

Givaudan

engage your senses



2021  
IN A NUTSHELL



# WHO WE ARE

## Committed to Growth, with Purpose

With **game-changing innovations** in food and beverage and **inspirational creations** in the world of scent and beauty, we lead the global industry in flavour & taste, functional & nutritional ingredients, and fragrance & beauty.

We are committed to **driving purpose-led, long-term growth** by increasing our positive impact on **nature and improving people's health and happiness**. It's a commitment to create shared value for **the business, society and nature**.

**185**  
locations in  
**52** countries  
worldwide

**69**  
Creations and  
research  
centres  
worldwide

Over  
**16,800**  
employees

CHF **562** m  
R&D spend

Proposed  
dividend  
per share  
CHF **66**

Our two principal business activities

## TASTE & WELLBEING

Going beyond great taste  
to create food experiences that  
do good and feel good, for  
body, mind and planet.

## FRAGRANCE & BEAUTY

Bringing you inspiring creations  
in the world of scent and  
beauty through craftsmanship,  
creativity and passion.

# Our impact in 2021

Creating growth for our business, society and the planet.

## Sustainable performance review

For the year ended 31 December, in millions of Swiss francs, except for environment and social data

|  | 2021   | 2020   | Percentage change |
|--|--------|--------|-------------------|
| <b>Economic</b>                                      |        |        |                   |
| Group sales  | 6,684  | 6,322  | 5.7%              |
| Like-for-like sales growth                           | 7.1%   | 4.0%   |                   |
| Gross profit   | 2,855  | 2,659  | 7.4%              |
| as % of sales  | 42.7%  | 42.1%  |                   |
| EBITDA <sup>1</sup>                                  | 1,482  | 1,397  | 6.0%              |
| as % of sales  | 22.2%  | 22.1%  |                   |
| R&D spend  | 562    | 536    | 4.7%              |
| as % of sales  | 8.4%   | 8.5%   |                   |
| Operating income                                     | 1,089  | 996    | 9.3%              |
| as % of sales  | 16.3%  | 15.8%  |                   |
| Net income   | 821    | 743    | 10.5%             |
| as % of sales  | 12.3%  | 11.8%  |                   |
| Operating cash flow                                  | 1,288  | 1,189  | 8.3%              |
| as % of sales  | 19.3%  | 18.8%  |                   |
| Free cash flow                                       | 843    | 811    | 3.9%              |
| as % of sales  | 12.6%  | 12.8%  |                   |
| Total assets   | 11,420 | 10,658 | 7.1%              |
| Net debt   | 4,394  | 4,040  | 8.8%              |
| Leverage ratio                                       | 51%    | 50%    |                   |
| Share price as of last trading day of December (CHF) | 4,792  | 3,730  | 28.5%             |
| Cash dividend <sup>2</sup> (CHF)                     | 66     | 64     | 3.1%              |
| Earnings per share – basic (CHF)                     | 89.03  | 80.59  | 10.5%             |
| <b>Environmental</b>                                 |        |        |                   |
| Absolute GHG Emissions scope 1 + 2 <sup>3</sup>      | (31%)  | (24%)  |                   |
| Absolute GHG Emissions scope 3 <sup>3</sup>          | (4%)   | (2%)   |                   |
| Renewable electricity (RE100 compliant) <sup>3</sup> | 84%    | 65%    |                   |
| Water efficiency <sup>4</sup>                        | (4%)   | N/A    |                   |
| Waste efficiency <sup>5</sup>                        | (2%)   | (10%)  |                   |
| <b>Social</b>  |        |        |                   |
| Number of employees as at 31 December (FTE)          | 16,842 | 15,852 | 6.2%              |
| Women in total work force <sup>6</sup>               | 39%    | 39%    |                   |
| Women in senior management                           | 26%    | 25%    |                   |
| Turnover rate  | 10%    | 9%     |                   |
| Lost time injury rate <sup>7</sup>                   | 0.34   | 0.25   | 36.0%             |

**26%** Women in senior management

**1.4%** Average base salary difference between men & women<sup>1</sup>

**–22%** Reduction of recordable injury rate since 2018

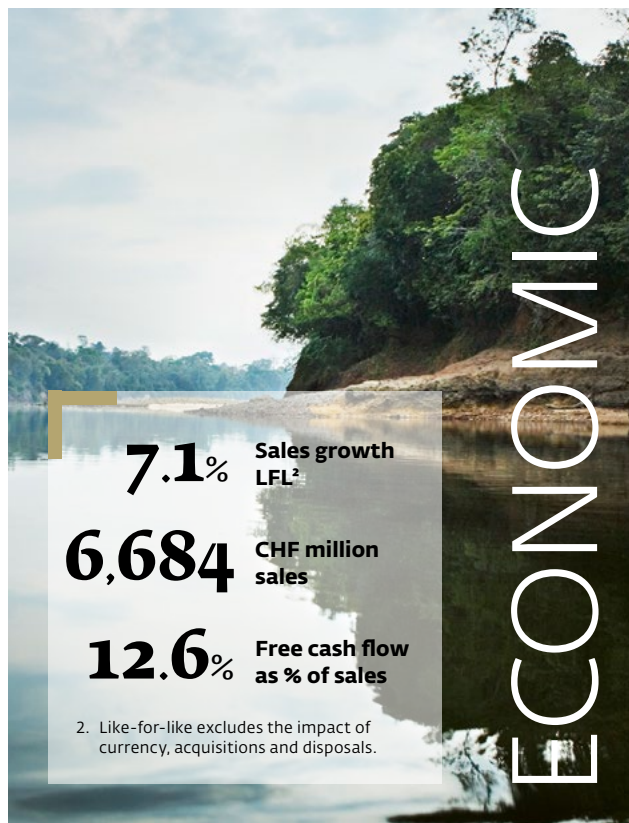
1. Results for the Givaudan Group globally, for equivalent roles and skill sets.

# SOCIAL

- EBITDA defined as Earnings before interest (and other financial income (expense), net), Tax, Depreciation and Amortisation, corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.
- 2021 dividend subject to shareholder approval at the AGM on 24 March 2022.
- 2020 figures restated to include acquisitions.
- On sites facing water stress, baseline year 2020. For municipal and groundwater (m<sup>3</sup>) per tonne of production.
- Tonnes of incinerated and landfill waste per tonne of production compared to 2015.
- Excludes all acquisitions except Activ International in 2020 and in 2021 Activ International & drom integrated entities.
- The 2021 increase is due to the inclusion of acquisitions.

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





## Our solid track-record of ESG ratings



**Double 'A rating'** for climate and water for three consecutive years



**CDP leader board** recognition for supplier engagement (2021 score published end of Feb. 2022)



Awarded the **EcoVadis Gold** medal, ranking us in the top 5% of more than 75,000 businesses



Rated as 'low-risk' in 2021 with a score of 19.1 and a chemicals industry **ranking 13 out of 480**

## FTSE4Good Index Series

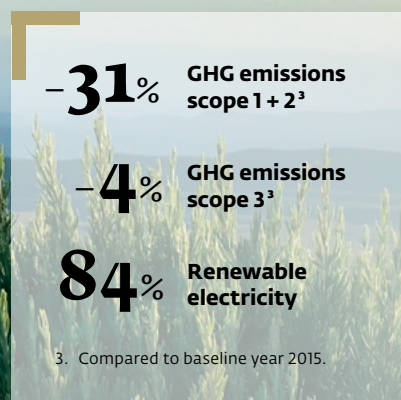
Ranked in the top 2% in the **FTSE4Good Index Series**, among our peers



Included in **SXI Swiss Sustainability 25 Index**



Since 2017 Givaudan has been rated AAA by **MSCI ESG RATINGS**





# Highlights 2021

Throughout the year our activities helped expand our capabilities and move closer to our customers. Whether it be innovations, investments or acquisitions, we aim to create value and positive impact for our stakeholders, the economy, environment and society overall.

## Strengthening our global protein innovation network

- Two protein innovation centres were opened in Zurich and Singapore to support our ambitions in co-creating plant-based food experiences that do good and feel good. All around the world, consumers are seeking plant-based options for health and ethical reasons. The two centres provide further opportunities with customers, start-ups and partners to co-create for the future of sustainable food.



## Strategic realignment of the Taste & Wellbeing portfolio

- We expanded our product offering and capabilities to support customers to deliver future facing food experiences that consumers value. This realignment signals our ability to anticipate and understand our customers' needs with a consumer end-benefit in mind. The three experience spaces identified are: Feel Good food Experiences, Does Good Food Experiences and Imagine Food Experiences.



## Engaging with others to accelerate sustainable change

- We've joined WBCSD to launch Vision 2050: Time to Transform, which provides ambitious guidance to the business community on how to accelerate change. It offers an opportunity to unlock the incredible potential of a green economy, as businesses grow with their customers and act as a force for good.
- And we've joined Together for Sustainability, a global sector supply chain initiative to assess, audit and improve supply chain sustainability practices.





### Expanding opportunities in China

- Driving innovation and supporting growth with local and regional customers in China with the opening of our new Digital Space in Shanghai.
- Accessing high growth fragrance and beauty market opportunities in China through our first-of-its-kind partnership with Tmall, Alibaba's open business-to-consumer platform, and by becoming a shareholder in Next Beauty, a leading incubator for emerging brands looking to grow in China.

### Creating value through our recent acquisitions

- The acquisition of 25% of B.Kolormakeup & Skincare (b.kolor) expands our offerings in the consumer-packaged goods and luxury segments;
- Myrissi gives us the technology to translate fragrances into colour patterns and images;
- Custom Essence strengthens our access to local and regional customers and expands our capabilities in natural perfumery in North America;
- DDW the Color House strengthens our global leadership in the natural colours business.



### Building transparency across supply chains

- We've strengthened and expanded our responsible sourcing programme into an umbrella programme called Sourcing4Good, which is based on collaboration and knowledge sharing, experience and expert input from suppliers, customers and partners. Our suppliers can expect more visibility and the opportunity for partnerships, while our customers will have greater access to safe, high-quality products sourced in a responsible way and increased oversight and detailed knowledge of their supply chains.



# A bright start to our 2025 strategy

Delivering strong financial  
and non-financial performance  
while managing the ongoing  
impact of the global pandemic.

CHAIRMAN'S LETTER



## Dear shareholders,

2021 was the start of our new five-year strategy cycle 'Committed to Growth, with Purpose', and I am very pleased to share that we delivered a very strong business performance. We continued to respond with agility to the ongoing impact of the global pandemic, turning challenges into opportunities. I'd like to thank our colleagues, customers, partners and suppliers for their great collaboration and commitment for all that we achieved. I'd also like to thank you for your commitment and investment in Givaudan

In 2021 we delivered solid topline growth of 7.1% in Swiss francs and free cash flow generation of CHF 843 million or 12.6% of sales, in line with our 2025 financial targets. On the basis of Givaudan's strong performance in 2021 and its continued solid financial position, the Board of Directors will propose an increase in the dividend to CHF 66.00 at the Annual General Meeting on 24 March 2022. If accepted, this will be the twenty-first consecutive increase since our listing on the Swiss stock exchange.

The global macro trends that we identified for our 2025 strategy continue to drive our business and in many areas have been strengthened by the pandemic. Our focus areas of health and wellbeing, responsible sourcing and digitalisation are leading us to further exciting innovations, offering new ways of bringing value to our customers and meeting consumer needs. We also continued to broaden our portfolio with strategic acquisitions that will enable us to provide even more complete solutions, as well as broaden our customer reach and support our growth ambitions.

We recognise the changing expectations on the role of businesses to meet the requirements of a wider set of stakeholders in financial and non-financial matters. Our ESG approach is therefore led by our purpose ambitions and targets, which are fully embedded in our 2025 strategy. This is how we will address the urgent challenges facing society such as climate change and ensure our sustainable long-term performance. We hold ourselves accountable through the highest standards of reporting with the IR framework and GRI standards. For the first time, we have included the Sustainability Accounting Standards Board (SASB) mapping table and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations table in our reporting suite.

Digitalisation continues to provide exciting opportunities to change the way we do business, either to provide new products and new engaging experiences for our customers or to design simpler, more agile business services. The pandemic has also accelerated the digital workplace transformation, as

we adopted virtual meetings and new ways of working with our customers. As a result, cyber security has increased in importance and, with the Board's role to ensure robust risk management, we have been strengthening our capabilities and preparedness in this area.

At the AGM in March 2022, all Board members will stand for re-election, including long-standing members Michael Carlos and Prof. Dr-Ing. Werner Bauer who have reached the age limitation as set out in the Board regulations. We believe it is in Givaudan's best interest to keep them both on the Board to ensure good continuity during the onboarding of new Board members, given the difficulties caused by the pandemic. We will propose to the Annual General Meeting of shareholders on 24 March 2022, to elect Tom Knutzen as a new Board member. We have an experienced team in place at the Board level, and at all levels we continue to ensure we have the necessary competencies and the right blend of expertise and experience.

**“ I'd like to thank our colleagues, customers, partners and suppliers for their great collaboration and commitment for all that we achieved. ”**

I'd like to express my heartfelt thanks and gratitude to my fellow members of the Board of Directors, the Executive Committee and all our colleagues worldwide for their hard work and dedication, especially during another challenging year. I am always so impressed by the contribution and passion of everyone at Givaudan to pursue excellence in everything we do.

Finally, I would like to share my thanks to you, our shareholders, for your trust and continuing support. I remain confident this Company is well positioned for the future and long-term success and will continue to create further stakeholder value through profitable, responsible growth, guided by our purpose.

I send my best wishes and health for the year ahead.



**Calvin Grieder**  
Chairman

## CEO INTERVIEW

“I am proud to look back at a year of great achievements, in pursuit of delivering sustainable value creation for all our stakeholders.”

Gilles Andrier, CEO is interviewed by Givaudan employee Alice. They discuss how the business delivered in the first year of its new strategy cycle, while also managing through another pandemic year.

**Alice** In 2021, we continued to face the challenges of the evolving pandemic. How would you characterise the year?

**Gilles Andrier** Overall, it was a significant and strong year for us. Significant as we started out on our next five-year strategy cycle – ‘Committed to Growth, with Purpose’ – and delivered a strong financial performance while also making progress on our purpose targets.

We also showed our strength in being able to deliver this against a backdrop of continuing challenges from the second year of the pandemic. We continued to prioritise the health and

wellbeing of our employees, ensuring we delivered for our customers, and overall remaining a resilient business.

Across our growth drivers and enablers, we've been effectively implementing our strategy, and the key themes we identified have been strengthened and proven to be the right ones, such as health and wellbeing, naturals, plant-based proteins, Active Beauty among many others.

I'd like to express my huge thanks and pride in all of our over 16,800 colleagues around the world who contributed to Givaudan's success in 2021.

**A** Overall, how did the business perform?

**GA** Ambitious financial targets are central to our 2025 strategy roadmap, along with the addition of purpose-linked targets to show the progress we want to make towards our longer-term purpose ambitions in the areas of Creations, Nature, People and Communities. We aim to achieve average organic sales growth of 4-5% on a like-for-like basis and an average free cash flow of at least 12%. We grew strongly in 2021, achieving sales of CHF 6,684 million, a growth of 7.1% and an average free cash flow of 12.6%.

We showed once again our ability to deliver industry leading, purpose-led growth with a long-term perspective. All areas





and markets of the business performed well. It has also been encouraging to see the product segments most affected by the pandemic – namely Fine Fragrances, and to a lesser extent Active Beauty as well as foodservice in Taste & Wellbeing – experience a strong recovery. And overall, again we saw the resilience of the business, which has been built over many years through having ‘natural hedges’, by being in every single market in the world, in taste and wellbeing and in fragrance and beauty, with the widest diversity of product categories, and servicing a wide variety of customers.

**A Beyond financials, we've included purpose-related targets for 2025. What progress did we make here?**

**GA** When we launched our purpose, ‘Creating for happier, healthier lives with love for nature’ in November 2019, we also set out a number of ambitious targets to underpin our commitment to have a positive impact on Creations, Nature, People and Communities. This is now fully embedded in our 2025 strategy, showing how we want to grow with purpose and how we express our commitment to ESG.

Our ambition is that through our creations more people will enjoy happier, healthier lives, and that through these creations, we will double our business by 2030. We demonstrated strong growth through 2021 by delivering products that delight consumers and contribute to their overall wellbeing.

Other highlights for 2021 included a strong focus on our climate positivity journey, and we have recently been recognised by CDP with a double A rating for leadership in climate action and water stewardship. We launched Sourcing4Good, a progressive programme which has been co-created with customers, specialists and internal stakeholders, to help accelerate our purpose goal to source all materials and services in a way that protects people and the environment by 2030.

Throughout the pandemic, we've continued to focus on the health and wellbeing of our colleagues. This is part of our ambition to improve how we care for all our people, providing access to mental and physical health initiatives, tools and training.

We also continued to make progress on our long-term journey to become a certified B Corporation, which will measure Givaudan's entire social and environmental performance and provide independent verification that we live up to our purpose.

**A We started the implementation of our 2025 strategy 'Committed to Growth, with Purpose'. What have been some of the highlights?**

**GA** Our 2025 strategy is our five-year roadmap for how we will deliver sustainable value creation for all our stakeholders. Across our growth drivers and enablers, there were a number of highlights of how we are effectively implementing our strategy.

We continued to make investments in acquisitions that further broaden our offering to our customers and strengthen our global footprint. This includes a CHF 75 million investment in a new extension to our Pedro Escobedo Fragrance & Beauty production facility in Mexico to support growth in Latin America and across customer segments.

Taste & Wellbeing introduced its new Product Portfolio Architecture (PPA), realigning its portfolio to better reflect how, through the expanded product offering and capabilities, we support customers to deliver future-facing food experiences that consumers value. To accelerate alternative protein development, a new Protein Hub at our Zurich Innovation Centre was opened, bringing together customers, start-ups, academics and chefs to co-create.

As part of our commitment to nature-conscious fragrances and showing our love for nature in everything we do, Fragrance & Beauty announced the launch of its Naturality Index™. This is a one-of-a-kind assessment tool that allows perfumers to factor-in the environmental impact of their ingredient selection bringing a new differentiating dimension to the creative process. Also supporting our customers to meet their sustainability ambitions, we introduced PlanetCaps™, an industry-leading first-to-market fragrance encapsulation innovation that enables long-lasting fragrance experience in a biodegradable and bio-sourced delivery system for fabric softeners.

Supporting our growth enabler – simplicity and innovation in everything we do – our Givaudan Business Solutions organisation continued helping us to be more agile and reduce complexity. We leveraged this platform through the challenges of the pandemic to minimise the impact on our ability to service our customers.

**A There were further acquisitions in 2021. How do they contribute to the strategic focus areas?**

**GA** To support our growth ambition, our 2025 strategy is built around three key drivers. Firstly, expand the portfolio, going beyond the current portfolio of flavours and fragrances, naturals and delivery systems into nutrition, food ingredients and beauty. Secondly, focussed market strategies which is about maximising mature market opportunities while at the same time extending our high growth market leadership, particularly in China. Finally, extending customer reach particularly with the local and regional customer segment.



## “ We have shown once again our ability to deliver industry leading, purpose-led growth with a long-term perspective. ”

Throughout 2021, we made a number of strategic acquisitions which fully align to these key drivers. They include DDW, The Color House, a US-based natural colour company. The acquisition enables us to become the number two global player in natural colours and continue our expansion into adjacent spaces.

To expand our presence with local and regional customers, as well as grow our capabilities in natural perfumes, we acquired Custom Essence, a US-based fragrance creation house. We also acquired 25% of b.kolormakeup & skincare's shares, aligned with our 2025 ambitions to keep expanding in skin care and make-up. This builds on the other acquisitions we have made to support our local and regional strategy including Expressions Parfumées, Fragrance Oils and drom, which have proven to be successful additions to the portfolio. Finally, we agreed a joint venture with Privi India to further strengthen our manufacturing footprint in India and bolster production capabilities for our global speciality fragrance ingredients.

We also continued to make good progress with our programme to fully integrate acquired companies with Givaudan systems, processes and organisation.

**A** We've identified digital innovation as a key enabler for our 2025 strategy. What were some of the investments made here?

**GA** Yes, we see digital innovation as a key enabler to keep our customers at the centre of everything we do and support the business to meet our ambitious mid- and long-term goals.

We acquired Myrissi to strengthen our artificial intelligence (AI) capabilities, so we now have an exciting AI tool capable of translating fragrances into consumer-relevant colour patterns and images as well as predicting the end consumer's emotional response. Helping us to capture digital opportunities for fragrance creation in China, we entered into a partnership with Tmall, the Alibaba group's open business-to-consumer (B2C) platform.

We also opened a new Digital Space in China, one of the most digitalised of markets, allowing us to leverage transformation opportunities and to support growth with local and regional customers. The dedicated space will enable our digital innovation teams, working alongside regional and local business teams, to identify opportunities and leverage technologies to co-create the products and services of tomorrow.

**A** With the shift to more flexible and hybrid ways of working as a result of the pandemic, what is Givaudan's approach?

**GA** The pandemic has brought many opportunities to do things differently, and we've wanted to take the learnings and experiences and turn them into positives for the future.

One area is flexible working. Like many businesses, we've seen proof of the benefits of having more flexibility while also continuing to balance the needs of the business. The new ways of working adopted during the pandemic increased touchpoints with colleagues and customers and helped us to be even more inclusive.

In support of our People purpose goal to be a place where we all love to be and grow, and taking the learnings from the pandemic, we have developed a Flexible Working Framework and toolkit to support local HR and sites to implement locally. We will continue to build on the experience and learnings of this period to take forward with us.

**A** How is Givaudan approaching leadership development and succession planning?

**GA** We have a well-established leadership development programme to nurture talent from within the Company, which has been redesigned to reflect our changing business and ensure we develop leaders with the right skills and behaviours for the future workplace.

With our strong focus on succession planning and the quality of our leaders, where we've evolved our senior leadership teams in Fragrance & Beauty and Taste & Wellbeing in 2021, we've been able to do this from within the Company.

**A** Looking ahead to 2022, what will the year bring?

**GA** I am excited for the year ahead as we continue to implement our 2025 strategy and make progress on our purpose targets. While we anticipate further disruptions from the pandemic and other supply chains that are not distinct to our industry, we have robust plans in place to adapt accordingly.

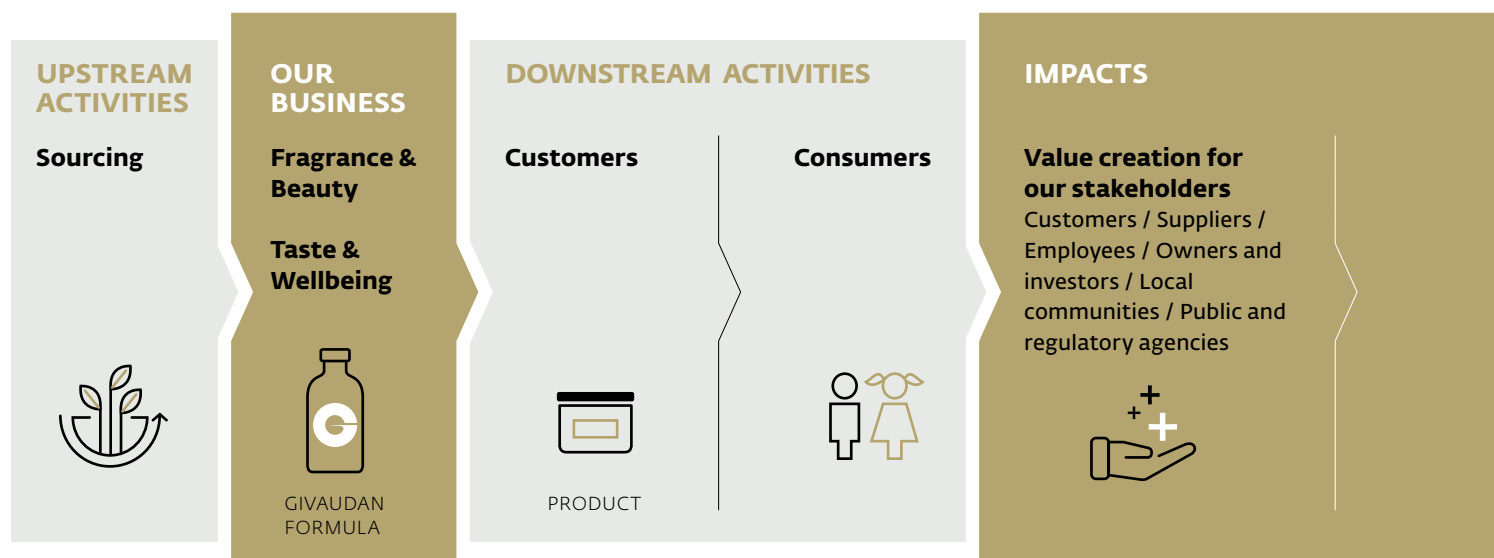
We take confidence from how we have managed through the last two years in continuing to be a resilient business. We have a clear plan in place and, combined with the talent and passion of our fantastic colleagues around the world, we remain positive about the year ahead.

# Driving sustainable growth and value creation

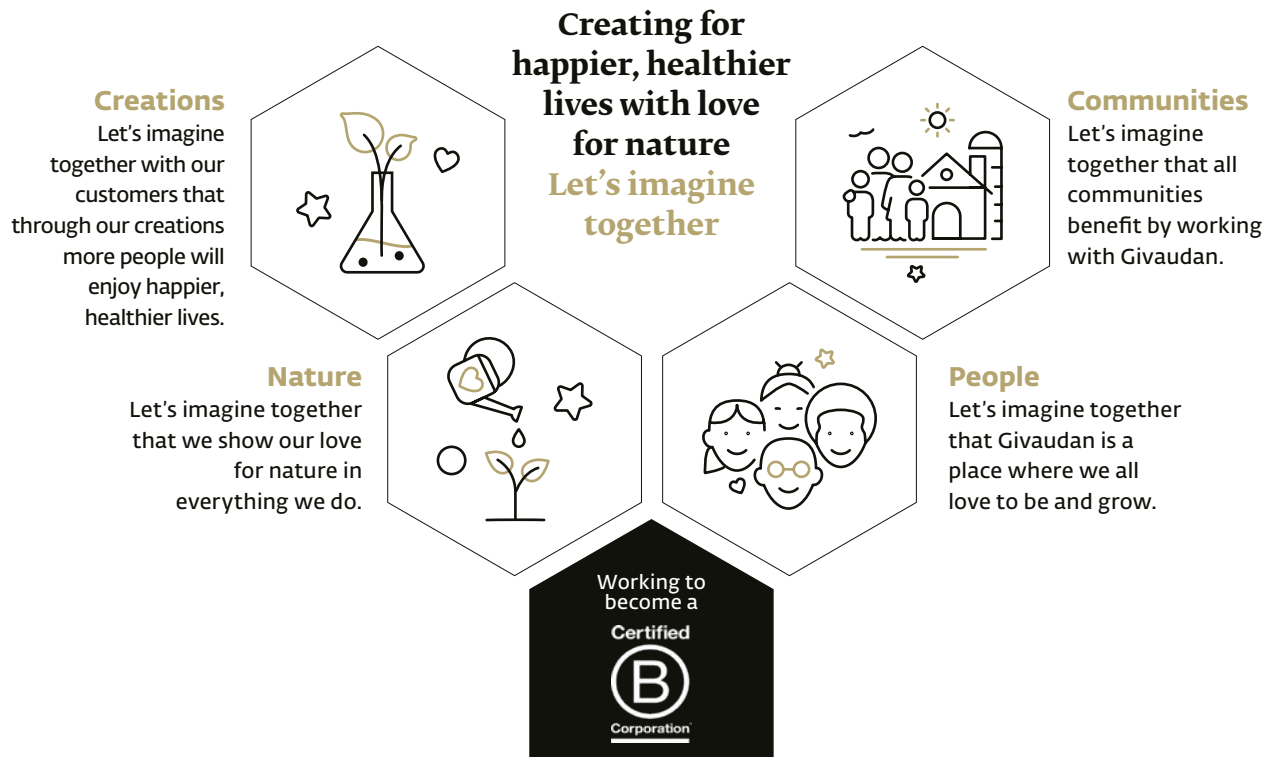
Being a sustainable business is our promise, acting as a force for good our objective. With our purpose as our guiding star, we continue to deliver sustainable value creation that benefits all our stakeholders throughout our value chain.

The created and shared value goes far beyond financials, impacts positively society and the planet and contributes towards meeting the sustainable development goals.

## Our value creation chain







### Our purpose

Our long-terms goals have been defined under four pillars – creations, nature, people and communities – that we can measure our progress against. It also demonstrates how sustainability is fully embedded in all aspects of our business.

Our purpose is also embedded in our 5-year strategy: the growth enablers are our purpose pillars.

### Working towards sustainable development



# Our 2025 strategy

## Committed to Growth, with Purpose

Our 2025 strategy is derived from our purpose, and sets out our roadmap to deliver sustainable value creation over the next five years for all our stakeholders.

Committed to Growth, with Purpose outlines our intention to deliver growth in partnership with our customers, achieve ambitious financial targets, while also making progress on our longer term purpose ambitions in the areas of creations, nature, people and communities.

This is supported by our ongoing journey to becoming a B Corp certified company, helping us to live up to the highest standards of being a responsible and sustainable business as we strive to be a force for good. Our certification will be the independently verified proof that we are acting on our purpose goals and successfully balancing people, planet and profit.

Our 2025 strategy is powered by three core **growth drivers** and four **growth enablers**, and supported by **our focus** on Excellence, Innovation, Simplicity in everything we do.

### Growth drivers

#### Expand the portfolio

Going beyond our current portfolio to further expand into nutrition, food ingredients and beauty.

#### Extend customer reach

Embracing opportunities in today's more fragmented customer landscape and driving growth in the local and regional customer segment.

#### Focussed market strategies

Maximise mature market opportunities at the same time as extending our high growth market leadership.

### Growth enablers

#### Creations

Expanding strategic relationships with suppliers, start-ups and partners; enhancing co-creation with customers.

#### Nature

Further embedding environmental sustainability in our product portfolio and continuing our efforts in sourcing responsibly.

#### People

Nurturing a diverse and inclusive workforce; evolving workplace trends; caring for employee health and wellbeing.

#### Communities

Bringing benefits to all communities that work with us, including the communities where we source and operate.

### Focus on

#### Excellence, Innovation & Simplicity – in everything we do

Delivering the highest standards across our value chain, from operational and financial performance to the delivery of a superior customer experience.

“ Continuing global challenges such as the pandemic and climate change make it even more important to work closely with our customers to deliver solutions that help address social and environmental issues and generate value. ”

Gilles Andrier, CEO



## Givaudan, a high performing company that is a force for good



**Excellence, innovation, simplicity in everything we do**

4 – 5% GROWTH

PURPOSED LINKED TARGETS

>12% FCF

**E**nvironment

**S**ocial

**G**overnance

**Fully integrated in our 2025 Strategy**

## OUR 2025 STRATEGY **GROWTH DRIVER #1**



# Expand the portfolio

**We're expanding our traditional portfolio of flavours and fragrances, naturals and delivery systems into nutrition, food ingredients and beauty. This broader offering helps customers better respond to consumer demand for products that support health and wellbeing, positive ageing and changing lifestyles while meeting their expectations around ethical and responsible business issues.**

### OUR STRATEGY IN ACTION

#### **Key achievements in 2021**

- Expanding our offerings for the consumer-packaged goods and luxury segments with the acquisition of 25% of B.Kolormakeup & Skincare of Italy (b.kolor).
- Introduced Blossom Lab™, a fully equipped mobile laboratory to help create naturals extraction techniques directly in the field.
- Acquired DDW, The Color House. This will reinforce our ability to create multi-sensorial food experiences with our customers and enables us to become the number two global player in natural colours.
- We advanced the development of numerous biotechnology-based ingredients with external partners. A key ingredient, developed with Manus bio, will be launched in early 2022.





## OUR 2025 STRATEGY GROWTH DRIVER #2



# Extend customer reach

**The trend for smaller and local brands is driving growth in the local and regional customer segment alongside a continued potential with larger international and global customers. We want to provide more tailored approaches to meet the wider range of customer needs in this rapidly changing and more fragmented landscape.**



### OUR STRATEGY IN ACTION

#### Key achievements in 2021

- Opening state-of-the-art product development facilities to accelerate innovation for customers (protein centres and the Nordic Experience centre in Malmö, Sweden).
- Investing CHF 75 million to expand our fragrance production at Pedro Escobedo in Mexico, to open at the end of 2023, serving all customer segments in the Latin American key growth market.
- Strengthened our e-commerce offering in China through the opening of a flagship business-to-business (B2B) store on China's leading wholesale website, 1688.com.
- Acquired Custom Essence to strengthen access to local and regional customers and expand capabilities in natural perfumery in North America.

## OUR 2025 STRATEGY **GROWTH DRIVER #3**



# Focussed market strategies

**We're responding to growth forecasts in global consumption and investing in high growth markets to ensure greater proximity to our customers and develop further understanding of local consumer preferences. We plan to maximise mature market opportunities over the next five years and extend our high growth market leadership, particularly in China.**

### OUR STRATEGY IN ACTION

#### **Key achievements in 2021**

- Planning greenfield production plant in India for fragrance speciality ingredients through a joint venture with Privi Speciality Chemicals.
- Partnering with Tmall to launch T-Lab source innovation laboratory, leveraging our creative fragrance solutions and production capabilities in China.
- Launched our unique Advanced Tools for Modelling which uses AI to optimise food and flavour formulation and facilitate co-creation and collaboration with customers.





## OUR 2025 STRATEGY FOCUS ON

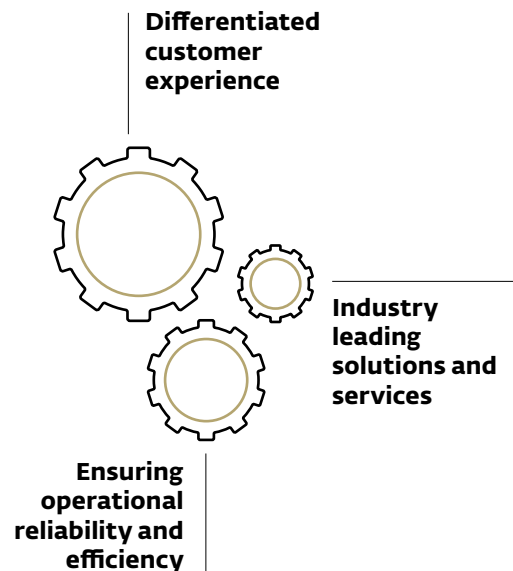
# Excellence, Innovation & Simplicity – in everything we do

**From excellence in operational and financial performance to the delivery of a superior customer experience, we aim to deliver the highest standards across the value chain. Innovation is our lifeblood, from creating differentiating solutions that address our customers' challenges to leading the way in areas such as biotechnology and digitalisation. At the centre of everything we do are our customers.**

### OUR STRATEGY IN ACTION

#### Key achievements in 2021

- Good progress in integrating recently acquired companies on our platforms such as SAP and GBS, as well as on our creation, development and commercial systems. Key steps to support our strategy.
- Launched the Aroma Kiosk, a new digital sensory insights tool, designed to connect with consumers directly, gather valuable consumer insights and recommend products in real time.
- Introduced PlanetCaps™, enabling customers to solve the complex feasibility equation between greenness and performance in fabric softeners. This cutting-edge technology will be expanded to other categories to boost sustainability.
- Partnered with BASF to launch the world's first toxicology testing strategy without animal testing.
- Started a 'silver lining' project to find positive opportunities from the difficult pandemic situation. Five areas have been identified that will contribute to enhancing our work life and how we serve customers. Work is underway to define key initiatives and guidance that will be rolled out in the short and long term.



# OUR 2025 STRATEGY

## Progress against our targets

| Focus area   | Targets  | Status 2021            |
|--|--|------------------------|
| <b>Creations</b>   |  |                        |
| <b>Sales</b>   | Average organic sales growth of <b>4–5%</b> on a like-for-like basis <b>between 2021–2025</b>  | <b>7.1%</b>            |
| <b>Free cash flow</b>  | Average free cash flow of <b>at least 12%</b> of sales <b>between 2021–2025</b>  | <b>12.6%</b>           |
| <b>Nature</b>  |  |                        |
| <b>Emissions</b>   | OPERATIONS: Our operations' carbon emissions (scope 1 + 2) will be cut by <b>70% before 2030</b> and will be <b>climate positive before 2040</b> (baseline 2015) | <b>–31%</b>            |
|  | SUPPLY CHAIN: Our supply chain emissions (scope 3) will be cut by <b>20% before 2030</b> and will be <b>climate positive before 2050</b> (baseline 2015)         | <b>–4%</b>             |
| <b>Electricity</b>   | Power <b>100%</b> of our sites with renewable electricity <b>by 2025</b>   | <b>84%</b>             |
| <b>Water</b>   | Improve water efficiency by <b>25%</b> on sites facing water stress <b>by 2030</b> (baseline 2020)   | <b>–4%</b>             |
|  | We will continuously improve water efficiency on all other sites   | <b>flat</b>            |
|  | <b>100%</b> of our wastewater discharge will meet or exceed regulatory and industry standards <b>by 2030</b>   | <b>in progress</b>     |
| <b>Plastics</b>  | <b>100%</b> plastics circularity <b>by 2030</b>  | <b>in progress</b>     |
| <b>Waste</b>   | Reduce waste by <b>4%</b> per tonne of product, year-on-year average (baseline 2015)   | <b>–2%<sup>1</sup></b> |
| <b>People</b>  |  |                        |
| <b>Diversity and inclusion</b>                                 | We will be rated amongst the <b>leading employers for inclusion</b> globally <b>before 2025</b>  | <b>in progress</b>     |
|  | <b>50%</b> of our senior leaders will be from <b>high growth markets</b> <b>before 2030</b>  | <b>26%</b>             |
|  | <b>50%</b> of our senior leaders will be <b>women</b> <b>before 2030</b>   | <b>26%</b>             |
| <b>Caring for employee safety, health and mental wellbeing</b> | We will reduce our total recordable injury rate by <b>50% before 2025</b> (baseline 2018)  | <b>–22%</b>            |
|  | Everyone on our sites will have <b>access to mental and physical health initiatives, tools and training</b> <b>before 2025</b>                                   | <b>in progress</b>     |
| <b>Communities</b>   |  |                        |
| <b>Sourcing responsibly</b>                                    | <b>100%</b> of materials and services sourced responsibly <b>by 2030</b> (baseline 2021)   | <b>in progress</b>     |
| <b>Communities benefit by working with us</b>                  | Ambition to <b>improve the lives</b> of millions of people in communities where we source and operate <b>by 2030</b> - targets being determined                  | <b>in progress</b>     |

1. Absolute reduction since 2015.

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**Actions and measures**


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Focusing on our **strategic growth drivers**, focusing on **renewable, biodegradable** and viable **natural** solutions; addressing **health and wellbeing** issues; expanding our **portfolio**; greater collaboration and **co-creation**; Exploiting **AI and digital** opportunities; increasing operational efficiencies.

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Setting an internal **carbon price**; fixing site environmental **targets and assessments**; switching to **renewable energy** sources; Promoting **energy efficiencies**; Signing the UN pledge '**Business Ambition for 1.5°C**'.

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**Sourcing** ingredients **responsibly**; developing **low-carbon** creations; driving **circularity** and **upcycling**; **optimising** packaging, logistics, transport of goods, business travel and employee commuting.

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Committing to **RE100 since 2015**; setting site **renewable electricity** targets; generating electricity on site.

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Driving **continuous improvement** using the 3R approach: 'reduce, reuse and recycle'; Identifying shared water challenges and local stakeholder priorities in the watershed; implementing our **wastewater standard**; carrying out **water risk** assessments; **tracking site water** quantity and quality.

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Becoming members of the advisory board of the **Renewable Carbon Initiative (RCI)**; co-leading a WBCSD plastic and packaging workgroup **defining a transition for B2B chemical products**; **reducing** our **plastic usage** and **consumption**.

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**Applying circular principles** in product design, sourcing, manufacturing and packaging; **upcycling** to re-use materials normally disposed of; acting on the principle of '**no waste by design**'.

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**Building more inclusive hiring practices**: Inclusive job ads; balanced slates for hiring and promotion; hiring manager training.

**Fostering inclusive leadership development**: Evolving our Leadership Development programmes; Better Balance approach; managing unconscious bias at work.

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Investing in our **plant and technical equipment**; further developing our **Responsible Care Management System**; conducting periodic assessment of **risk and control on-site**; expanding our **behavioural safety programme**: advanced **safety leadership training** and comprehensive **worker trainings on health and safety**.

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**Providing access to mental and physical health initiatives, tools and training** for all employees such as: Employee Assistance Programme; Happier, healthier habits circles; health and wellbeing communities of practice,

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Implementing our **Sourcing4Good programme**; **responsible sourcing policy**.

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Through employee activities, Green Teams and the Givaudan Foundation, develop initiatives that: **respond to the needs** within communities; support activities ranging from **health and education** to enhancing **environmental and agricultural practices**.

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# Financial value creation

**Givaudan Group full year sales were CHF 6,684 million, an increase of 7.1% on a like-for-like basis and 5.7% in Swiss francs when compared to 2020.**

Fragrance & Beauty sales were CHF 3,091 million, an increase of 6.6% on a like-for-like basis and 5.8% in Swiss francs.

Taste & Wellbeing sales were CHF 3,593 million, an increase of 7.6% on a like-for-like basis and 5.7% in Swiss francs.

As the COVID-19 pandemic continued to have an impact on a global level, Givaudan sustained good business momentum whilst maintaining its operations and global supply chain at a high level, despite ongoing challenges in certain parts of the supply chain. The strong sales growth was achieved across all product segments and geographies, with the mature markets growing at 6.3% and the high growth markets at 8.3% on a like-for-like basis.

**“ I am very pleased with the successful start that we have made into our 2025 strategic cycle, with all parts of our business and our strategic focus areas contributing to the strong financial results that we have achieved in 2021. ”**

Gilles Andrier, CEO

In Fragrance & Beauty the product segments most affected in the first phases of the COVID-19 pandemic, namely Fine Fragrances and to a lesser extent Active Beauty, delivered excellent double-digit growth in 2021, demonstrating strong consumer demand for these product categories.

In Taste & Wellbeing, there was excellent sales growth in the beverage, savoury and snacks categories, as well as in the strategic focus areas of plant-based proteins, health and wellness and naturals. In addition, there was a progressive recovery in the foodservice segment, as restrictions in relation to out-of-home food and beverage consumption started to be eased in certain markets.

With higher input costs in 2022, the company is implementing price increases in collaboration with its customers to fully compensate for the increases in input costs.

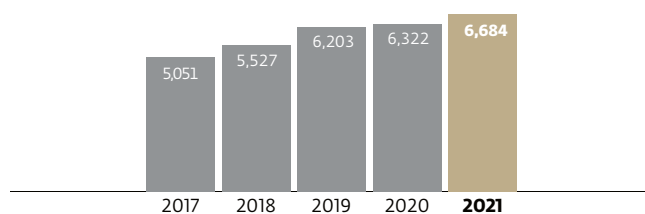
## Outlook

Visibility remains short due to ongoing impacts related to the COVID-19 pandemic, however, we have consistently shown our resilience and we remain confident in our portfolio, our creative strengths and our strong start to the 2025 strategic cycle. Our business is a systemically important part of the overall food and consumer products value chain.

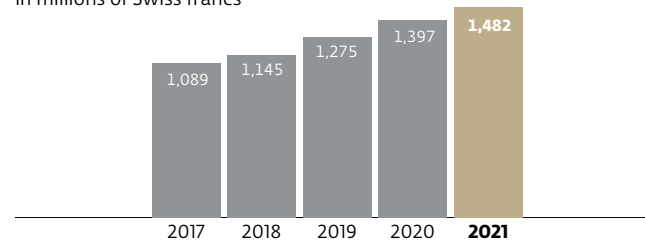
From the onset of the COVID-19 crisis and in line with our purpose, we will continue to be strongly focused on protecting and supporting our employees, on maintaining operations and supply chain performance at high level to meeting the demands of our customers, and taking care of the communities in which we operate.

**Group – Sales**

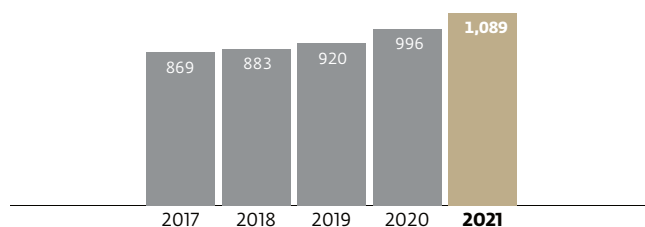
in millions of Swiss francs

**Group – EBITDA**

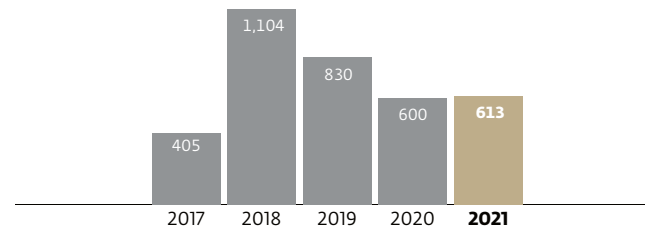
in millions of Swiss francs

**Group – Operating income**

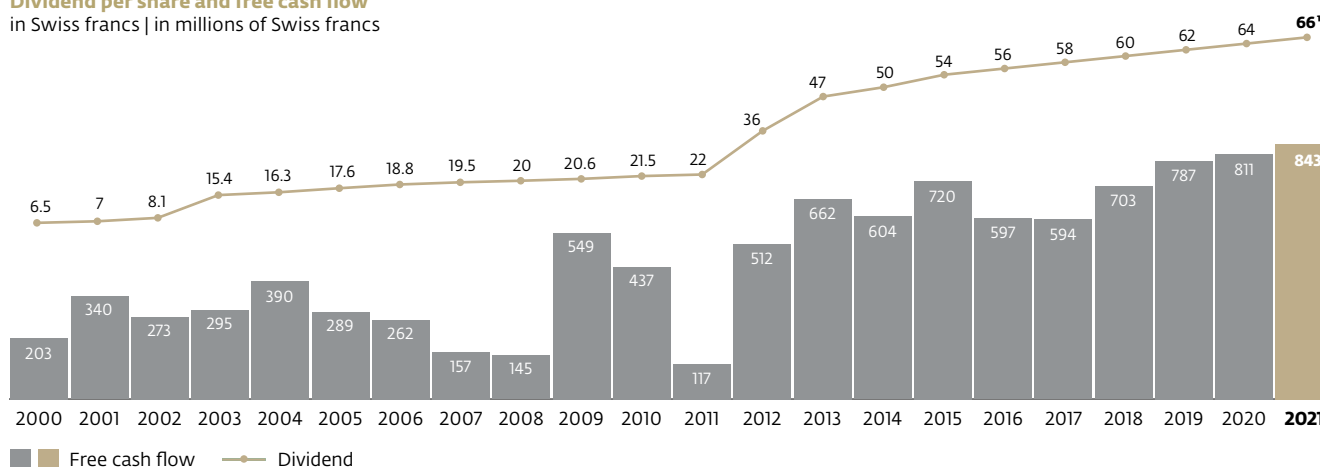
in millions of Swiss francs

**Group – Total gross investments**

in millions of Swiss francs

**Dividend per share and free cash flow**

in Swiss francs | in millions of Swiss francs



1. Subject to shareholder approval at the AGM on 24 March 2022.

# Effective and transparent governance

Ethical and fair business practices are englobed in our Code of Conduct which all employees must sign. Governance of ESG aspects are fully integrated into our Board and Executive committee management processes and agendas.



**Businesses & functions**

- Constant engagement with employees of the businesses and functions

**Management tools**

- Ambitions
- Policies / Principles of Conduct
- Risk management / precautionary principle
- Corporate Governance
- External assessments

**Stakeholders**

- Constant engagement with internal and external stakeholders
- Directing our business efforts towards the broader needs of our relevant stakeholder groups

**Partners and advisors**

- Partnering with experts and external bodies for collaboration on key matters such as purpose, sustainability, innovation and more



## BOARD OF DIRECTORS

8 members

6.4 years average tenure

5 nationalities represented

3 women

- **Separation of roles** between the Chairman of the Board and Chief Executive Officer, in line with 'Swiss Code of Best Practice for Corporate Governance' principle 19.
- **Ultimate strategic supervision** and control of the management of the Company, including **Enterprise Risk Management** approach
- All board members re-elected on an annual basis
- **100% independent members**

## EXECUTIVE COMMITTEE

7 members

6.6 years average tenure

6 nationalities represented

1 woman

- Responsible for the **day-to-day management** of the Company
- Average of **20 years experience** in the company
- One of the **longest standing CEO** in the industry

## COMPENSATION

- Our compensation policies are an essential component of our employee value proposition and a key driver of both individual and business performance
- **Compensation** of Board of Directors and the Executive Committee is subject to **annual shareholder approval**
- The Performance Share Plan (PSP) is designed to reward executives and key talent who significantly influence the longterm success of the business and our purpose ambitions.

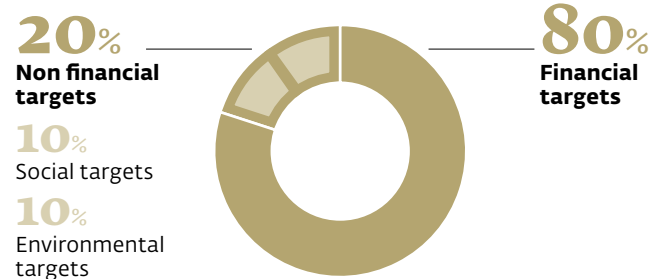
## GOOD CORPORATE CITIZENSHIP

- Principles of Conduct
- Ethics and Compliance Programme
- Human Rights Policy
- Responsible Sourcing Policy/Sourcing4Good programme

## SHARES

- One single class of shares
- One share = one vote

## Performance Share Plan for top 500 employees



# Our global presence

Our size and our operations footprint give us a unique exposure to the diversity of high growth markets in which we continue to invest with additional talent and new facilities to service the wide diversity of our customers.

Our geographical balance continues to contribute to natural hedges against impacts such as the COVID-19 pandemic.

## Givaudan's presence in numbers

**185** sites worldwide, in **52** countries

**79** production sites

**69** creation and research centres

**>16,800** employees (FTE)

**>11,780** customers at a global level

**>126,460** products sold per year

### NORTH AMERICA

**13** Production sites

**19%** of employees

### LATIN AMERICA

**9** Production sites

**14%** of employees



● Givaudan sites  
○ Givaudan headquarters, Vernier, Switzerland



# Our reporting suite

The 2021 Integrated Annual Report is the primary report to shareholders and offers a holistic explanation of our value creation, financial and non-financial capitals and performance.

2021 in a Nutshell offers a concise summary of our Integrated Annual Report. The full Governance, Compensation and Financial reports are available in a separate PDF. The GRI Sustainability Report is prepared in accordance with the GRI Standards Core option and externally assured by EY. We also include a TCFD table and a SASB Standards mapping table in our reports. The indexes of our GRI, SASB and TCFD disclosures can also be found as separate documents on [www.givaudan.com/online-annual-report/downloads](http://www.givaudan.com/online-annual-report/downloads). Our website hosts the online Integrated Annual Report. Readers are advised to consult our entire reporting suite to get a complete overview.



## 2021 Integrated Annual Report Online version

Available in English

from 28 January 2022



## 2021 Integrated Annual Report

Available in English

PDF from 28 January 2022

Print from 24 March 2022



## 2021 Governance, Compensation and Financial Report

Available in English

PDF from 28 January 2022



## 2021 In a Nutshell

Available in English, French and German

PDF in English from 28 January 2022

Print and language versions from 24 March 2022



## 2021 GRI Sustainability Report

Available in English

PDF from 28 January 2022

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Security number: 1064593  
ISIN: CH0010645932

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