advocacy activities to ensure that new technology such as flavour modification is supported by local and regional regulations.

We also continued our work to help bring a greater degree of harmonisation to the regulations impacting the flavour industry worldwide through our leadership in trade associations such as the International Organisation of the Flavor Industry (IOFI), the Flavor and Extract Manufacturers Association (FEMA) of the USA, and the European Flavour Association (EFFA).

Trekking to new destinations and discoveries

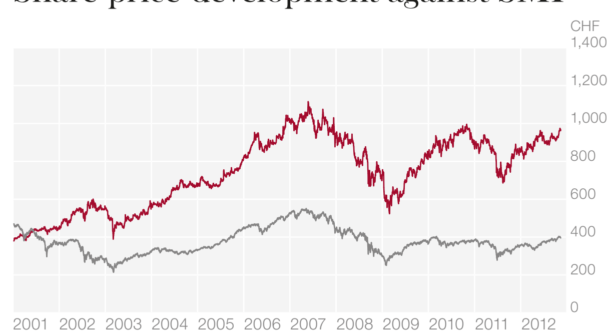
At the core of our culture is a hunger for innovation and scientific discovery. Since 1999, our TasteTrek™ expeditions have led to the discovery of new tastes and aromas.

During our Treks, we use proprietary sampling techniques to capture the aroma of interesting fruits, plants, pods and herbs without disturbing the environment. In 2012, our TasteTrek™ to Mexico led to the creation of authentic mango flavours and innovative product development opportunities for our customers. We also took customers on a TasteTrek™ to a Tuscan citrus garden. With the help of our flavourists, the customers translated their preferred fruits into their own signature citrus flavours.

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.

Share price development against SMI



Givaudan Shares are traded at virt-x ticker symbol 1064593

– Givaudan – SMI

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.

This section 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. It takes into consideration relevant international governance standards and practices.

The basis of the internal corporate governance framework is included in Givaudan's Articles of Incorporation.

The Company's organisational regulation, which is published on its website **www.givaudan.com** – [our company] – [corporate governance] –[rules and policies] 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 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 ('the Company'), 5 Chemin de la Parfumerie, 1214 Vernier, Switzerland, the parent company of the Givaudan Group, is listed on the SIX Swiss Exchange under security number 1064593, ISIN CH0010645932.

Givaudan SA 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 Ingredients. The Flavour Division consists of four business units: Beverages, Dairy, Savoury and Sweet Goods.

Both divisions have 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 subsidiaries that are publicly listed.

1.1.3. Unlisted companies within the scope of consolidation

The list of principal consolidated companies, their domiciles and the shareholding is presented in note 31 to the consolidated financial statements of the 2012 Financial Report.

For more details regarding the structure of the Group, please refer to notes 1 and 5 to the consolidated 2012 financial statements.

The 2012 Financial Report can be accessed at: **www.givaudan.com**

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 2012 (or as at the date of their last notification under article 20 of the Stock Exchange Act): William H. Gates III (10.29%), Nestlé SA (10.03%), BlackRock Inc (3.11%), Nortrust Nominees Ltd (nominee; 13.04%), and Chase Nominees Ltd (nominee; 8.74%).

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.

For further information, please visit the SIX internet site: www.six-swiss-exchange.com – [market data] – [shares] – [company] – [significant shareholders]

2. Capital structure

2.1. Capital on the disclosure deadline

Ordinary share capital
As at 31 December 2012, 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 2012 was CHF 8,891,943,318. The Company has also conditional share capital as described below.

2.2. Authorised and conditional capital in particular

Authorised share capital
The Company does not have any authorised share capital. The authorisation of the Board of Directors by the Annual General Meeting held on 25 March 2010 to increase the share capital by up to CHF 10,000,000 through the issuance of a maximum of 1,000,000 fully paid-in listed shares with a par value of CHF 10.00 per share, expired on 26 March 2012 and was not renewed at the Annual General Meeting 2012.

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 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 below.

2.3. Changes in capital

The information regarding the year 2010 is available in notes 6 and 7 to the statutory financial statements of the 2011 Financial Report. Details of the changes in equity for the years 2011 and 2012 are given in notes 6 and 7 to the statutory financial statements of the 2012 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

There exist no dividend-right certificates or participation certificates other than the registered shares.

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
No shareholder will be registered as shareholder with voting rights for more than 10% of the share capital of the Company as entered in the register of commerce. This restriction also applies in the case of shares acquired by entities which are bound by capital, voting power, common management or otherwise or those which act in a coordinated manner to circumvent the 10% rule. It does not apply in the case of acquisitions of undertakings or part of undertakings or in the case of acquisition of shares through succession, division of an estate or marital property law.

2.6.2 Reasons for granting exceptions in the year under review
No exceptions to these rules have been granted during 2012.

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 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 seven 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.

3.1 Members of the Board of Directors

Dr Jürg Witmer
Chairman

Attorney

Swiss national, born 1948

Non-executive

First elected in 1999

Current term of office expires in 2015

Chairman of the Board of Directors of Clariant AG (until March 2012), Vice-Chairman of the Board of Syngenta AG. member of the Board of Zuellig Group, Hong Kong (since July 2012). Jürg Witmer joined Roche (1978) in the legal department and subsequently held a number of positions including Assistant to the CEO, General Manager and China Project Manager of Roche Far East in Hong Kong, Head of Corporate Communications and Public Affairs at Roche headquarters in Basel, Switzerland, and General Manager of Roche Austria. He was appointed CEO of Givaudan in 1999 and became Chairman of the Board of Directors in 2005. He has a doctorate in law from the University of Zurich, as well as a degree in international studies from the University of Geneva.

Dr Jürg Witmer

André Hoffmann
Vice-Chairman

Businessman

Swiss national, born 1958

Non-executive

First elected in 2000

Current term of office expires in 2015

Vice-Chairman of the Board of Roche Holding Ltd, Member of the Board of Amazentis SA, Genentech Inc, Glyndebourne Productions Ltd, INSEAD and Inovalon Inc. Chairman of FIBA – Fondation Internationale du Banc d'Arguin, Fondation MAVA, Massellaz SA as well as Nemadi Advisors Ltd. Vice-President of Fondation Tour du Valat and WWF International. André Hoffmann became Head of Administration of the Station Biologique de la Tour du Valat in France (1983) and then joined James Capel and Co. Corporate Finance Ltd, London as an associate at the Continental Desk (1985), and later became Manager for European Mergers and Acquisitions. He joined Nestlé UK, London as a brand manager (1991). He studied economics at the University of St. Gallen and holds a Master of Business Administration from INSEAD.

André Hoffmann

Irina du Bois
Director

Chemical Engineer

Swiss and German national, born in 1946

Non-executive

First elected 2010

Current term of office expires in 2013

Chairperson of the Fondation Pierre du Bois pour l'histoire du temps présent. Irina du Bois started her career at Nestlé as Regulatory Affairs Manager (1976) and became Head of Regulatory Affairs (1986), subsequently taking on the additional function of Corporate Environmental Officer (1990). Before retiring from Nestlé in 2010, she headed the Regulatory and Scientific Affairs department (2004-2009). Active in a number of organisations and institutions related to the food industry, Irina du Bois has been chairperson of the International Standards Expert Group of the Confederation of the Food and Drink Industries of the EU; member of the International Organisations Committee of the International Life Sciences Institute; member of the Biotechnology Committee of the Swiss Society of Chemical Industries; and member of the Swiss committee of the Codex Alimentarius. She holds a diploma in chemical engineering of the École Polytechnique Fédérale de Lausanne (EPFL).

Irina du Bois

Dr Nabil Y. Sakkab
Director

Businessman

American national, born 1947

Non-executive

First elected in 2008

Current terms of office expires in 2014

Member of the Board of Altria Group Inc, Celltex Therapeutics Corporation, PharNext S.A.S., Chairman BiOWiSH Technologies, Creata Ventures and Deinove SA. Advisory Professor at Tsinghua University, Beijing. Nabil Y. Sakkab joined Procter & Gamble in Cincinnati (1974) and retired from the same company (2007) as Senior Vice-President, Corporate Research and Development. During this time, he served on P&G's Leadership Council and the Innovation Committee of P&G's Board of Directors. He is the author of several scientific and innovation management publications and co-inventor on more than 27 patents. Nabil Y. Sakkab graduated from the American University of Beirut with a BSc in chemistry and from the Illinois Institute of Technology with a PhD in chemistry.

Dr Nabil Y. Sakkab

Thomas Rufer
Director

Certified Public Accountant

Swiss national, born 1952

Non-executive

First elected in 2009

Current term of office expires in 2015

Member of various public and private bodies such as Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of the Berner Kantonalbank, Chairman of the Board of Directors of the Federal Audit Oversight Authority and Member of the Swiss Takeover Board. Thomas Rufer joined Arthur Andersen (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 (1993-2001). Since 2002, he has been an independent consultant in accounting, corporate governance, risk management and internal control. He holds a degree in business administration (économiste d'entreprise HES) and is a Swiss Certified Public Accountant.

Thomas Rufer

Peter Kappeler
Director

Businessman

Swiss national, born 1947

Non-executive

First elected in 2005

Current term of office expires in 2013

Member of the Board of Directors of Cendres et Métaux SA, Schweizerische Mobiliar Holding AG, Schweizerische Mobiliar Genossenschaft. 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. He 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 Center. He holds a Master of Business Administration from INSEAD as well as a degree in engineering from the ETH Zurich.

Peter Kappeler

Lilian Biner
Director

Business woman

Swedish national, born in 1962

Non-executive

First elected in 2011

Current term of office expires in 2014

Member of the Boards of Oriflame Cosmetics SA, RNB Retail and Brands AB, Thule Group AB, OJSC Melon Fashion Group, a-connect (group) ag and Nobia AB (since April 2012). 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 (2007) and Head of Strategic Pricing, Electrolux Major Appliances Europe, a company she joined as head of HR and Organisational Development (2000). She is a graduate of the Stockholm School of Economics (BA/MBA).

Lilian Biner

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 2012, 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 CEO of Givaudan until 27 April 2005.

3.3 Cross-involvement

Section 3.3 of the Directive on Information Relating to Corporate Governance of SIX Swiss Exchange has been repealed without replacement.

3.4 Elections and terms of office

3.4.1 Principles of the election procedure (total renewal or staggered renewal) – limits on terms of office
According to the Articles of Incorporation of Givaudan, the number of Board members is between seven and nine and the term of office of the Board members is between one and three years, subject to prior resignation or removal by the shareholders' meeting. Board members have to resign at the latest at the ordinary general meeting following their 70th birthday.

Elections are by rotation in such a way that the term of office of about one-third of the Board members expires every year. The members of the Board of Directors are elected by the general meeting of shareholders and election is individual. Re-election of Board members is possible.

In order to allow a phased renewal of the Board's composition, the Board has adopted an internal succession plan.

At the 2012 Annual General Meeting, three Board members were re-elected for a term of three years each: Dr Jürg Witmer, André Hoffmann and Thomas Rufer. Prof. Schierenbeck, a long-standing Board member retired at the Annual General Meeting after 12 years on the Board.

3.4.2 For each Board member: date of first election to Board – remaining term of office
For the dates of first election to the Board and the remaining term of office for each Board member, please refer to the table below.

Board Member	Year of first election	Remaining term	Number of Board meetings attended in 2012
Dr Jürg Witmer	1999	2015	7
André Hoffmann	2000	2015	7
Peter Kappeler	2005	2013	7
Dr Nabil Y. Sakkab	2008	2014	7
Thomas Rufer	2009	2015	7
Irina du Bois	2010	2013	7
Lilian Biner	2011	2014	7

3.5 Internal organisational structure

3.5.1 Allocation of tasks among the Board members
The Board of Directors designates its Chairman and its Vice-Chairman, each for a term of three years.

The Chairman 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 following 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 below.

Membership of Committees until 21 March 2012

Committee of the Board	Dr Jürg Witmer [Chairman]	André Hoffmann	Lilian Biner	Irina du Bois	Peter Kappeler	Thomas Rufer	Dr Nabil Y Sakkab	Prof. Henner Schierenbeck
Audit			□		□	□		■
Nomination and Governance	■			□			□	
Compensation	□	■			□			

Membership of Committees since 22 March 2012

Committee of the Board	Dr Jürg Witmer [Chairman]	André Hoffmann	Lilian Biner	Irina du Bois	Peter Kappeler	Thomas Rufer	Dr Nabil Y Sakkab
Audit			□		□	■	
Nomination and Governance	■			□			□
Compensation		■		□	□		

■ Chairman of the Committee

□ Member of the Committee

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 four times in the course of 2012. Each meeting lasted approximately half a day. The Chief Financial Officer, the Head of Internal Audit and the Corporate Compliance Officer attended all four meetings of the Audit Committee as did the external auditors, 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 CEO and the other members of the Executive Committee as well as all performance-related remuneration instruments and pension fund policies.

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 CEO on specific matters where appropriate.

In 2012, the Compensation Committee met five times. The average duration of each meeting was between one and a half and two hours. During these meetings and among other things, the Committee reviewed the remuneration policy and compensation principles for Givaudan.

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 2012, each time for one hour.

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] – [board of directors] and
www.givaudan.com – [our company] – [board of directors] – [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. 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 2012, the Givaudan Board of Directors held seven meetings, including one constitutive meeting directly following the general meeting of shareholders and one 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 2012, the Board visited Biolandes, a strategic partner of Givaudan in the southwest of France, and in October 2012, the Board attended the official opening ceremony of the new savoury flavours manufacturing facility in Makó, Hungary.

Apart from the constitutive meeting directly following the general meeting of shareholders, 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 Executive Officer and the Chief Financial Officer attended. Selected members of the management team were regularly invited to address specific projects at regular Board meetings.

In 2012, the Board conducted one annual self-assessment and had continuous discussion of its own succession planning.

In 2012, all Board members attended all Board meetings.

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 as reported by the Audit Committee;
- 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; and
- 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.

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. Furthermore, the Group Controller attends most Audit Committee meetings. The Head of Human Resources is present and reports at each Compensation Committee meeting, except when questions of compensation for Executive Committee members are being deliberated.
- 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 Risk Management Charter. It focuses on identifying and managing 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 annually 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 55-56 and 112-119.

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 Ernst & Young.

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, subject to the powers attributed to him, has the task of achieving the strategic objectives of the Group 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 Group 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 2012, the Committee held thirteen meetings at Givaudan sites around the world, each meeting lasting between one and two days. These meetings are usually 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

Member of the Board of the Swiss-American Chamber of Commerce; Co-Chairman of the Board of the Natural Resources Stewardship Circle.

He joined Givaudan (1993) as Fragrance Division Controller and Assistant to the Chief Executive Officer. He later held various positions including Head of Fragrances Operations in the USA and Head of Consumer Products in Europe. He was appointed Head of Fine Fragrances, Europe (2001) before becoming Global Head of Fine Fragrances (2003) and then CEO of Givaudan (2005). Born in Paris, France (1961), Gilles Andrier graduated with two Masters in Engineering from ENSEEIH Toulouse and spent the first part of his career with Accenture in management consulting.

Gilles Andrier

Mauricio Graber
President Flavour Division

President of the International Organisation of the Flavour Industry (IOFI) from October 2010 to October 2012. He began his career with Givaudan (1995) as Managing Director for Latin America with Tastemaker. When Tastemaker was acquired by Givaudan, he became Managing Director for Mexico, Central America and the Caribbean before becoming Vice-President for Latin America (2000). He then was appointed President of the Givaudan Flavour Division (2006). Born in 1963, he is a Mexican national and has 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.

Michael Carlos
President Fragrance Division

Vice-Chairman of the International Fragrance Association (IFRA). Chairman of the Research Institute of Fragrance Materials. He began his career with Givaudan (1984) as General Manager in Hong Kong. He became Head of the European Creative Centre in Argenteuil (1992) where he was in charge of integrating the creative resources from Givaudan and Roure. He was appointed Global Head of Consumer Products (1999) and then President of the Fragrance Division (2004). Born in 1950, Michael Carlos is a French national and has an MBA from the Indian Institute of Management and a degree in chemical engineering from the Indian Institute of Technology.


Michael Carlos

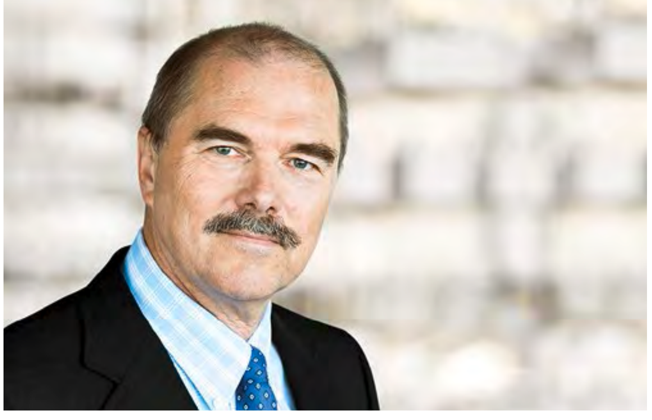

Mauricio Graber

Matthias Währen
Chief Financial Officer

Member of the Regulatory Board, SIX Exchange Regulation, Board Member of scienceindustries Switzerland. He started his career in Corporate Audit with Roche (1983) and became Finance Director of Roche Korea (1988) and then Head of Finance and Information Technology at Nippon Roche in Tokyo (1990). He was appointed Vice President Finance and Information Technology at Roche USA (1996) and then Head of Finance and Informatics of the Roche Vitamins Division (2000). He was involved in the sale of this business to DSM (2003) before joining Givaudan (2004). Born in 1953, Matthias Währen is a Swiss national and a graduate of the University of Basel.

Adrien Gonckel
Chief Information Officer

He began his career with F. Hoffmann-La Roche Ltd, (Basel) in the IT department (1973). He worked for Roche Belgium, Brussels as Head of IT and with Citrique Belge in charge of systems integration (1975-1978). He rejoined F. Hoffmann-La Roche Ltd, Basel (1978), taking European leadership of its IT coordination, moving then to the Roche subsidiary Roure-Bertrand-Dupont in Argenteuil, France as Head of Group IT (1982) before becoming Givaudan-Roure's Head of Group IT (1992). Born in 1952, Adrien Gonckel is a French national. He completed a Masters in IT at the University of Belfort and Lyon, France.



Matthias Währen

Adrien Gonckel

Joe Fabbri

Head of Global Human Resources, EHS and Chair of Sustainability

He joined Givaudan (1989) as Operations Director responsible for commissioning the Canadian manufacturing facility. Moving to the USA (1996) he was appointed Head of Operations at East Hanover, New Jersey. Based in Switzerland, he led various regional operations projects before becoming Head of Flavours Operations, EAME (2001), Head of Global Flavours Operations (2004), and Head of Global Human Resources (2008). In addition to his Human Resource responsibilities he is responsible for Global Sustainability (2008), and Global Environmental, Health and Safety (2010). From 2009 to 2012 he was also responsible for the Global Indirect Procurement organisation. Born in 1958 in Ontario, Canada, Joe Fabbri graduated in mechanical engineering technology, is a licensed Professional Engineer of Ontario, Canada and spent the first years of his career in various engineering roles before moving into operations management.

The curricula vitæ of the members of the Executive Committee are also available on Givaudan's website: **www.givaudan.com** – [our company] – [executive committee]

Joe Fabbri

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

Givaudan has not entered into any management contracts with third parties that fall within the scope of Subsection 4.3 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 chapter 'Compensation Report' in this Annual Report as well as in the 2012 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

Under current Company rules, in exercising voting rights, no shareholder may, with his own shares and the shares he represents, accumulate more than 10% of the entire share capital. Entities which are bound by voting power, common management or otherwise or which act in a coordinated manner to circumvent the 10% rule are considered as one shareholder.

This restriction does not apply to the exercise of voting rights through members of a corporate body, independent representatives and holders of deposited shares, to the extent that no avoidance of the said restriction to the voting rights results therefrom.

6.1.2 Reasons for granting exceptions in the year under review

Givaudan has not granted any exception to its voting-rights restrictions during 2012.

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 by another shareholder who is authorised by a written proxy, or by a legal representative, a holder of deposited shares, a member of a corporate body or an independent person designated by the Company.

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 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 33⅓% 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 and restricted share units (RSUs) granted by the Company to members of the Board of Directors and to a total of 312 senior management and employees will 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

External 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 were first appointed as Group and statutory auditors of Givaudan SA and its affiliates and have held the audit mandate since that time. At the Annual General Meeting of shareholders on 22 March 2012, Deloitte SA were reappointed for the business year 2012. 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 2012 were CHF 3.4 million. This amount includes fees for the audit of Givaudan, its subsidiaries, and of the consolidated financial statements.

8.3 Additional fees

In addition, for the year 2012, Deloitte rendered other services (mainly tax-related) for CHF 0.2 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 2012, Deloitte attended all four 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, Half Year Report and Sustainability Report and other corporate documents are available on request.

The Annual Report, the Half Year Report and the Sustainability Report can also be downloaded from Givaudan's website at: www.givaudan.com – [investors] – [financial information] – [full & half year reports] and www.givaudan.com – [sustainability] – [publications]

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

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

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Compensation report

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 a key driver of organisational performance.

Compensation governance

The Compensation Committee of the Board of Directors consists of three non-executive members of the Board, chaired by André Hoffmann. The Chief Executive Officer is regularly invited to Compensation Committee meetings. He does not participate in discussions regarding his own compensation. The Head of HR acts as secretary of the Committee.

The Compensation Committee prepares and recommends compensation policies for the Board of Directors. It regularly reviews Company-wide programmes in regard to base salary, annual incentives, share-based long-term incentives, as well as pension and benefit plans. The Compensation Committee is also responsible for reviewing and approving individual compensation and benefits of each Executive Committee member as well as recommending overall compensation for the Board of Directors.

The Compensation Committee meets three to five times a year. It utilises independent external consultants to benchmark the compensation of senior management.

Compensation principles

Givaudan compensation programmes are 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, job 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 is composed of the following elements:

- Base salary: base salary is 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. Payouts are based on yearly evolution of Group EBITDA (at comparable basis).
- Annual Incentive Plan: this plan covers all managers and executives globally. It rewards participants for the achievement of financial targets and other individual objectives.
- Long Term Incentive Plan: the LTIP links selected executives and key employees to the evolution of the Givaudan share price through share option and/or restricted share unit awards.
- Performance Share Plan: participation in the Performance Share Plan is restricted to approximately 50 senior executives. This plan has a five-year performance period (2008-2012). Vesting of performance shares is conditional upon the economic value generated over the performance 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 is apparent from the chart below, every Givaudan employee is linked to Company performance through cash-based and/or share-based variable pay plans.

The Annual Incentive Plan, the Long Term Incentive Plan and the Performance Share Plan are described in more detail in the next section.

Givaudan compensation architecture

Pay component	Targeted population	Approximate number of participants
Base salary	All employees	9,100
Profit Sharing Plan	Non-management employees	6,500
Annual Incentive Plan	Managers and executives	2,600
Long Term Incentive Plan	Executives and key employees	300
Performance Share Plan	Senior executives	50

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. This comparative group of companies are comparable in size and have a significant international presence. Compensation surveys include the following group of companies:

- Fragrance and flavours 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, thereby ensuring strict comparability.

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

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 through various variable compensation components. These variable elements reflect achievements against quantitative targets established by the Board of Directors, as well as the contribution and leadership qualities of individual executives. Variable compensation represents a significant portion of an executive's total compensation. The weight of variable compensation increases with level of responsibility and impact of the position on Company results.

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

- Direct compensation is composed 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.

Direct compensation components are described below.

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.

Annual Incentive Plan

The Annual Incentive Plan is designed to reward executives and managers for the achievement of annual operational targets. Annual targets for Executive Committee members are set by the Board of Directors upon recommendation by the Compensation Committee. For 2012, these targets and their respective weights were as follows:

- Sales Growth (local currencies): 50%
- EBITDA margin: 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 payouts for lower level executives and managers are based on a mix of financial objectives cascaded from Givaudan Group targets and qualitative objectives addressing key initiatives and/or process improvements.

Expressed as a percentage of base salary, annual incentives at target were the following in 2012:

- Chief Executive Officer: 80%
- Chief Financial Officer and Division Presidents: 60%
- Global Head of Human Resources and Global Head of Information Technology: 50%
- Division Management Committee members: 35%-50%
- Other executives and managers: 10%-35%

Based on the performance achievements, incentive payouts may vary between 0% and a cap of 200% of target incentive.

Long Term Incentive Plan

The LTIP gives participants a choice as to how they receive their awards (the ability to elect was introduced in 2009):

- 100% of award value in stock options
- 100% of award value in restricted share units (RSUs)
- 50% of award value in stock options and 50% in RSUs

These three alternatives have approximately equal values at grant and are designed to address the various financial situations, personal circumstances and risk profiles of LTIP participants. The Company believes that offering participants a choice enhances the perceived value of the Givaudan LTIP, and therefore its effectiveness in attracting, retaining and motivating key talent.

The total grant value of the LTIP awards is approved each year by the Board of Directors. Participation is limited to approximately 3% of the employee population, including senior executives and key contributors. The individual grants to Executive Committee members are reviewed and approved annually by the Compensation Committee.

Both stock options and RSUs link executive compensation to shareholder value creation as reflected in the evolution of Givaudan's share price.

Participants have no shareholder's rights during applicable vesting periods, i.e. they do not receive dividends and have no voting rights until awards vest.

All awards are subject to Givaudan's share trading policy, such that trading is not permitted during blackout periods.

The main characteristics of stock options and RSUs are described below. More details can be found in the 'Share-Based Payments' section of the 2012 Financial Report.

Stock options

Stock options have a vesting period of two years and expire after five years.

As a principle, the strike price for the options is established by the Board of Directors at a level that is higher than the market value of the Givaudan share at grant (out-of-the-money options). The underlying market value at grant is the average price of the Givaudan share in the two weeks following the publication of the annual results.

The maximum number of options awarded each year (with annual issuance of call warrants on the Swiss stock exchange) and the option parameters are approved by the Board of Directors.

After the vesting period has elapsed, call warrants or shares acquired on exercise of options can be held or sold by the participant with no restriction except for applicable blackout periods.

More details on stock options, including cash settlement where securities laws prevent the offering of Givaudan securities to employees, can be found in the 'Share-Based Payments' section of the 2012 Financial Report.

Restricted Share Units

RSUs give participants the right to receive a specific number of Givaudan shares (or a cash equivalent, where securities laws prevent the offering of Givaudan securities to employees) at the end of a vesting period of three years, subject to continued employment with the Company.

The maximum number of restricted share units awarded each year and their parameters are approved by the Board of Directors.

Participants have no shareholder's rights during the vesting period, i.e. they do not receive dividends and have no voting rights until RSUs are converted into Givaudan shares. After the vesting period has elapsed, shares can be held or sold by the participant with no restriction except for applicable blackout periods.

More details on Restricted Share Units, including cash settlement where securities laws prevent the offering of Givaudan securities to employees, can be found in the 'Share-Based Payments' section of the 2012 Financial Report.

Performance Share Plan

The introduction of a Performance Share Plan (PSP) was approved by the Board of Directors on 30 November 2007. The PSP is designed to reward executives who significantly impact long-term Company performance. Fifty two senior executives were awarded performance shares in 2008. Performance shares will vest on 1 March 2013, conditional upon the economic value generation over the five-year period. The economic value generation will be measured by cumulative EBITDA over the five-year period, adjusted for the utilisation of capital.

The actual number of shares to vest at the end of the five-year performance period may vary between 0% and a maximum of 150% of the number of performance shares granted, based upon the performance achievement. Thirty thousand performance shares were reserved for the plan over the five-year period. Performance shares are granted only once in respect of the five-year performance period.

Review of Long Term Incentive Programmes

In 2012, the Compensation Committee undertook a review of the Long Term Incentive arrangements with a view to simplification and further alignment with business objectives.

The new arrangement will entirely be based on Givaudan shares, and stock options will be removed. It will become effective in 2013.

		Long Term Incentive Plans[a]		
	Incentive Plan	Stock Options[c]	Restricted Share Units[c]	Performance Share Plan
Participants	Managers and Executives	Executives and key employees	Executives, Board members and key employees	Senior Executives
Purpose	To reward executives and managers for the achievement of annual operational targets	To link compensation to shareholder value creation	To link compensation to shareholder value creation	To reward executives who significantly impact long-term Company performance
Grants	Annual grant	Annual grant	Annual grant	One-off grant in 2008
Vesting	End of each year	2 years	3 years	5 years
Conditions for vesting	Achievement of annual EBITDA and Sales Growth targets	Continued employment	Continued employment	Achievement of target cumulative EBITDA[d] over 5 years
Payout	Cash	Call warrants/Shares[b]	Shares[b]	Shares[b]

a) In 2012 Givaudan has undertaken a review of the Long Term Incentive arrangements with a view to simplification and further alignment with business objectives

b) Unless local laws prevent allocation of shares or call warrants, in which case payout is in cash

c) Participants are given the choice to receive the 100% of their award value in stock options OR 100% of their award in Restricted Share Units OR 50% of their award value in stock options and 50% of their award in Restricted Share Units

d) Adjusted to take into account utilisation of capital

Compensation of the Executive Committee

in Swiss francs	Gilles Andrier CEO	Executive Committee members (excluding CEO)[a]	Total compensation 2012	Total compensation 2011
Base salary	1,000,000	2,448,446	3,448,446	3,358,088
Annual incentive[b]	820,000	1,456,282	2,276,282	1,753,867
Total cash	**1,820,000**	**3,904,728**	**5,724,728**	**5,111,955**
Pension benefits[c]	126,739	443,345	570,084	549,478
Other benefits[d]	240,718	726,976	967,694	717,746
Number of options granted[e]		90,000	90,000	50,000
Value at grant[f]		1,386,900	1,386,900	778,500
Number of RSUs granted[g]	1,200	1,800	3,000	3,583
Value at grant[h]	972,360	1,458,540	2,430,900	3,103,953
Number of 2008-2012 performance shares granted[i]	3,000	6,900	9,900	9,900
Annualised value at grant[j]	533,580	1,227,234	1,760,814	1,760,814
Total compensation	**3,693,397**	**9,147,723**	**12,841,120**	**12,022,446**

a) Represents full year compensation of five Executive Committee members.

b) Annual incentive accrued in reporting period based on 2012 performance.

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

d) Represents annualised value of health and welfare plans, international assignment benefits and other benefits in kind. Contributions to compulsory social security schemes are excluded.

e) Options vest on 1 March 2014.

f) Economic value at grant based on a Black & Scholes model, with no discount applied for the vesting period.

g) Restricted Share Units vest on 1 March 2015.

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

i) Performance shares were granted in March 2008 for the five-year period 2008-2012 and vest on 1 March 2013.

j) Annualised value at grant calculated according to IFRS methodology and based on 100% achievement of performance target; payout percentage estimated as of the date of publication of the 2012 Annual Report is 50%.

Highest total compensation

Chief Executive Officer Gilles Andrier was the Executive Committee member with the highest total compensation in 2012. For compensation details, please refer to the above table as well as the complete disclosure of compensation to Board of Directors and Executive Committee members set out in the 'Related Parties' section of the 2012 Financial Report.

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 had any loan outstanding as of 31 December 2012.

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

No such compensation was incurred during the reporting period.

Contractual termination clauses of Executive Committee members

Employment contracts of Executive Committee members provide for a maximum indemnity equivalent to 12 months' total remuneration for termination of employment by the Company. No additional compensation or benefits are provided in the case of change in control, except for the immediate vesting of share options or RSUs granted by the Company.

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

Compensation of members of the Board

Compensation of Board members consists of Director fees and Committee fees. These fees are paid shortly after the Annual General Meeting for year in office completed. In addition, each Board member is entitled to participate in the Givaudan Long Term Incentive Plan (LTIP).

From 2011, Board members received only RSUs and were no longer granted stock options. With the exception of the Chairman and outgoing Board members, each Board member receives an amount of CHF 10,000 for out-of-pocket expenses. This amount is paid for the coming year in office. The LTIP awards are also granted for the same period. The compensation paid out to the Board of Directors during the year was as follows:

in Swiss francs	Dr Jürg Witmer Chairman	André Hoffmann	Lilian Biner	Irina du Bois	Peter Kappeler	Thomas Rufer	Dr Nabil Y Sakkab	Prof. Henner Schierenbeck[a]	Total compensation 2012	Total compensation 2011
Director fees	360,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	990,000	800,000
Other cash compensation[b]										20,000
Committee fees	65,000	40,000	25,000	25,000	50,000	25,000	25,000	50,000	305,000	220,000
Total cash	**425,000**	**130,000**	**115,000**	**115,000**	**140,000**	**115,000**	**115,000**	**140,000**	**1,295,000**	**1,040,000**
Number of RSUs granted[c]	504	126	126	126	126	126	126		1,260	1,387
Value at grant[d]	408,392	102,098	102,098	102,098	102,098	102,098	102,098		1,020,980	1,201,560
Total compensation	**833,392**	**232,098**	**217,098**	**217,098**	**242,098**	**217,098**	**217,098**	**140,000**	**2,315,980**	**2,241,560**

a) Retired from the Board of Directors on 22 March 2012.

b) Consulting fee for special assignment completed in 2011.

c) Restricted Share Units vest on 1 March 2015.

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

Payment to Board members for out-of-pocket expenses amounted to CHF 60,000.

Compensation of the Board member with the highest compensation

The Board member with the highest compensation in 2012 is Dr Jürg Witmer, Chairman of the Board as of 28 April 2005. For compensation details please refer to the detailed table above as well as the complete disclosure of compensation to Board of Directors and Executive Committee members set out in the 'Related Parties' section of the Financial Report.

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 had any loan outstanding as of 31 December 2012.

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

No such compensation was incurred during the reporting period.

Additional fees and loans

No additional fees and/or compensation were paid during the reporting period to any member of the Board. None has any loan outstanding from the Company.

Ownership of shares

In total, the Chairman and other non-executive Board members including persons closely connected to them held 88,618 Givaudan shares. For further details, please refer to the table on page 84.

As per 31 December 2012, the Chief Executive Officer and other members of the Executive Committee, including persons closely connected to them, held 898 Givaudan shares. For further details, please refer to the table on page 85.

Ownership of share options and Restricted Share Units

Executive Committee members who elect to receive stock options may receive:

(1) Call warrants. These securities are fully tradable after vesting;

or

(2) Option rights, in jurisdictions where securities laws prevent the offering of Givaudan securities to employees. Option rights are settled in cash and offer recipients economic benefits identical to share options.

These rights are not tradable or transferable after the vesting period.

Details about Givaudan stock options and RSUs are described in the 'Share-Based Payments' section of the 2012 Financial Report.

The following table shows:

- The shares held individually by each Board member as per 31 December 2012.
- The RSUs that were granted in 2009-2012 and were still owned by members of the Board as per 31 December 2012.
- The share options/option rights that were granted until 2010 and were still owned by the members of the Board as per 31 December 2012.

The Company is not aware of any ownership of shares, share options/option rights or RSUs as per 31 December 2012 by persons closely connected to the Board of Directors.

			Share options/Option rights		
2012 in numbers	Shares	RSUs	Maturity 2013	Maturity 2014	Maturity 2015
Dr Jürg Witmer, Chairman	1,400	1,009			26,800
André Hoffmann[a]	86,929	252	6,700	6,700	6,700
Lilian Biner		252			
Irina du Bois	39	386			
Peter Kappeler	104	319			
Thomas Rufer	146	319		3,350	3,350
Dr Nabil Y Sakkab		319	6,700	3,350	3,350
Total Board of Directors	**88,618**	**2,856**	**13,400**	**13,400**	**40,200**

a) The following Givaudan derivatives were also held by Mr Hoffmann as per 31 December 2012: – 30,000 call warrants UBS – Givaudan 20.8.2013 (ISIN value no. CH 011 659 55 10)

The following table shows:

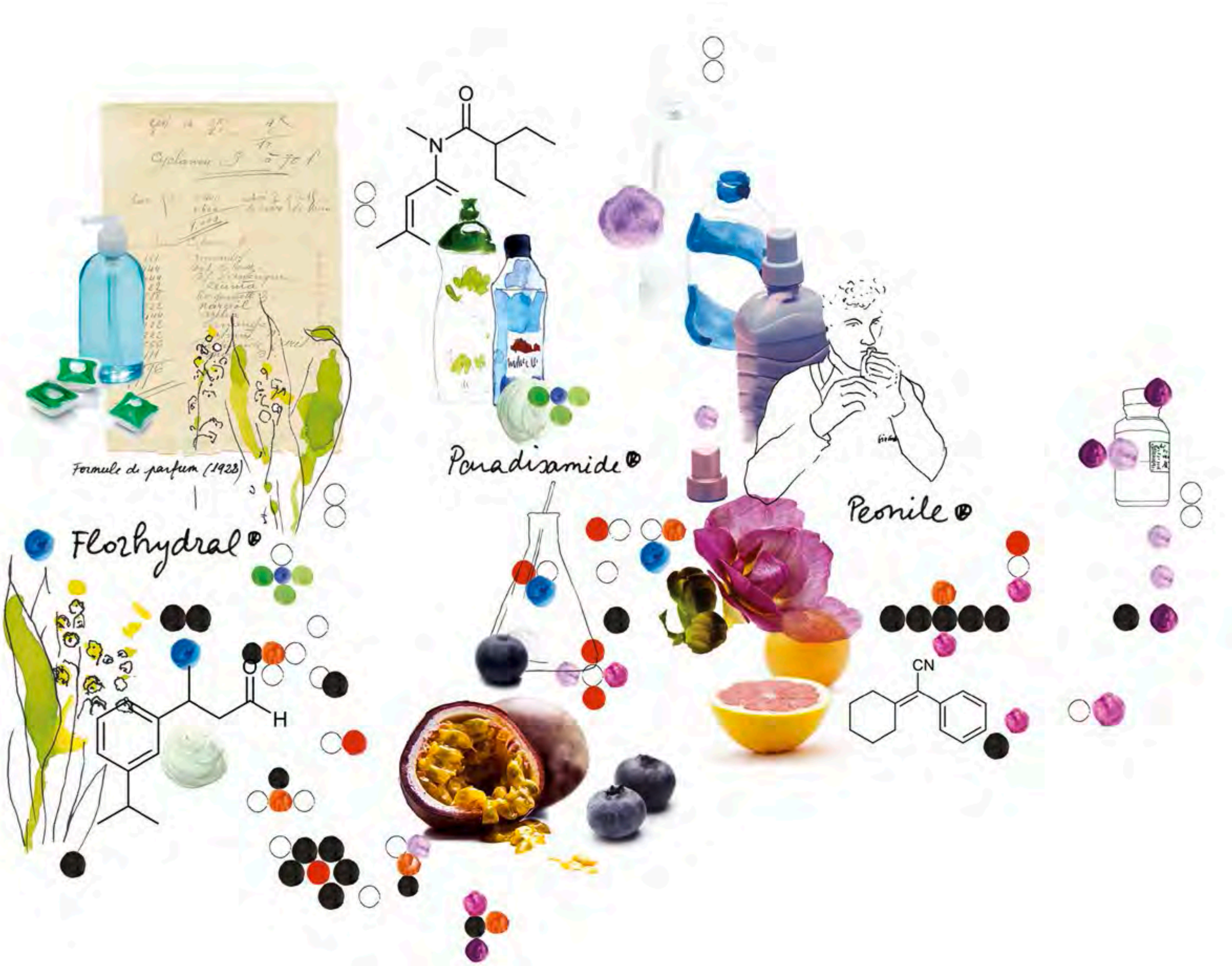
- The shares held individually by each member of the Executive Committee as per 31 December 2012.
- The RSUs that were granted in 2009-2012 and were still owned by members of the Executive Committee as per 31 December 2012.
- The share options/option rights that were granted during the corresponding periods and were still owned by the members of the Executive Committee as per 31 December 2012.

Two persons closely connected to members of the Executive Committee owned Givaudan securities as per 31 December 2012:

- One person owned 116 RSUs.
- One person owned 107 shares.

The Company is not aware of any other ownership of shares, share options/option rights or RSUs as per 31 December 2012 by persons closely connected to members of the Executive Committee.

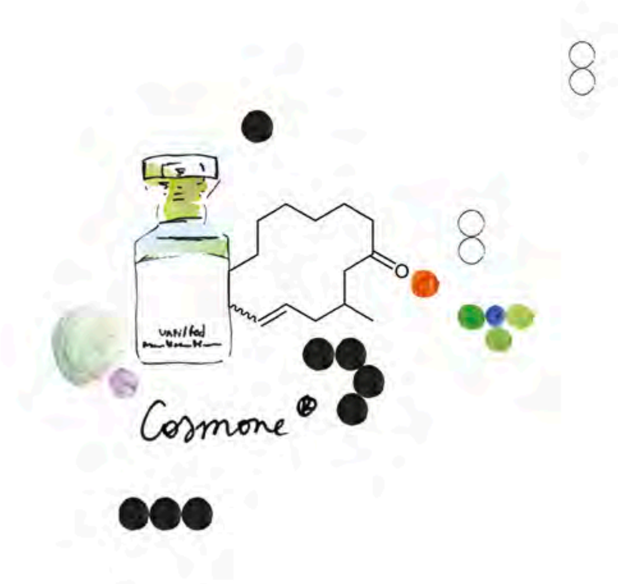
			Share options/Option rights				
2012 in numbers	Shares	RSUs	Maturity 2013	Maturity 2014	Maturity 2015	Maturity 2016	Maturity 2017
Gilles Andrier, CEO		2,332					
Matthias Währen	526	1,554			20,000		20,000
Mauricio Graber	116	777				20,000	20,000
Michael Carlos		1,154	40,000		40,000		20,000
Joe Fabbri	129	583			30,000	15,000	15,000
Adrien Gonckel	20	583			30,000	15,000	15,000
Total Executive Committee	791	6,983	40,000		120,000	50,000	90,000



Our fragrance heritage is fuelled by innovation

Exquisite natural and synthetic ingredients are the building blocks for perfumery, so our discovery and sourcing programmes focus on finding the best from around the world.

Our aroma chemicals are known to perfumers worldwide. Inspired by nature, our explorations have revealed odour molecules to excite our chemists and delight our perfumers. Wherever we work with growers to protect crops of natural materials for our palette we also seek out perfumery ingredients. Our curiosity has brought new naturals such as Red Ginger and Tonka Roasted Bean essential oils and produced a diffusive white-floral green lily molecule for exclusive use in Givaudan fragrances.



Financial Report

Highlights:

- Sales up by 6.6% in local currencies
- CHF 4,257 million sales
- EBITDA of CHF 870 million
- 20.4% EBITDA as % of sales

Detailed contents

Financial review

in millions of Swiss francs, except for per share data	2012	2011
Sales	**4,257**	**3,915**
Gross profit	**1,798**	**1,666**
as % of sales	42.2%	42.6%
EBITDA [a]	**870**	**758**
as % of sales	20.4%	19.4%
Operating income	**607**	**443**
as % of sales	14.3%	11.3%
Income attributable to equity holders of the parent	**411**	**252**
as % of sales	9.7%	6.4%
Earnings per share – basic (CHF)	**45.15**	**27.71**
Earnings per share – diluted (CHF)	**44.85**	**27.55**
Operating cash flow	**781**	**456**
as % of sales	18.3%	11.6%
Free cash flow	**512**	**117**
as % of sales	12.0%	3.0%

a) EBITDA: **E**arnings **B**efore **I**nterest (and other financial income (expense), net), **T**ax, **D**epreciation and **A**mortisation. 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 2012	31 December 2011
Total assets	6,350	6,716
Total liabilities	2,670	3,221
Total equity	3,680	3,495
Number of employees	9,124	8,913

Foreign exchange rates

Foreign currency to Swiss francs exchange rates	ISO code	Units	31 Dec 2012	Average 2012	31 Dec 2011	Average 2011	31 Dec 2010	Average 2010
Dollar	USD	1	0.92	0.93	0.94	0.88	0.93	1.04
Euro	EUR	1	1.21	1.20	1.22	1.23	1.25	1.38
Pound	GBP	1	1.49	1.48	1.46	1.42	1.46	1.61
Yen	JPY	100	1.06	1.17	1.22	1.11	1.15	1.19
Singapore dollar	SGD	1	0.75	0.75	0.72	0.70	0.73	0.76
Real	BRL	1	0.45	0.48	0.50	0.53	0.56	0.59
Renminbi	CNY	1	0.15	0.15	0.15	0.14	0.14	0.15
Mexican pesos	MXN	100	7.06	7.09	6.72	7.12	7.57	8.22
Rupiah	IDR	10,000	0.95	1.00	1.03	1.00	1.03	1.15

Sales

In 2012, Givaudan Group sales totalled CHF 4,257 million, an increase of 6.6% in local currencies and 8.7% in Swiss francs compared to 2011. Sales of the Fragrance Division were CHF 2,021 million, an increase of 8.4% in local currencies and 10.3% in Swiss francs. Sales of the Flavour Division were CHF 2,236 million, an increase of 5.0% in local currencies and 7.4% in Swiss francs compared to 2011.

Operating performance

Gross margin

The gross profit margin decreased to 42.2% from 42.6%, as higher selling prices could not fully compensate for the additional pension costs and the incremental costs associated with the start up of the Flavours manufacturing facility in Makó, Hungary.

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

The EBITDA increased by 14.8% to CHF 870 million in 2012 from CHF 758 million last year. The improvement in the EBITDA was hampered by higher pension costs and the costs associated with the start-up of the facility in Makó, Hungary. In the second half of 2012 the Group recorded a CHF 27 million gain on the sale of a non-strategic business. When measured in local currency terms, EBITDA increased by 11.9%. The EBITDA margin was 20.4% in 2012, compared to the 19.4% reported in 2011.

Operating income

The operating income increased by 37.0% to CHF 607 million from CHF 443 million last year. The increase in operating income was greater than the increase in EBITDA as a result of the lower amortisation of intangible assets. When measured in local currency terms, the operating income increased by 32.5%. The operating margin increased to 14.3% in 2012; the operating margin in 2011 was 11.3%.

Financial performance

Financing costs were CHF 65 million in 2012, down from CHF 91 million in 2011. Other financial expenses, net of income, were CHF 28 million in 2012, versus CHF 34 million in 2011, as currencies were stable during 2012. The Group's income taxes as a percentage of income before taxes were 20% in 2012, versus 21% in 2011.

Net income

Net income increased to CHF 411 million in 2012 from CHF 252 million in 2011, driven by an improved operating performance, lower financial expenses and a lower income tax rate. This represents 9.7% of sales in 2012, versus 6.4% in 2011. Basic earnings per share increased to CHF 45.15 in 2012 from CHF 27.71 in the previous year.

Cash flow

Givaudan delivered an operating cash flow of CHF 781 million, up from the CHF 456 million generated for the comparable period in 2011, mainly due to a higher EBITDA and a decrease in inventories. As a percentage of sales, working capital decreased, mainly as a result of lower inventory levels.

Total net investments in property, plant and equipment were CHF 148 million, down from the CHF 176 million incurred in 2011, as the Company completed the investment in the European savoury manufacturing facility in Hungary.

Intangible asset additions (net) were CHF 45 million in 2012, a significant portion of this investment being in the Company's Enterprise Resource Planning (ERP) project based on SAP. The Company completed the implementation of this project on a global basis in the year. This investment was partially offset by the sale of an intangible asset related to a non-strategic business. Operating cash flow after investments was CHF 588 million, versus the CHF 194 million recorded in 2011. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 512 million in 2012, up from CHF 117 million in 2011, mainly driven by the higher EBITDA, lower working capital requirements and lower investments in 2012. Free cash flow as a percentage of sales was 12.0%, compared to 3.0% in 2011.

Financial position

Givaudan's financial position remained solid at the end of December 2012. Net debt at this date was CHF 1,153 million, down from CHF 1,453 million at December 2011. At the end of December 2012 the leverage ratio (defined as net debt divided by net debt plus equity) was 24%, compared to 29% at the end of 2011.

Dividend Proposal

The Board of Directors of Givaudan will propose to the Annual General Meeting, on 21 March 2013, a cash dividend of CHF 36.00 per share for the financial year 2012, an increase of 64% versus 2011. This is the twelfth consecutive dividend increase following Givaudan's listing at the Swiss stock exchange in 2000. The total amount of this distribution will be made out of reserves for additional paid-in capital which Givaudan shows in equity as at the end of 2012.

Board of directors

In line with its long-term succession planning, The Board of Directors will propose to the Annual General Meeting the re-election of Irina du Bois and Peter Kappeler for terms of one and three years respectively.

Mid-term Guidance

Mid-term, the overall objective is to grow organically between 4.5% and 5.5% per annum, assuming a market growth of 2-3%, and to continue on the path of market share gains. By delivering on the Company's five pillar growth strategy – developing markets, Health and Wellness, market share gains with targeted customers and segments, research and sustainable sourcing – Givaudan expects to outgrow the underlying market and to continue to achieve its industry-leading EBITDA margin while improving its annual free cash flow to between 14% and 16% of sales by 2015.

Givaudan confirms its intention to return above 60% of the Company's free cash flow to shareholders whilst maintaining a medium term leverage ratio target below 25%. The leverage ratio is defined as net debt, divided by net debt plus equity. For this ratio calculation, the Company has decided to exclude from equity any impact arising from the changes of IAS 19 - Employee Benefits (revised) going forward.

Consolidated income statement

For the year ended 31 December

in millions of Swiss francs, except for per share data	Note	2012	2011[a]
Sales	5	4,257	3,915
Cost of sales		(2,459)	(2,249)
Gross profit		**1,798**	**1,666**
as % of sales		42.2%	42.6%
Marketing and distribution expenses		(607)	(569)
Research and product development expenses		(404)	(435)
Administration expenses		(147)	(126)
Share of loss of jointly controlled entities	8		(1)
Other operating income	9	47	8
Other operating expense	10	(80)	(100)
Operating income		**607**	**443**
as % of sales		14.3%	11.3%
Financing costs	12	(65)	(91)
Other financial income (expense), net	13	(28)	(34)
Income before taxes		**514**	**318**
Income taxes	14	(103)	(66)
Income for the period		**411**	**252**
Attribution			
Income attributable to equity holders of the parent		411	252
as % of sales		9.7%	6.4%
Earnings per share – basic (CHF)	15	**45.15**	**27.71**
Earnings per share – diluted (CHF)	15	**44.85**	**27.55**

a) Refer to note 2.1.1 Change in accounting policy and disclosures for the change in presentation of amortisation of intangible.

The notes on pages 97 to 148 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	2012	2011
Income for the period		**411**	**252**
Available-for-sale financial assets			
Movement in fair value for available-for-sale financial assets, net		8	(4)
Movement in deferred taxes on fair value adjustments	14	-	-
(Gain) loss on available-for-sale financial assets removed from equity and recognised in the consolidated income statement		-	(1)
Cash flow hedges			
Fair value adjustments		(16)	(11)
Removed from equity			
- and recognised in the consolidated income statement		11	(1)
Exchange differences arising on translation of foreign operations			
Change in currency translation		(57)	(30)
Movement in income taxes on change in currency translation		3	
Other comprehensive income for the period		**(51)**	**(47)**
Total comprehensive income for the period		**360**	**205**
Attribution			
Total comprehensive income attributable to equity holders of the parent		360	205

The notes on pages 97 to 148 form an integral part of these financial statements.

Consolidated statement of financial position

As at 31 December

in millions of Swiss francs	Note	2012	2011
Cash and cash equivalents	16	368	545
Derivative financial instruments	4	23	53
Derivatives on own equity instruments	25	8	10
Available-for-sale financial assets	4, 17	57	54
Accounts receivable – trade	4, 18	838	795
Inventories	19	725	839
Current income tax assets	14	29	36
Assets held for sale	20		7
Other current assets	4	147	130
Current assets		**2,195**	**2,469**
Property, plant and equipment	21	1,388	1,366
Intangible assets	22	2,455	2,563
Deferred income tax assets	14	73	98
Assets for post-employment benefits	6	143	129
Financial assets at fair value through income statement	4	27	24
Jointly controlled entities	8		2
Other long-term assets	17	69	65
Non-current assets		**4,155**	**4,247**
Total assets		**6,350**	**6,716**
Short-term debt	23	214	437
Derivative financial instruments	4	15	61
Accounts payable – trade and others	4	363	351
Accrued payroll & payroll taxes		103	88
Current income tax liabilities	14	99	69
Financial liability: own equity instruments	25	4	4
Provisions	24	26	33
Other current liabilities		161	149
Current liabilities		**985**	**1,192**
Derivative financial instruments	4	46	59
Long-term debt	23	1,307	1,561
Provisions	24	46	59
Liabilities for post-employment benefits	6	107	104
Deferred income tax liabilities	14	127	193
Other non-current liabilities		52	53
Non-current liabilities		**1,685**	**2,029**
Total liabilities		**2,670**	**3,221**
Share capital	26	92	92
Retained earnings and reserves	26	4,899	4,688
Hedging reserve	26	(64)	(59)
Own equity instruments	25, 26	(47)	(72)
Fair value reserve for available-for-sale financial assets		12	4
Cumulative translation differences		(1,212)	(1,158)
Equity attributable to equity holders of the parent		**3,680**	**3,495**
Total equity		**3,680**	**3,495**
Total liabilities and equity		**6,350**	**6,716**

The notes on pages 97 to 148 form an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December

2012 in millions of Swiss francs	Note	Share Capital	Retained earnings and reserves	Own equity instruments	Hedging reserve	Fair value reserve for available-for-sale financial assets	Currency translation differences	Equity attributable to equity holders of the parent	Total equity
Note		26	26	25, 26					
Balance as at 1 January		**92**	**4,688**	**(72)**	**(59)**	**4**	**(1,158)**	**3,495**	**3,495**
Income for the period			411					411	411
Available-for-sale financial assets	4, 17					8		8	8
Cash flow hedges					(5)			(5)	(5)
Exchange differences arising on translation of foreign operations							(54)	(54)	(54)
Other comprehensive income for the period					**(5)**	**8**	**(54)**	**(51)**	**(51)**
Total comprehensive income for the period			**411**		**(5)**	**8**	**(54)**	**360**	**360**
Distribution to the shareholders paid	26		(200)					(200)	(200)
Movement on own equity instruments, net				25				25	25
Net change in other equity items			**(200)**	**25**				**(175)**	**(175)**
Balance as at 31 December		**92**	**4,899**	**(47)**	**(64)**	**12**	**(1,212)**	**3,680**	**3,680**

2011 in millions of Swiss francs	Note	Share Capital	Retained earnings and reserves	Own equity instruments	Hedging reserve	Fair value reserve for available-for-sale financial assets	Currency translation differences	Equity attributable to equity holders of the parent	Total equity
Note		26	26	25, 26					
Balance as at 1 January		**92**	**4,632**	**(112)**	**(47)**	**9**	**(1,128)**	**3,446**	**3,446**
Income for the period			252					252	252
Available-for-sale financial assets	4, 17					(5)		(5)	(5)
Cash flow hedges					(12)			(12)	(12)
Exchange differences arising on translation of foreign operations							(30)	(30)	(30)
Other comprehensive income for the period					**(12)**	**(5)**	**(30)**	**(47)**	**(47)**
Total comprehensive income for the period			**252**		**(12)**	**(5)**	**(30)**	**205**	**205**
Distribution to the shareholders paid	26		(196)					(196)	(196)
Movement on own equity instruments, net				40				40	40
Net change in other equity items			**(196)**	**40**				**(156)**	**(156)**
Balance as at 31 December		**92**	**4,688**	**(72)**	**(59)**	**4**	**(1,158)**	**3,495**	**3,495**

The notes on pages 97 to 148 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	2012	2011
Income for the period		411	252
Income tax expense	14	103	66
Interest expense	12	72	75
Non-operating income and expense		21	50
Operating income		**607**	**443**
Depreciation of property, plant and equipment	21	108	105
Amortisation of intangible assets	22	155	205
Impairment of long-lived assets	20, 21		5
Other non-cash items			
- share-based payments		13	13
- pension expenses		63	37
- additional and unused provisions, net		18	13
- other non-cash items		(24)	43
Adjustments for non-cash items		**333**	**421**
(Increase) decrease in inventories		90	(117)
(Increase) decrease in accounts receivable		(64)	(92)
(Increase) decrease in other current assets		(20)	(7)
Increase (decrease) in accounts payable		13	14
Increase (decrease) in other current liabilities		(2)	(11)
(Increase) decrease in working capital		**17**	**(213)**
Income taxes paid		**(84)**	**(73)**
Pension contributions paid		(70)	(75)
Provisions used		(27)	(47)
Purchase and sale of own equity instruments, net		14	-
Impact of financial transactions on operating, net		(9)	
Cash flows from (for) operating activities		**781**	**456**
Increase in long-term debt		1	839
(Decrease) in long-term debt		(50)	
Increase in short-term debt		309	131
(Decrease) in short-term debt		(732)	(1,132)
Interest paid		(76)	(77)
Distribution to the shareholders paid	26	(200)	(196)
Purchase and sale of derivative financial instruments financing, net		(17)	
Others, net		(5)	(6)
Cash flows from (for) financing activities		**(770)**	**(441)**
Acquisition of property, plant and equipment	21	(156)	(187)
Acquisition of intangible assets	22	(72)	(86)
Increase in share capital of jointly controlled entities			(1)
Proceeds from the disposal of property, plant and equipment	21	8	11
Sale of jointly controlled entity	8	10	
Sale of intangible assets	9	27	
Interest received		3	2
Purchase and sale of available-for-sale financial assets, net		5	1
Purchase and sale of derivative financial instruments, net			29
Others, net		(8)	(35)
Cash flows from (for) investing activities		**(183)**	**(266)**
Net increase (decrease) in cash and cash equivalents		**(172)**	**(251)**
Net effect of currency translation on cash and cash equivalents		(5)	(9)
Cash and cash equivalents at the beginning of the period		545	805
Cash and cash equivalents at the end of the period		**368**	**545**

The notes on pages 97 to 148 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 9,124 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 with 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 4 February 2013.

2.1.1 Changes in Accounting Policy and Disclosures

Standards, amendments and interpretations effective in 2012

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in the 2011 consolidated financial statements, with the exception of the adoption as of 1 January 2012 of the standards and interpretations described below:

- Amendments to IFRS 7 Disclosures: Transfers of Financial Assets
- Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets
- Presentation of operating results in the income statement

Amendments to IFRS 7 Disclosures: Transfers of Financial Assets increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred. In the current year, the Group has not transferred any financial assets to a third party. Accordingly these amendments have not generated additional disclosures.

Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters provide relief from having to reconstruct transactions that occurred before the date of transition to IFRSs. As the Group is not a first-time adopter of IFRS, these amendments are not relevant.

Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. As the Group has no investment property transactions, these amendments are not relevant.

Presentation of operating results in the income statement has been revised, whereby amortisation and impairment of intangible assets have been allocated, where reasonably possible, to the functions. Where the company has been unable to determine an appropriate method to allocate the amortisation of certain intangible assets, the amortisation of these assets has been included in other operating expense. The change in presentation for the year ended 31 December 2011 has no impact on operating profit, net income or earnings per share. A reconciliation showing the impact of the changes on 2011 income statement is shown below (refer to Note 22 for the impact on 2012 income statement):

in millions of Swiss francs	As originally published	Adjustments	Restated
Marketing and distribution expenses	(547)	(22)	(569)
Research and product development expenses	(294)	(141)	(435)
Amortisation of intangible assets	(205)	205	
Other operating expense	(58)	(42)	(100)

IFRS and IFRIC 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 income statement and financial position upon their adoption.

a) Issued and effective for 2013

- Amendments to IAS 19: Employee Benefits
- IFRS 13 Fair Value Measurement
- IAS 27 Revised Separate Financial Statements
- IAS 28 Revised Investments in associates and joint ventures
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities
- Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- Amendments to IAS 1: Presentation of Items of Other Comprehensive Income
- Amendments to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to IFRS 1: Government Loans
- Annual Improvements to IFRSs 2009-2011 Cycle
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Amendments to IAS 19: Employee Benefits changes the accounting for defined benefit plans and termination benefits. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" and accelerate the recognition of past service costs. The amendments require the immediate recognition of all actuarial gains and losses in the statement of other comprehensive income in order to reflect the full value of the plan deficit or surplus in the consolidated statement of financial position, the recognition in the income statement of service cost and finance cost not considering an expected return on plan assets, as well as enhanced disclosures.

These amendments will have a significant impact on the consolidated financial statements of the Group as follows:

Balance as at 1 January 2012 in millions of Swiss francs	Reported	Pension adjustments	Deferred tax adjustments	Restated
Assets				
Assets for post-employment benefits	129	(129)		
Deferred income tax assets (related to pensions)	24		132	156
Liabilities				
Liabilities for post-employment benefits	(109)	(411)		(520)
Deferred income tax liabilities (related to pensions)	(24)		24	
Equity				
Actuarial gains (losses) on defined benefit pension plans		540		540
Income tax relating to items that will not be reclassified			(156)	(156)

Expenses for year ended 2012 in millions of Swiss francs	Reported	Pension adjustments	Deferred tax adjustments	Restated
Current service cost	44	1		45
Interest cost	69	(69)		
Expected return on plan assets	(80)	80		
Net actuarial (gains) losses recognised	31	(31)		
Employee benefit expenses, included in operating expenses	**64**	**(19)**		**45**
Net interest expenses included in financing costs		19		19
Total components of defined benefit cost	64			64
Deferred tax expenses	-		1	1

Balance as at 31 December 2012 in millions of Swiss francs	Reported	Pension adjustments	Deferred tax adjustments	Restated
Assets				
Assets for post-employment benefits	143	(141)		2
Deferred income tax assets (related to pensions)	25		141	166
Liabilities				
Liabilities for post-employment benefits	(114)	(440)		(554)
Deferred income tax liabilities (related to pensions)	(27)		27	
Equity				
Actuarial gains (losses) on defined benefit pension plans		584		584
Change in currency translation		(3)	1	(2)
Income tax relating to items that will not be reclassified			(169)	(169)

IFRS 13 Fair Value Measurement establishes a single source of guidance for fair value measurements and disclosures requirements. The standard does not change the requirements regarding which items should be measured or disclosed at fair value. The Group applies the principles described in this standard.

In 2011, the IASB issued a package of five standards on consolidation, joint arrangements, associates and disclosures including the following standards:

IAS 27 Separate Financial Statements was amended in line with the issuance of IFRS 10 and deals only with the accounting for subsidiaries, associates and joint ventures in the separate financial statements of the parent entity.

IAS 28 Investments in associates and joint ventures prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

IFRS 10 Consolidated Financial Statements is replacing all the guidance on control and consolidation. The basis for consolidation for all entities is control which includes three elements: (a) power over an investee, (b) exposure, or right to variable returns from the investee, and (c) ability to use the power over the investee to affect the amount of the investor's return.

IFRS 11 Joint Arrangements deals with how a joint arrangement should be classified, either as joint operations or joint ventures, where two or more parties have joint control.

IFRS 12 Disclosure of Interests in Other Entities includes the disclosure requirements for all forms of interests in other entities such as interest in subsidiaries, associates, joint ventures, and unconsolidated structured entities.

Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance clarify certain transitional guidance on the application of the mentioned standard for the first time.

The Group assessed that the adoption of the above standards does not result in any change in the consolidation status of its subsidiaries.

Amendments to IAS 1: Presentation of Items of Other Comprehensive Income require to group items presented in other comprehensive income on the basis of whether they would, or not, be reclassified to income statement at a later stage, when specified conditions are met. These amendments will impact the presentation of the consolidated statement of comprehensive income of the Group principally to disclose separately items that will not be reclassified subsequently in profit or loss such as actuarial gains and losses and their respective income taxes.

Amendments to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities require additional disclosures to enable users of financial statements to evaluate the effect or potential effect of netting arrangements. The Group did not recognise net amounts of financial assets and financial liabilities and therefore no additional disclosures are currently necessary.

Amendments to IFRS 1: Government Loans specify for first-time adopters that requirements in IAS 20 shall be applied prospectively to government loans existing at the date of transition to IFRSs. As the Group is not a first-time adopter, these amendments are not relevant.

Annual Improvements to IFRSs 2009-2011 Cycle include amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34. These improvements have no effect on the accounting policies and disclosures currently applied.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine. The Group is not active in this activity and therefore this interpretation is not applicable.

b) Issued and effective for 2014 and after

- IFRS 9 Financial Instruments
- Amendments to IFRS 9 and IFRS 7: Mandatory Effective Date and Transition Disclosures
- Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities
- Investment Entities: amendments to IFRS 10, IFRS 12 and IAS 27

The Group has not yet evaluated the impact of these revised standards and amendments on its consolidated financial statements.

2.2 Consolidation

The subsidiaries that are consolidated are those companies controlled, directly or indirectly, by Givaudan SA, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Thus, control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital. 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, except for non-current assets (or disposal groups) that are classified as held for sale (see Note 2.17). The Group recognised any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquirees' identifiable net assets. 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. If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, a reassessment of the net identifiable assets and the measurement of the cost is made, and then any excess remaining after the reassessment is recognised immediately in the consolidated income statement.

Where necessary, changes are made to the accounting policies of subsidiaries to bring and ensure consistency with the policies adopted by the Group.

Balances and income and expenses resulting from inter-company transactions are eliminated.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains and losses on disposals to non-controlling interests are also recorded in equity.

When the Group loses control of a subsidiary, a gain or loss is recognised in the income statement and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

2.3 Interest in a joint venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, 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.

Where the Group has an interest in a joint venture which is a jointly controlled entity, the Group recognises its interest using the equity method of consolidation until the date on which the Group ceases to have joint control over the joint venture. Adjustments are made where necessary to bring the accounting policies in line with those adopted by the Group.

2.4 Foreign currency valuation

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.

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.

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.

On the disposal of a foreign operation (i.e. loss of control), all of the cumulative currency translation differences in respect of that foreign operation are reclassified to the income statement as part of the gain or loss on divestment. In the case of a partial disposal (i.e. no loss of control) of a foreign operation, the proportionate share of cumulative currency translation differences relating to that foreign operation are re-attributed to non-controlling interests and are not recognised in the income statement.

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 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 & 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

Revenue from sale of goods is measured at the fair value of the consideration received or receivable in the ordinary course of the Group's activities. Sale of goods is 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 benefits obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses, and past service costs not yet recognised. If the aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. The present value of the defined benefits obligation and the related current service cost are calculated annually by independent actuaries using the projected unit credit method. 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, long-term expected rates of return on plan assets, 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. A portion, representing 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, of the differences between assumptions and actual experiences, as well as the effects of changes in actuarial assumptions are recognised over the estimated average remaining working lives of employees.

Where a plan is unfunded, a liability is recognised in the statement of financial position. A portion, representing 10% of the present value of the defined benefit obligation, of the differences between assumptions and actual experiences, as well as the effects of changes in actuarial assumptions are recognised over the estimated average remaining working lives of employees. Past service costs are amortised over the average period until the benefits become vested. 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 & payroll taxes for the cash-settled share-based payment transactions. The different share-based payments are described in the below table:

Share-based payment transactions		Equity-settled	Cash-settled
Share options plans	Call options	A	C
	Restricted shares	B	D
Performance share plan	Shares	E	n/a

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 conditions were 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. Services conditions are included in the assumptions about the number of restricted shares that are expected to become deliverable. No performance conditions were 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 adjustment in expenses 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.

Performance share plan

With the 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 five 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 for financial reporting purposes. 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. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available.

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, held-to maturity investments, 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.

Dividends and interest earned are included in the line other financial income (expense), net.

a) Financial assets at fair value through the income statement
Financial assets at fair value through 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. When initially recognised, they are measured at fair value, and transaction costs are expensed in the income statement. Gains or losses on held for trading investments are recognised in the income statement.

b) 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.

c) 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% or 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 on-going 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.

a) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity, while the gain or loss relating to the ineffective portion is immediately recognised in other financial income (expense), net 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.

b) Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading "cumulative translation differences". The gain or loss relating to the ineffective portion is recognised immediately in income statement, and is included in the line item "other financial (income) expense, net".

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the line item "cumulative translation differences" are reclassified to income statement on the disposal of the foreign operation or on partial disposal when there is a loss of control of subsidiary.

c) 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 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 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 2.21), 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 2.20).

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.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.17 Non-current assets held for sale

Non-current assets may be a component of an entity, a disposal group or an individual non-current asset. They are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This situation is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

2.18 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.

When substantially all the risks and rewards of ownership of leased assets are transferred to the Group, the leases of assets are classified as finance leases. They are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as debt. Assets purchased under finance lease are depreciated over the lower of the lease period or useful life of the asset. The interest charge is recognised over the lease term in the line financing costs in the income statement. The Group has no significant finance leases.

2.19 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 unit 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.

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. Such intangible assets are recognised at cost, being their fair value at the acquisition date, and are classified as intangible assets with finite useful lives. 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.

Other intangible assets such as intellectual property rights (consisting predominantly of know-how being inseparable processes, formulas and recipes) and process-oriented technology are initially recognised at cost and classified as intangible assets with finite useful lives. 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. Internally generated intangible assets, other than those related to software products and systems, are not capitalised. Estimated useful lives of major classes of amortisable assets are as follows:

- Software/ERP system 3-7 years
- Intellectual property rights 5-20 years
- Process-oriented technology 5-15 years
- Client relationships 15 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.

2.20 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.

2.21 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.

2.22 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.

2.23 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.

2.24 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.

2.25 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 finance 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.

2.26 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.

2.27 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 on-going 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 property, plant and equipment 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 6)
4) The determination and provision for income taxes requiring estimated calculations for which the ultimate tax determination is uncertain (see Note 14)
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 judgment 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 results 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 have 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 2.20).

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 buy back programmes.

The Group monitors its capital structure on the basis of a leverage ratio, defined as net debt divided by the total 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.

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 2012.

The leverage ratio as at 31 December was as follows:

in millions of Swiss francs	Note	2012	2011
Short-term debt	23	214	437
Long-term debt	23	1,307	1,561
Less: cash and cash equivalents	16	(368)	(545)
Net Debt		**1,153**	**1,453**
Total equity attributable to equity holders of the parent		3,680	3,495
Equity		**3,680**	**3,495**
Net Debt and Equity		**4,833**	**4,948**
Leverage ratio		**24%**	**29%**

The leverage ratio decreased to 24% in 2012 from 29% in 2011. The decrease in the ratio was driven by a stronger cash flow, as a result of the improved operational performance and lower working capital requirements. Net debt at December 2012 was CHF 1,153 million, down from CHF 1,453 million at December 2011. 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:

2012 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	16	368					368
Derivative financial instruments	4.3		23				23
Available-for-sale financial assets	17				57		57
Accounts receivable – trade	18	838					838
Other current assets [a]		56					56
Non-current assets							
Available-for-sale financial assets	17				36		36
Financial assets at fair value through income statement			27				27
Total assets as at 31 December		**1,262**	**50**		**93**		**1,405**
Current liabilities							
Short-term debt	23					214	214
Derivative financial instruments	4.3		15				15
Accounts payable						286	286
Non-current liabilities							
Derivative financial instruments [b]	4.3		17	29			46
Long-term debt	23					1,307	1,307
Total liabilities as at 31 December			**32**	**29**		**1,807**	**1,868**

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 assets or liabilities (see Note 2.13).

2011 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	16	545					545
Derivative financial instruments	4.3		53				53
Available-for-sale financial assets	17				54		54
Accounts receivable – trade	18	795					795
Other current assets [a]		54					54
Non-current assets							
Available-for-sale financial assets	17				35		35
Financial assets at fair value through income statement			24				24
Total assets as at 31 December		**1,394**	**77**		**89**		**1,560**
Current liabilities							
Short-term debt	23					437	437
Derivative financial instruments	4.3		50	11			61
Accounts payable						299	299
Non-current liabilities							
Derivative financial instruments [b]	4.3		45	14			59
Long-term debt	23					1,561	1,561
Total liabilities as at 31 December			**95**	**25**		**2,297**	**2,417**

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 assets or liabilities (see Note 2.13).

The carrying amount of each class of financial assets and liabilities disclosed in the above tables approximates the fair value. The fair value of each class of financial assets and liabilities, except loans and receivables, are determined by reference to published price quotations and are 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 including forward foreign exchange contracts and options to hedge the exchange rate risk arising from recorded transactions, forecasted transactions or the translation risk associated with net investments in foreign operations.
- 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 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 has been modified to express the total exposure by currency, compared to exposure by currency pairs, which is in the opinion of Group Treasury a more representative manner in which 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 2012

in millions of Swiss francs	USD	EUR	CHF	GBP
Currency exposure without hedge [a]	+154	+9	-171	-96
Hedged amount	-181	-16	+166	+97
Currency exposure including hedge	-27 [b]	-7	-5	+1

a) + long position; - short position

b) Mainly due to unhedged positions in countries where hedging is not cost-effective

Currency exposure 2011

in millions of Swiss francs	USD	EUR	CHF	GBP
Currency exposure without hedge [a]	+196	+120	-82	-38
Hedged amount	-180	-137	+75	+35
Currency exposure including hedge	+16	-17	-7	-3

a) + long position; - short position

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 2012 in millions of Swiss francs	USD	EUR	CHF	GBP
Reasonable shift	5%	8%	4%	5%
Impact on income statement if the currency strengthens against all other currencies	(1)	(1)	-	-
Impact on income statement if the currency weakens against all other currencies	1	1	-	-

Currency risks 2011 in millions of Swiss francs	USD	EUR	CHF	GBP
Reasonable shift	11%	13%	13%	11%
Impact on income statement if the currency strengthens against all other currencies	2	(2)	-	(1)
Impact on income statement if the currency weakens against all other currencies	(2)	2	-	1

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.

The Group has certain investments in foreign operations, including inter-company loans considered as part of their net investments, whose net assets are exposed to foreign currency translation. In 2011, the Group entered into CHF/USD forward contracts totalling USD 158 million with one year duration to hedge the foreign exchange translation risk associated with the movements in the spot rate relating to the investment in the US subsidiaries, with a US dollar functional currency, and the consolidated financial statements, with a Swiss franc presentation currency. At the expiry date in September 2012, a cumulative loss of CHF 6 million has been recognised in the other comprehensive income in the line item "exchange differences arising on translation of foreign operations".

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 invest 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 centrally manages interest rate risk 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 2012 in millions of Swiss francs	**CHF interest rate** 150 basis points increase	**CHF interest rate** 50 basis points decrease
Impact on income statement	9	(3)
Impact on equity	40	(13)

As at 31 December 2011 in millions of Swiss francs	**CHF interest rate** 150 basis points increase	**CHF interest rate** 50 basis points decrease
Impact on income statement	33	(12)
Impact on equity	15	(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	Hedge items	Hedge instruments	Objectives	Comments
2006	5-year syndicated loan related to the financing of the acquisition of the Quest International business.	5-year interest rate swap transaction, changing the LIBOR 6-month floating rate into a fixed rate	Hedge the series of interest payments resulting from the syndicated loan.	In July 2011 the Group fully reimbursed the outstanding balance of CHF 826 million of the syndicated loan and refinanced it by entering into a 5-year CHF 500 million revolving bank facility, with an initial drawdown of CHF 250 million. This was done in line with the primary hedging strategy on long-term debt intended by the management.
	In 2011, the amount was adjusted by closing CHF 550 million of interest rate swap resulting in a total amount of the hedged transaction as at 31 December 2012 of CHF 250 million (2011: CHF 250 million).			The reduction in the underlying debt necessitated an adjustment to the hedging amount which resulted in a charge of CHF 14 million to the consolidated income statement in 2011. In March 2012, the interest rate swap matured.
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 five-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 will be recognised in Financing costs over the next five 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 five-year maturity and CHF 50 million with an average rate of 2.45% and a three-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 will be recognised in Financing costs over the next five years and three years respectively.
2011	Highly probable future debt issuances in 2013.	Several forward starting interest rate swaps commencing in 2013, totalling CHF 100 million with an average rate of 2.33% with five-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.
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 five-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 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 five-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

Inception date	Hedge items	Hedge instruments	Objectives	Comments
2012	Highly probable future debt issuances in 2018.	Several forward starting interest rate swaps commencing in 2018, totalling CHF 100 million with an average rate of 1.88% and a five-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 will be recycled as financing cost over the term of the private placements.

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 profit or loss. The Group manages its price risk through a diversification of portfolios within the limits approved by the Board of Directors. The Group measures the sensitivity of the equity investments in their relevant financial market by applying a sudden movement of share markets of +/- 10%.

The Group holds its own shares to meet future expected obligations under the various share-based payment schemes.

Sensitivity analysis

The Group's equity portfolio is composed primarily of Swiss, European and US shares. The benchmark for the reasonable change is the SMI (17% for the last three years), the STOXX Europe 600 index historical volatility (20% for the last years) and an average of historical volatility of US indexes (20% 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:

2012 – reasonable shifts: 17% CH, 20% EU , 20% US in millions of Swiss francs	Equity price increase	Equity price decrease
Impact on income statement	4	(4)
Impact on equity	8	(8)

2011 – reasonable shifts: 20% CH, 25% EU , 25% US in millions of Swiss francs	Equity price increase	Equity price decrease
Impact on income statement	4	(4)
Impact on equity	8	(8)

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. Credit risk is managed by the Group's subsidiaries and monitored on a Group basis.

Trade receivables are subject to a policy of active risk management which focuses on the assessment of country risk, credit limits, on-going credit evaluation and account monitoring procedures. Generally, there is no significant concentration of trade receivables or commercial counter-party 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 500 million (2011: CHF 397 million). Countries and 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.

The following table presents the credit risk exposure to individual financial institutions:

	2012			2011		
	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
AA – range	93	63	3	254	90	4
A – range	246	67	9	205	62	7

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 and money market deposits. When necessary, inter-company 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:

2012 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)	(106)	(103)			(209)
Accounts payable	(286)				(286)
Net settled derivative financial instruments	(2)	(3)	(35)	(6)	(46)
Gross settled derivative financial instruments – outflows	(1,039)	(7)			(1,046)
Gross settled derivative financial instruments – inflows	1,047	7			1,054
Long-term debt	(31)	(6)	(948)	(470)	(1,455)
Balance as at 31 December	**(417)**	**(112)**	**(983)**	**(476)**	**(1,988)**

2011 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)	(427)				(427)
Accounts payable	(299)				(299)
Net settled derivative financial instruments	(14)	(5)	(47)	(4)	(70)
Gross settled derivative financial instruments – outflows	(1,427)	(172)			(1,599)
Gross settled derivative financial instruments – inflows	1,440	162			1,602
Long-term debt	(30)	(16)	(1,208)	(531)	(1,785)
Balance as at 31 December	**(757)**	**(31)**	**(1,255)**	**(535)**	**(2,578)**

4.3 Fair value measurements recognised in the statement of financial position

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 observable:

- *Level 1* fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- *Level 2* fair value measurements 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* fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2012 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			23		23
Corporate owned life insurance			27		27
Available-for-sale financial assets					
Equity securities	17	41	16		57
Debt securities	17	15	20		35
Total assets		**56**	**86**		**142**
Financial liabilities at fair value through income statement					
Forward foreign exchange contracts			15		15
Swaps (hedge accounting)			29		29
Swaps (no hedge accounting)			17		17
Total liabilities			**61**		**61**

2011 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			53		53
Corporate owned life insurance			24		24
Available-for-sale financial assets					
Equity securities	17	39	14		53
Debt securities	17	15	21		36
Total assets		**54**	**112**		**166**
Financial liabilities at fair value through income statement					
Forward foreign exchange contracts			50		50
Swaps (hedge accounting)			17		17
Basis swap			53		53
Total liabilities			**120**		**120**

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 2012 and 2011, nor did it have any assets in this category at 31 December 2012 and 2011.

5. 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 Ingredients, and

Flavours

Manufacture and sale of flavours into four business units: Beverages, Dairy, Savoury and Sweet Goods.

The performance of the operating segments is based on a measure of the EBITDA at comparable basis where applicable.
This measure is computed as the EBITDA adjusted for non-recurring items.

Business segments

		Fragrances		Flavours		Group	
in millions of Swiss francs	Note	2012	2011	2012	2011	2012	2011
Segment sales		2,022	1,834	2,242	2,087	4,264	3,921
Less inter segment sales [a]		(1)	(1)	(6)	(5)	(7)	(6)
Segment sales to third parties	2.6	**2,021**	**1,833**	**2,236**	**2,082**	**4,257**	**3,915**
EBITDA at comparable basis		**428**	**359**	**442**	**431**	**870**	**790**
as % of sales		21.2%	19.6%	19.8 %	20.7%	20.4%	20.2%
Depreciation	21	(50)	(50)	(58)	(55)	(108)	(105)
Amortisation	22	(70)	(97)	(85)	(108)	(155)	(205)
Impairment of long-lived assets	21		-		(5)		(5)
Acquisition of property, plant and equipment	21	54	63	102	124	156	187
Acquisition of intangible assets	22	32	40	40	46	72	86
Capital expenditures		**86**	**103**	**142**	**170**	**228**	**273**

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. The Group changed the communication on segment profitability to align with internal management reporting. The corresponding information of earlier periods has been restated.

Reconciliation table to Group's operating income

	Fragrances		Flavours		Group	
in millions of Swiss francs	2012	2011	2012	2011	2012	2011
EBITDA at comparable basis	**428**	**359**	**442**	**431**	**870**	**790**
Integration and restructuring costs		(8)		(24)		(32)
EBITDA	**428**	**351**	**442**	**407**	**870**	**758**
Depreciation	(50)	(50)	(58)	(55)	(108)	(105)
Amortisation	(70)	(97)	(85)	(108)	(155)	(205)
Impairment of long-lived assets		-		(5)		(5)
Operating income	**308**	**204**	**299**	**239**	**607**	**443**
as % of sales	15.2%	11.1%	13.4%	11.5%	14.3%	11.3%
Financing costs					(65)	(91)
Other financial income (expense), net					(28)	(34)
Income before taxes					**514**	**318**
as % of sales					12.1%	8.1%

Entity-wide disclosures

The breakdown of revenues from the major group of similar products is as follows:

in millions of Swiss francs	2012	2011
Fragrance Division		
Fragrance Compounds	1,781	1,587
Fragrance Ingredients	240	246
Flavour Division		
Flavour Compounds	2,236	2,082
Total revenues	**4,257**	**3,915**

The Group operates in five geographical areas: Switzerland (country of domicile), Europe, Africa & Middle-East, North America, Latin America, and Asia Pacific.

	Segment sales[a]		Non-current assets[b]	
in millions of Swiss francs	2012	2011	2012	2011
Switzerland	48	44	871	912
Europe	1,230	1,196	1,439	1,444
Africa, Middle-East	310	313	75	79
North America	952	870	898	931
Latin America	570	481	167	161
Asia Pacific	1,147	1,011	393	404
Total geographical segments	**4,257**	**3,915**	**3,843**	**3,931**

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 500 million (2011: CHF 397 million) are derived from a single external customer. These revenues are mainly attributable to the Fragrance Division.

6. Employee benefits

The following amounts related to employee remuneration and benefits are included in determining operating income:

in millions of Swiss francs	2012	2011
Wages and salaries	711	672
Social security costs	93	83
Post-employment benefits: defined benefit plans	64	31
Post-employment benefits: defined contribution plans	13	12
Equity-settled instruments	12	12
Cash-settled instruments	8	(4)
Change in fair value on own equity instruments	1	11
Other employee benefits	80	73
Total employees' remuneration	**982**	**890**

Defined benefits 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, the Netherlands and United Kingdom.

The amounts recognised in the consolidated income statement are as follows:

in millions of Swiss francs	Pension Plans	Non-pension Plans	2012 Total	Pension Plans	Non-pension Plans	2011 Total
Current service cost	42	2	44	38	2	40
Interest cost	66	3	69	64	3	67
Expected return on plan assets	(80)		(80)	(78)		(78)
Recognition of past service cost					(11)	(11)
Net actuarial (gains) losses recognised	30	1	31	13		13
Total included in employees' remuneration	**58**	**6**	**64**	**37**	**(6)**	**31**
Of which arising from:						
Funded obligations	52	6	58	32	(6)	26
Unfunded obligations	6		6	5	-	5

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 statement of financial position are as follows:

in millions of Swiss francs	Pension Plans	Non-pension Plans	2012 Total	Pension Plans	Non-pension Plans	2011 Total
Funded obligations						
Present value of funded obligations	(1,955)	(69)	(2,024)	(1,780)	(68)	(1,848)
Fair value of plan assets	1,542	1	1,543	1,389	1	1,390
Net present value of funded obligations	**(413)**	**(68)**	**(481)**	**(391)**	**(67)**	**(458)**
Amount not recognised as an asset						
Unrecognised actuarial (gains) losses	542	19	561	507	18	525
Recognised asset (liability) for funded obligations, net	**129**	**(49)**	**80**	**116**	**(49)**	**67**
Unfunded obligations						
Present value of unfunded obligations	(61)	(10)	(71)	(56)	(6)	(62)
Unrecognised actuarial (gains) losses	20	-	20	16	(1)	15
Recognised (liability) for unfunded obligations	**(41)**	**(10)**	**(51)**	**(40)**	**(7)**	**(47)**
Total defined benefit asset (liability)	**88**	**(59)**	**29**	**76**	**(56)**	**20**
Deficit recognised as liabilities for post-employment benefits	(55)	(59)	(114)	(53)	(56)	(109)
Surplus recognised as part of other long-term assets	143		143	129		129
Total net asset (liability) recognised	**88**	**(59)**	**29**	**76**	**(56)**	**20**

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	2012 Pension Plans	2012 Non-pension Plans	2012 Total	2011 Pension Plans	2011 Non-pension Plans	2011 Total
Balance as at 1 January	**1,836**	**74**	**1,910**	**1,669**	**74**	**1,743**
Net current service cost	42	2	44	38	2	40
Interest cost	66	3	69	64	3	67
Employee contributions	10		10	9	1	10
Benefit payment	(64)	(4)	(68)	(65)	(4)	(69)
Actuarial (gains) losses	135	2	137	120	4	124
Past service cost					(9)	(9)
Currency translation effects	(9)	2	(7)	1	3	4
Balance as at 31 December	**2,016**	**79**	**2,095**	**1,836**	**74**	**1,910**

Changes in the fair value of the plan assets are as follows:

in millions of Swiss francs	2012 Pension Plans	2012 Non-pension Plans	2012 Total	2011 Pension Plans	2011 Non-pension Plans	2011 Total
Balance as at 1 January	**1,389**	**1**	**1,390**	**1,391**	**1**	**1,392**
Expected return on plan assets	80		80	78		78
Actuarial gains (losses)	64	-	64	(91)		(91)
Actual return on plan assets	**144**		**144**	**(13)**		**(13)**
Employer contributions	68	4	72	72	3	75
Employee contributions	10		10	9	1	10
Benefits payment	(64)	(4)	(68)	(65)	(4)	(69)
Currency translation effects	(5)	-	(5)	(5)	-	(5)
Balance as at 31 December	**1,542**	**1**	**1,543**	**1,389**	**1**	**1,390**

Plan assets are comprised as follows:

in millions of Swiss francs		2012		2011
Debt	577	37%	500	36%
Equity	582	38%	527	38%
Property	200	13%	187	13%
Other	184	12%	176	13%
Total	**1,543**	**100%**	**1,390**	**100%**

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 expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the statement of financial position date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected contributions to post-employment benefit plans for the year ending 31 December 2013 are CHF 67 million.

As at 31 December in millions of Swiss francs	2012	2011	2010	2009	2008
Present value of defined benefit obligation	2,095	1,910	1,743	1,665	1,508
Fair value of plan asset	1,543	1,390	1,392	1,383	1,160
Deficit / (surplus)	**552**	**520**	**351**	**282**	**348**
Experience adjustments on plan liabilities	9	-	7	1	22
Experience adjustments on plan assets	64	(91)	11	105	(269)

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	2012	2011
Discount rates	3.0%	3.7%
Projected rates of remuneration growth	2.8%	2.8%
Expected rates of return on plan assets	5.8%	5.8%
Healthcare cost trend rate	5.5%	5.4%

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. The expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by the respective stock exchange of each country where assets are managed. The overall expected rate of return is calculated by weighting the individual rates in accordance with the assets allocation of the plans.

Sensitivity analysis

The defined benefits 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 effect of a 0.5% movement in the discount rate is as follows:

in millions of Swiss francs	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost	(2)	2
Effect on the defined benefit obligation	(161)	177

The effect of a 0.5% movement in the expected rate of return is as follows:

in millions of Swiss francs	Increase	Decrease
Effect on amount recognised in the income statement	(7)	7

The effect of a 1.0% movement in the assumed medical cost trend rate is as follows:

in millions of Swiss francs	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost	-	-
Effect on the defined benefit obligation	4	(4)

Information by country

The funding position of the funded defined benefits plans are as follows:

As at 31 December 2012 in millions of Swiss francs	Switzerland	United States of America	United Kingdom	Netherlands	Other countries	Total
Present value of defined benefit obligation	897	382	292	307	77	1,955
Fair value of plan asset	719	277	241	263	42	1,542
Deficit / (surplus)	**178**	**105**	**51**	**44**	**35**	**413**
In percentage	80.2%	72.5%	82.5%	85.7%	54.5%	78.9%

As at 31 December 2011 in millions of Swiss francs	Switzerland	United States of America	United Kingdom	Netherlands	Other countries	Total
Present value of defined benefit obligation	852	350	286	227	65	1,780
Fair value of plan asset	674	236	210	226	43	1,389
Deficit / (surplus)	**178**	**114**	**76**	**1**	**22**	**391**
In percentage	79.1%	67.4%	73.4%	99.6%	66.2%	78.0%

Key assumptions

2012 in percentage	Switzerland	United States of America	United Kingdom	Netherlands
Discount rate	2.00	4.25	4.00	3.00
Expected return on plan assets	5.00	8.25	6.95	4.50
Future salary increases	2.00	4.00	3.50	2.50
Future pension increases	0.00	n/a	2.83	1.00

2011 in percentage	Switzerland	United States of America	United Kingdom	Netherlands
Discount rate	2.50	4.70	4.75	4.50
Expected return on plan assets	5.00	8.25	6.95	4.50
Future salary increases	2.00	4.00	4.00	2.50
Future pension increases	0.25	n/a	3.50	1.00

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 mortality tables:

(i) Switzerland: BVG2010

(ii) United States of America: RP2000

(iii) United Kingdom: S1PAL

(iv) Netherlands: AG2012

Allowance for future improvements in mortality have been allowed for as appropriate in each country. In Switzerland and Netherlands the generational rates have been employed. In the United States of America the published rates have been projected in accordance with the AA scale as required by local funding rules. In the United Kingdom the rates reflect the latest CMI projections with a 1% long term rate of improvement.

7. Share-based payments

Performance share plan

Performance shares shown in the table below have been granted in 2008. No further plan was granted after 2008. These 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 the comparison of the business plan to the actual cumulative cash flow. Participation in this plan is mandatory.

Year of grant	Commencing date	Vesting date	Number of shares expected to be delivered at vesting date 31 Dec 2012	Weighted average fair value (CHF)	Number of shares expected to be delivered at vesting date 31 Dec 2011	Weighted average fair value (CHF)
2008	1 Jan 2008	31 Dec 2012	13,850	889.3	13,800	889.3

The cost of the equity-settled instruments of CHF 2 million (2011: CHF 2 million) has been expensed in the consolidated income statement.

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[a] (CHF)	Ratio[a] (option: share)	Option value at grant date (CHF)	Number of options 2012	Number of options 2011
2007	5 Mar 2012	5 Mar 2009	1,199.5	9.6:1	14.18		284,950
2008	4 Mar 2013	4 Mar 2010	1,113.6	12.5:1	14.23	163,300	235,300
2009	3 Mar 2014	3 Mar 2011	700.5	8.6:1	14.98	50,550	146,700
2010	3 Mar 2015	3 Mar 2012	925.0	9.5:1	15.16	259,950	426,800
2011	25 Feb 2016	25 Feb 2013	975.0	8.5:1	15.57	254,500	245,500
2012	1 Mar 2017	1 Mar 2014	915.0	7.0:1	15.41	280,500	

a) Strike price and ratios of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held in 2009, to distribute extraordinary dividends, subsequent to the share capital increase related to the rights issue.

The cost of these equity-settled instruments of CHF 4 million (2011: CHF 5 million) 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	2012	Weighted average exercised price (CHF)	2011	Weighted average exercised price (CHF)
As at 1 January	**139,350**	**1,001.0**	**175,033**	**974.3**
Granted	41,130	916.9	30,539	966.2
Sold	(32,494)	904.3	(53,087)	892.8
Lapsed/cancelled	(31,667)	1,177.6	(13,135)	1,006.1
As at 31 December	**116,319**	**954.0**	**139,350**	**1,001.0**

Of the 116,319 outstanding options expressed in equivalent shares (2011: 139,350), 46,306 options (2011: 65,542) were 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 rights to receive a dividend nor 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 2012	Number of restricted share 2011
2009	3 Mar 2014	3 Mar 2012	595.0		6,051
2010	3 Mar 2015	3 Mar 2013	806.2	3,840	3,987
2011	25 Feb 2016	25 Feb 2014	866.3	9,953	10,276
2012	1 Mar 2017	1 Mar 2015	810.3	10,519	

Of the 24,312 outstanding restricted shares (2011: 20,314), no share (2011: none) were deliverable. The cost of these equity-settled instruments of CHF 6 million (2011: CHF 5 million) has been expensed in the consolidated income statement.

Movements in the number of restricted shares outstanding are as follows:

Number of restricted shares	2012	2011
As at 1 January	**20,314**	**10,090**
Granted	10,519	10,418
Sold	(6,290)	
Lapsed/cancelled	(231)	(194)
As at 31 December	**24,312**	**20,314**

For this plan, the Group has at its disposal treasury shares.

Cash-settled instruments related to shares options

Options 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[a] (CHF)	Ratio[a] (option: share)	Option value at grant date (CHF)	Number of options 2012	Number of options 2011
2007	5 Mar 2012	5 Mar 2009	1,199.5	9.6:1	14.18		330,400
2008	4 Mar 2013	4 Mar 2010	1,113.6	12.5:1	14.23	223,400	264,400
2009	3 Mar 2014	3 Mar 2011	700.5	8.6:1	14.98	41,550	97,450
2010	3 Mar 2015	3 Mar 2012	925.0	9.5:1	15.16	223,600	507,850
2011	25 Feb 2016	25 Feb 2013	975.0	8.5:1	15.57	196,750	208,000
2012	1 Mar 2017	1 Mar 2014	915.0	7.0:1	15.41	197,875	

a) Strike price and ratios of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held in 2009, to distribute extraordinary dividends, subsequent to the share capital increase related to the rights issue.

The change of the fair value and the executions of these cash-settled instruments resulted to a charge of CHF 4 million (2011: income of CHF 6 million) in the consolidated income statement. The liability element of the cash-settled instruments of CHF 7 million (2011: CHF 8 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	2012	Weighted average exercised price (CHF)	2011	Weighted average exercised price (CHF)
As at 1 January	**144,837**	**1,016.6**	**180,914**	**976.3**
Granted	28,625	915.0	26,681	970.4
Exercised	(39,681)	912.3	(54,670)	863.1
Lapsed/cancelled	(36,111)	1,190.1	(8,088)	998.7
As at 31 December	**97,670**	**970.9**	**144,837**	**1,016.6**

Of the 97,670 outstanding options expressed in equivalent shares (2011: 144,837), 46,256 options (2011: 66,908) were 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

Options 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 2012	Number of options 2011
2009	3 Mar 2014	3 Mar 2012	595.0		3,153
2010	3 Mar 2015	3 Mar 2013	806.2	1,632	1,780
2011	25 Feb 2016	25 Feb 2014	866.3	4,535	4,525
2012	1 Mar 2017	1 Mar 2015	810.3	4,783	

The change of the fair value and the executions of these cash-settled instruments resulted to a charge of CHF 4 million (2011: charge of CHF 2 million) in the consolidated income statement. The liability element of these cash-settled instruments of CHF 6 million (2011: CHF 5 million) has been recognised in the statement of financial position.

Movements in the number of restricted shares outstanding are as follows:

Number of restricted shares	2012	2011
As at 1 January	**9,458**	**5,242**
Granted	4,793	4,525
Exercised	(2,836)	
Lapsed/cancelled	(465)	(309)
As at 31 December	**10,950**	**9,458**

The Group has at its disposal treasury shares to finance this plan. When held or sold, an option right does not give rights to receive a dividend nor to vote.

8. Jointly controlled entities

The joint venture Pacific Aid has been sold, the Group recognised a one time income (see note 9).

In June 2012, the Group decided jointly with ChemCom to liquidate the joint venture TecnoScent. A provision related to the liquidation has been provided (see note 10).

9. Other operating income

in millions of Swiss francs	2012	2011
Gains on sale of intangible assets	27	
Gains on sale of jointly controlled entity	9	
Gains on fixed assets disposal	1	1
Other income	10	7
Total other operating income	**47**	**8**

In the year ended 31 December 2012, a one time income of CHF 9 million was recognised as a result of a gain on sale of the joint venture Pacific Aid.

In the year ended 31 December 2012, a one time income of CHF 27 million was recognised as a result of a gain on sale of intangible assets.

10. Other operating expense

in millions of Swiss francs	2012	2011
Amortisation of intangible assets	55	42
Impairment of long-lived assets		5
Losses on fixed assets disposals	2	2
Business related information management project costs	3	6
Integration related expenses and restructuring related expenses		32
Other business taxes	11	12
Other expenses	9	1
Total other operating expense	**80**	**100**

In the year ended 31 December 2012, a provision related to the liquidation of the joint venture TecnoScent has been provided for an amount of CHF 2 million and was reported in other expenses.

In the year ended 31 December 2011, the Group continued the restructurings and reorganisations announced in 2010, incurring restructuring charges of CHF 32 million and asset impairments of CHF 3 million. Refer also to Note 21 on property, plant and equipment and Note 24 on provisions.

11. Expenses by nature

in millions of Swiss francs	Note	2012	2011[a]
Raw materials and consumables used		1,768	1,617
Employee benefit expense	6	982	890
Depreciation, amortisation and impairment charges	20, 21, 22	263	315
Transportation expenses		50	48
Freight expenses		97	101
Consulting and service expenses		100	118
Other expenses		390	383
Total operating expenses by nature		**3,650**	**3,472**

a) Prior year figures have been corrected to ensure consistency with current year presentation.

12. Financing costs

in millions of Swiss francs	2012	2011
Interest expense	72	75
Derivative interest (gains) losses	(9)	14
Amortisation of debt discounts	2	2
Total financing costs	**65**	**91**

13. Other financial (income) expense, net

in millions of Swiss francs	2012	2011
Fair value and realised (gains) losses from derivatives instruments, net (at fair value through income statement)	(10)	-
Exchange (gains) losses, net	28	22
Gains from available-for-sale financial assets	(1)	-
Realised gains from available-for-sale financial assets removed from equity	-	(1)
Unrealised (gains) from fair value through income statement financial instruments	(3)	-
Interest income	(3)	(2)
Capital taxes and other non business taxes	10	10
Other (income) expense, net	7	5
Total other financial (income) expense, net	**28**	**34**

14. Income taxes

Amounts charged (credited) in the consolidated income statement are as follows:

in millions of Swiss francs	2012	2011
Current income taxes	150	90
Of which:		
- recognised in other comprehensive income	(3)	
- recognised in income statement	153	90
Adjustments of current tax of prior years	(8)	(5)
Deferred income taxes		
- origination and reversal of temporary differences	(38)	(17)
- changes in tax rates	(4)	(2)
- reclassified from equity to income statement	-	-
Total income tax expense	**103**	**66**

Since the Group operates globally, it is liable for income taxes in many different tax jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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 determinations are made.

The Group calculates 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:

	2012	2011
Group's average applicable tax rate	**23%**	**20%**
Tax effect of		
Income not taxable	(1)%	(1)%
Expenses not deductible	1%	2%
Other adjustments of income taxes of prior years	(2)%	0%
Other differences	(1)%	-
Group's effective tax rate	**20%**	**21%**

The variation in the Group's average applicable tax rate is caused by changes in volumes, product mix and profitability of the Group's subsidiaries in the various jurisdictions, as well as changes in local statutory tax rates.

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	2012	2011
Current income tax assets	29	36
Current income tax liabilities	(99)	(69)
Total net current income tax asset (liability)	**(70)**	**(33)**

As at 31 December in millions of Swiss francs	2012	2011
Deferred income tax assets	73	98
Deferred income tax liabilities	(127)	(193)
Total net deferred income tax asset (liability)	**(54)**	**(95)**

Amounts recognised in the statement of financial position for deferred taxes are reported as non-current assets and non-current liabilities, a portion of which are current and will be charged or credited to the consolidated income statement during 2013.

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that the realisation of the related tax benefit is probable. Of the deferred income tax assets of CHF 73 million, deferred tax assets of CHF 11 million have been recognised on loss carry forwards (2011: CHF 12 million). To the extent that the utilisation of these deferred tax assets is dependent on future taxable profits in excess of the reversal of existing temporary differences, management considers it is probable that these tax losses can be used against additional future taxable profits based on its business projections for these entities. The Group has no material unrecognised tax losses.

Deferred income tax liabilities have not been established for withholding tax and other taxes that would be payable on the unremitted earnings of certain foreign subsidiaries, as such amounts are currently regarded as permanently reinvested. The related temporary differences amount to CHF 216 million at 31 December 2012 (2011: CHF 206 million).

Deferred income tax assets and liabilities and the related deferred income tax charges are attributable to the following items:

2012 in millions of Swiss francs	Property, plant & equipment	Intangible assets	Pension plans	Tax loss carry forward	Other temporary differences	Total
Net deferred income tax asset (liability) as at 1 January	**(95)**	**(70)**	**(1)**	**12**	**59**	**(95)**
(Credited) charged to consolidated income statement	1	13	(1)	-	29	42
(Credited) debited to other comprehensive income					-	-
Currency translation effects	2	1	-	(1)	(3)	(1)
Net deferred income tax asset (liability) as at 31 December	**(92)**	**(56)**	**(2)**	**11**	**85**	**(54)**

2011 in millions of Swiss francs	Property, plant & equipment	Intangible assets	Pension plans	Tax loss carry forward	Other temporary differences	Total
Net deferred income tax asset (liability) as at 1 January	**(94)**	**(91)**	**16**	**8**	**50**	**(111)**
Reclassification	(2)	21	(16)	4	12	19
(Credited) charged to consolidated income statement					-	-
(Credited) debited to other comprehensive income	1	-	(1)	-	(3)	(3)
Currency translation effects						
Net deferred income tax asset (liability) as at 31 December	**(95)**	**(70)**	**(1)**	**12**	**59**	**(95)**

15. 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:

	2012	2011
Income attributable to equity holder of the parent (CHF million)	**411**	**252**
Weighted average number of shares outstanding		
Ordinary shares	9,233,586	9,233,586
Treasury shares	(130,434)	(140,992)
Net weighted average number of shares outstanding	**9,103,152**	**9,092,594**
Basic earnings per share (CHF)	**45.15**	**27.71**

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:

	2012	2011
Income attributable to equity holder of the parent (CHF million)	**411**	**252**
Weighted average number of shares outstanding for diluted earnings per share of 61,451 (2011: 53,389)	**9,164,603**	**9,145,983**
Diluted earnings per share (CHF)	**44.85**	**27.55**

16. Cash and cash equivalents

in millions of Swiss francs	2012	2011
Cash on hand and balances with banks	218	441
Short-term investments	150	104
Balance as at 31 December	**368**	**545**

17. Available-for-sale financial assets

in millions of Swiss francs	2012	2011
Equity securities [a]	57	53
Bonds and debentures	36	36
Balance as at 31 December	**93**	**89**
Current assets	57	54
Non-current assets [b]	36	35
Balance as at 31 December	**93**	**89**

a) In 2012 and 2011 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.

18. Accounts receivable – trade

in millions of Swiss francs	2012	2011
Accounts receivable	844	797
Notes receivable	1	7
Less: provision for impairment	(7)	(9)
Balance as at 31 December	**838**	**795**

Ageing list:

in millions of Swiss francs	2012	2011
Neither past due nor impaired	752	717
Less than 30 days	66	58
30 – 60 days	10	15
60 – 90 days	6	6
Above 90 days	11	8
Less: provision for impairment	(7)	(9)
Balance as at 31 December	**838**	**795**

Movement in the provision for impairment of accounts receivable – trade:

in millions of Swiss francs	2012	2011
Balance as at 1 January	**(9)**	**(7)**
Increase in provision for impairment recognised in consolidated income statement	(6)	(5)
Amounts written off as uncollectible	1	1
Reversal of provision for impairment	7	2
Currency translation effects	-	-
Balance as at 31 December	**(7)**	**(9)**

No significant impairment charge has been recognised in the consolidated income statement in 2012 or 2011. Past due and impaired receivables are still considered recoverable. The carrying amount of accounts receivable trade is considered to correspond to the fair value.

19. Inventories

in millions of Swiss francs	2012	2011
Raw materials and supplies	306	397
Work in process	21	19
Finished goods	434	453
Less: allowance for slow moving and obsolete inventories	(36)	(30)
Balance as at 31 December	**725**	**839**

In 2012, the amount of write-down of inventories was CHF 40 million (2011: CHF 40 million). At 31 December 2012 and 2011 no significant inventory was valued at net realisable value.

20. Assets held for sale

In 2011, unused facilities in the United States of America were reclassified as assets held for sale. Sales of assets (only property, plant and equipment for an amount of CHF 7 million) was realised in 2012 for an amount of CHF 7 million.

As a result of the Quest acquisition, the Group has a number of unused facilities, principally in the United States of America which it intends to sell. Facilities were reclassified as assets held for sale during 2009. Sales of these assets (only property, plant and equipment for an amount of CHF 10 million) which were expected to take place during 2010 were postponed due to unfavourable market conditions; the sales took place during 2011. An impairment loss of CHF 2 million was recognised in 2011.

21. Property, plant and equipment

2012 in millions of Swiss francs	Land	Buildings and land improvements	Machinery, equipment and vehicles	Construction in progress	Total
Net book value					
Balance as at 1 January	**105**	**580**	**491**	**190**	**1,366**
Additions		1	9	146	156
Disposals		(1)	(2)		(3)
Transfers		118	122	(240)	
Depreciation		(27)	(81)		(108)
Reclassified as intangible assets	(3)				(3)
Currency translation effects	(2)	(10)	(5)	(3)	(20)
Balance as at 31 December	**100**	**661**	**534**	**93**	**1,388**
Cost	100	1,076	1,609	93	2,878
Accumulated depreciation		(392)	(1,064)		(1,456)
Accumulated impairment		(23)	(11)		(34)
Balance as at 31 December	**100**	**661**	**534**	**93**	**1,388**

2011 in millions of Swiss francs	Land	Buildings and land improvements	Machinery, equipment and vehicles	Construction in progress	Total
Net book value					
Balance as at 1 January	**105**	**603**	**518**	**86**	**1,312**
Additions	4	1	9	173	187
Disposals		(1)	(1)		(2)
Transfers		11	54	(65)	
Impairment		(1)	(2)		(3)
Depreciation		(25)	(80)		(105)
Reclassified as assets held for sale	(3)	(4)			(7)
Currency translation effects	(1)	(4)	(7)	(4)	(16)
Balance as at 31 December	**105**	**580**	**491**	**190**	**1,366**
Cost	105	972	1,510	190	2,777
Accumulated depreciation		(369)	(1,008)		(1,377)
Accumulated impairment		(23)	(11)		(34)
Balance as at 31 December	**105**	**580**	**491**	**190**	**1,366**

In 2011, the Group continued the plans to streamline its savoury manufacturing in the United Kingdom and Switzerland, incurring additional impairment losses of CHF 3 million. The discount rate used to discount the estimated future cash flows was on average 11%.

New qualifying assets related to the investment in Hungary for which borrowing costs directly attributable to its acquisition or construction were recognised. At 31 December 2012 the capitalised borrowing costs amounted to CHF 3 million (2011: CHF 1 million).

Fire insurance value of property, plant and equipment amounted to CHF 3,961 million in 2012 (2011: CHF 4,169 million).

22. Intangible assets

2012 in millions of Swiss francs	Goodwill	Intellectual property rights	Process-oriented technology and other	Software/ ERP system	Clients relationships	Total
Net book value						
Balance as at 1 January	**1,716**	**175**	**170**	**284**	**218**	**2,563**
Additions				72		72
Disposals						
Impairment						
Amortisation		(17)	(58)	(59)	(21)	(155)
Reclassified from property, plan and equipment			3			3
Currency translation effects	(28)		1	(1)		(28)
Balance as at 31 December	**1,688**	**158**	**116**	**296**	**197**	**2,455**
Cost	1,688	339	381	442	322	3,172
Accumulated amortisation		(181)	(265)	(146)	(125)	(717)
Balance as at 31 December	**1,688**	**158**	**116**	**296**	**197**	**2,455**

2011 in millions of Swiss francs	Goodwill	Intellectual property rights	Process-oriented technology and other	Software/ ERP system	Clients relationships	Total
Net book value						
Balance as at 1 January	**1,744**	**192**	**287**	**242**	**240**	**2,705**
Additions			1	85		86
Disposals						
Impairment						
Amortisation		(17)	(124)	(43)	(21)	(205)
Reclassified from other long assets			6			6
Currency translation effects	(28)				(1)	(29)
Balance as at 31 December	**1,716**	**175**	**170**	**284**	**218**	**2,563**
Cost	1,716	339	775	372	322	3,524
Accumulated amortisation		(164)	(605)	(88)	(104)	(961)
Balance as at 31 December	**1,716**	**175**	**170**	**284**	**218**	**2,563**

Classification of amortisation expenses is as follows:

in millions of Swiss francs	Fragrances	Flavours	2012 Total	Fragrances	Flavours	2011 Total
Cost of sales	-	1	1	-	-	-
Marketing and distribution expenses	13	11	24	11	11	22
Research and product development expenses	30	45	75	65	76	141
Other operating expense	27	28	55	21	21	42
Total	**70**	**85**	**155**	**97**	**108**	**205**

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 466 million (2011: CHF 470 million) to the Fragrance Division and CHF 1,222 million (2011: CHF 1,246 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 9.0% (2011: 11.0%) 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), the Group acquired intellectual property rights, predominantly consisting of know-how being inseparable processes, formulas and recipes.

Process-oriented technology and other

This consists mainly of process-oriented technology, formulas, molecules and delivery systems acquired when the Group purchased IBF and Quest International.

Software/ERP system

This consists of Group ERP system development costs and computer software costs.

Client relationships

As part of the acquisition of Quest International, the Group acquired client relationships in the Flavour and Fragrance Divisions, mainly consisting of client relationships with key customers.

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 2.19.

Remaining useful lives of major classes of amortisable intangible assets are as follows:

- Software/ERP system 3.5 years
- Process-oriented technology 4.1 years
- Client relationships 9.2 years
- Intellectual property rights 9.3 years

23. Debt

2012 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		200		200		200
Bank overdrafts					5	5
Total floating rate debt		**200**		**200**	**5**	**205**
Fixed rate debt						
Bank borrowings					8	8
Straight bonds	299	149	444	892		892
Private placements	165	50		215	201	416
Total fixed rate debt	**464**	**199**	**444**	**1,107**	**209**	**1,316**
Balance as at 31 December	**464**	**399**	**444**	**1,307**	**214**	**1,521**

2011 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		249		249		249
Bank overdrafts					17	17
Total floating rate debt		**249**		**249**	**17**	**266**
Fixed rate debt						
Bank borrowings					120	120
Straight bonds	299	148	443	890	300	1,190
Private placements	323	99		422		422
Total fixed rate debt	**622**	**247**	**443**	**1,312**	**420**	**1,732**
Balance as at 31 December	**622**	**496**	**443**	**1,561**	**437**	**1,998**

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 is redeemable by instalments at various times beginning on May 2008 through May 2015 with annual interest rates ranging from 3.65% to 5.00%. 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. The total outstanding at 31 December 2012 is USD 160 million (equivalent to CHF 147 million).

On 9 July 2003, the Group entered into a private placement for a total amount of CHF 100 million. The private placement was made by Givaudan SA. It is redeemable in July 2013 with an annual interest rate of 3.3%.

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. Givaudan United States, Inc. redeemed USD 35 million of this placement in 2011, the total outstanding at 31 December 2012 being USD 130 million (equivalent to CHF 119 million).

On 11 May 2005, the Group issued a 2.25% straight bond 2005-2012 with a nominal value of CHF 300 million. The bond was redeemed on 1 June 2012.

In the frame of the Quest acquisition, the Group entered on 2 March 2007 into a syndicated loan agreement for a total amount of CHF 1.9 billion through its holding company, Givaudan SA. In July 2011 the Group entirely reimbursed the outstanding balance of CHF 826 million of the syndicated loan and refinanced it by entering into a 5-year CHF 500 million revolving bank facility, with an initial withdraw of CHF 250 million. In August 2012, a tranche of CHF 400 million of the multilateral facility has been extended by one year to July 2017. In November 2012, a repayment of CHF 50 million of multilateral facility has been made. The average interest rate is 0.55% at 31 December 2012.

On 23 May 2007, the Group entered into a private placement for a total amount of CHF 50 million with maturity 21 May 2014, with an annual interest rate of 3.125%. The private placement was made by Givaudan SA.

On 18 October 2007, the Group issued a 3.375% 4-year public bond (maturity 18 October 2011) with a nominal value of CHF 275 million. The bond was redeemed.

On 19 February 2009, the Group issued a 4.25% 5-year public bond (maturity 19 March 2014) with a nominal value of CHF 300 million. The bond was issued by Givaudan SA. The proceeds of CHF 297 million were mainly used to repay private placements at maturity for a total amount of CHF 90 million and to repay a portion of the syndicated loan for a total amount of CHF 174 million.

On 15 June 2011, the Group issued a 2.5% 7 year public bond (maturity 15 June 2018) with a nominal value of CHF 300 million. The bond was issued by Givaudan SA. The proceeds were mainly used to repay the 3.375% 4-year public bond redeemed on 18 October 2011.

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 5 years and of 2.125% for 10 years. The bond was issued by Givaudan SA.

In November 2012, Givaudan United States, Inc entered successively into three private placements for a total amount of USD 250 million, respectively USD 40 million with an annual interest rate of 2.74% for 7 years (maturity 6 February 2020), USD 150 million with an annual interest rate of 3.30% for 10 years (maturity 6 February 2023), and USD 60 million with an annual rate of 3.45% for 12 years (maturity 6 February 2025). The proceeds of this transaction will be funded in 2013.

The carrying amounts of the Group's debt are denominated in the following currencies:

in millions of Swiss francs	2012	2011
Swiss Franc	1,242	1,708
US Dollars	267	272
Other currencies	12	18
Total debt as at 31 December	**1,521**	**1,998**

The weighted average effective interest rates at the statement of financial position date were as follows:

	2012	2011
Amounts due to banks and other financial institutions	0.6%	2.6%
Private placements	4.5%	4.6%
Straight bond	3.0%	3.1%

24. Provisions

2012 in millions of Swiss francs	Restructuring from Quest acquisition	Other restructuring	Claims and litigation	Environmental	Others	Total
Balance as at 1 January	**7**	**38**	**13**	**17**	**17**	**92**
Additional provisions	1	8	2	4	8	23
Unused amounts reversed	-	(3)	(9)	(2)	(1)	(15)
Utilised during the year	(7)	(10)	-	(3)	(7)	(27)
Currency translation effects	-	1	(1)	(1)	-	(1)
Balance as at 31 December	**1**	**34**	**5**	**15**	**17**	**72**
Current liabilities	1	16	1	5	3	26
Non-current liabilities		18	4	10	14	46
Balance as at 31 December	**1**	**34**	**5**	**15**	**17**	**72**

2011 in millions of Swiss francs	Restructuring from Quest acquisition	Other restructuring	Claims and litigation	Environmental	Others	Total
Balance as at 1 January	**27**	**31**	**17**	**24**	**26**	**125**
Additional provisions	4	13	43	2	1	63
Unused amounts reversed	(5)	(1)	(1)	(2)	(2)	(11)
Utilised during the year	(18)	(5)	(46)	(6)	(6)	(81)
Currency translation effects	(1)	-	-	(1)	(2)	(4)
Balance as at 31 December	**7**	**38**	**13**	**17**	**17**	**92**
Current liabilities	7	20	2	4	-	33
Non-current liabilities	-	18	11	13	17	59
Balance as at 31 December	**7**	**38**	**13**	**17**	**17**	**92**

Significant judgment is required in determining the various provisions. A range of possible outcomes are 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 from Quest International acquisition

Provisions for the Quest International acquisition have been recognised for compensating Quest International employees as a result of termination of their employment and closing Quest International facilities.

Other restructuring provisions

Other restructuring provisions correspond to former Quest International restructuring programmes, as well as Givaudan restructuring provisions which are not considered directly linked to the Quest International acquisition.

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

The 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 'make good' on leased facilities and similar matters.

25. Own equity instruments

Details of own equity instruments are as follows:

2012 As at 31 December	Settlement	Category	Maturity	Strike price[a] (CHF)	in equivalent shares	Fair value in millions CHF
Registered shares		Equity			128,363	124
Written calls	Gross shares	Equity	2013 – 2016	700.5 – 1,113.2	413,727	46
Purchased calls	Net cash	Derivative	2013 – 2016	700.5 – 1,113.2	94,727	8
Purchased calls	Gross shares	Equity	2013	748.4	5,000	1
Written puts	Gross shares	Financial liability	2013	748.4	5,000	-

a) Strike price of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held in 2009, to distribute extraordinary dividends subsequent to the share capital increase related to the rights issue.

2011 As at 31 December	Settlement	Category	Maturity	Strike price[a] (CHF)	in equivalent shares	Fair value in millions CHF
Registered shares		Equity			144,346	129
Written calls	Gross shares	Equity	2012 – 2016	700.5 – 1,199.5	473,672	35
Purchased calls	Net cash	Derivative	2012 – 2016	700.5 – 1,199.5	150,806	10
Purchased calls	Gross shares	Equity	2012	757.0	5,000	-
Written puts	Gross shares	Financial liability	2012	757.0	5,000	-

a) Strike price of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held in 2009, to distribute extraordinary dividends subsequent to the share capital increase related to the rights issue.

26. Equity

Share capital

As at 31 December 2012, 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 on 25 March 2010, The Board of Directors was authorised until 26 March 2012 to increase the share capital by up to CHF 10,000,000 through the issuance of a maximum of 1,000,000 fully paid-in registered shares with a par value of CHF 10.00 per share. This authorisation expired without being renewed.

At the Annual General Meeting held on 22 March 2012 a distribution to the shareholders of CHF 22.00 per share (2011: CHF 21.50 per share) was approved. The payment has been made out of the additional paid in capital reserve, according to the new Swiss tax legislation.

Movements in own equity instruments are as follows:

2012	Number	Price in Swiss francs High	Average	Low	Total in millions of Swiss francs
Balance as at 1 January	**144,346**				**72**
Purchases at cost					
Sales and transfers	(15,983)	999.3	999.3	999.3	(15)
Issuance of shares					
(Gain) loss, net recognised in equity					(3)
Movement on derivatives on own shares, net					**(7)**
Balance as at 31 December	**128,363**				**47**

2011	Number	Price in Swiss francs High	Average	Low	Total in millions of Swiss francs
Balance as at 1 January	**139,136**				**112**
Purchases at cost	5,210	850.0	850.0	850.0	4
Sales and transfers					
Issuance of shares					
(Gain) loss, net recognised in equity					(10)
Movement on derivatives on own shares, net					**(34)**
Balance as at 31 December	**144,346**				**72**

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	2012	2011
Within one year	23	26
Within two to five years	57	46
Thereafter	49	58
Total minimum payments	**129**	**130**

The 2012 charge in the consolidated income statement for all operating leases was CHF 44 million (2011: CHF 39 million).

The Group has capital commitments for the purchase or construction of property, plant and equipment totalling CHF 18 million (2011: CHF 26 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 our 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 is pursuing the recovery of 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	2012	2011
Salaries and other short-term benefits	9	8
Post-employment benefits	-	-
Other long-term benefits		
Share-based payments	4	3
Total compensation	**13**	**11**

No related party transactions have taken place during 2012 (2011: 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	2012	2011	2012	2011	2012	2011
Salaries and other short-term benefits	9	8	(2)	(2)	7	6
Post-employment benefits	-	-	2	1	2	1
Share-based payments	4	3	2	4	6	7
Total compensation	**13**	**11**	**2**	**3**	**15**	**14**

a) IFRS information is adjusted mainly by the underlying assumptions, accrual basis versus cash basis, and to the recognition of the share-base payments, IFRS 2 versus economic value at grant date. IFRS information also includes security costs.

The joint venture Pacific Aid has been sold and in June 2012, the Group decided jointly with ChemCom to liquidate the joint venture TecnoScent. A provision related to the liquidation has been provided

There are no other significant related party transactions.

30. Board of Directors and Executive Committee compensation

Compensation of members of the Board of Directors

Compensation of Board members consists of Director Fees and Committee fees. These fees are paid shortly after the Annual General Meeting for year in office completed. In addition, each Board member is entitled to participate in the stock option plan of the company. As of 2011, Board members received only restricted shares and are no longer granted options. With the exception of the Chairman, each Board member receives an amount for out-of-pocket expenses. This amount of CHF 10,000 is paid for the coming year in office. The restricted shares are also granted for the same period.

The compensation of the Board of Directors during the year was as follows:

in Swiss francs	Jürg Witmer Chairman	André Hoffmann	Lilian Biner	Irina du Bois	Peter Kappeler	Thomas Rufer	Nabil Sakkab	Henner Schierenbeck[a]	Total compensation 2012	Total compensation 2011
Director fees	360,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	990,000	800,000
Other cash compensation[b]										20,000
Committee fees	65,000	40,000	25,000	25,000	50,000	25,000	25,000	50,000	305,000	220,000
Total cash	**425,000**	**130,000**	**115,000**	**115,000**	**140,000**	**115.000**	**115.000**	**140.000**	**1,295,000**	**1,040,000**
Number of restricted shares[c]	504	126	126	126	126	126	126		1,260	1,387
Value at grant[d]	408,392	102,098	102,098	102,098	102,098	102,098	102,098		1,020,980	1,201,560
Total compensation	**833,392**	**232,098**	**217,098**	**217,098**	**242,098**	**217,098**	**217,098**	**140,000**	**2,315,980**	**2,241,560**

a) Retired from the Board of Directors on 22 March 2012.

b) Consulting fee for special assignment completed in 2011.

c) Restricted shares vest on 1 March 2015.

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

Payment to Board members for out-of-pocket expenses amounted to CHF 60,000.

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 had any loan outstanding as at 31 December 2012.

Special compensation of members of the Board who left the company during the reporting period

No such compensation was incurred during the reporting period.

The compensation of the Executive Committee during the year was as follows:

in Swiss francs	Gilles Andrier CEO	Executive Committee members (excl. CEO)[a]	Total compensation 2012	Total compensation 2011
Base salary	1,000,000	2,448,446	3,448,446	3,358,088
Annual incentive [b]	820,000	1,456,282	2,276,282	1,753,867
Total cash	**1,820,000**	**3,904,728**	**5,724,728**	**5,111,955**
Pension benefits [c]	126,739	443,345	570,084	549,478
Other benefits [d]	240,718	726,976	967,694	717,746
Number of options granted [e]		90,000	90,000	50,000
Value at grant [f]		1,386,900	1,386,900	778,500
Number of restricted shares granted [g]	1,200	1,800	3,000	3,583
Value at grant [h]	972,360	1,458,540	2,430,900	3,103,953
Number of performance shares granted [i]	3,000	6,900	9,900	9,900
Annualised value at grant [j]	533,580	1,227,234	1,760,814	1,760,814
Total compensation	**3,693,397**	**9,147,723**	**12,841,120**	**12,022,446**

a) Represents full year compensation of five Executive Committee members.

b) Annual incentive accrued in the reporting period based on current year performance.

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

d) Represents annualised value of health & welfare plans, international assignment benefits and other benefits in kind. Contributions to compulsory social security schemes are excluded.

e) Options vest on 1 March 2014.

f) Economic value at grant based on a Black & Scholes model, with no discount applied for the vesting period.

g) Restricted share vest on 1 March 2015.

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

i) Performance shares are granted in March 2008 for the 5 year period 2008-2012 and vest on 1 March 2013.

j) Annualised value at grant calculated according to IFRS methodology, and assuming 100% achievement of performance target; payout percentage estimated as of the date of publication of the 2012 Annual Report is 50%.

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 had any loan outstanding as at 31 December 2012.

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

No such compensation was incurred during the reporting period.

Ownership of shares

Details on the Givaudan share based payment plans are described in Note 7.

The following share options or option rights were granted during the corresponding periods and are still owned by the members of the Board of Directors, the CEO and members of the Executive Committee as at 31 December 2012:

2012						Share options / Option rights	
in number	Shares	Restricted Shares	Maturity 2013	Maturity 2014	Maturity 2015	Maturity 2016	Maturity 2017
Jürg Witmer, Chairman	1,400	1,009			26,800		
André Hoffmann [a]	86,929	252	6,700	6,700	6,700		
Lilian Biner		252					
Irina du Bois	39	386					
Peter Kappeler	104	319					
Thomas Rufer	146	319		3,350	3,350		
Nabil Sakkab		319	6,700	3,350	3,350		
Total Board of Directors	**88,618**	**2,856**	**13,400**	**13,400**	**40,200**		
Gilles Andrier, CEO		2,332					
Matthias Währen	526	1,554			20,000		20,000
Mauricio Graber	116	777				20,000	20,000
Michael Carlos		1,154	40,000		40,000		20,000
Joe Fabbri	129	583			30,000	15,000	15,000
Adrien Gonckel	20	583			30,000	15,000	15,000
Total Executive Committee	**791**	**6,983**	**40,000**		**120,000**	**50,000**	**90,000**

a) The following Givaudan derivatives were also held by Mr Hoffmann as at 31 December 2012:
- 30,000 call warrants UBS – Givaudan 20.08.2013 (ISIN value no. CH 011 659 55 10)

The company is not aware of any ownership of shares, share options, option rights or restricted shares as at 31 December 2012 by persons closely connected to the Board of Directors.

One person closely connected to a member of the Executive Committee owned 116 restricted shares as at 31 December 2012.

One person closely connected to a member of the Executive Committee owned 107 shares as at 31 December 2012.

The company is not aware of any other ownership of shares, share options, option rights or restricted shares as at 31 December 2012 by persons closely connected to the Executive Committee.

There are no other significant related party transactions.

Ownership of share options

Givaudan's share options are fully tradable after vesting. Details on the Givaudan share-based payment plans are described in Note 7.

The following share options were granted to members of the Board during the corresponding periods and are still owned by them as at 31 December 2012:

Year of grant	Maturity date	Vesting date	Ticker	Strike price [a] (CHF)	Ratio [a] (option: share)	Option value at grant date (CHF)	Number of options held
2008	4 Mar 2013	4 Mar 2010	GIVEF	1,113.6	12.5:1	14.23	13,400
2009	3 Mar 2014	3 Mar 2011	GIVLM	700.5	8.6:1	14.98	13,400
2010	3 Mar 2015	3 Mar 2012	GIVNT	925.0	9.5:1	15.16	40,200

a) Strike price of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held in 2009, to distribute extraordinary dividends subsequent to the share capital increase related to the rights issue.

The following share options are owned by the CEO, the other members of the Executive Committee and by persons closely connected to them as at 31 December 2012:

Year of grant	Maturity date	Vesting date	Ticker	Strike price[a] (CHF)	Ratio[a] (option: share)	Option value at grant date (CHF)	Number of options held
2008	4 Mar 2013	4 Mar 2010	GIVEF	1,113.6	12.5:1	14.23	40,000
2009	3 Mar 2014	3 Mar 2011	GIVLM	700.5	8.6:1	14.98	
2010	3 Mar 2015	3 Mar 2012	GIVNT	925.0	9.5:1	15.16	120,000
2011	25 Feb 2016	25 Feb 2013	GIVYX	975.0	8.5:1	15.57	50,000
2012	1 Mar 2017	1 Mar 2014	GIVFV	915.0	7.0:1	15.41	90,000

a) Strike price and ratios of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held on 16 April 2004 and on 27 April 2005, to distribute extraordinary dividends, and, in 2009, subsequent to the share capital increase related to the rights issue.

31. List of principal group companies

The following are the principal companies of the Group. The companies are wholly-owned unless otherwise indicated (percentage of voting rights). 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	300,000
	Givaudan International SA	CHF	100
	Givaudan Trading SA	CHF	100
Argentina	Givaudan Argentina SA	ARS	3,010
	Givaudan Argentina Services SA	ARS	100
Australia	Givaudan Australia Pty Ltd	AUD	10
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
Colombia	Givaudan Colombia SA	COP	6,965,925
Czech Republic	Givaudan CR, s.r.o.	CZK	200
Egypt	Givaudan Egypt SAE	USD	2,000
France	Givaudan Participation SAS	EUR	41,067
	Givaudan France Fragrances SAS	EUR	12,202
	Givaudan France Arômes SAS	EUR	2,028
Germany	Givaudan Deutschland GmbH	EUR	4,100
Hungary	Givaudan Hungary Kft	EUR	1.8
	Givaudan Finance Services Kft	EUR	2
India	Givaudan (India) Private Ltd	INR	75,755
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 Nederland Services B.V.	EUR	18
	Givaudan Treasury International B.V.	EUR	18

New Zealand	Givaudan NZ Ltd	NZD	71
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 v Esans Sanayi ve Ticaret Limited Sirketi	TRY	34
United Kingdom	Givaudan UK Ltd	GBP	70
	Givaudan Holdings UK Ltd	GBP	317,348
	Givaudan 2007 UK Ltd	GBP	15,700
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 Risk Management Charter, established by the Board of Directors, focuses on formalising the process of dealing with the most relevant risks which may affect the business. The charter details the objectives and principles of risk management and offers a framework for a pragmatic and effective risk management process.

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 various 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, the Corporate Officer and Internal Audit.

The Board of Director's Audit Committee also promotes the effective communication between the Board, Givaudan's Executive Committee, 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 auditors

On the consolidated financial statements

Deloitte.

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

Report on the consolidated financial statements
As statutory auditor, we have audited the accompanying consolidated financial statements of Givaudan SA presented on pages 92 to 148, which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes for the year ended December 31, 2012.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and fair presentation of the 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 and fair presentation 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, Swiss Auditing Standards and International Standards on Auditing (ISA). 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 and fair presentation 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, 2012 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 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	Annik Jaton Hüni Licensed Audit Expert

Geneva, February 4, 2013
THA/AJH/ahe

Audit. Fiscalité. Conseil. Corporate Finance.
Member of Deloitte Touche Tohmatsu

Income statement

For year ended 31 December

in millions of Swiss francs	Note	2012	2011
Income from investments in Group companies	8	103	630
Royalties from Group companies		672	573
Interest income from Group companies			6
Other income		66	118
Total income		**841**	**1,327**
Research and development expenses to Group companies		(236)	(182)
Interest expense to Group companies			(1)
Amortisation of intangible assets		(87)	(83)
Other financial expenses		(109)	(193)
Other expenses	8	(90)	(625)
Withholding taxes and capital taxes		(24)	(20)
Total expenses		**(546)**	**(1,104)**
Income before taxes		**295**	**223**
Income taxes		(15)	(8)
Net income		**280**	**215**

Statement of financial position

As at 31 December

in millions of Swiss francs	Note	2012	2011
Cash and cash equivalents	3	160	289
Marketable securities		106	119
Accounts receivable from Group companies		84	115
Other current assets		8	11
Current assets		**358**	**534**
Investments in Group companies	8	4,097	4,069
Intangible assets		485	501
Other long-term assets		10	10
Non-current assets		**4,592**	**4,580**
Total assets		**4,950**	**5,114**
Short-term debt		100	120
Accounts payable to Group companies		57	57
Other payables and accrued liabilities		58	55
Current liabilities		**215**	**232**
Long-term debt	4	1,142	1,289
Loans from Group companies		180	260
Other non-current liabilities		94	94
Non-current liabilities		**1,416**	**1,643**
Total liabilities		**1,631**	**1,875**
Share capital	6, 7	92	92
General legal reserve - first attribution	6, 7	17	17
- additional paid-in capital	6, 7	1,627	1,827
Reserve for own equity instruments	6, 7	135	148
Free reserve	6, 7	713	697
Retained earnings			
Balance brought forward from previous year		455	243
Net profit for the year		280	215
Equity		**3,319**	**3,239**
Total liabilities and equity		**4,950**	**5,114**

Notes to the statutory financial statements

1. General

The financial statements of Givaudan SA, Vernier near Geneva in Switzerland, are prepared in accordance with the provisions of Swiss company law and accepted business principles.

2. Valuation methods and translation of foreign currencies

Investments in, and loans to and from, Group companies are stated respectively at cost and nominal value less appropriate write-downs. Marketable securities are shown at the lower of cost and market value. Derivatives are re-valued at fair value.

In the balance sheet, foreign currency assets and liabilities are re-measured at year-end exchange rates with the exception of investments in Group companies which are valued at historical exchange rates. Foreign currency gains and losses are recognised in the income statement except for unrealised foreign currency gains which are deferred in the balance sheet.

3. Cash and cash equivalents

Cash and cash equivalents information includes an amount of CHF 157 million (2011: CHF 287 million) related to the cash pooling agreements with a Group company.

4. Debt

On 9 July 2003, Givaudan SA entered into a private placement for a total amount of CHF 100 million. It is redeemable in July 2013 with an annual interest rate of 3.3%.

In the frame of the Quest acquisition, Givaudan SA entered on 2 March 2007 into a syndicated loan agreement for a total amount of CHF 1.9 billion. In July 2011 Givaudan SA entirely reimbursed the outstanding balance of CHF 826 million of the syndicated loan and refinanced it by entering into a 5-year CHF 500 million revolving bank facility, with an initial withdraw of CHF 250 million. In August 2012, a tranche of CHF 400 million of the multilateral facility has been extended by one year to July 2017. In November 2012, a repayment of CHF 50 million of multilateral facility has been made. The average interest rate is 0.55 % at 31 December 2012.

On 23 May 2007, Givaudan SA entered into a private placement for a total amount of CHF 50 million with maturity 21 May 2014, with an annual interest rate of 3.125%.

On 18 October 2007, Givaudan SA issued a 3.375% 4-year public bond (maturity 18 October 2011) with a nominal value of CHF 275 million. The bond was redeemed.

On 19 February 2009, Givaudan SA issued a 4.25% 5-year public bond (maturity 19 March 2014) with a nominal value of CHF 300 million. The proceeds of CHF 297 million were mainly used to repay private placements at maturity for a total amount of CHF 90 million and to repay a portion of the syndicated loan for a total amount of CHF 174 million.

On 15 June 2011, Givaudan SA issued a 2.5% 7 year public bond (maturity 15 June 2018) with a nominal value of CHF 300 million. The proceeds were mainly used to repay the 3.375% 4-year public bond redeemed on 18 October 2011.

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 5 years and of 2.125% for 10 years.

5. Guarantees

As at 31 December 2012, there are no guarantees issued in favour of Group companies (2011: CHF 300 million).

6. Equity

As at 31 December 2012, 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 on 25 March 2010, The Board of Directors was authorised until 26 March 2012 to increase the share capital by up to CHF 10,000,000 through the issuance of a maximum of 1,000,000 fully paid-in registered shares with a par value of CHF 10.00 per share. This authorisation expired without being renewed.

At the Annual General Meeting held on 22 March 2012 a distribution to the shareholders of CHF 22.00 per share (2011: CHF 21.50 per share) was approved. The payment has been made out of the additional paid in capital reserve, according to the new Swiss tax legislation.

Movements in own shares are as follows:

2012		Price in Swiss francs			Total
	Number	High	Average	Low	in millions of Swiss francs
Balance as at 1 January	**144,346**				**148**
Purchases at cost					
Sales and transfers at cost	(15,983)	827.4	827.4	827.4	(13)
Issuance of shares					
Balance as at 31 December	**128,363**				**135**

2011		Price in Swiss francs			Total
	Number	High	Average	Low	in millions of Swiss francs
Balance as at 1 January	**139,136**				**144**
Purchases at cost	5,210	850.0	850.0	850.0	4
Sales and transfers at cost					
Issuance of shares					
Balance as at 31 December	**144,346**				**148**

As at 31 December 2012, there are no other companies controlled by Givaudan SA that held Givaudan SA shares.

On 31 December 2012, William H. Gates III, Nestlé SA , Nortrust Nominee Ltd and Chase Nominees Ltd were the only shareholders holding more than 5% of total voting rights.

7. Movements in equity

2012 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**	**17**	**1,827**	**148**	**697**	**458**	**3,239**
Registered shares							
Issuance of shares							
Appropriation of available earnings							
Transfer to the general legal reserve							
Distribution to the shareholders paid relating to 2011			(200)		3	(3)	(200)
Transfer to/from the reserve for own equity instruments				(13)	13		
Net profit for the year						280	280
Balance as at 31 December	**92**	**17**	**1,627**	**135**	**713**	**735**	**3,319**

2011 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 as published	**92**	**17**	**2,023**	**144**	**698**	**246**	**3,220**
Registered shares							
Issuance of shares							
Appropriation of available earnings							
Transfer to the general legal reserve							
Distribution to the shareholders paid relating to 2010			(196)		3	(3)	(196)
Transfer to/from the reserve for own equity instruments				4	(4)		
Net profit for the year						215	215
Balance as at 31 December	**92**	**17**	**1,827**	**148**	**697**	**458**	**3,239**

Pursuant to the new Swiss tax legislation, reserves from additional paid-in capital are presented separately in equity. Any payment made out of these reserves will not be subject to Swiss withholding tax, nor will they be subject to income tax on individual shareholders who are resident in Switzerland. This change in presentation has been included in the above tables. All distributions of reserves are subject to the requirements of the Swiss Code of Obligations.

8. List of principal direct subsidiaries

The following are the principal direct subsidiaries of the company, which are wholly-owned unless otherwise indicated (percentage of voting rights):

Switzerland	Givaudan Suisse SA
	Givaudan Finance SA
	Givaudan International SA
	Givaudan Trading SA
Argentina	Givaudan Argentina SA
	Givaudan Argentina Services SA
Australia	Givaudan Australia Pty Ltd
Austria	Givaudan Austria GmbH
Brazil	Givaudan do Brasil Ltda
Canada	Givaudan Canada Co
Chile	Givaudan Chile Ltda

China	Givaudan Fragrances (Shanghai) Givaudan Ltd Givaudan Flavors (Shanghai) Ltd Givaudan Specialty Products (Shanghai) Ltd Givaudan Hong Kong Ltd
Colombia	Givaudan Colombia SA
Czech Republic	Givaudan CR, s.r.o.
Egypt	Givaudan Egypt SAE
France	Givaudan Participation SAS
Germany	Givaudan Deutschland GmbH
Hungary	Givaudan Hungary Kft Givaudan Finance Services Kft
India	Givaudan (India) Private Ltd
Indonesia	P.T Givaudan 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
Netherland	Givaudan Nederland Services B.V. Givaudan Treasury International B.V.
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 States of America	Givaudan United States, Inc.
Venezuela	Givaudan Venezuela SA

In 2012, Givaudan SA acquired 100% of Givaudan Canada Co from Givaudan Fragrances Corporation and P.T. Givaudan Indonesia, from its affiliate P.T. Givaudan Flavours and Fragrances Indonesia which is in liquidation process.

In 2011, Givaudan SA acquired 98% of Givaudan United States, Inc. from its affiliate Givaudan Finance SA, as part of this transaction loans to Group companies were transferred from Givaudan SA to Givaudan Finance SA.

In 2011, a dividend of CHF 578 million was received from Givaudan Finance during the year; a subsequent impairment of the participation into Givaudan Finance was recognised for the same amount. At the end of 2011, Givaudan SA owned 100% of Givaudan United States, Inc.

9. Jointly controlled entities

In June 2012, Givaudan SA decided jointly with ChemCom to liquidate the joint venture TecnoScent. A provision related to the liquidation has been provided (refer to Note 10 in the consolidated financial statement of this financial report).

10. 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.

11. Disclosure of the process of risk assessment

Givaudan SA is fully integrated into the risk management framework of the Givaudan Group. This risk management framework also addresses the nature and scope of business activities and the specific risks of Givaudan SA (refer to Note 32 in the consolidated financial statements of this financial report).

Proposal of the Board of Directors to the general meeting of shareholders

Available earnings

in Swiss francs	2012	2011
Net profit for the year	280,326,383	214,452,745
Balance brought forward from previous year	260,829,199	246,376,454
Total available earnings	**541,155,582**	**460,829,199**
Transfer to free reserve	200,000,000	200,000,000
Transfer to the general reserve – first attribution	1,215,919	
Total appropriation of available earnings	**201,215,919**	**200,000,000**
Amount to be carried forward	**339,939,663**	**260,829,199**

General legal reserve – additional paid-in capital

in Swiss francs	2012	2011
Additional paid-in capital from issuance of shares		
Balance brought forward from previous year	1,627,010,606	1,827,299,904
General legal reserve – additional paid-in capital	**1,627,010,606**	**1,827,299,904**
2011 distribution of CHF 22.00 gross per share [a]		203,138,892
Total appropriation of general legal reserve – additional paid-in capital		**203,138,892**
2012 distribution proposal of CHF 36.00 gross per share [a]	332,409,096	
Total appropriation of general legal reserve – additional paid-in capital	**332,409,096**	
Distribution not paid on Treasury shares held by the Group		**2,849,594**
Amount to be carried forward	**1,294,601,510**	**1,627,010,606**

a) All distributions of reserves are subject to the requirements of the Swiss Code of Obligations.

Report of the statutory auditors

On the financial statements

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

Report on the financial statements
As statutory auditor, we have audited the accompanying financial statements of Givaudan SA presented on pages 150 to 155, which comprise the income statement, the statement of financial position and the notes for the year ended December 31, 2012.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the 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, 2012 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 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 out of reserve from 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

Annik Jaton Hüni
Licensed Audit Expert

Geneva, February 4, 2013
THA/AJH/ahe

Audit. Fiscalité. Conseil. Corporate Finance.
Member of Deloitte Touche Tohmatsu

Givaudan worldwide

Country	Address	Legal Entity name	Fragrances	Flavours	Sales	Creation/ Application	Production	Financing Services
Argentina	San Lorenzo 4759, Esquina Ave Mitre, B 1605 EIO Munro, Prov. Buenos Aires	Givaudan Argentina SA		■	■	■	■	
	Ruta 9 Panamericana Km 36.5, Partido Malvinas Argentinas, B1667KOV Buenos Aires	Givaudan Argentina SA	■		■	■	■	
Australia	12 Britton Street, Smithfield, Sydney NSW 2164	Givaudan Australia Pty Ltd		■			■	
	Unit 36, 5 Inglewood Place, Baulkham Hills, Sydney NSW 2153	Givaudan Australia Pty Ltd	■	■	■	■		
	14 Woodruff Street, Port Melbourne Melbourne VIC 3217	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, SP - CEP 05321-010 São Paulo	Givaudan do Brasil Ltda	■	■	■	■	■	
	Avenida Engenheiro Billings 1653 & 1729, Edifício 31, 1º andar, Condominio Empresarial Roche, Jaguaré, São Paulo, SP - CEP 05321-010	Givaudan do Brasil Ltda	■		■	■		
Canada	2400 Matheson Blvd., East Mississauga, Ontario L4W 5G9	Givaudan Canada Co.		■	■			
Chile	Avda Del Valle 869, oficina 202-203, Ciudad Empresarial, Huechuraba	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, 201203 Shanghai	Givaudan Fragrances (Shanghai) Ltd	■		■	■	■	
	668 Jing Ye Road, Jin Qiao Export Area, Pu Dong New Area, 201201 Shanghai	Givaudan Flavors (Shanghai) 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, 201203 Shanghai	Givaudan Management Consulting (Shanghai) Ltd						■
Colombia	Carrera 98 No. 25 G - 40, Bogotá D.C.	Givaudan Colombia SA	■	■	■	■		
Czech Republic	Klimentská 10, Praha 110 00	Givaudan CR, s.r.o.		■	■			
Egypt	P.O. Box 95, Piece 37, Industriel Zone 3, 6th of October City	Givaudan Egypt SAE		■	■	■	■	
Finland	Niemenkatu 73, 15140 Lahti	Givaudan International SA, Branch in Finland		■	■			
France	46, avenue Kléber, 75116 Paris	Givaudan France Fragrances SAS	■		■	■		
	55 Rue de la Voie des Bans, BP 24, 95102 Argenteuil Cedex	Givaudan France Fragrances SAS	■		■	■		
	19-23 Rue de la Voie des Bans, BP 24, 95102 Argenteuil Cedex	Givaudan France Arômes SAS		■	■	■		
Germany	Giselherstrasse 11, 44319 Dortmund	Givaudan Deutschland GmbH		■	■	■	■	
	Lehmweg 17, 20251 Hamburg	Givaudan Deutschland GmbH	■		■			
Hong Kong	17A, Lippo Leighton Tower, 103-109 Leighton Road, Causeway Bay	Givaudan Hong Kong Ltd	■	■	■			
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 (GFS)						■
India	Plot No. 30, Survey No. 168, Dabhel Industrial Estate, Daman 396210	Givaudan (India) Pvt Ltd		■			■	
	Plot No. 26, 2nd Cross Jigani Industrial Area, Anekal Taluk, Jigani, Bangalore, Karnataka 560 105	Givaudan (India) Pvt Ltd	■				■	
	401 Akruti Centre Point, 4th Floor, MIDC Central Road, MIDC, Andheri (East), Mumbai 400093	Givaudan (India) Pvt Ltd	■	■	■	■		
	Block B – Vatika Atrium, DLF Golf Course Road, Sector 53, Gurgaon, Haryana 122002	Givaudan (India) Pvt Ltd	■	■	■			

● Application only ▲ Flavour ingredients

Country	Address	Legal Entity name	Fragrances	Flavours	Sales	Creation/ Application	Production	Financing Services
Indonesia	Jl. Raya Jakarta-Bogor Km 35, Cimanggis Depok, West Java 16951	PT. Givaudan Indonesia	■	■		■	■	
	Menara Anugrah 7th - 9th Floor, Kantor Taman E3.3, Jl. Mega Kuningan Lot 8.6 - 8.7, Kawasan Mega Kuningan, Jakarta 12950	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, Milano	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.		■			■	
	3-23, Shimomeguro 2-chome, Meguro-ku, Tokyo 153-0064	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	■		■	■		
Netherlands	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Nederland BV		■	■	■	▲	
	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Nederland Services BV						■
	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Nederland Finance BV						■
	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Treasury International BV						■
	Nijverheidsweg 60, 3771 ME Barneveld	Givaudan Nederland BV		■			▲	
New Zealand	2 Birmingham Road, East Tamaki, Auckland	Givaudan NZ Ltd		■	■			
Peru	Av. Victor Andrés Belaúnde 147, Centro Empresarial Real, Torre Real 1 Piso 11, San Isidro, Lima 27	Givaudan Peru SAC	■	■	■	●		
Philippines	37/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City 1605	Givaudan Singapore Pte Ltd, Philippines Regional Headquarters	■		■	●		
	37/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City 1605	Givaudan Singapore Pte Ltd, Philippines Regional Headquarters		■	■	●		
Poland	ul. Podchorazych 83, 00-722 Warszawa	Givaudan Polska Sp. z o.o.		■	■			
Russian Federation	Riverside Towers Business Centre, 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	■	■	■	■	■	
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	Råbyholms Allé 4, 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	■		■			■

● Application only ▲ Flavour ingredients

Country	Address	Legal Entity name	Fragrances	Flavours	Sales	Creation/ Application	Production	Financing Services
Taiwan, Republic of China	7/F., No 303, Hsin Yi Road, Sec 4, Taipei 106	Givaudan Singapore Pte Ltd, Taiwan Branch	■	■	■	●		
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, 34335 Akatlar, Besiktas / Istanbul	Givaudan Aroma ve Esans Sanayi ve Ticaret Ltd. Sirketi	■		■			
	Büyükdere Cad. Telpa Plaza., No:195 K:3 Levent, 34394 Istanbul	Givaudan Aroma ve Esans Sanayi ve Ticaret Ltd. Sirketi		■	■			
UAE	Gulf Tower 901-902, P.O. Box 33170, Dubai	Givaudan International SA (Representative Office)		■	■	■		
	Concord Tower Floor 21, Offices 2109 - 2114, P.O. Box No. 33170, Media City, Dubai	Givaudan Suisse SA (Dubai Branch)	■		■	■		
United Kingdom	Magna House, 76-80 Church Street, TW18 4XR Staines, Middx.	Givaudan UK Ltd	■		■			
	Chippenham Drive, Kingston, MK10 OAE Milton Keynes	Givaudan UK Ltd		■	■	■		
	Kennington Road, TN24 0LT Ashford, Kent	Givaudan UK Ltd	■		■	■	■	
	Bromborough Port, Wirral, CH62 4SU Merseyside	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, 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 7828	Givaudan Fragrances Corporation	■				■	
	40 West 57th St. 11th floor, New York, NY 10019	Givaudan Fragrances Corporation	■		■	■		
	717 Ridgedale Avenue, East Hanover, NJ 7936	Givaudan Fragrances Corporation	■		■	■		
Venezuela	Calle Veracruz con calle Cali Torre, ABA Piso 8, Ofic 8A, Las Mercedes, CP 1060 Caracas	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 ▲ Flavour ingredients

Givaudan SA

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