

Compensation report

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

In this section:

Compensation governance	80
Compensation principles	81
Compensation of Givaudan executives	82
Compensation of the Executive Committee	87
Compensation of the Board of Directors	88
Share ownership guidelines	90
Ownership of Givaudan securities	90
Statutory Auditor's Report	91

CHF 22.8 million

total compensation (fixed & variable)
of the Executive Committee

CHF 2.9 million

total compensation of the Board of Directors

Competitive compensation

to Attract, motivate and retain
the best talent in the industry

Fair compensation

with consistent salary scale to reflect job levels,
functions and geographic regions

Pay for performance

rewarding employees for their contribution
to business results



Compensation Report

Attract, motivate and retain

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

Our compensation programmes are aligned to our strategy and reflect the performance of the business and of individuals. We have rigorous governance, policies and processes to ensure that our compensation practices are aligned with our principles of integrity, fairness and transparency.

This report on compensation, complementing our business and financial reports, has been prepared in compliance with the Ordinance against Excessive Compensation at Listed Stock Companies (OaEC) and with the Directive on Information relating to Corporate Governance, issued by the SIX Swiss Exchange. The report also comprises information required under the Swiss Code of Obligations and takes into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance of Economiesuisse.

1. Compensation governance

1.1 Compensation Committee

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

The Compensation Committee is also responsible for reviewing and approving individual compensation and benefits of each Executive Committee member as well as recommending compensation for the Board.

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

The Compensation Committee meets three to five times a year and informs the Board of its deliberations, recommendations and resolutions after each meeting. The minutes of the meetings are available to the full Board. The Committee utilises independent external consultants to benchmark the compensation of senior management and the Board.



Governance Report – page 68

I. Compensation Committee standing agenda items and approvals

Timing	Agenda items	Proposed ¹	Consultation	Approved
Beginning of year	Compensation Report	Compensation Committee		Board of Directors ³
	Prior year annual incentive achievement	CEO ²		Compensation Committee
	Set current year performance targets	CEO ²		Compensation Committee
	Long-term incentive award allocation	CEO ²		Compensation Committee
	Maximum amounts for shareholder voting on Executive Committee and Board compensation	Compensation Committee		Board of Directors (preliminary) ³
Mid-year / end of year	Long-term incentive achievement against targets	CEO ²		Compensation Committee
	Compensation of the Executive Committee	CEO ²		Compensation Committee
	Compensation of the Board of Directors	Compensation Committee		Board of Directors
	Changes to compensation system (if any)	Compensation Committee	Chairman	Board of Directors
	Preview of key items for next year	CEO / Compensation Committee		-

1. CEO compensation proposed by Chairman of the Compensation Committee.

2. Individual concerned does not attend/abstains.

3. Subject to shareholders' vote (binding vote on maximum compensation amounts, consultative vote on Compensation report).

Table I above summarises the Compensation Committee standing agenda items and approvals.

1.2 Specific activities in 2017

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

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

1.3 Governance rules

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

Full details on these rules are available on the Givaudan's website:



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

In line with Givaudan's Articles of Incorporation, at the 2018 Annual General Meeting the Board will submit the following maximum aggregate amounts for shareholder approval:

- Compensation of the Board for the period until the 2019 ordinary shareholders' meeting
- Short-term variable compensation of the Executive Committee for the 2017 fiscal year
- Fixed and long-term variable compensation of the Executive Committee for the 2018 fiscal year

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

Givaudan will also submit the 2017 Compensation Report to a consultative vote at the 2018 Annual General Meeting.

2. Compensation principles

2.1 Board of Directors

In order to reinforce their independence in exercising their supervisory duties, members of the Board receive fixed compensation only. They are not eligible to any performance-based compensation and are not insured in the Company pension plans.

The Board compensation is paid in cash and in the form of Restricted Share Units (RSUs). RSUs are a right to receive shares of Givaudan after a three-year blocking period. They link the compensation with the share price evolution of the Company and strengthen the alignment with shareholders' interests.

2.2 Executives and employees

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

- Pay for performance: through our variable pay plans, employees participate in the Company's overall success and are rewarded for their contribution to business results.
- Alignment of interests: Givaudan seeks to align management and shareholders' interests by rewarding long-term value creation through share-based programmes.
- External competitiveness: overall compensation positioning should enable Givaudan to attract and retain highly talented individuals critical to its success.
- Internal consistency and fairness: internal pay scales reflect job level, function and geographic market.

Givaudan's total compensation in 2017 is composed of the following elements:

- Base salary: base salaries are regularly benchmarked in each location and pay scales are reviewed annually according to local market evolution. As a general rule, pay scales are built around market median.
- Profit Sharing Plan: non-management employees participate in the global Profit Sharing Plan. Payouts are based on yearly evolution of Group EBITDA.

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

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

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

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

3. Compensation of Givaudan executives

3.1 Compensation benchmarking

The compensation of Givaudan executives, in terms of both structure and level, is regularly benchmarked against

II. Givaudan compensation

Compensation	Participants (number of participants)	Payout	Link to compensation principles	Alignment with the business strategy
Base salary	All employees (11,000)	Cash	Attract and retain highly talented individuals. Provides internal consistency and fairness	Nurture a pipeline of industry experts and future leaders to develop skills for sustained success
Profit Sharing Plan	Non-management employees (7,000)	Cash	Contribution to Group financial objectives	Reward our people to share in Group profit
Annual Incentive Plan ¹	Manager and executives (4,000)	Cash	Contribution to financial objectives	Achieve annual organic sales growth and EBITDA target and individual performance objectives
Performance Share Plan ¹ (PSP)	Executives and selected managers (400)	Givaudan shares ²	Alignment of management with long-term targets and shareholders' interests	Achieve long-term organic sales growth and free cash flow targets
Benefits	All employees (11,000)	Insurances, pension, fringe benefits	Protection against risk, attract and retain	Same as base salary

1. The Annual Incentive Plan and PSP plan are described in more detail in the next sections.

2. Unless local laws prevent allocation of Givaudan shares, in which case payout is in cash.

individuals in similar positions within listed European companies that are comparable in size and international presence. Comparable companies included in our compensation surveys may consist of:

- Flavour and fragrance 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 services sector).

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

All benchmarking activity related to Executive Committee positions is performed by independent consultants. Benchmarking for other executive positions 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 from a number of variable compensation components. These variable elements reflect achievements against quantitative targets established by the Board, as well as the contribution and leadership qualities of individual executives. Variable compensation, particularly long-term components, represents a significant portion of an executive's total compensation. The weight of variable compensation increases with executives' level of responsibility and the impact of their position on Company results.

In 2017, Executive Committee compensation was benchmarked against a peer group of other Swiss multinational companies of a size similar to Givaudan. This peer group consisted of Swiss Leader Index (SLI) companies, excluding the five largest companies and financial services institutions. The benchmark included 18 companies: Actelion, Adecco, Aryzta, Clariant, Dufry, Galenica, Geberit, Kuehne + Nagel, LafargeHolcim, Lonza, Richemont, Schindler, SGS, Sika, Sonova, Swatch, Swisscom and Syngenta.

III. Executive compensation benchmark

	Below median	Median	Above median
Fixed pay ¹		■	
Short-term incentive ²	■		
Long-term incentive ³			■
Total compensation		■	

1. Includes base salary, pension and other benefits
2. Annual Incentive Plan (please refer to section 3.5)
3. Performance Share Plan (please refer to section 3.6)

The results confirm that total compensation of the Executive Committee is aligned with the market. The long-term incentive compensation is positioned above median, which is in line with Givaudan policy and reflects our strong focus on rewarding outstanding performance over the long term.

In 2017, independent consulting services were contracted with EY to conduct this Executive Committee benchmark. EY provides additional advisory and tax services.

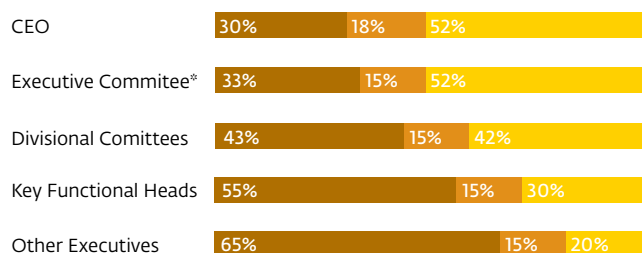
3.2 Compensation mix

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

- Direct compensation consists of base salary, annual incentive and share-based components
- Indirect compensation includes retirement coverage, health benefits, death and disability protection as well as certain benefits-in-kind according to local market practice.

The chart below illustrates the direct compensation mix at target for Givaudan executives in 2017.

IV. Direct compensation mix policy guidelines



* Excluding CEO

■ Fixed pay ■ Annual incentive ■ Performance shares

The table below illustrates the structure and purpose of the two incentive schemes.

V. Variable compensation overview

	Annual Incentive Plan	Performance Share Plan
Participants	Managers and executives	Key talent and executives
Purpose	To reward managers and executives for the achievement of annual organisational targets and overall individual performance	To link compensation to shareholder value creation and achievement of business objectives
Grants	Annual grant	Annual grant
Vesting	End of each year	3 years
Conditions for vesting	Achievement of annual EBITDA and sales growth targets	Achievement relative sales growth and FCF/sales targets over 4 years
Payout	Cash	Shares ¹

1. Unless local laws prevent allocation of Givaudan shares, in which case payout is in cash.

3.3 Clawback provisions

As part of the Givaudan compensation programme and ensuring appropriate risk management, all incentive-based compensation (Annual Incentive and PSP) is subject to clawback provisions. The respective plan rules provide the Compensation Committee with absolute discretion to cancel any payouts that would otherwise be due, including for reasons linked to an individual's performance or behaviour. With regard to the PSP, this means that any right to receive Givaudan shares at the end of the vesting period will lapse if such a determination is made by the Compensation Committee. In 2017, the Compensation Committee did not exercise clawback for any current or former Executive Committee members.

3.4 Base salary

Base salaries are established on the basis of the scope and responsibilities of the function, the external value of the role and the profile of the incumbent in terms of skills, experience and individual performance. To ensure market competitiveness, base salaries are reviewed annually. Base salary adjustments (if any) are based primarily on market evolution, taking into consideration the executive's performance and contribution to Company results.

3.5 Annual Incentive Plan

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

Performance criteria

In 2017, the Annual Incentive Plan for Executive Committee members was based on the following performance criteria:

- Sales Growth targets in local currencies: 50%
- EBITDA margin targets: 50%

For the purpose of the Annual Incentive Plan, EBITDA is expressed as a percentage of sales. Measurement at Group level is considered, except where divisional level is more appropriate having regard to the members' scope of responsibility.

Givaudan's compensation system has been designed for alignment with our Company's vision and strategy and enshrines the principles of pay-for-performance. To provide shareholders the ability to assess this performance link and in line with Givaudan's commitment to transparency, the Company discloses ex-post the overall payout factor under its variable pay plans. The disclosure approach protects the Company's commercially sensitive, forward-looking information. Provision of such information, such as relating to Annual Incentive Plan performance targets, could otherwise put the Company and its shareholders at a competitive disadvantage. Details of the Performance Share Plan threshold, targets and maximum are presented in the Compensation Report.

Annual incentive payouts for managers and executives below the Executive Committee level are based on a mix of organisational performance objectives, cascaded from Givaudan Group objectives, and individual performance, taking into consideration achievement of personal objectives, day-to-day job responsibilities and the demonstration of behaviours in line with the Givaudan core values.

Incentive targets, caps and payouts

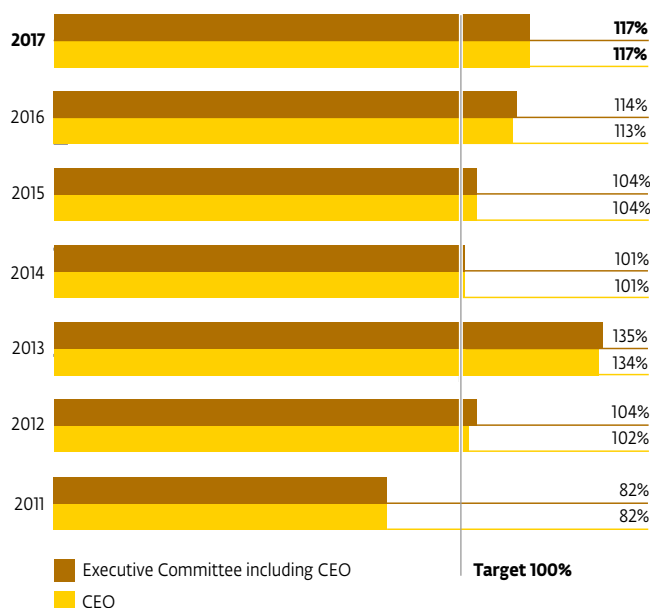
Expressed as a percentage of base salary, annual incentives at target were the following in 2017:

- Chief Executive Officer: 80%
- Chief Financial Officer and Division Presidents: 60%
- Other Executive Committee members: 50%
- Division Management Committee members: 35% – 50%
- Other executives and managers: 10% – 35%

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

In 2017, sales growth and the EBITDA were above target. This resulted in an average of 117% of target payout for the Chief Executive Officer as well as the other members of the Executive Committee. Table VI summarises historical annual incentive achievement against target since 2011.

VI. Historical annual incentive achievement



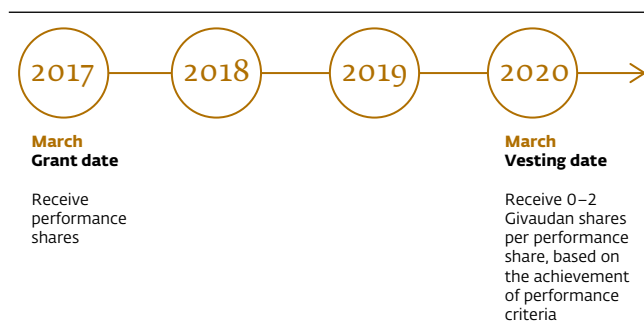
3.6 Performance Share Plan

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

Within the PSP, participants are granted Performance Shares annually. The total number of Performance Shares granted, and the plan parameters generally, are approved each year by the Compensation Committee. Givaudan applies a policy to cap the maximum value of PSP allocations. For Executive Committee members the annual total grant value per member is 2 to 3 times annual base salary.

Performance Shares vest three years from grant date based on the achievement of performance criteria measured over the performance period. The operation of the PSP is summarised in the following diagram:

VII. Operation of the PSP
Performance criteria



Performance target setting

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

- Relative average sales growth as compared to the sales growth of selected peer group companies; and
- Cumulative Free Cash Flow (FCF) margin, expressed as a percentage of cumulative sales.

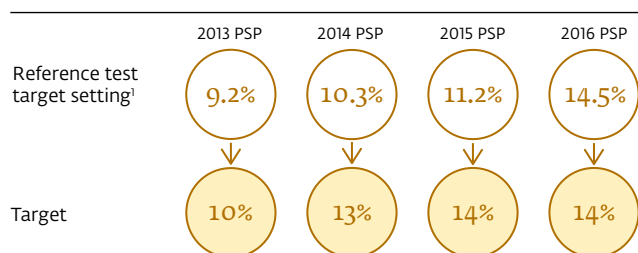
The structure of performance criteria calculation has been specifically designed to be challenging.

For average sales growth, the peer group includes companies from the flavour and fragrance industry that publish sales in local currency. These companies represent in total approximately 75% of this market. The peer companies currently included in the group are Firmenich, Hasegawa, IFF, Robertet, Sensient, Symrise and Takasago. The performance range for relative sales growth extends from -2% to +2% annualised sales growth versus peer group over the four-year performance period.

In the case of FCF margin, final achievement is calculated as the average of the reported FCF margin for each of the four performance years. This means that the Givaudan's FCF for each year of the performance period is summed, and this cumulative result is divided by the sum of Givaudan's sales in each year of the performance period. The assessment over four years ensures that the performance targets are stringent and reward sustained Company performance. The performance range extends from 9% to 19%.

Target setting and testing against targets follows adherence to strict governance policies. Careful consideration is given to Givaudan's performance and its projections. In addition, a reference test against historical achievements is conducted.

VIII. Historical FCF margin vs set target



1. Cumulative FCF margin of the related previous 4 years

Share payout caps

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

A payout of 200% would require an achievement level above the maximum threshold for both criteria.

An achievement level below the minimum threshold on either measure results in a 0% payout.

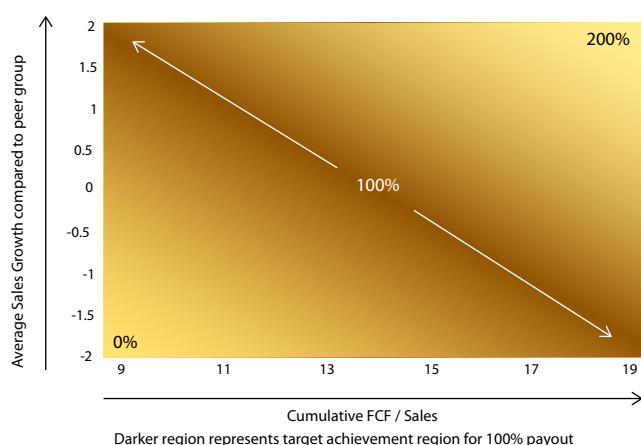
Different combinations of relative sales growth and FCF achievements within the above ranges lead to payouts between 0% and 200%, ranked according to their long-term economic value generation for the Company.

A 100% payout can be obtained where a target combination of the performance criteria is met, such as when relative average sales growth is in line with the peer group and cumulative FCF margin is 14%.

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

In general, Performance Shares lapse on cessation of employment. In specific circumstances such as death, disability or retirement, Performance Shares may vest subject to satisfaction of the performance criteria. In case of a change of control, Performance Shares may vest immediately.

IX. Performance Share Plan payout matrix



Vesting in 2017

The 2014 PSP vested on 29 March 2017 with a 105% payout (2016: 145% payout). This reflects above target achievement on FCF and slightly below target achievement on relative sales growth. In the event of lower levels of achievement the PSP will

vest below target (or not at all) such as was the case for the previous Givaudan Performance Share Plan having vested in 2013 at 50% of target payout.

For reference, Givaudan tests performance against other benchmark metrics, including relative total shareholder return (TSR), and we continue to outperform the market in many regards. For instance, Givaudan's TSR measured over recent four year periods has generally been at or above third quartile compared to our benchmark peer group.

X. 2014 PSP achievement

Criteria	Performance Payout	Payout
Average sales growth compared to peer group	-0.5%	➔ 105% of performance shares granted
Cumulative FCF/sales*	14.5%	

* Formula = $\frac{\sum (\text{Free cash flow margin reporting year} \times \text{sales in reporting currency in year})}{\sum \text{Sales in reporting currency in year}}$

3.7 Previous long-term incentive plan arrangements

Previous awards under legacy LTIP arrangements included stock options, Restricted Share Units and Performance Shares. All awards under the previous plans have now vested. The Performance Shares under the previous long-term incentive were granted in 2008 and vested in 2013 to an achievement level of 50% based on testing against the predefined economic value generation measured over a five-year period.

3.8 Proposed long-term incentive plan changes

In 2017, Givaudan undertook a comprehensive review of the PSP in regards to feedback from shareholders, suitability of the plan since inception and the future direction of the Company. Based on the review, including consideration of adapting/replacing the PSP and evolving market practice, Givaudan concluded that the overall current LTIP design should be retained. It was confirmed that the PSP is ideally tailored to Givaudan, adhering to our compensation principles in particular delivering on the pay for performance principle.

Within the overall design and based on the above considerations, Givaudan determined that some adjustments to the existing programme are appropriate. In particular, the performance matrix has been revised, and the following new features will be introduced in 2018:

- The performance range for relative sales growth will be shifted to a range of -1.5% to 2.5% (currently -2% to 2%)
- A payout cap at 100% will be introduced in cases where relative sales growth may be below the peer group, even if exceptional FCF margin is achieved; and
- Achieving threshold, target and maximum payout will be made more challenging overall.

XI. Executive Committee compensation summary

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

1. Represents (a) full year compensation of seven Executive Committee members, (b) partial year compensation of the outgoing Chief Financial Officer, Matthias Währen, who stepped down from his role on 1 January 2017 and retired on 30 June 2017 and (c) full year compensation for Joe Fabbri who stepped down from his Executive Committee role on 1 July 2017 and retired on 31 December 2017.

2. Represents full year compensation of eight Executive Committee members and partial year compensation of one new Executive Committee members who was appointed on 1 August 2016.

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

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

5. Annual incentive accrued in reporting period based on performance in the reporting period.

6. 2017 Performance shares vest on 15 April 2020, 2016 Performance shares vest on 15 April 2019.

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

8. 2017 estimated social security charges based on 2017 compensation; 2016 estimated social security charges based on 2016 compensation.

The combination of the above reinforces that retaining the leading position at or above our peers is a key feature to delivering long-term success. In parallel, FCF margin will be retained as an equal contributor to payout potential, with the provision that the extent to which outperformance on FCF may counterbalance lower sales growth achievement is significantly restricted.

In addition, the overall mix of performance criteria of the variable compensation programmes (Annual Incentive and PSP) were considered and it was concluded that they remain appropriate and consistent with our disclosed strategy. This includes that the different measurement approaches, such as absolute and relative assessment, over the various time periods are differentiated and aligned with ensuring appropriate annual and long-term achievement of targets.

Finally, the review confirmed the PSP vesting and performance testing periods remain appropriate to Givaudan and are aligned with market practice. Considering the compensation principles' objective to ensure alignment of Executive Committee members with shareholders, the share ownership guidelines were reviewed and the minimum holdings will be increased in 2018 to two times annual base salary. Further details are provided in section 6. Further details of the updated PSP will be disclosed in the 2018 Compensation Report.

3.9 Benefits

The Executive Committee members participate in the benefits plans of the Company, consisting mainly of retirement, insurance and health care plans that are designed to provide a reasonable level of protection for the employees and their dependants in respect of the risks of retirement, ill-health, disability and death.

Executive Committee members are also provided with certain executive perquisites and benefits in kind according to competitive market practice. The aggregate monetary value of these benefits is evaluated at fair value and disclosed in the compensation tables.

4. Compensation of the Executive Committee

4.1 Compensation levels in 2017

In 2017, total compensation reported remained stable compared to 2016.

Total compensation for 2017 represented:

- full year compensation for eight Executive Committee members (including CEO)
- full year compensation for Joe Fabbri who stepped down from the Executive Committee on 1 July 2017 and provided transitional services and support on strategic projects until his retirement on 31 December 2017

– partial year compensation for the former Chief Financial Officer, Matthias Währen, who stepped down on 1 January 2017 and provided transitional services and support on strategic projects until his retirement on 30 June 2017, i.e. compensation for 9.5 full time equivalent members (including CEO).

Total compensation for 2016 represented full year compensation of eight Executive Committee members and partial year compensation of one new Executive Committee member, Anne Tayac, who was appointed Head of Givaudan Business Solutions on 1 August 2016, i.e. compensation for 9.4 full time equivalent members (including CEO).

Further details are provided in section 4.6.

Executive Committee member compensation has been set in accordance with our compensation principles, including consideration of roles and responsibilities and with reference to our compensation benchmarks.

4.2 Highest total compensation

The Chief Executive Officer, Gilles Andrier, received the highest total compensation in 2017. For compensation details, please refer to table XI.

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

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

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

Matthias Währen retired from his role as Chief Financial Officer on 30 June 2017. He did not receive any special compensation as a result of his retirement. All compensation is included in the compensation table XI.

4.5 Employment contract termination clauses of Executive Committee members

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

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

4.6 Compensation voting for Executive Committee members

The compensation paid is within the amounts approved by shareholders in the respective Annual General Meeting. For 2016 compensation and as already disclosed in the respective Compensation Report, an additional supplementary amount of CHF 142,204 was paid in accordance with the Givaudan Articles of Incorporation (Art. 27).

The fixed and long term variable compensation approved for 2017 was CHF 19,800,000 (2016: CHF 19,800,000).

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

5. Compensation of the Board of Directors

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

The annual fees for Board membership and additional functions are summarised in the table XII. The fees are consistent with prior year levels.

XII. Board of Directors fees – Summary

	Annual fees (CHF)	Restricted Shares Compensation (CHF) ³
Chairman of the Board ¹	400,000	580,000
Vice-Chairman of the Board ¹	100,000	145,000
Board membership	100,000	145,000
Chairman – Audit Committee ²	55,000	
Chairman – Other Committees ²	40,000	
Membership – All Committees	25,000	

1. Incl. Board membership fees

2. Incl. Committee membership fees

3. Number of RSUs granted represents the closest match to the values displayed

The Chairman of the Board does not receive any additional Board Membership or Committee fees. Similarly, a Committee Chairman does not receive any additional Committee Membership fees.

XIII. Board of Directors compensation summary

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

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

Estimated social security charges based on 2017 compensation amounted to CHF 205,000 (2016: CHF 221,000).
In addition to the above, payments to Board members for out-of-pocket expenses amounted to CHF 70,000 (2016: 70,000).

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

1. Represents total compensation for the Board of Director paid in respect of the reporting year, reported in accordance with the accrual principle.
2. Represents Director and Committee fees paid in respect of the reporting year, reported in accordance with the accrual principle.
3. RSUs vest on 15 April 2019.
4. Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.
5. Elected at the Annual General Meeting in March 2016.
6. Retired at the Annual General Meeting in March 2016.
7. The function of each member of the Board of Directors are indicated on pages 80-84 in the Corporate Governance section of the 2016 Annual Report.

Each Board member receives an additional amount of CHF 10,000 to cover out-of-pocket expenses. This amount is paid for the coming year in office. The RSUs are also granted for the same period.

Board fees are aligned with the total Board compensation approved by shareholders at the 2016 Annual General Meeting and with market practice. In 2017, Board member compensation was benchmarked against a peer group of other Swiss multinational companies of a size similar to Givaudan. This peer group consisted of Swiss Leader Index (SLI) companies that disclose board fee policy information, excluding the five largest companies and financial services institutions. The benchmark included 17 companies: Actelion, Adecco, Arysza, Clariant, Dufry, Geberit, Kuehne + Nagel, LafargeHolcim, Lonza, Richemont, Schindler, SGS, Sika, Sonova, Swatch, Swisscom and Syngenta.

The compensation paid to the Board members for the reporting period is shown in table XIII.

5.1 Compensation of the Board member with the highest compensation

The Board member with the highest compensation in 2017 was Calvin Grieder, Chairman of the Board since 23 March 2017. For compensation details please refer to table XIII.

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

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

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

No such compensation was incurred during the reporting period.

5.4 Compensation voting for members of the Board

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

6. Share ownership guidelines

Givaudan introduced share ownership guidelines (Guidelines) in 2013, under which Executive Committee members must hold approximately one time their annual base salary in Givaudan shares. This requirement should be met by 2016, or within three years from the beginning of the calendar year after joining the Executive Committee.

In September 2017, Givaudan introduced updated Guidelines. Under the new Guidelines, requirements were increased for all Executive Committee members to two times annual base salary in Givaudan shares. In general, the Guidelines should be met within five years from the beginning of the calendar year after joining the Executive Committee. Transitional arrangements to the new Guidelines are in place for Executive Committee members appointed before 2016, such that all such members should reach the new Guideline holding requirement latest 2020.

Ownership of Givaudan shares by Executive Committee members as per 31 December 2017 is shown in table XV.

7. Ownership of Givaudan securities

7.1 Board of Directors

As per 31 December 2017, the Chairman and other Board members, including persons closely connected to them held 3,360 Givaudan shares in total. For further details, please refer to table XIV showing:

- The shares held individually by each Board member as per 31 December 2017.
- The RSUs that were granted in 2015 – 2017 and were still owned by members of the Board as per 31 December 2017.

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

XIV. Board of Directors: ownership of Givaudan securities

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

7.2 Executive Committee

The Chief Executive Officer and other members of the Executive Committee, including persons closely connected to them, held 6,423 Givaudan shares. For further details, please refer to table XV showing:

- The shares held individually by each member of the Executive Committee as per 31 December 2017.
- The unvested Performance Shares that were granted in 2015–2017 and were still owned by members of the Executive Committee as per 31 December 2017.

XV. Executive Committee: ownership of Givaudan securities

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

No member of the Executive Committee held any share options or option rights as at 31 December 2017 (31 December 2016: no member of the Executive Committee held any share options or option rights).

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

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



Deloitte SA
Rue du Pré-de-la-Bichette 1
1202 Geneva
Switzerland

Phone: +41 (0)58 279 8000
Fax: +41 (0)58 279 8800
www.deloitte.ch

Report of the statutory auditor

To the General Meeting of Givaudan SA, Vernier

We have audited the accompanying compensation report of Givaudan SA for the year ended December 31, 2017. Our audit is limited to the information provided in section 4 and 5 presented on page 87 to 90 in accordance with the articles 14 to 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance).

Responsibility of the Board of Directors

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, sections 4 and 5 of the compensation report of Givaudan SA for the year ended December 31, 2017 comply with Swiss law and articles 14 – 16 of the Ordinance.

Deloitte SA

Karine Szegedi Pingoud
Licensed Audit Expert
Auditor in Charge

Joëlle Herbette
Licensed Audit Expert

Geneva, 24 January 2018