

## Corporate Governance Statement pursuant to Sections 289f, 315d of the German Commercial Code (HGB) and Corporate Governance Report

The actions of Symrise AG's management and oversight bodies are determined by the principles of good and responsible corporate governance. The Executive Board – also acting on behalf of the Supervisory Board – has issued the following Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code for Symrise AG and the Symrise Group (hereinafter collectively referred to as "Symrise"). This includes (i) the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act, (ii) relevant disclosures on corporate governance practices, (iii) a description of the working methods of the Executive Board and the Supervisory Board as well as the composition and working methods of their committees, (iv) target figures for the proportion of women in the Executive Board and for the two management levels below the Executive Board, together with deadlines for implementation, and (v) a description of the diversity concept with regard to the composition of the Executive Board and Supervisory Board.

Pursuant to the currently valid version of Section 3.10 of the Corporate Governance Code from February 7, 2017 ("DCGK 2017"), published in the official section of the Federal Gazette by the German Federal Ministry of Justice on April 24, 2017, and amended on May 19, 2017, the Corporate Governance Report, which is required to be issued annually by the Executive Board and the Supervisory Board, must be published together with the Corporate Governance Statement.

Due to the similarity of content between the Corporate Governance Report and the Corporate Governance Statement, we have once more decided to integrate the Corporate Governance Report in the meaning of Section 3.10 of the Corporate Governance Code 2017 into the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code in order to simplify orientation for the reader. By contrast, the remuneration report pursuant to Section 4.2.5 of the Corporate Governance Code 2017 is no longer part of the Corporate Governance Report. The remuneration report is part of the management report in the 2018 financial report.

The Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code is published on the Symrise website, together with the integrated Corporate Governance Report of the Executive Board and Supervisory Board. It can be found at: <https://www.symrise.com/corporate-governance-statement>.

### DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT FROM DECEMBER 2018

Under Section 161 of the German Stock Corporation Act, the Executive Board and the Supervisory Board of a listed company must issue an annual declaration detailing whether the company was and is in compliance with the German Corporate Governance Code and providing its reasoning regarding any recommendations of the Code that have not been applied.

### WORDING OF THE DECLARATION

On the basis of their deliberations, the Executive Board and the Supervisory Board of Symrise AG issued a new declaration of compliance on December 5, 2018, pursuant to Section 161 of the German Stock Corporation Act. The declaration is worded as follows:

"In accordance with Section 161 of the German Stock Corporation Act, the Executive and Supervisory Boards of Symrise AG state that:

Symrise AG has fully complied with all recommendations made by the Government Commission on the Corporate Governance Code (version: February 7, 2017) published by the German Federal Ministry of Justice on April 24, 2017, in the official part of the Federal Gazette (Bundesanzeiger) and amended on May 19, 2017, without exception and will continue to do so in the future."

The Declaration of Compliance has also been made publicly available on Symrise AG's website. It can be found at: <https://www.symrise.com/investors/corporate-governance/declaration-of-compliance>.

### RELEVANT INFORMATION ON COMPANY PRACTICES

This part of the Corporate Governance Statement provides relevant information on corporate governance practices beyond the scope of legal requirements.

### OUR CODE OF CONDUCT

We continue to adhere to the Code of Conduct, which was introduced in 2006 and fundamentally revised in 2016, in order to ensure uniform and exemplary action and conduct. This Code of Conduct applies to the Executive Board and the Supervisory Board and to all Symrise employees in Germany and abroad, i.e., to managers and all employees in the Group equally. The Code of Conduct – a binding fundamental princi-

ple – defines minimum standards and sets out behavior enabling all employees to cooperate in meeting these standards. The purpose of the Code of Conduct is to help all employees cope with the ethical and legal challenges of their everyday work and provide them with guidance in conflict situations. In the interest of all employees and the Group, noncompliance with standards will be investigated and their causes remedied. This means that misconduct will be consistently prosecuted in accordance with national laws.

Our Code of Conduct provides the framework for interactions with our key stakeholders: employees and colleagues, customers and suppliers, shareholders and investors, neighbors and society, national and local governments as well as government agencies, media and the public.

The Code of Conduct is based on our values and principles. By following it, we guarantee that every person is treated fairly and with respect, while ensuring that our behavior and business activities remain transparent, honest and consistent throughout the world.

Our Code of Conduct has been made permanently available on the Symrise website. It can be found at: <http://www.symrise.com/newsroom/publications/code-of-conduct/>.

## **OUR COMPLIANCE MANAGEMENT SYSTEM**

### **INTRODUCTION**

At Symrise, we understand “compliance” as an integrated organizational model ensuring adherence to legal regulations as well as intercompany guidelines and the corresponding processes and systems. This is considered an important management and monitoring task. Symrise has an integrated compliance management system that combines sustainable, risk- and value-oriented, and legal and ethical aspects and rules; we have made this into a fundamental principle for everything we do in business. We act on the basis of our understanding and conviction that adherence to these fundamental rules is an inalienable and non-negotiable component of our Symrise identity. Only a clearly defined and transparent framework of what type of conduct is allowed and what type of conduct is not allowed guarantees the success and sustainability of our business. At Symrise, compliance is a matter of course. Compliance concerns the attitude of each individual at Symrise.

Our principle is clear and applies to all countries: “Any business that cannot align with our fundamental principles is not business for Symrise.”

The Group Compliance Officer as well as Internal Auditing report directly to the CFO. This ensures their independence and authority. The Group Compliance Officer and Internal Auditing report to the Auditing Committee of the Supervisory Board regularly at each of the committee's meetings.

### **TECHNICAL COMPLIANCE AND LEGAL COMPLIANCE**

In our compliance management system, we differentiate between “technical compliance” and “legal compliance.” Technical compliance activities focus on quality, environmental protection, health, work safety, energy, product safety and food safety. In nearly all of these areas, the products of Symrise are subject to strict government supervision worldwide. It is a matter of course for us that our products and processes comply with local regulations around the world. Legal compliance activities concentrate on competition and antitrust law, the prevention of corruption and money laundering, and export controls. Here, the focus of activity is on education and prevention. The implementation and further development of Group guidelines on these topics also fall into this category.

The results and insights from every area of compliance are collected by the Group Compliance Officer and reported to the Executive Board and the Auditing Committee of the Supervisory Board. As a result, any measures that may arise will now be coordinated more efficiently. Compliance violations are immediately remedied, their causes identified and corrective measures implemented if necessary.

The Executive Board of Symrise has explicitly expressed – in both internal and external contexts – its refusal to accept any form of compliance infringement. Infringements will not be tolerated at Symrise. Sanctions will be imposed upon involved employees wherever necessary and legally possible.

### **OUR INTEGRITY HOTLINE**

The Integrity Hotline set up by the Group Compliance Office in the summer of 2008 continues to ensure that Symrise employees can anonymously report violations of both legal regulations and internal company guidelines from anywhere in the world. By means of this hotline, all our employees are able to contact the Group Compliance office using toll-free telephone numbers that have been specially set up in the individual countries. An intermediary service operator ensures that employees can retain anonymity where required and communicate in their native language. By entering an access code, employees can leave a message with the Group Compliance office. They receive a number that enables them to call back later and listen to the answer left for them by the Group

Compliance office. This procedure can be continued as long as one likes, enabling intensive communication between the Group Compliance office and the person providing the information while preserving the latter's anonymity. At the same time, abuses can be prevented through targeted queries. Since the fall of 2009, employees have been able to additionally contact Group Compliance office staff anonymously and leave messages via the online service of the Symrise Integrity Hotline.

As a result, it is no longer absolutely necessary to communicate with the Group Compliance office over the phone. Of course, all employees can also contact the Group Compliance office directly and personally at any time. In this way, we ensure that every case is processed and answered immediately.

In 2018, a small number of cases were reported via the Integrity Hotline worldwide. Several additional cases of irregularities were reported directly to the Group Compliance office. In all cases, investigations were initiated and corrective measures were applied on a case-by-case basis pursuant to the applicable legal system and Group-internal regulations. In one case, labor law sanctions were imposed. No material damage to third parties or to our company resulted from these cases.

#### TRAINING COURSES ON COMPLIANCE ISSUES

In order to ensure compliance with all compliance requirements on an ongoing basis, the need for training is regularly identified and suitable training courses are held in both the areas of "Technical Compliance" and "Legal Compliance." In addition to training courses where employees are present on site, internet-based training is also offered. This allows us to reach more employees in a shorter period. It also gives employees greater flexibility in terms of where and when they complete their training. Subsequent tests confirm not only that a training course has been completed, but that its content has also been understood.

In addition to the requirements of their position, new Symrise employees are given comprehensive training when they join the company on the fundamental principles of our Code of Conduct. All employees then take part in rolling training courses based on predefined schedules. Depending on whether they are basic, refresher or specialized training courses, these schedules cover a period of between one and three years.

#### CORPORATE GOVERNANCE

Corporate governance at Symrise is based on the German Corporate Governance Code 2017, which has established itself as the guideline and standard for good corporate governance in

Germany. Today, we are convinced more than ever before that good corporate governance is a prerequisite and indispensable basis for the success of a company. This success depends especially on the trust of our business partners, financial markets, investors, employees and the public. Confirming and further strengthening this trust is a prioritized objective at Symrise. Achieving this objective calls for responsible leadership along with corporate management and control focused on creating sustainable value.

In the past, we have oriented ourselves toward internationally and nationally acknowledged standards of good and responsible corporate governance and will continue to do so in the future. In the 2018 fiscal year, the Executive and Supervisory Boards dealt intensively with all corporate governance issues on numerous occasions across all areas.

#### DESCRIPTION OF THE WORKING METHODS OF THE EXECUTIVE AND SUPERVISORY BOARDS

This part of the Corporate Governance Statement focuses on the working methods of the Executive Board, the Supervisory Board and of the committees formed by the Supervisory Board. The composition of these committees will also be briefly discussed. The Executive Board has not formed any committees.

#### DUAL MANAGEMENT SYSTEM

Symrise AG is a company under German law, which is influenced by the Corporate Governance Code 2017. One of the fundamental principles of German stock corporation law is the dual management system involving two bodies, the Executive Board and the Supervisory Board, each of which is entrusted with independent competencies. Symrise AG's Executive Board and Supervisory Board cooperate closely and in a spirit of trust in managing and overseeing the company.

#### EXECUTIVE BOARD

The Executive Board of Symrise AG currently has five members. All members of the Executive Board are appointed by the Supervisory Board. The Executive Board is responsible for managing the company's business operations in the interest of the company with a view to creating sustainable value.

The Executive Board develops the company's strategic direction, approves it with the Supervisory Board and is responsible for its implementation. The Executive Board provides the Supervisory Board with regular, prompt and comprehensive reports on all relevant issues of corporate planning and strategic development, on company performance, on the state of the Group, including a risk profile, and on risk management.

The reporting of the Executive Board also covers the compliance management system, i.e., the measures for adherence to legal regulations and internal corporate guidelines. The articles of incorporation specify reservations of consent of the Supervisory Board for significant business transactions. These reservations of consent are contained in identical form in rules of procedure for the Executive Board.

These provisions are available to the public on our website at <https://www.symrise.com/rules-of-procedure-executive-board>.

The Act on the Equal Participation of Women and Men in Executive Positions in the Public and Private Sectors, which was passed by the German Bundestag on February 6, 2015, and the Bundesrat on March 27, 2015, has the aim of increasing the share of female managers holding upper management positions at companies and contributing to gender equality in the long term. Symrise AG aims to achieve a 20 % share of women on the Executive Board in the long term. Measures related to specific persons have been agreed between the Supervisory Board and the Executive Board for this purpose. Nevertheless, we must respect current employment contracts and ensure continuity in the Executive Board. The current members of the Executive Board have contracts that extend into the years 2020 to 2024.

Symrise is a globally operating company with several high-level management positions outside of Germany. The basis for the quota for female managers at Symrise is therefore the global management structure at Symrise. The share of women at the first level of management beneath the Executive Board amounted to 27 % in 2018; the second level of management amounted to 42 %.

#### SUPERVISORY BOARD

The Supervisory Board advises and oversees the Executive Board in the management of the company. It is involved in strategy and planning as well as all other decisions of fundamental significance to the company. The chairman of the Supervisory Board coordinates the work in the Supervisory Board, chairs its meetings and externally represents the concerns of the body. An extraordinary Supervisory Board meeting may be convened if required when events of particular relevance occur. In the course of preparing for the Supervisory Board meetings, the representatives of shareholders and employees meet separately, if necessary. The Supervisory Board has adopted rules of procedure that find corresponding application in the committees of the Supervisory Board.

These rules have been made available on our website at <https://www.symrise.com/rules-of-procedure-supervisory-board>.

#### COMPOSITION OF THE SUPERVISORY BOARD

Pursuant to Section 8 (1) of the company's articles of incorporation in conjunction with Section 96 (1) of the German Stock Corporation Act (AktG) and Section 7 (1) sentence 1 number 1 of the German Codetermination Act of May 4, 1976, the Supervisory Board consists of twelve members. Six members are elected by the General Meeting and six by the company's employees in accordance with the provisions of the Codetermination Act. The period of office is identical for all members.

For listed companies subject to the Codetermination Act, Section 96 (2) sentence 1 of the German Stock Corporation Act (AktG) stipulates, inter alia, that the Supervisory Board must comprise at least 30 % women and at least 30 % men. In order to comply with this minimum gender distribution requirement, at least four seats on the company's Supervisory Board must be held by women and four seats by men. This minimum distribution is to be met by the Supervisory Board in total (what is known as total compliance), unless the shareholder or employee representatives on the Supervisory Board object to this by way of a resolution (Section 96 (2) sentence 3 of the German Stock Corporation Act (AktG)). Total compliance with this requirement was rejected by both the representatives of the shareholders as well as employees in accordance with Section 96 (2) sentence 3 of the German Stock Corporation Act (AktG). The group of shareholder representatives as well as of employee representatives on the Supervisory Board are each required to comply with the minimum distribution of 30 % for their group, so that the six representatives of each group include at least two women and men respectively. Both groups on the Supervisory Board currently meet this requirement.

The six employee representatives were chosen from among the German staff on February 24, 2016, in compliance with the legally prescribed election process.

The following employee representatives were elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2020 fiscal year:

Dr. Thomas Rabe, Chief Executive Officer of Bertelsmann Management SE, Berlin; Ursula Buck, Managing Director of Top Management Consulting Buck Consult, Possenhofen; Horst-Otto Gerberding, Managing Partner at Gottfried Fried-

richs (GmbH & Co.) KG, Holzminden and Prof. Dr. Andrea Pfeifer, Chief Executive Officer of AC Immune S. A., St. Léger, Switzerland.

Due to reaching the age limit, Dr. Winfried Steeger, Managing Director of Jahr GmbH, Hamburg, was elected to the Supervisory Board for a term that runs until the end of the Annual General Meeting that will decide on discharges for the 2019 fiscal year.

Due to his reaching the age limit, Dr. Becker's term of office ended at the conclusion of the General Meeting on May 16, 2018, and a new representative of the shareholders was elected to the Supervisory Board. Taking into account the goals and the competence profile for the composition of the Supervisory Board, Bernd Hirsch, Chief Financial Officer of Bertelsmann Management SE, Neuler, was elected to the Supervisory Board until the end of the Annual General Meeting that will decide on discharges for the fiscal year 2020.

In accordance with Section 5.4.3 sentence 3 of the German Corporate Governance Code 2017, mention was made of the intention to propose Dr. Thomas Rabe as a candidate for Chairman of the Supervisory Board in the event of his reelection.

The following six employee representatives were chosen from among the German staff on February 24, 2016, in compliance with the legally prescribed election process, until the end of the Annual General Meeting that will decide on discharges for the fiscal year 2020:

Harald Feist, Chairman of the works council and Chairman of the general works council of Symrise AG, Holzminden; Andrea Püttcher, Vice Chairperson of the works council and Vice Chairperson of the general works council of Symrise AG, Bevern; André Kirchhoff, independent member of the works council of Symrise AG, Bevern; Jeannette Kurtgil, IG BCE trade union secretary for the North region, Burgdorf; Dr. Ludwig Tumbrink, Vice President Compounding Flavor EAME at Symrise AG, Höxter; and Peter Winkelmann, Regional Head of the IG BCE district Alfeld, Alfeld.

When nominating candidates for election to the Supervisory Board, particular attention was paid to the knowledge, skills and professional experience required for the duties to be performed, as well as to the principle of diversity among the Supervisory Board's members. The current Supervisory Board at Symrise AG includes eight independent members and four women: Ms. Buck, Ms. Kurtgil, Prof. Dr. Pfeifer and

Ms. Püttcher. The Supervisory Board will continue to attempt to implement the regulations specified in the Act on the Equal Participation of Women and Men in Management Positions in Private Economy and Public Service, which was passed by the German Bundestag on February 6, 2015, and the Bundesrat on March 27, 2015, insofar as it concerns the composition of the Supervisory Board and with the support of corresponding nominations regarding the election of the shareholder representatives by the Annual General Meeting and the election of employee representatives by the staff.

Bernd Hirsch, who joined the Supervisory Board on May 16, 2018, is the first member to have previously been a member of the Executive Board. There was a period of two years, four months and 15 calendar days between the end of Mr. Hirsch's activity on the Executive Board and his election to the Supervisory Board. This satisfied the conditions of Section 100 (2) number 4 of the German Stock Corporation Act (AktG) (the "cooling-off" period). A neutral and independent consulting and monitoring of the Executive Board continues to be ensured without restriction. At least one independent member has expertise in accounting or auditing.

#### OBJECTIVES OF THE SUPERVISORY BOARD IN RELATION TO ITS COMPOSITION

The Supervisory Board is to name specific goals for its composition pursuant to Section 5.4.1 (2) sentence 1 of the Corporate Governance Code 2017, that, in keeping with the company's specific situation, take account of (i) the company's international activity, (ii) potential conflicts of interest, (iii) the number of independent Supervisory Board members, (iv) an age limit for Supervisory Board members to be defined, (v) a maximum period for membership in the Supervisory Board to be determined and (vi) diversity, among other things.

With the support of corresponding nominations, the Supervisory Board seeks to ensure that in its future composition at least 30 % of its members are female. The "Act on Equal Participation of Women and Men in Executive Positions", passed by the German Bundestag on February 6, 2015, and the Bundesrat on March 27, 2015, was implemented in 2017.

Generally, at least seven independent members should always be represented in the Supervisory Board. Members of the Supervisory Board who are employed by Symrise AG are not regarded as independent members of the Supervisory Board. The necessary independence is particularly lacking when a Supervisory Board member has a personal or business relationship with Symrise AG, its corporate bodies, a controlling

shareholder or an affiliated company which may give rise to a material, and not merely temporary, conflict of interest. This goal is currently being met. The independent members are: Dr. Thomas Rabe, Ursula Buck, Horst-Otto Gerberding, Bernd Hirsch, Jeannette Kurtgil, Prof. Dr. Andrea Pfeifer, Dr. Winfried Steeger and Peter Winkelmann.

Furthermore, the Supervisory Board strives to ensure that the share of Supervisory Board members from other nations does not fall below one-third. With regard to Symrise, this means that nationality is not the only focus. Rather, the decisive factor is that at least one-third of the members of the Supervisory Board have gained substantial experience in globally active groups in Germany and abroad. This goal is also currently being met.

The term of office for a Supervisory Board member must end at the conclusion of the Annual General Meeting following the member's 70<sup>th</sup> birthday. The maximum limit for membership in the Supervisory Board is four terms of office. These two goals are currently being met. Concerning future nominations, it will be ensured that the goals defined by the Supervisory Board continue to be fulfilled.

#### THE COMPETENCE PROFILE OF THE SUPERVISORY BOARD

Pursuant to Section 5.4.1 (1) of the Corporate Governance Code 2017, the Supervisory Board is to be composed in such a way that its members as a whole have the knowledge, skills and professional experience required for the proper performance of their duties. In accordance with Section 5.4.1 (2) sentence 1 of the Corporate Governance Code 2017, the Supervisory Board has prepared a competence profile for the entire Board, which was used for its current composition and will be applied in future election proposals to the Annual General Meeting to guarantee the competence profile of the entire Board. The competence profile of the Symrise Supervisory Board includes various parameters. Each of these parameters on its own is significant in the competence profile of the entire Board. However, it is only by interlocking and complementing all parameters that the competence profile of the entire Board, which is necessary to support the business success of Symrise, can be guaranteed. Skills are required in the areas of accounting, auditing, risk management, information technology, issues regarding the remuneration of the Executive Board and compliance. Furthermore, expertise in the fragrance and flavor industry is required. This comprises the production of flavors, food ingredients, fragrances and cosmetic ingredients. The required competencies also include experience in the chem-

ical, consumer goods and food industries. Here, the focus is on knowledge of the respective markets, products, customer and supplier relationships. Expertise in production, research and development are also of paramount importance.

Other important parameters of the competence profile of the Symrise Supervisory Board are sufficient availability of time, a lack of conflicts of interest, the ability to work in a team, as well as management and development experience with regard to large organizations. This competence profile of the Symrise Supervisory Board is currently being fulfilled by the entire Board.

#### SUPERVISORY BOARD COMMITTEES

As in the past, the Supervisory Board formed a total of four committees to fulfill its responsibilities more efficiently. These committees draft the Supervisory Board's resolutions and prepare the agenda items to be addressed in the full meetings. To the extent that this is legally admissible, in individual cases the Supervisory Board delegates decision-making to its committees. The Supervisory Board established an Auditing Committee, an Arbitration Committee pursuant to Section 27 (3) of the Codetermination Act (MitbestG), a Personnel Committee and a Nominations Committee as permanent committees. The task of the latter is to recommend suitable candidates to represent the shareholders when new Supervisory Board elections are coming up. The Chairman of the Supervisory Board chairs all of the committees with the exception of the Auditing Committee. In the full meetings, the chairmen of the committees report regularly and comprehensively on the content and results of the committee meetings.

The Personnel Committee is responsible for matters pertaining to the Executive Board. These matters particularly include making resolution recommendations at the full Supervisory Board meetings regarding the appointment of Executive Board members or regarding components of Executive Board members' employment contracts. This committee is also responsible for succession planning at the Executive Board level. In this process, candidates who have the potential to take over a position on the Executive Board undergo an assessment which, with the help of an external service provider, leads directly from an individual analysis to an individual development plan. Even at this early stage, the goals for the future composition of the Executive Board are given appropriate consideration. The aim is to be able to fill all positions on the Executive Board internally and on short notice. The Personnel Committee deals with the development of the Executive Board remuneration system – specifying the amount of remuneration

and the related target agreements and making corresponding recommendations at the full Supervisory Board meetings. The Personnel Committee additionally resolved to incorporate the criterion of diversity when appointing future Executive Board members, striving in particular to give appropriate consideration to women. The Personnel Committee currently has six members, of which three members are chosen by the shareholder representatives and three are chosen by the employee representatives in the Supervisory Board. The members are: Dr. Thomas Rabe (Chairman), Harald Feist, Horst-Otto Gerberding, Prof. Dr. Andrea Pfeifer, Dr. Ludwig Tumbrink and Peter Winkelmann. The Personnel Committee convened twice in the 2018 fiscal year. The Personnel Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

The Auditing Committee mainly focuses on matters relating to the annual financial statements and consolidated financial statements, which includes monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system, the internal auditing system and the audit of annual accounts. It also monitors the independence and qualifications of the auditor as well as additional services provided by the auditor. Furthermore, the Auditing Committee discusses the interim reports in detail and approves them before they are published. The Auditing Committee prepares the Supervisory Board's decision on the approval of the annual financial statements and its approval of the consolidated financial statements. To this end, it is responsible for pre-auditing the annual financial statements, the consolidated financial statements, the management reports and the proposal regarding appropriation of earnings. The regular agenda items also include the receipt of the reports from Internal Auditing and the Group Compliance office as well as the risk report. At least one member of the Auditing Committee must be independent and possess expertise in accounting or auditing. The Auditing Committee currently has six members. Three members are shareholder representatives on the Supervisory Board and three are employee representatives on the Supervisory Board. The members are: Bernd Hirsch (Chairman), Ursula Buck, Harald Feist, Jeannette Kurtgil, Dr. Winfried Steeger and Peter Winkelmann. The Auditing Committee convened five times in the 2018 fiscal year. The Auditing Committee prepared the Supervisory Board's proposal to the Annual General Meeting to nominate Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Hanover, as the new auditor. Furthermore, the Auditing Committee solicited a statement of independence from the auditor. It commissioned the auditor, established the main focuses of the audit and prepared the resolution for the Supervisory Board regarding the auditing fees. The Auditing

Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly. Additionally, the Auditing Committee drew up its own regulation regarding its concrete procedure.

Shareholders and employees are equally represented on the Arbitration Committee pursuant to Section 27 (3) of the Code-termination Act (MitbestG). It currently consists of four members: Dr. Thomas Rabe (Chairman), Ursula Buck, Harald Feist and Dr. Ludwig Tumbrink. Once again, it was not necessary to convene the Arbitration Committee during the 2018 fiscal year. The Arbitration Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

The Nominations Committee consists exclusively of shareholder representatives from the Supervisory Board in accordance with the German Corporate Governance Code 2017. Its task is to recommend shareholder representatives to the Annual General Meeting who would be suitable Supervisory Board members for upcoming Supervisory Board elections. The current three members are: Dr. Thomas Rabe (Chairman), Horst-Otto Gerberding and Prof. Dr. Andrea Pfeifer. It was not necessary to convene the Nominations Committee during the 2018 fiscal year. The Nominations Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

#### TRANSPARENCY

Pursuant to Section 19 of the EU Market Abuse Directive (previously Section 15a of the German Securities Trading Act), which came into force on July 3, 2016, the members of the Executive and Supervisory Boards of Symrise AG, as well as certain employees with management duties and persons with whom they have a close relationship, must disclose the purchase or sale of Symrise shares and related financial instruments. This duty of disclosure applies if the value of the transactions undertaken by one of the aforementioned persons reaches or exceeds the sum of € 5,000. Symrise immediately publishes disclosures on such transactions on its website and transmits this information to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistung/BaFin) and the company register for retention. All of the reports received by Symrise AG as of December 31, 2018, are published on our website at <http://www.symrise.com/investors/corporate-governance/directors-dealings>. This includes all such reports since the IPO in December 2006, including any persons who have meanwhile left the Executive Board or the Supervisory Board.

## CONFLICTS OF INTEREST

As in the previous year, conflicts of interest involving members of the Executive Board, which have to be disclosed to the Supervisory Board without delay, did not occur in fiscal year 2018. The only consultant or service agreements or other exchange contracts between members of the Supervisory Board and the company in the 2018 fiscal year involved Mr. Horst-Otto Gerberding.

Mr. Horst-Otto Gerberding is entitled to a pension from Symrise AG stemming from an employment and supply contract between him and the company that existed through the end of September 2003. The total sum is € 26,055.81 per month.

The direct or indirect total holding of shares in Symrise AG by all members of the Executive and Supervisory Boards as of December 31, 2018, was more than 1%. Of the 6.25% of shares in Symrise AG held by members of the Executive and Supervisory Boards, 6.01% is held by members of the Supervisory Board while 0.24% is held by members of the Executive Board (values are rounded).

A summary of the respective mandates outside of the Symrise Group for the members of the Executive Board and the Supervisory Board can be found in the 2018 Financial Report.

A report on relationships to related companies and parties can be found in the 2018 Financial Report.

## RISK MANAGEMENT

Dealing with risks of all kinds responsibly has the utmost importance for the success of a company. For this reason, a comprehensive risk management system is a mandatory element of suitable corporate governance. The Executive Board ensures appropriate risk management and risk controlling throughout the Group. The risk management system is constantly being developed and adapted to changing conditions. A Group-wide survey, assessment and classification of potential risks takes place at least twice a year – performed by the officers assigned to each risk class. These surveys are consolidated at the Group level and flow into the risk report, which is the subject of the Auditing Committee's deliberations at least twice a year, and is presented to the Supervisory Board at least once a year in detail. The risk management system at Symrise AG, its security mechanisms, internal guidelines and monitoring instruments are checked by the internal Group auditors without prior notice. Risks identified in this manner are immediately reported to the Executive Board.

The early recognition system for risk in accordance with Section 91 (2) of the German Stock Corporation Act is monitored by auditors in Germany and abroad. Along with the audit of annual accounts and monitoring of accounting procedures, the Auditing Committee set up by the Supervisory Board also undertakes regular auditing and monitoring of the effectiveness of the internal control and risk management systems. This also includes, for example, regular reporting by Internal Auditing and the Group Compliance office at Symrise.

This overlapping mechanism allows risks to be identified and assessed at an early stage. The Executive Board regularly and continuously informs the Supervisory Board and Auditing Committee of existing risks and their development via the risk report. Specific measures are proposed and implemented right from this early stage to neutralize the identified risks.

The Group's internal auditors also check on the implementation of these new measures and the results are given a critical assessment. The risk profile is thereby constantly monitored and measures necessary to mitigate risks are introduced. Specific staff members are assigned responsibility for this and held accountable in their performance review.

## SHAREHOLDERS AND ANNUAL GENERAL MEETING

Symrise shareholders exercise their codetermination and control rights at the Annual General Meeting, which takes place at least once each year. The Meeting makes decisions on all statutory matters that are binding for all shareholders and the company. For every decision, each share is entitled to one vote. All shareholders that register within the specified period are entitled to participate in the Annual General Meeting. Shareholders who are not able to attend the Meeting in person are entitled to have their voting rights exercised by a bank, a shareholder association, a voting proxy of Symrise who is bound by its instruments or another proxy of their own choosing.

Shareholders also have the possibility of voting online in the run-up to the Annual General Meeting or authorizing the voting proxy provided by the company on the web. Instructions on how voting rights are to be exercised may be given to a voting proxy before and during the Annual General Meeting on May 22, 2019, up until the end of the general debate. It is possible to transfer the voting rights to a voting proxy electronically up until 6:00 p.m. on the evening of May 21, 2019. The invitation to the Annual General Meeting and the reports and information required for the decisions are published according to stock corporation law and made available on the Symrise website in German and English.

It is our intention to provide our shareholders with quick, comprehensive and effective information before and during the Annual General Meeting and to make it easy for them to exercise their rights. The Corporate Report, the Financial Report and the invitation to the Annual General Meeting provide shareholders with comprehensive information on the past fiscal year and the individual agenda items for the upcoming Annual General Meeting. All documents and information pertaining to the Annual General Meeting are available on our website. The registration and legitimation process for the Annual General Meeting is simple, with the 21<sup>st</sup> day before the Meeting representing the deadline for shareholder registration. Subsequent to the Annual General Meeting, we also publish the attendance figures and voting results on our website.

**INFORMATION SERVICE FOR OUR SHAREHOLDERS**  
Corporate communication is undertaken with the objective of guaranteeing the greatest possible transparency and equality of opportunities through timely and equal information to all target groups. All major press and capital market releases by Symrise are also published on the company's website in German and in English. The articles of incorporation as well as rules of procedure for the Executive and Supervisory Boards, the annual and consolidated financial statements and interim quarterly results can also be found on our website along with the annual and half-yearly financial reports.

We inform company shareholders, analysts, shareholder associations and the public of all important recurring dates through a financial calendar. This is published in the Corporate and Financial Report, the half-yearly financial report and the interim quarterly reports as well as on the company's website. Regular meetings with analysts and institutional investors are part of our investor relations activities. This includes an annual analysts' conference as well as conference calls for analysts and investors coinciding with the publication of our interim quarterly and half-yearly figures.

The most important presentations prepared for these and other events, such as the Annual General Meeting (<https://www.symrise.com/investors/annual-general-meeting>) and investor conferences, can also be viewed online. The locations and dates for investor conferences can also be found on our website at <https://www.symrise.com/investors/financial-calendar-and-presentations>.

#### OUR AUDITOR

With regard to the consolidated financial statements and the interim reports at Symrise, our accounting in the 2018 fiscal

year was again based on the International Financial Reporting Standards (IFRS) as required to be applied in the European Union. The legally prescribed individual accounts of Symrise AG that are decisive for the payment of dividends have been prepared in accordance with the regulations of the German Commercial Code. Here, the 2018 annual financial statements, management report and consolidated annual financial statements of Symrise AG as well as the 2018 Group management report were audited by our auditors Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Hanover. An agreement is also in place with the auditors to promptly notify the chairman of the Auditing Committee of any grounds for disqualification or prejudice that are identified during the audit, insofar as such circumstances cannot immediately be rectified. The auditors are instructed to report without delay all findings and incidents of significance for the duties of the Supervisory Board that are identified during the audit to the Executive Board and the Supervisory Board. Moreover, the auditors are required to notify the Supervisory Board and make a note in the audit report if circumstances are identified during the audit that are incompatible with the Declaration of Compliance issued by the Executive Board and Supervisory Board in accordance with Section 161 of the German Stock Corporation Act.

#### DIVERSITY CONCEPT FOR THE EXECUTIVE BOARD AND SUPERVISORY BOARD

Sections 289f (2) number 6 and 315d of the German Commercial Code require Symrise to provide a description of the concept of diversity that is pursued with regard to the composition of the Executive Board and Supervisory Board in terms of aspects such as age, gender, educational or professional background, as well as the objectives of this concept of diversity, the manner in which it is implemented and the results achieved in the respective fiscal year. Symrise already has such a diversity concept due to the mandatory statutory regulations already in force for Symrise and the fact that all recommendations of the Corporate Governance Code 2017 have been implemented without exception. Consequently, Sections 289f (2) number 6 and 315d of the German Commercial Code have no further independent significance for Symrise. For a better understanding, we have summarized our concept of diversity in the following:

The "Act on Equal Participation of Women and Men in Executive Positions", passed by the German Bundestag on February 6, 2015, and the Bundesrat on March 27, 2015, was implemented in 2017. It seeks to increase the number of female executives in leading positions in business and to reach across-the-board gender equality in the long term, among other aims. Symrise

AG aims to achieve a 20 % share of women on the Executive Board in the long term. Measures related to specific persons have been agreed between the Supervisory Board and the Executive Board for this purpose. Nevertheless, we must respect current employment contracts and ensure continuity in the Executive Board. The current members of the Executive Board have contracts that extend into the years 2020 to 2024.

Symrise is a globally operating company with several high-level management positions outside of Germany. The basis for the quota for female managers at Symrise is therefore the global management structure at Symrise AG. The share of women at the first level of management beneath the Executive Board amounted to 27 % in 2018; the second level of management amounted to 42 %.

The Supervisory Board has named specific goals for its composition pursuant to Section 5.4.1 (2) sentence 1 of the Corporate Governance Code 2017, that, in keeping with the company's specific situation, take account of (i) the company's international activity, (ii) potential conflicts of interest, (iii) the number of independent Supervisory Board members, (iv) an age limit for Supervisory Board members to be defined, (v) a maximum period for membership in the Supervisory Board to be determined and (vi) diversity, among other things.

Generally, at least seven independent members should always be represented in the Supervisory Board. Members of the Supervisory Board who are employed by Symrise AG are not regarded as independent members of the Supervisory Board. The necessary independence is particularly lacking when a Supervisory Board member has a personal or business relationship with Symrise AG, its corporate bodies, a controlling shareholder or an affiliated company which may give rise to a material, and not merely temporary, conflict of interest. This goal is currently being met. Furthermore, the Supervisory Board strives to ensure that the share of Supervisory Board members from other nations does not fall below one-third. With regard to Symrise, this means that nationality is not the only focus.

Rather, the decisive factor is that at least one-third of the members of the Supervisory Board have gained substantial experience in globally active groups in Germany and abroad. This goal is also currently being met. The term of office for a Supervisory Board member must end at the conclusion of the Annual General Meeting following the member's 70<sup>th</sup> birthday. The maximum limit for membership in the Supervisory Board is four terms of office. These two goals are currently being met.

In accordance with Section 5.4.1 (2) sentence 1 of the Corporate Governance Code 2017, the Supervisory Board has prepared a competence profile for the entire Board, which was used for its current composition and will be applied in future election proposals to the Annual General Meeting to guarantee the competence profile of the entire Board. This competence profile for members of the Supervisory Board of Symrise consists of different parameters. Each of these parameters on its own is significant in the competence profile of the entire Board. However, it is only by interlocking and complementing all parameters that the competence profile of the entire Board, which is necessary to support the business success of Symrise, can be guaranteed. Skills are required in the areas of accounting, auditing, risk management, information technology, issues regarding the remuneration of the Executive Board and compliance. Furthermore, expertise in the fragrance and flavor industry is required. This comprises the production of flavors, food ingredients, fragrances and cosmetic ingredients. The required competencies also include experience in the chemical, consumer goods and food industries. Here, the focus is on knowledge of the respective markets, products, customer and supplier relationships. Expertise in production, research and development are also of paramount importance. Other important parameters of the competence profile of the Symrise Supervisory Board are sufficient availability of time, a lack of conflicts of interest, the ability to work in a team, as well as management and development experience in large organizations. This competence profile of the Symrise Supervisory Board is currently being fulfilled by the entire Board.