

*always
inspiring more...*



SHARING VALUES

Developing resources

CORPORATE REPORT
2018



Key Figures of the Group

		2014	2015	2016 ¹	2017	2018
Business						
Sales	€ million	2,120	2,602	2,903	2,996	3,154
EBITDA ²	€ million	465	572	625	630	631
EBIT ²	€ million	338	395	422	432	434
EBIT margin ²	in %	15.9	15.2	14.5	14.4	13.8
Net income ²	€ million	212	247	266	270	275
Balance sheet total (as of December 31)	€ million	4,000	4,184	4,753	4,675	4,920
Capital ratio (as of December 31)	in %	35.8	38.0	36.4	37.8	39.5
Investments (without M & A)	€ million	101	147	168	205	226
Net debt (incl. pension provisions and similar obligations) / EBITDA (as of December 31) ²	ratio	3.2	2.8	3.1	3.0	3.0
Research and development expenses ²	€ million	139	170	186	196	200
Operating cash flow	€ million	343	375	339	396	442
Capital Market						
Shares issued as of balance sheet date	millions	129.8	129.8	129.8	129.8	129.8
Share price at end of fiscal year (Xetra® closing price)	in €	50.13	61.33	57.83	71.62	64.50
Market capitalization at end of fiscal year	€ million	6,508	7,961	7,507	9,297	8,373
Earnings per share ²	in €	1.69	1.90	2.05	2.08	2.12
Dividend per share	in €	0.75	0.80	0.85	0.88	0.90 ³

OUR FIVE GOAL DIMENSIONS

		2017	2018	Goal 2020	Goal 2025
Business					
Organic sales growth	in %	6	9	5–7 (CAGR)	5–7 (CAGR)
EBITDA margin ²	in %	21.0	20.0	19–22	20–23
Share of sales for emerging markets	in %	44	43	>50	>50
Footprint⁴					
Reduction in greenhouse gas emissions (Scope 1 + 2)	in %	–7.8	–3.0	–5 p.a.	5.6 p.a. ⁵
Reduction in chemical oxygen demand in wastewater	in %	–15.3	–14.8	–4 p.a.	4 p.a. ⁶
Reduction in sensitive waste	in %	–9.7	–1.8	–4 p.a.	4 p.a. ⁷
Increase in efficiency of water consumption ⁸	in %				15
Share of electricity from renewable energies	in %				100
Innovation					
Sales with new product developments ⁹	in %	15.9	17.1	>10	>12
Sourcing					
Key suppliers rated according to sustainability criteria ¹⁰	in %	80	90	100	100
Traceability of strategic raw materials	in %	95	98	100	
Palm oil procurement from sustainable sources	in %	63	> 50 / > 68 ¹¹	100	
Sustainable procurement of strategic agro- and aquaculture raw materials	in %				100
Care					
Women in the first management level	in %	21	27	17	20
Women in the second management level	in %	44	42	22	25
Accident frequency	MAQ ¹²	4.7	4.1	<2.5	<1.5

1 2016 restated for finalized Nutraceutix Purchase Price Allocation

2 Figures for 2014 and 2016 normalized for transaction and integration costs as well as one-off valuation effects related to business combinations

3 proposal

4 All figures in terms of value added

5 Increase in eco-efficiency (2016: 317.2 tons CO₂/€ million of added value; 2025: 157.4 tons of CO₂ emissions/€ million of added value)

6 Increase in efficiency (2010–2025 60 % overall)

7 Increase in efficiency (2010–2025 60 % overall)

8 Production sites in arid regions (2018–2025 overall)

9 Relative to market launch in the past three years

10 Based on 80 % (until 2020) or 90 % (until 2025) of the purchasing volume

11 More than 50 % of primary and more than 68 % of secondary palm oil derivatives from certified sustainable sources

12 MAQ = work accidents (> 1 lost day) x 1 million/working hours; industry-leading occupational safety as of 2020

Developing resources. In 2018, Symrise again experienced strong growth. One of the reasons for this success is the company's strength in using its resources in a highly targeted way – be it the right investments at the right time, the development of our own talented employees or responsibly handling important raw materials, especially at a time when materials essential for the industry are becoming increasingly scarce. Symrise has planned ahead and used backwards integration for important raw materials or established long-term and trustworthy partnerships with suppliers – thus continuing to measurably strengthen the sustainability of sourcing.

631

€ MILLION EBITDA

3,154

€ MILLION SALES

9,787

EMPLOYEES

30,000

PRODUCTS

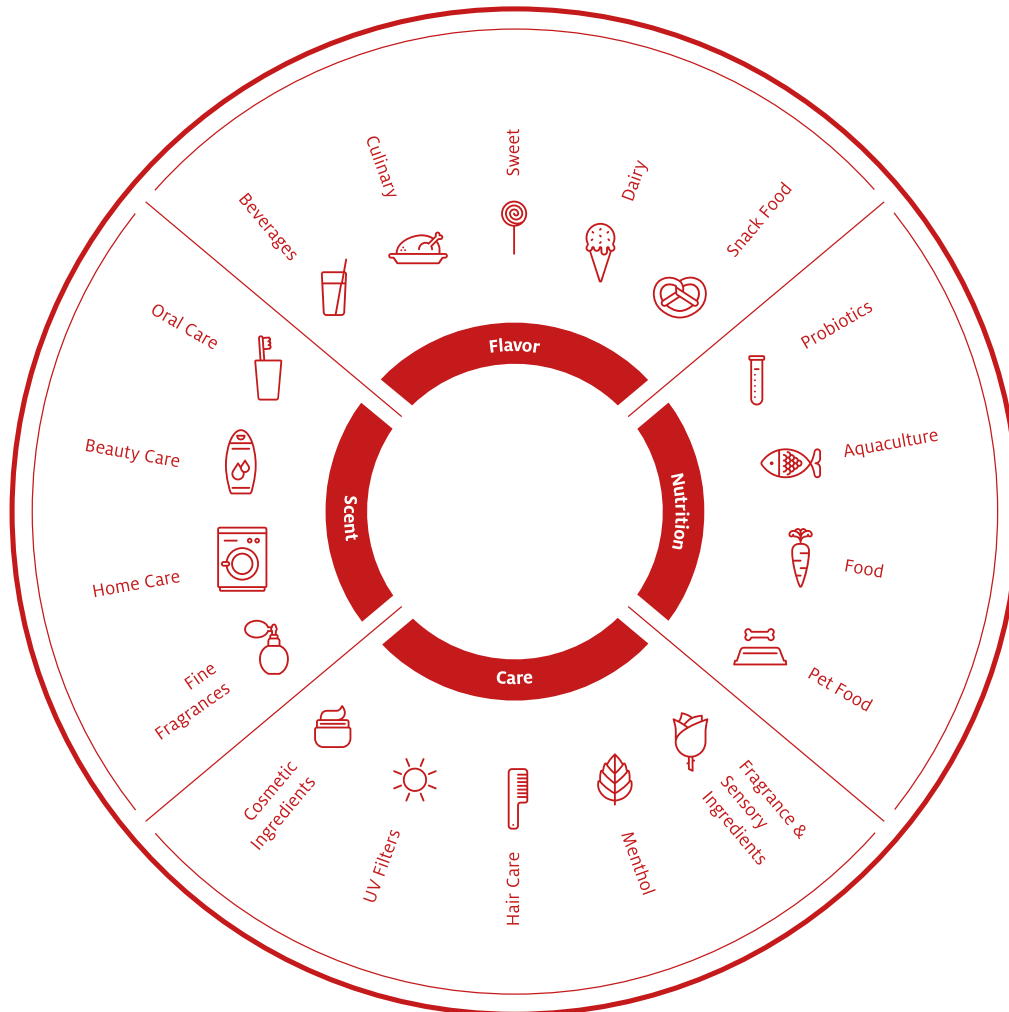
200

€ MILLION SPENT ON
RESEARCH AND DEVELOPMENT

8,373

€ MILLION MARKET CAPITALIZATION

Our Application Areas



Symrise provides exciting flavor and fragrance experiences, and offers sustainable solutions for food production based on natural starting materials. That is our mission. With commitment and innovative strength, we develop the best possible concepts for our customers' products. We do this so consumers around the world can take pleasure in the most common experiences of everyday life and additionally benefit from healthy or nurturing properties. With its creativity and entrepreneurial energy, Symrise opens up further potential with a third of its business being generated via cosmetic active ingredients and raw materials, functional ingredients, pet food, aquacultures and probiotics. Our wide range of activities offers new chances for growth, stabilizes performance and provides Symrise with an unmistakable profile.

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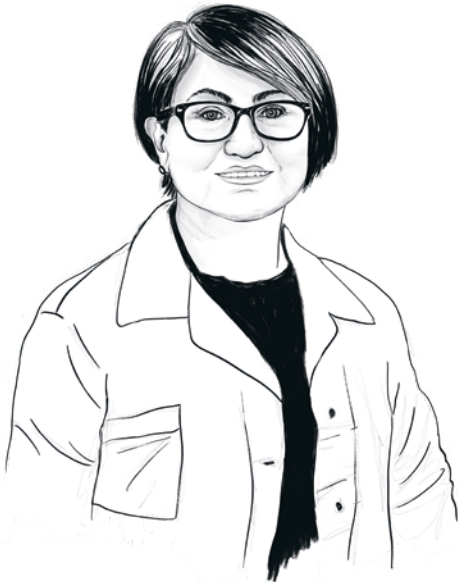
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48 Almost 10,000 people work at Symrise – and they have just as many individual career paths. Six examples show what diversity looks like and how it is promoted.

Our Company. For several years, we have been growing more rapidly than the market and are broadly positioned with around 30,000 products. We are continuously investing in research and development, production plants, logistics, marketing and sales. At the same time, we assume responsibility and in turn achieve sustainable and profitable growth.

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Dear readers and friends of Symrise!

Our company was founded in 2003, but its roots date back to 1874. Despite the pride we take in our tradition and past successes, we look mainly toward the future: How can we continue, or even accelerate, the successful development of Symrise? How can we use our strengths in an even more focused way to best meet the requests and needs of our customers and consumers worldwide? What do we need to change today so we can achieve our goals tomorrow?

In January 2019, we decided to continue following our proven strategy until 2025. With continuous organic growth of 5 to 7%, we want to increase our sales to around € 5.5 to 6 billion. Our EBITDA is expected to expand to 20 to 23% in the near future. We are driving forward our expansion in high-growth business areas with targeted investments – even beyond fragrances and flavorings. We are strengthening and securing our own natural raw material base. We will convert our market-leading innovative strength even more rapidly into innovative, market-ready products. And we are supporting our talented employees so that they learn to utilize their full potential. “Developing resources” – the motto of the 2018 Symrise Corporate Report – accurately reflects the central idea of our long-term strategy.

The commitment of Symrise to the sustainability of what we do and the preservation of our natural environment is inextricably linked to our economic ambitions. As a signatory of the United Nations Global Compact, we actively support the principles of responsible business outlined therein. In December 2018, Symrise was recognized with the German Sustainability Award in the category “Germany’s most sustainable large corporation 2019.” We are delighted to receive this honor, and we are proud of our achievement and its recognition by the wider public.

Symrise achieved organic sales growth of 9% in the 2018 fiscal year. With an EBITDA margin of 20%, we continue to be one of the most profitable companies in this industry. We generated earnings of € 2.12 per share for our shareholders, and the profit distribution will continue to rise. These, too, are achievements that make us proud.

The world of Symrise is colorful and diverse, and the topics covered in our Corporate Report are exciting, sometimes surprising and often instructive. We hope you enjoy reading it!

Your Global Management Committee



1. DR. HEINZ-JÜRGEN BERTRAM CEO **2. ACHIM DAUB** President Scent & Care **3. OLAF KLINGER** CFO
4. DR. JEAN-YVES PARISOT President Nutrition **5. EDER RAMOS** Cosmetic Ingredients Division
6. DR. NORBERT RICHTER Aroma Molecules Division **7. HEINRICH SCHAPER** President Flavor

**»WHAT DO WE NEED
TO CHANGE TODAY SO
WE CAN ACHIEVE OUR
GOALS TOMORROW?«**

Our Values, Goals, Responsibility

Shared values provide the basis for shared goals at Symrise: striving for economic success while taking on responsibility for the environment, employees and society. Sustainability is an integral part of our business model. It provides us with tangible competitive advantages and secures the long-term success of the company.

Successful companies distinguish themselves through their strong corporate cultures. Symrise is a perfect example of this. Our employees, who work in more than 40 countries around the world, share common values as the basis for shared goals. Our values – our roots – describe the attitude and the team spirit we are committed to sharing with each other at Symrise. They explain the manner in which we want to achieve our goals.

Symrise is one of the world's leading suppliers of custom fragrance, taste and nutrition solutions, many with health-promoting or nurturing characteristics. We want to further secure and expand

this position by constantly being among the most profitable companies in the industry. Above-average sales growth, steady increases in efficiency and the continual optimization of the product portfolio are key levers for achieving this goal.

Symrise assumes responsibility that goes beyond the company itself. It takes its customers and consumers, its employees, society and the environment into consideration. Sustainability is a core component of the business model at Symrise. Our corporate strategy integrates economic ambitions with our four sustainability approaches: footprint, innovation, sourcing and care. In this way, we ensure long-term-oriented value creation and allow all of our stakeholders to participate in the company's success.

Our special commitment is to global climate protection. Symrise has reported on its activities in this area on the CDP platform since 2006. In 2017, Symrise was one of the first companies worldwide to receive approval for its scientifically based climate targets. In addition, Symrise joined as a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in 2018, showing its dedication to expanding climate-related reporting. Further information on these activities can be found in the "Sustainability and Responsibility" chapter and at www.symrise.com/sustainability.

Our mission: What is our mission?

We develop customized fragrance and taste solutions, which often contain health-promoting or nurturing properties. We combine our knowledge of consumers' ever-changing needs with creativity and groundbreaking technologies. In doing so we strive to ensure long-term-oriented value creation and allow all of our stakeholders to participate in the company's success.

Our vision: What drives us forward?

We take responsibility seriously, letting our creativity unfurl with a focus on the highest quality along with sustainable processes and products. This makes even the most everyday items a special experience for consumers and their loved ones. In this way, we fulfill our promise of "always inspiring more..." day after day.

Our strategy: What makes us successful?

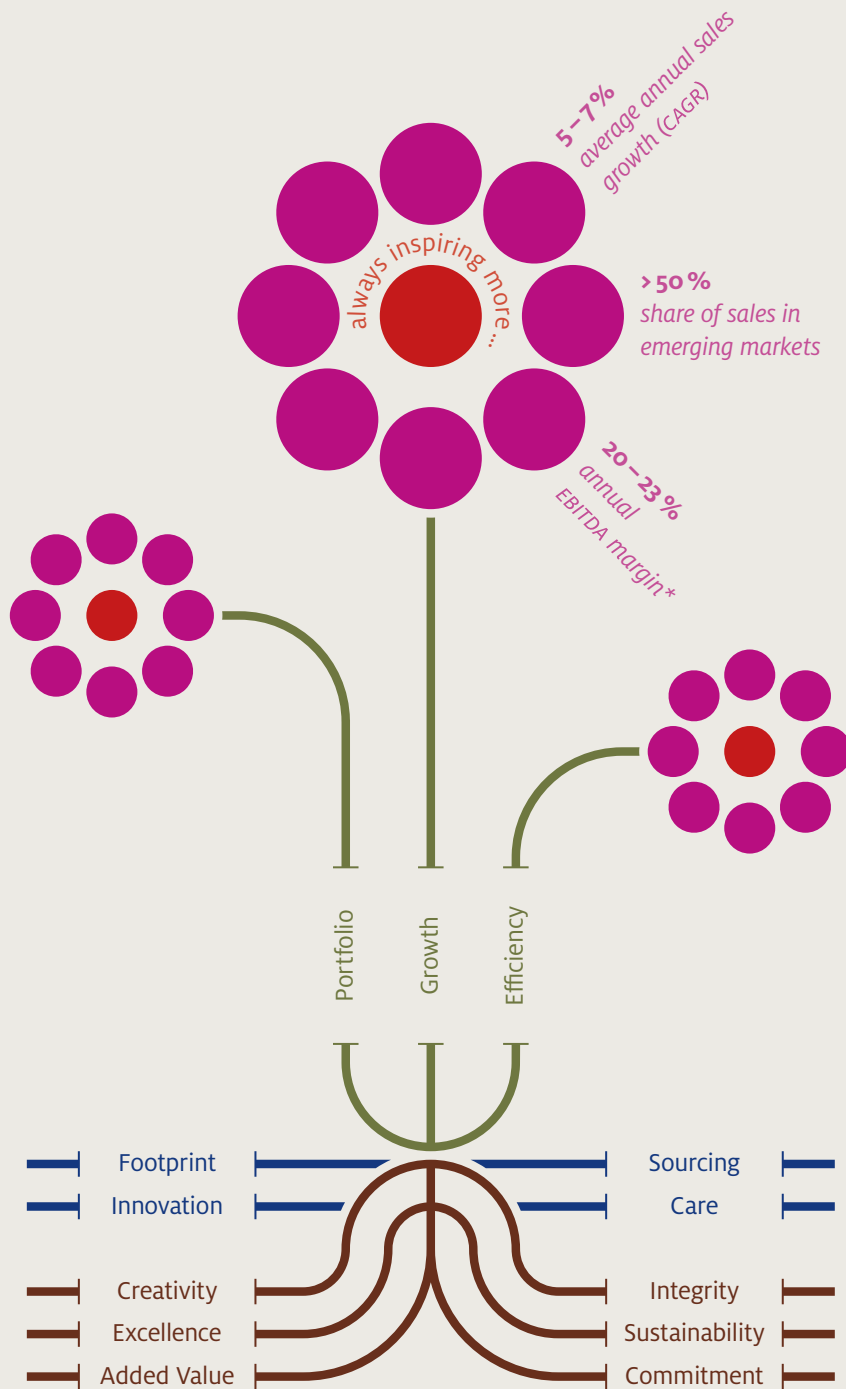
The three pillars of our strategy translate the mission, vision and values into concrete goals. This allows us to ensure the success of our company both today and in the future.

Sustainability: How do we implement it?

We focus our sustainable and profitable growth on four objectives. That's because we are paving the way for future generations with increasingly efficient processes and a portfolio that helps to meet the basic needs of a global population in terms of nutrition, health and well-being.

Our values: Who are we and what do we stand for?

Our values describe the attitude and team spirit we are committed to at Symrise. They explain the manner in which we want to achieve our goals.



OUR INTEGRATED CORPORATE STRATEGY
FOR EXCITING TASTE AND FRAGRANCE
EXPERIENCES AND SUSTAINABLE GROWTH

* Goals until 2020: 19 – 22 %

Our Company

Symrise's products provide exciting flavor and fragrance experiences, improve food characteristics, and contribute to the health and personal care of consumers in 160 countries around the world. A dedicated focus on our customers, a high level of innovation and targeted expansion in new markets represent the basis for our sustainable, profitable growth.

Symrise develops, produces and sells fragrance, flavoring and food ingredients, cosmetic active ingredients and raw materials as well as functional ingredients and solutions that enhance the sensory properties and nutrition of various products. Our Company's approximately 30,000 products are mainly produced on the basis of natural raw materials like vanilla, citrus fruits, onions, fish, meat, blossoms and plant materials. Our flavors, substances, perfume oils and sensory solutions are often central functional components for our customers' end products. These customers include manufacturers of perfumes, cosmetics and foods; the pharmaceutical industry and producers of nutritional supplements, pet food and baby food.

Our Company's origins go back to the year 1874. Symrise has since grown to achieve a current market share of 10 % – making it one of the leading sup-

pliers of flavors and fragrances as well as nutrition solutions in the global market. A high level of innovation and creativity, an exact knowledge of customer needs and various regional consumer preferences as well as targeted expansion into new and promising market segments contribute to our company's above-average growth rate. Today, Symrise has about 9,800 employees working at sites in more than 40 countries, serving over 6,000 customers in roughly 160 countries.

Symrise's growth is primarily organic. We reinforce the expansion of our business activities with targeted investments in capacity expansions, research and development centers, our distribution network, logistics and an efficient energy supply. For years, this has enabled us to grow more quickly than the market. We complement this growth by acquiring attractive companies that bring additional competencies into the Group and provide us with access to new market segments and customer groups. We also enter into strategic partnerships to develop new products.

The operating activities of the Symrise Group are managed in three segments: Flavor, Nutrition and Scent & Care. The divisions within these segments are organized according to business units and regions.

The Group's Corporate Center is located in Holzminden, Germany. Key corporate functions such as governance and control, communications and administration are located there. Symrise has regional headquarters in France (Rennes), the United States (Teterboro, New Jersey), Brazil (São Paulo) and Singapore.

The following pages will show you how we create value. Here, we distinguish between the five dimensions: business, footprint, innovation, sourcing and care. Footprint represents our environmental footprint, innovation describes our resource-conserving and business-enhancing effects, sourcing is where we get our sustainable raw materials, while care illustrates value creation for employees and the surrounding communities. We want to increase the positive impact of our actions and continue to reduce any negative effects.

Our Resources



BUSINESS

Equity:

1,944

€ million

Debt capital:

1,659

€ million

Investments in property, plant and equipment and intangible assets (excluding acquisitions):

226 € million



FOOTPRINT

Energy consumption:

5,413

terajoules

Water consumption:

5,323

thousand m³

69%

of the production sites are ISO 14001-certified based on production volume



INNOVATION

Spent on research and development:

200 € million

Number of employees in research and development:

1,728

State research grants:

13 € million



SOURCING

1,402

€ million procurement volume

Around

10,000

natural and synthetic raw materials from over 100 countries

90%

of main suppliers based on procurement volume have been rated according to sustainability criteria



CARE

Number of employees:

9,787

(including trainees and apprentices)

Employees from

56

nations make up the Symrise team























Proportion of women:

27% in the 1st management level

42% in the 2nd management level



Our Organization Structure

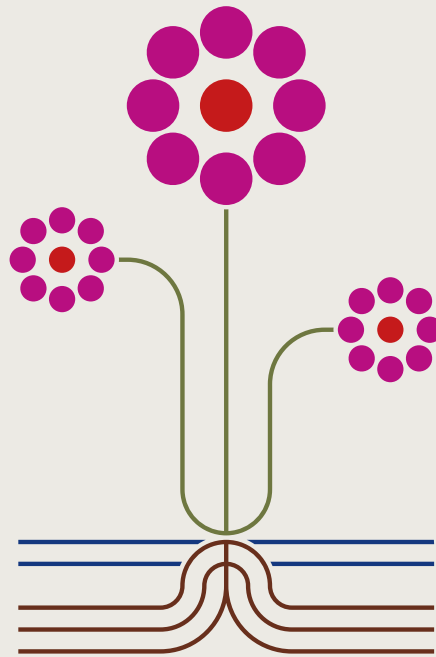
Flavor		Nutrition		Scent & Care					
Flavor		Diana		Fragrance		Cosmetic Ingredients		Aroma Molecules	
Beverages		Pet Food		Fine Fragrances		Actives		Scent Components	
Sweet		Food		Consumer Fragrances**		Micro Protection		Menthol	
Savory		Aqua		Oral Care		Hair Care		Cooling Substances	
Dairy		Probi*				Functionals			
Snack						Sun Protection			
						Botanicals			
						Color Solutions			

OUR RESOURCES / OUR ORGANIZATION STRUCTURE

* Majority shareholder in the Swedish company Probi AB.

** Starting in January 2019: Beauty Care and Home Care business units merged into Consumer Fragrances.






Sharing values



Symrise uses a wide variety of resources to generate value for many stakeholder groups as part of our proven, future-oriented business model. Our integrated corporate strategy incorporates aspects of sustainability throughout the entire value chain.

We're aware of the fact that we as a company bear responsibility for the profitable use of the capital entrusted to us, the efficient use and protection of natural resources, the welfare of our employees and social interests. The people at Symrise share the same values as a foundation for shared goals.

Our Results

<p>Sales:</p> <p>3,154 € million</p>	<p>EBITDA:</p> <p>631 € million</p>	<p>Net income:</p> <p>275 € million</p>	<p>BUSINESS</p> 
<p>Carbon dioxide emissions:</p> <p>217,828 tons – Scope 1</p> <p>100,066 tons – Scope 2</p> <p>2,120,475 tons – Scope 3</p>	<p>Wastewater:</p> <p>3,369 thousand m³ total wastewater volume</p> <p>5,016 tons chemical oxygen demand*</p>	<p>Sensitive waste:</p> <p>16,163 tons</p>	<p>FOOTPRINT</p> 
<p>33.8 %</p> <p>Share of the IP Index in the industry with 10 % market share</p>	<p>60</p> <p>Number of patents submitted</p>	<p>17.1 %</p> <p>of sales are from new product developments</p>	<p>INNOVATION</p> 
<p>Around</p> <p>30,000</p> <p>products for 6,000 customers in 160 countries</p>	<p>CDP leading position (climate, forests) second time in a row</p> <hr/> <p>EcoVadis Gold Standard for the sixth time in a row</p>	<p>98 %</p> <p>of production sites verified in accordance with sustainability criteria (SEDEX, SMETA) based on production volume</p>	<p>PRODUCTS AND SOLUTIONS</p> 
<p>43 %</p> <p>of all promotions go to women</p>	<p>39 %</p> <p>of our employees have been with Symrise for ten years or longer</p>	<p>125</p> <p>employees posted abroad ensure the global transfer of our expertise</p>	<p>CARE</p> 






* 2017 adjusted: 5,162 tons

Track Record and Goals 2020/2025

Symrise deployed its resources in a highly targeted manner and made use of its strengths once again in 2018.

Our sales grew faster than the corresponding markets. We remain one of the most profitable companies in the industry. Thanks to our high level of innovation, we were able to expand our market position while boosting our sustainability performance. Our five goal dimensions also cover the requirements for non-financial corporate reporting in accordance with the CSR Directive Implementation Act (see "Sustainability and Responsibility" chapter, page 82, or www.symrise.com/sustainability).

We have our sights firmly set on our goals for 2025. We've established and are consistently implementing concrete measures across all areas of our corporate activities. Symrise will continue to be one of the world's most successful manufacturers of fragrances, flavorings and food ingredients in 2025 and beyond.

DIMENSIONS	2018 TRACK RECORD
 BUSINESS	<ul style="list-style-type: none"> • 8.8% organic sales growth • 20.0% EBITDA margin • 43% share of sales for emerging markets
 FOOTPRINT¹	<ul style="list-style-type: none"> • -3.0% reduction in greenhouse gas emissions (Scope 1 + 2) • -14.8% reduction in chemical oxygen demand in wastewater • -1.8% reduction in sensitive waste
 INNOVATION	<ul style="list-style-type: none"> • 17.1% of sales from new product developments²
 SOURCING	<ul style="list-style-type: none"> • 90% of our main suppliers (80% of the procurement volume) assessed according to sustainability criteria • 98% traceability of strategic raw materials • > 50% primary and > 68% secondary palm oil derivatives from certified sustainable sources
 CARE	<ul style="list-style-type: none"> • 27% women in the first management level • 42% women in the second management level • 4.1 MAQ³ accident frequency

GOALS 2020	GOALS 2025	NOTES
• 5–7%	• 5–7%	• CAGR
• 19–22%	• 20–23%	• Annual EBITDA margin
• >50%	• >50%	• Sales in emerging markets relative to Group sales
• Reduction of 5 % per year	• Increase in eco-efficiency of greenhouse gas emissions (Scope 1 + 2) by 50 % Base year 2016: 317.2 tons of CO ₂ emissions/€ million of added value Goal 2025: 157.4 tons of CO ₂ emissions/€ million of added value	• Failure to achieve the goal for the year 2018 because a production site did not have a climate-friendly energy source available at times • After meeting our 2020 goal of reducing greenhouse gas emissions by 33 % ahead of schedule, we now aim to increase eco-efficiency by 5.6 % annually, well above our approved Science Based Target Initiative target (>5%) and in line with 2018 IPCC recommendations
• Reduction of 4 % per year	• Increase in the efficiency of the chemical oxygen demand in wastewater by 4 % annually by 2025 or by a total of 60 % compared to the base year 2010	• We are continually increasing the yield of our products
• Reduction of 4 % per year	• Increase in the efficiency of sensitive waste by 4 % annually by 2025 or by a total of 60 % compared to the base year 2010	• As part of our backward integration, we added a product to our portfolio that classifies a significant byproduct as sensitive waste, but this supposedly sensitive waste is easily and biologically degradable
	• Increase the efficiency of water consumption at all production sites in arid regions by 15 % (2018–2025)	• We are continually increasing the efficiency of our water consumption
	• Increase the share of electricity from renewable sources required worldwide to 100 %	• We are continually investing in increasing our energy efficiency and in renewable energies and checking the acquisition of CO ₂ certificates of origin
• >10 %	• >12 %	• Networking the highly diverse areas of expertise of Nutrition (Diana), Flavor and Scent & Care
• 100 %	• 100 % (90 % of procurement volume)	• Increase of the included procurement volume from 80 % (2020) to 90 % (2025)
• 100 %		• Not applicable as 2025 goal, since expected to be met by 2020
• 100 %		• In 2018, numerous recipes were converted to palm oil-free or certified qualities; not applicable as 2025 goal, since expected to be met by 2020
	• 100 % sustainable procurement of strategic agro- and aquaculture raw materials	
• 17 %	• 20 %	
• 22 %	• 25 %	
• < 2.5 MAQ	• < 1.5 MAQ	• Continuous implementation of a zero-accident culture

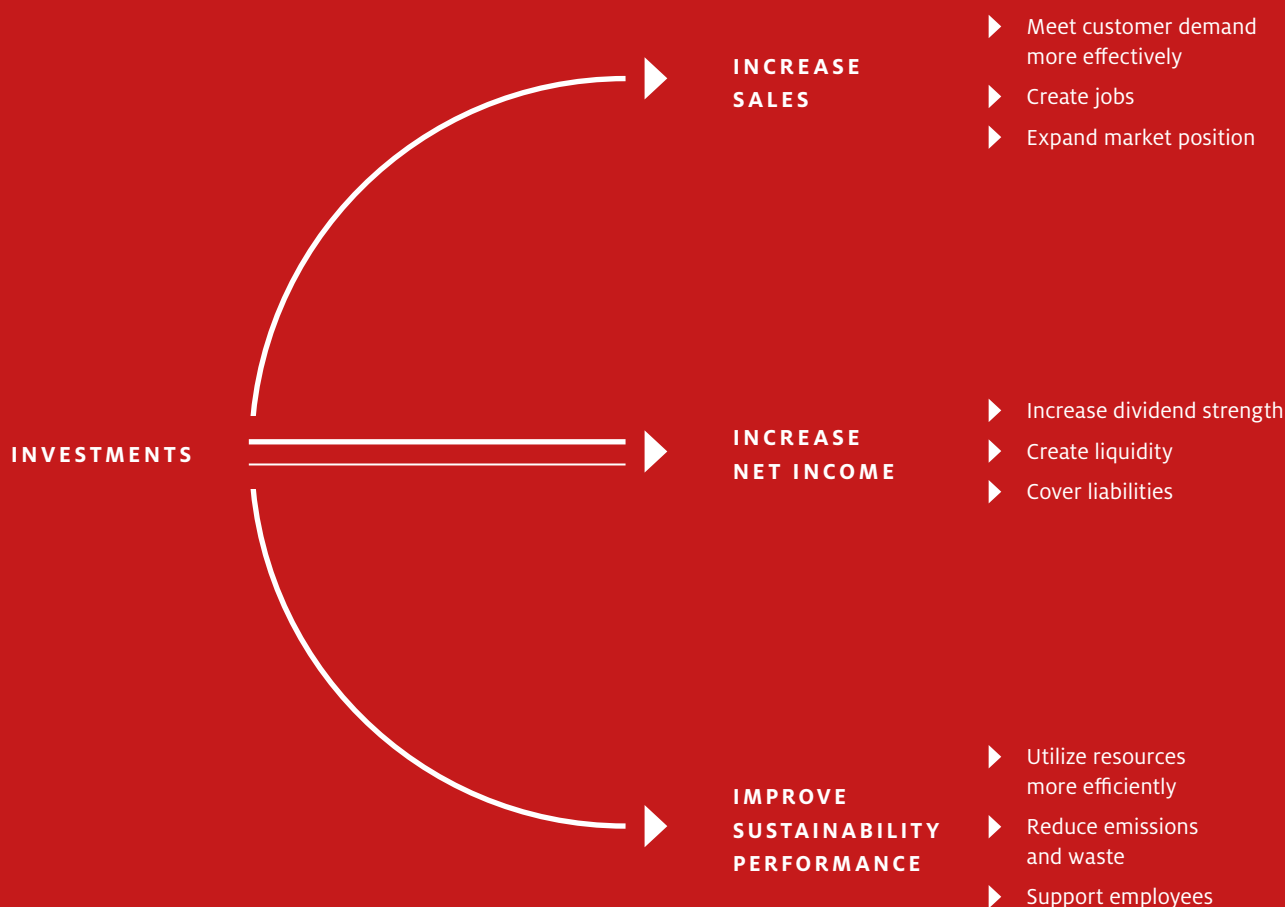
1 All figures relative to the value created

2 Relative to market launch in the past three years

3 MAQ = work accidents (> 1 lost day) x 1 million/working hours, industry-leading occupational safety as of 2020

Why We Invest

Symrise is active in attractive and rapidly expanding markets. In order to participate in this growth and moreover gain additional market share, Symrise invests on a major scale – for example, in production facilities, logistics, research and development, marketing and sales. Investments also increase the economic and ecological efficiency of our activities in many ways, thereby ensuring our position as one of the most profitable and sustainable companies in the industry.

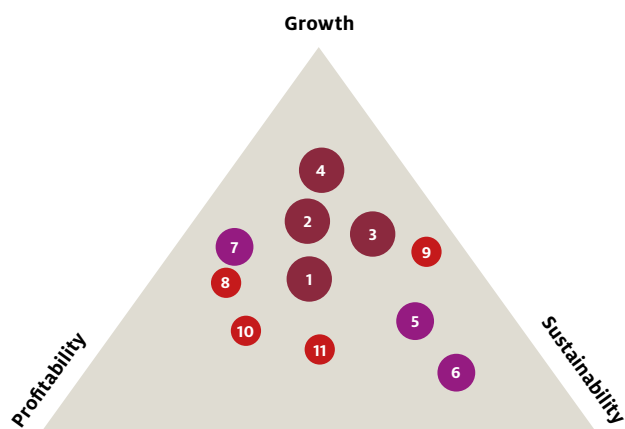


Growth, profitability and sustainability – these remain the cornerstones of Symrise’s target triangle, through 2025 and beyond. Each of the investment projects that we review, plan and implement pursues these three goals with respectively different weighting. This also applies to our current projects, which are presented in the magazine of this Corporate Report on pages 68–73 under the descriptive title “Good Investments.”

Symrise’s growth is primarily organic. We complement this growth by acquiring attractive companies that bring additional competencies into the Group and provide us with access to new market segments and customer groups. We also enter into strategic partnerships to develop new products. In 2014, acquisition of the French Diana Group represented a strategic milestone for the Nutrition segment. In 2015, Symrise bolstered its activities in the Scent & Care segment with the acquisition of the US-based company Pinova Holdings, Inc., followed by smaller business acquisitions in the Netherlands, Canada, the UK and Brazil in 2016 and 2017.

Since the company’s initial public offering in 2006, Symrise has invested a total of about € 1.3 billion in intangible assets and property, plant and equipment. Added to this is the acquisition of investments in entities. The investment ratio – investments as a proportion of sales – has increased significantly from initially 3–4 % to currently 6–7%. The markets in which Symrise is active offer enormous opportunities. However, investments must be financed – through internally generated profits, reserves from previous year, equity or debt capital. In addition, the liquidity needs of investments compete with the legitimate claim of shareholders to a suitable dividend. Here, Symrise is pursuing a strategy of financial solidity and the balancing of interests: The medium-term target for the ratio of net debt (including provisions for pensions and similar obligations) to EBITDA is and remains a range of 2.0 to 2.5. The dividend per Symrise share has increased continuously for ten years.

Investments reinforce our strategy

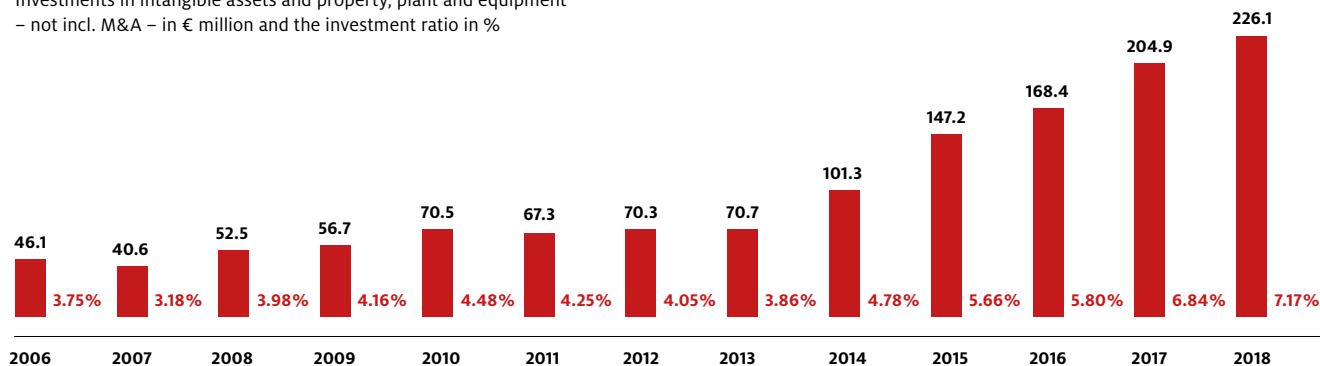


- 1 = Production of fragrances and flavors, Nantong/China
- 2 = Menthol production, Charleston/USA
- 3 = Production, Diana Food, Banks County/USA
- 4 = Production site for cosmetic ingredients, Charleston/USA
- 5 = Production for fragrance compositions and encapsulation technology, Holzminden/Germany
- 6 = Logistics center, Holzminden/Germany
- 7 = Production site for Diana Pet Food, Elven/France
- 8 = Production site for Diana Pet Food, Cervera/Spain
- 9 = Development center for perfume compositions, Shanghai/China
- 10 = Spray drying plant for flavors, Branchburg/USA
- 11 = Aroma Molecules: Production site for cooling substances, Holzminden/Germany

- up to € 10 million
- over € 10 million to € 20 million
- over € 20 million to € 50 million

Investments of the Symrise Group in a multi-year comparison

Investments in intangible assets and property, plant and equipment – not incl. M&A – in € million and the investment ratio in %



Our Highlights 2018

January

SUSTAINABLY SUCCESSFUL

In the view of the global environmental reporting platform CDP, Symrise is counted among the world's most sustainable suppliers. CDP analyzes how companies reduce greenhouse gas emissions, use water responsibly and protect forests. Symrise received an A, the highest possible rating, in the categories of climate and water protection. In the "CDP Global Supply Chain Report 2018," Symrise was also one of 100, out of 4,800 companies participating worldwide, to receive an A rating for its responsibility throughout the entire supply chain.



February

CODE OF NATURE®

Consumers are placing increasing emphasis on naturalness. They want to understand exactly what the ingredients of their food are and where they come from. They expect products to come from sustainable agriculture. Foods and beverages should be carefully prepared and properly stored so that they retain their original taste and nutritional value. This trend toward naturalness is a global phenomenon. Symrise is meeting this demand with code of nature®, a comprehensive concept based on four pillars:



BEST NATURALS



APPLIED SCIENCE



TRANSPARENCY



CONSUMER DRIVEN

March

GROWING AFRICAN MARKET

The African continent, with its large and rapidly increasing population, is also becoming increasingly important for the fragrance and flavoring sector. Symrise reiterated its commitment to the West African market at the agrofood Nigeria trade show in Lagos, where it presented natural and authentic concepts for foods and beverages that have been precisely coordinated to suit the wishes and preferences of customers and consumers in the region.

1,288

MILLION:
Population of
Africa 2018

2.4

% P.A.:
Population growth in
Africa (2018–2030)

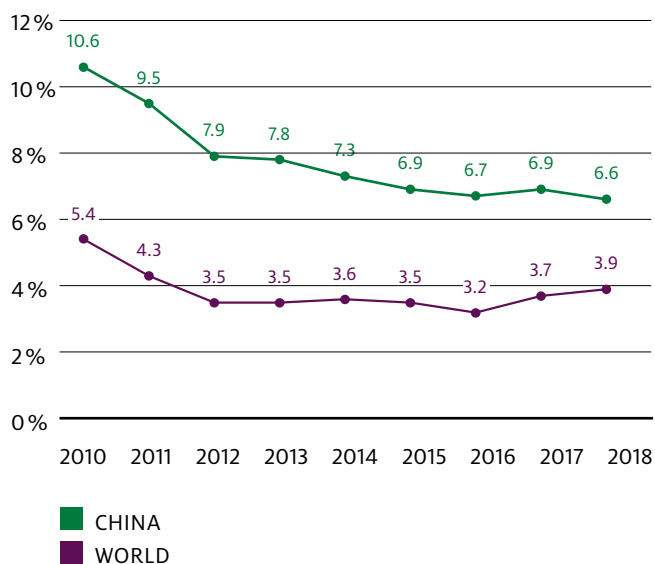
April

GROWTH INVESTMENTS IN CHINA

In April, Symrise opened its new Creative Center in Pudong/Shanghai. The production facility in Nantong also celebrated the completion of the first construction phase. China, where Symrise has been active for 36 years now, is one of our key sales markets. Symrise has invested € 8 million in the new Creative Center. Here, experienced perfumers will develop as many as 9,000 different fragrances for the Chinese market every year. In Nantong, the total investment is planned to amount to € 50 million. Over 7.3 million people reside in this region alone. China is on its way to becoming the world's largest market for fragrances and flavorings.

GROWTH MARKET – CHINA

GDP growth p.a. in %



FSC CERTIFICATION FOR SYMRISE

Symrise has become the first manufacturer of fragrance and flavoring substances to receive a certification from the renowned Forest Stewardship Council® (FSC) for its ingredients originating from forestry production. The FSC certificate represents sustainability, transparency and traceability in the collection of a key raw material from pine trees that serves as a basis for many scents and flavors used daily.



SCIENTIFICALLY BASED CLIMATE TARGETS

The Science Based Targets initiative (SBT) certifies climate targets according to whether they are in line with current research and are working to reduce CO₂ emissions on par with the standards of the Paris Climate Agreement. Symrise was one of the first three German companies to receive approval from the Science Based Target Committee in June 2017. Because Symrise had already reached its goals for reducing CO₂ emissions by 2020 in the 2016 fiscal year, we are now in the course of implementing climate goals approved by the SBT Committee, which are much more ambitious: By 2025, we plan to reduce our greenhouse gas emissions by 50% in terms of value added compared with the base year 2016. We also require our suppliers, who supply raw materials accounting for at least 80% of our total purchasing volume, to commit to their own climate targets by 2020. We ultimately want to be climate-positive by 2050. With a current reduction in CO₂ emissions of 10.8% (2016–2018), we are well on our way to achieving this goal.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

May

EIGHTH DIVIDEND INCREASE IN A ROW

On May 16, 2018, the Annual General Meeting of Symrise AG in Holzminden resolved to increase the dividend per share from € 0.85 in the previous year to € 0.88 for the 2017 fiscal year. This means that the distribution to shareholders has continuously increased since 2009.

0.88 €

DIVIDEND PER SHARE

129,812,574

SHARES

114,235,065 €

DISTRIBUTION TO SHAREHOLDERS

June

DRINKS FOR THE ISLE

Our British subsidiary Cobell is the largest supplier of juice products and taste solutions for beverages in the UK. With the expansion of the expertise center for beverages in Exeter, Cobell intends to strategically expand its partnership with British beverage companies.

FOR DOGS AND CATS

In June, Diana Pet Food began operations at a new production site in Cervera, Spain, with an investment of € 7 million. The southern European market will be supplied with applications for pet food from Spain. The significant expansion in capacity fulfills high standards regarding sustainable energy production, avoidance of waste and wastewater, and a low level of emissions.



September

NATURAL CARE

Symrise presented Hydrolite® 5 green, the “green” variant of a multi-functional ingredient which has met with a great deal of success for 25 years, at the in-cosmetics Latin America trade fair in São Paulo. The new product is manufactured from sugar cane, a renewable raw material, and combines a high level of effectiveness with naturalness. Hydrolite® 5 green moisturizes the skin and boosts the effectiveness of many substances in cosmetic formulations.

According to a recent study, the global market volume for natural and organic personal care will grow to USD

22

BILLION BY 2024

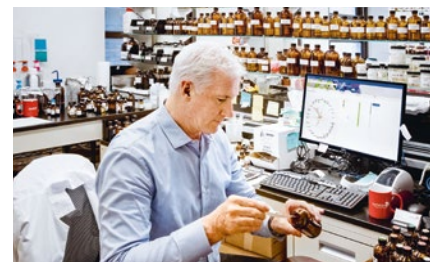
HALAL INGREDIENTS FOR COSMETICS

The Arabic word halal can be translated as “permitted” or “allowed.” It is used to describe all things and activities that are deemed permissible under Islamic law. As a global provider of cosmetic ingredients, Symrise is addressing the specific wishes of the growing Muslim population and offers a broad range of halal-certified products. Examples of the more than 200 products available include Frescolat® ingredients for cooling and refreshing skin care and the SymHair® product family of hair care products, which protect against hair breakage and make hair glossier and easier to comb.

October

BREAKING NEW GROUND IN FRAGRANCES WITH ARTIFICIAL INTELLIGENCE (AI)

Symrise and IBM Research have developed a method of using artificial intelligence (AI) to create perfumes based on digital fragrance models. The “Philyra” project combines Symrise’s rich archive of formulas and historical data with the IBM Research’s AI developed for product design technology. The AI identifies existing fragrances and suggests complementary additional components and formulas. Symrise perfumers then optimize the fragrances’ impressions. This results in novel creations – the first two fine fragrances will be brought to market in 2019.



November

NATURAL FLAVORS FOR US CONSUMERS

Symrise is opening a new plant for high-quality natural food ingredients in Banks County, Georgia, USA. With this investment of € 50 million, Symrise is strengthening its competitive position in what is traditionally the largest sales market in our industry and consistently driving its growth-oriented investment program forward. At the same time, the backward integration of agriculturally-produced raw materials is being expanded further. Through close cooperation with farmers on-site, Symrise ensures high product quality and supply security for products in the application areas of food ingredients, flavors and pet food.



December

RECONSTRUCTION OF A SCHOOL FOR CHILDREN

Symrise initiated a project to rebuild a school following the earthquake in Mexico last year. The facility is located near the Symrise site in Monterrey. Work has begun and will continue for about five months. At the start of construction, Symrise employees presented the teachers and students with a symbolic check for € 50,000.



AWARD-WINNING SUSTAINABILITY MANAGEMENT

For the sixth time in a row, the rating agency EcoVadis awarded Symrise its coveted Gold status for proven sustainability. In 2018 as well, we met the rating agency's steadily rising standards, and even improved our overall rating in the areas of the environment, social aspects, ethics and sustainability in the supply chain. This puts Symrise in the top 1% of all companies evaluated in the chemical sector.

GERMAN SUSTAINABILITY AWARD GOES TO SYMRISE

Our commitment to climate protection, the sustainable design of the supply chain and the conservation of biodiversity was once again publicly recognized: In December 2018, Symrise was awarded first place in the category "Germany's most sustainable large corporation 2019." This honor is a real highlight for us. It is a confirmation of the efforts of all our employees worldwide in the area of sustainability and a motivator to continue on this path – for the benefit of Symrise, for the protection of the environment and for the good of society as a whole.



Magazine. Our stories show where and how Symrise develops resources – whether in logistics in the Port of Hamburg, patchouli oil production in Indonesia or the lavender fields in Provence. The foundation for this is provided by dedicated employees – the most valuable of our resources.

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Developing resources

Purchasing sustainable raw materials, training and educating employees, expanding production capacities or optimizing existing ones: Symrise is investing at many levels in its business, which experienced its thirteenth year of growth in a row in 2018. In an interview, Dr. Heinz-Jürgen Bertram explains how the company can constantly further develop its resources, enabling it to be successful in its business. The CEO of Symrise says that the foundations for a promising future have been laid, and he provides insight into the company's new long-term goals for the year 2025.

€ 3,154

million in 2018 – a company sales record.

DR. BERTRAM, SYMRISE HAS GROWN STEADILY SINCE ITS IPO IN 2006. HOW DID THINGS GO IN 2018?

We set a sales record once again, with € 3,154 million in sales and an EBITDA of € 631 million. Our profit margin is 20 %, falling within our target corridor of 19 to 22 %. Equally important for us is that we grow faster than the market with our diverse products. Our compound annual growth rate, or CAGR, was 8.2% for the period from 2006 to 2018.

DO YOU SEE SIMILAR DEVELOPMENTS FOR THE FUTURE, TOO?

In January 2019, at our Investor Day in Charleston, South Carolina, USA, we announced our new long-term goals for 2025. The figures show that we continue to pursue ambitious goals. We aim to increase sales to around € 5.5 to 6 billion by then, which means annual organic sales growth of between 5 and 7%. At the same time – and this is particularly important to us – we aim to improve our profitability, which is already at a high level. By 2021, we want to be generating an EBITDA margin of between 20 and 23%.

HOW DO YOU PLAN TO ACHIEVE THAT?

Years ago, we positioned ourselves well with our strategy. It is based on the three pillars of growth, efficiency and portfolio; the three of these together make up the foundation of our long-term profitable business. We will continue to focus on organic growth, and we intend to develop adjacent growth areas through combinations of our diverse skill sets. In addition, we are aligning the

company closely to market requirements. We are further expanding our portfolio in the direction of innovative and high-margin products, diversifying it and at the same time achieving noticeable synergy effects. Last but not least, we are becoming increasingly efficient and sustainable. Furthermore, we want to continue to grow by making strategic acquisitions. This includes the agreement signed in January to acquire the American company ADF/IDF to strengthen our nutrition portfolio and our presence in the USA.

KEYWORD SUSTAINABILITY: THE CORPORATE REPORT IS TITLED “DEVELOPING RESOURCES.” HOW DO YOU DEAL WITH THE TOPIC OF RAW MATERIALS?

In our sustainability goals, which we are developing in parallel with our new strategic goals, we have stipulated that we want to procure 100% of our most important agro- and aquaculture raw materials from sustainable sources by 2025. Our efforts can be seen, for example, in the stories of this report’s magazine when we look at the raw materials that are so immensely important for perfumery, such as patchouli, in Indonesia, or lavender, in France. We work closely with local producers to promote sustainable agriculture while ensuring the availability of high-quality materials for us. This is particularly important to make us less dependent on the volatile raw materials markets. At the same time, we are focusing on more naturalness, which our customers and, above all, consumers want.

HOW FAR CAN YOU RESTRUCTURE THE RAW MATERIALS PORTFOLIO WHEN IT COMES TO NATURALNESS?

Very far. In the Flavor and Nutrition segments, we place great emphasis on close cooperation with the producers of our natural raw materials. The topic of “naturalness” can be illustrated by other examples as well, which we have also described here in the magazine. We are increasingly utilizing the byproducts that arise from raw materials processing for food production, replacing artificial cosmetic ingredients with products from sustainable and renewable sources or using byproducts from the paper industry for the development of fragrances that are certified as sustainable.



IN DECEMBER 2018, SYMRISE RECEIVED THE GERMAN SUSTAINABILITY AWARD IN THE CATEGORY “GERMANY’S MOST SUSTAINABLE LARGE CORPORATION” FOR ITS BUSINESS ACTIVITY. WHAT DOES THAT MEAN FOR YOU?

A great deal, because, for the second time since 2012, the jury recognized that we are seriously interested in promoting the topic of “natural and sustainably produced raw materials” and in counteracting climate change and the decline in biodiversity. Our numerous employees all over the world are very dedicated to these goals. But for me, the award also means that we are treading this path in exactly the right way: We have identified the key areas in which we can make a difference for our stakeholders – and can thus combine sustainability with economic success and achieve the best results.

»We will continue to focus on organic growth, and we intend to develop adjacent growth areas through combinations of our diverse skill sets.«

YOU JUST SPOKE TO THE EMPLOYEES. THEY'RE AN IMPORTANT RESOURCE TOO, AREN'T THEY?

They are the ones who make our success possible. That's why we do so much to attract the brightest, most skilled and most motivated minds to our company and to keep them with us. With us, employees can develop their skills in their fields or pursue very unusual career paths. In this Corporate Report, we show how different these career paths can be.

THE RESEARCHERS AND DEVELOPERS IN YOUR WORKFORCE PLAY AN IMPORTANT ROLE WHEN IT COMES TO INNOVATION. SYMRISE HOLDS A LOT OF PATENTS. HOW IMPORTANT ARE THEY?

We patent a lot of developments, that's right. But it's not the number that matters so much. We have to look at the relevance of innovations – and we can be very satisfied with this: We hold around one third of all market-relevant patents in our industry. This puts us in a leading position. Our only shortcoming, which we also share with other companies, is that we still get too few of these innovations market-ready very quickly. But we are working on this and, as a major advantage, also have a suitable raw material base in a variety of product areas.

AN IMPORTANT FOCUS IN THE INDUSTRY IS CURRENTLY ON DIGITIZATION. WHERE ARE YOU FOCUSING YOUR EFFORTS IN THIS REGARD?

We want to move from being a product developer and manufacturer to a comprehensive solutions provider – and for this purpose we are increasingly establishing digitized and networked processes. But when it comes to digitization, we can also come back to the innovations. Here's one example: Together with IBM's Thomas J. Watson Research Center and with the help of artificial intelligence, we developed two market-ready perfumes for the Brazilian market. We want to test and apply new methods like this in the future as well.

We currently generate around

43 %

of our sales in emerging markets.

YOUR OWN RESOURCES ALSO INCLUDE THE PRODUCTION FACILITIES IN WHICH YOU ARE CURRENTLY INVESTING HEAVILY. WHY IS THAT NECESSARY?

In recent years, we have grown quickly and therefore had to expand our production capacities, also in order to increase our global presence. In addition to that, we have redesigned a number of facilities to make them more efficient and sustainable. With our new warehouse in the Port of Hamburg, we have also expanded our logistics and created a connection between the world markets and our production at our headquarters in Holzminden. In recent years alone, we have invested in this area particularly strongly. We will complete most of these major investment projects by 2022. By 2025, we want to again reduce our CAPEX, i.e., capital expenditure, to 4 to 5% of sales.



»IN RECENT YEARS, WE HAVE GROWN QUICKLY AND THEREFORE HAD TO EXPAND OUR PRODUCTION CAPACITIES, ALSO IN ORDER TO INCREASE OUR GLOBAL PRESENCE.«

YOU SPOKE PREVIOUSLY ABOUT THE CUSTOMERS, THEIR WANTS AND NEEDS. HOW ARE THE MARKETS DEVELOPING FOR SYMRISE?

Our customers are located all over the world – and we want to continue to grow everywhere. We currently generate around 43% of our sales in emerging markets; in the future we want to increase this to 50%. The trend clearly points in this direction: In 2018, we recorded a growth rate of 16.2% in Latin America and 12.4% in Asia/Pacific. At the same time, we want to retain our balanced customer portfolio, which is made up of one-third global, one-third regional and one-third local clients.

HOW DO YOU RATE THE PRODUCT PORTFOLIO OF SYMRISE?

We have the broadest range in the industry, and we also cover the most fields because we strategically moved beyond the traditional fragrance and flavor business at an early stage. We now generate one-third of our sales with pet and baby food, probiotics, active cosmetic ingredients and functional, health-promoting ingredients. This share is to increase further until 2025, when we intend to generate about a quarter of sales each in the areas of Flavor, Fragrance, Care and Nutrition.

CAN YOU ALSO GENERATE SYNERGY EFFECTS WITH THESE MANY APPROACHES FROM VERY DIFFERENT INDUSTRIES?

Yes. Take our innovations, for example: We can apply them not only in one, but in many business areas. And our probiotics experts work together with colleagues from such diverse areas as Cosmetic Ingredients, Oral Care and Pet Food. We always strive to network as many parts of the company as possible and thus create added value. And in this way, too, we will help the company to grow further.



The Cultivation Specialists



Patchouli oil is one of the most important raw materials in the perfume industry. The majority of patchouli is cultivated and processed in Indonesia, though no one knows how much longer this will be the case as the farming practices are not sufficiently sustainable. To change this, Symrise and supplier Van Aroma have launched a project on the island of Sulawesi designed to promote the eco-friendly cultivation of patchouli, secure the supply of high-quality oil both now and in the future, and improve living conditions for farmers. This reflects the commitment of both Symrise and Van Aroma to protect eco-systems sustainably.



Just above the ground, Samsir cuts the patchouli plant, which he will later process into valuable raw oil in his distillation system after it has dried. The 47-year-old is one of 500,000 farmers growing the fragrant plant in Indonesia.

Using a small pair of garden shears, Samsir cuts the patchouli plant a few centimeters above the dry earth. The sun burns hot on the hilly field deep in the jungle, far from any villages in the southern Kolaka region of Indonesia. The field can only be accessed by steep, bumpy roads, making an all-terrain vehicle essential. The 47-year-old, who cultivates three hectares of patchouli, lays the snipped plants out onto dry tarps. A short while later, he cuts the plants he cultivated a few days earlier into 10-centimeter pieces using a long knife that he fashioned out of a sharpened piece of metal taken from a car. This process is important, as more of the valuable oil remains inside the plants if they're cut after they've had a chance to dry.

The farmer then carries the tightly stuffed sacks to a crude field distillation unit located on the pothole-littered road some 200 meters away. An employee has lit the fire under the large boiler and the water is already boiling. "Once it begins to steam, we fill the still with dried patchouli herbage," says Samsir, explaining the process. Within seconds, the air is filled with the intense fragrance of the perfume oil, carried by the steam. It then has a chance to cool slowly inside a pipe, the oil separating from the water and flowing into a pail. The farmer can extract around 0.6 kilograms from 30 kilograms of dried herbage.

20,000

patchouli plants can grow
in one hectare

Samsir is one of more than, probably, 500,000 farmers who cultivate patchouli alongside corn, soy, cocoa, cashews and coconuts. The plant is an important part of their livelihood. Even if many of them generate no more than 4 or 5 liters of the precious oil per week, it accounts for a large part of their income due to its high value.

PATCHOULI IN THE TOP 10 NATURAL RAW MATERIALS FOR FRAGRANCES

Patchouli is equally important to the perfume industry, finding its way into an assortment of applications. For example, Symrise uses it throughout its product range, from household detergents to shower gels, other cosmetic products and fine perfumes, in which it forms base and middle notes and ensures longevity. "The oil is one of our top 10 natural raw materials for fragrances," explains Ramkumar Venkataraman. As Vice President of the Asia Pacific Scent & Care division, he's responsible for purchasing raw materials, among other things. When carrying out a regular risk assessment, he and his team discovered that cultivation and thus the company's supply of patchouli were in danger. "We realized that the plant had made a sort of migration across the islands of Indonesia over the decades, from Sumatra to Java and then more recently on to Sulawesi."

The reason behind this phenomenon is both simple and alarming: Most farmers don't employ good agricultural practices. They slash and burn the fields, cultivate patchouli repeatedly until the soil is depleted and then plant the next field – until there aren't any left. Patchouli has a tendency to take the nutrients from the soil fairly quickly. The plants also become infected with diseases, resulting in the destruction of crops and impacting the livelihood of the farmers significantly.

The problems with the farming have also resulted in challenges for Symrise: “We’ve repeatedly had fluctuations in quality in recent years, for example, when it comes to the patchoulol content and acid value of the oil,” says Dr. Norbert Braun, Vice President of Innovation and QC for Scent & Care in Asia Pacific. “In addition, significant fluctuation in essential oil prices has created a huge challenge for us in the industry,” Ramkumar adds.

Three years ago, Symrise got together with Van Aroma to reflect on the dire conditions affecting this crop and decided to work together to bring about a change on the ground, says Sandeep Tekriwal, CEO of Van Aroma. Van Aroma, founded in 2006, in partnership with Ravi Sangeneria, is the largest supplier of patchouli oil worldwide. The company holds around 60 % of the global patchouli market of 1,400 to 1,500 tons and processes it for customers such as Symrise according to their requirements. This is a complex process that involves the distillation, filtration and standardization of the essential oil.

The two companies decided to review how they could make the cultivation of patchouli sustainable. Ramkumar, Norbert and Sandeep kept in regular contact and also reached out to Balitro, a Government of Indonesia research institute. They also engaged with a few leading farmers in the remote villages of Sulawesi, with the aim of finding sustainable cultivation methods. For Symrise and Van Aroma, the program represents a long-term commitment. “We first had to build a foundation of trust to ensure the farmers would work with us,” says Sandeep. The two companies signed the project agreement in late 2016. “We both wanted a change that would secure cultivation on a permanent basis – for the farmers and for us,” says Ramkumar. Sandeep adds, “It needs to be worthwhile for all parties: for the environment, the farmers and us. The project can only be successful if we all benefit.”

Some
500,000

farmers cultivate patchouli in Indonesia

»THE [PATCHOULI] OIL
IS ONE OF OUR TOP 10
NATURAL RAW MATERIALS
FOR FRAGRANCES.«

Ramkumar Venkataraman,
Vice President Asia/Pacific Scent & Care Division

More than
80% ▶ **85%**
of the patchouli cultivated
around the world comes
from Indonesia

More than
of which is
cultivated on the
island of Sulawesi

1,400
to
1,500

tons is the global demand for patchouli



»WE ANALYZED THE METHOD OF CULTIVATION AND CONDITIONS, AND WE DEVELOPED INNOVATIONS IN MANY AREAS THAT WILL HIGHLY BENEFIT BOTH THE FARMERS AND THE ENVIRONMENT.«

Rajnish Awasthi, Agricultural Expert

PROMOTING SUSTAINABLE FARMING

Rajnish Awasthi plays an important role in the project. The agricultural expert from India knows every plant and fruit growing on the many trees and shrubs along the path through the village. What he doesn't know he finds out by asking the locals. His knowledge and interest are ideal for his work as an agronomist. Awasthi's task was clear: He needed to figure out why after a few years it was no longer possible to cultivate patchouli in the same place and how the farmers could cultivate the crop sustainably and cost-effectively, while generating the best quality possible.

Working with his team of eight, the specialist quite literally carried out field research in the area surrounding Toari village for a year and a half. "We analyzed the method of cultivation and conditions, and we developed innovations in many areas that will highly benefit both the farmers and the environment." It all began by experimenting with different varieties of patchouli. The aim was to find a variety that could survive in certain conditions such as extreme

dryness and is resistant to as many diseases as possible. He now grows suitable seedlings in very simple but functional greenhouses and then gives them to the farmers by the hundreds of thousands free of charge. These greenhouses are made from bamboo stalks stuck into each other and covered with simple nets and tarps. "We always use as many materials as possible from the local environment in order to provide village communities with affordable variations so they can cultivate on their own in the future," explains Awasthi.

One of the key points for ensuring sustainable cultivation is protecting the most important resource: the soil. "Patchouli depletes the soil," says Awasthi. He came up with a multitude of ideas for addressing this problem and presented them on a demonstration field that the farmers had given up on. "The fields have very low pH values and lack zinc, manganese and boron. They also have too few microorganisms and too many negative bacteria and fungal diseases. In other words, the soil was no longer suitable for planting patchouli."

Awasthi made suggestions that fundamentally changed cultivation. For example, he taught farmers how to create compost from the rest of the patchouli harvest and other plant waste using organic decomposers. "That way, we have good organic fertilizer every three months, which allows us to restore important nutrients in the soil," explains Awasthi. The farmers are also supposed to dig up the patchouli roots as part of soil tilling and cultivate alternate crops at the latest after 15 months or after four harvests, allowing the soil to recover. He recommends that farmers plant other crops like citronella, vetiver, etc., that help in restoring the nutrition of the soil. The roots of vetiver, the fast-growing grass, which is also used by the perfume industry, grow deep into the soil, thus protecting it from erosion. The team has also developed a natural, organic pesticide from simple substances available locally to protect against infections. To ensure farmers are able to make it themselves following the instructions, Rajnish Awasthi offers small workshops in which he demonstrates and explains the procedure.



Rajnish Awasthi (left) offers small workshops in which he explains how the farmers can produce the natural organic pesticide themselves.





»THE PROJECT HAS GIVEN US A GREAT DEAL OF HOPE THAT WE'LL BE ABLE TO CONTINUE CULTIVATING PATCHOULI IN THE FUTURE.«

Ibu Hasni

IN CLOSE CONTACT WITH FARMERS

Initial success can be seen not just throughout the demonstration fields, but also in villages dozens of kilometers away. Credit also goes to Ibu Hasni, an influential woman who has great connections with the farmers in Toari. She is an integral part of the project, bringing together farmers and encouraging them to adopt sustainable cultivation practices. Based in Lakito, one of the villages of Toari, everyone knows the 32-year-old mother of three. She runs a small shop in this village selling daily necessities. She also has a small restaurant set up behind a wooden wall where she offers homemade dishes. Her husband used to cultivate bananas and cocoa and distilled patchouli in his own distillation unit, until he developed a severe illness. Now the family is waiting for him to get better again.

Until then – and beyond that point – an important part of Ibu Hasni’s income relies on collecting and distilling patchouli oil. The farmers bring the dried herbage they harvest from their fields, some of which are dozens of kilometers away, to be processed at her distillery. For Ibu Hasni, as for many other people in the region, it would be very difficult to do without patchouli. “It’s good income, as the work is well paid,” she says, standing in the shade of a large banana plant and looking at a neighbor’s field of patchouli.

Ibu Hasni says the Symrise and Van Aroma joint project is therefore a godsend for her and the well-being of the villagers. Around 50 farmers are currently involved – a number that should eventually grow to some 100,000 in Sulawesi. That sounds like an unattainable number, but Ibu Hasni is driven and doesn’t consider that sum to be excessive: “There are 600 farmers in our village, at least 80 % of whom have said that they want to change their methods, too.” This trend will hopefully continue. The dedication of both companies and the farmer representatives can make a change, she says. “The project has given us a great deal of hope that we’ll be able to continue cultivating patchouli in the future.”



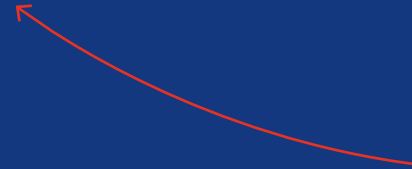
100

kilograms of dried patchouli can be distilled to produce 1.5 to 2 kilograms of oil

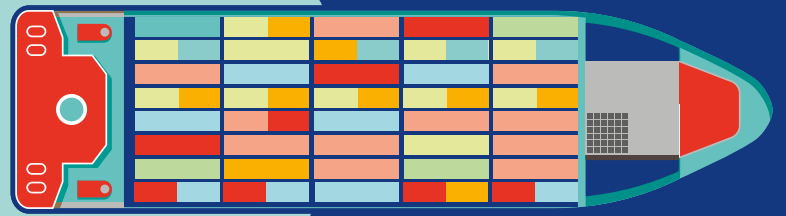
The volumes that Symotion imports and exports increased by more than

30%

between 2007 and 2017



Ahoy



In the Port of Hamburg, the Symrise logistics subsidiary Symotion is working on a new and ultra-modern logistics area. The 7,100 m² hall is helping ensure that the company is well prepared for the future even as its business is constantly growing. The center also ensures greater sustainability: By bundling imports and exports at the site, the Group's truck traffic can be significantly reduced.



The hall has been busy since early in the morning. Jan-Hendrik Jahn uses his forklift to push one pallet after the other into the container, which was docked to the building from the outside at one of the six loading gates. Jahn, a foreman, has a lot to do today. He and his team have to prepare three 40-foot containers for export to various Symrise subsidiaries in China and the USA, later unload and reload the trucks for shuttle transport to the two main warehouses in Holzminden and finally unload, book and label three 20-foot box containers with raw materials from overseas. Not 50 meters away, Nadine Koytek is sitting at her computer. She has also been e-mailing and telephoning since the morning to plan the work for Jahn and his team as well as possible, while at the same time to supply the customers as promptly as possible. The dispatcher has a handle on what is stored or retrieved, which deliveries go to which customer at what time and when the containers have to be ready to be sent from here all over the world: "We have to keep an eye on many factors all day long – and that's what makes the work so exciting."

The two young people are part of the 17-member team working in the new warehouse of the wholly-owned Symrise logistics subsidiary Symmotion at the Port of Hamburg. Symmotion has set up 7,100 m² here, in addition to the existing warehouses in Holzminden and in the immediate vicinity of the Altenwerder container terminal, which is one of the most modern in the world. "Because Symrise is constantly growing, we also have more and more work to do," says Reinhard Nowak. "The volumes that we import and



export here alone increased by more than 30% between 2007 and 2017," explains the managing director of the subsidiary. "We chose this site because it is close to the most important seaports of Hamburg and Bremerhaven."

For Symmotion, which employs around 200 people, the hall means much more than increased capacity: "We can make a significant contribution to sustainability." Every day, multiple trucks shuttle between Hamburg and Holzminden. They bring imported raw

materials from all over the world to the plants, for example, or finished products from the plants to the ports, which are then exported overseas. In the past, vans rented by external service providers usually made one leg of the journey empty. “With the warehouse here, we can optimize this and basically use every trip for transport,” says Reinhard Nowak. Shuttle traffic thus saves around 2,000 journeys, which means an enormous reduction in CO₂ emissions, fine dust pollution and traffic on the roads.

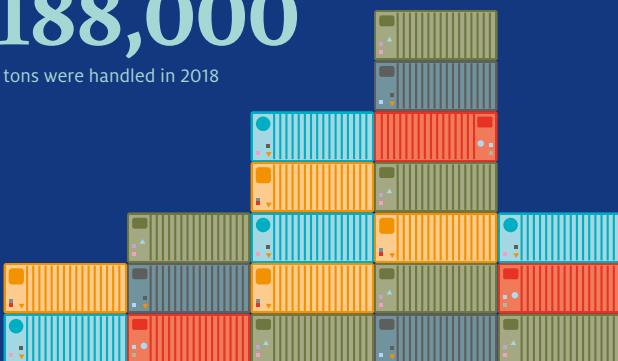
The warehouse building, which was awarded a gold certificate by the German Sustainable Building Council (DGNB), was built to Symotion’s specifications and the latest standards by Goodman, the world’s leading owner, developer and manager of logistics space. “From here, we have to cover a wide spectrum: from small containers for cosmetic applications to 1,000-liter IBC tanks or barrels of highly flammable orange oil from Brazil and big bags with crystalline raw materials to active ingredients for the pharmaceutical industry,” says Symotion’s CEO. No wonder, with 30,000 products and 10,000 raw materials. An important prerequisite for the work are the certifications that Symotion must have. “We take care of fire protection, air freight certifications and food hygiene, among other things, in order to be able to store all substances.”

As at all other sites, Symotion also offers storage locations for external customers in Hamburg. “With the know-how we have built up over decades for Symrise, we can also store many other products and ship them back at the right time,” says Nowak. There’s plenty of work to do – and there are already plans for further growth: A logistics center is being gradually built at the city limits of Holzminden, the company’s headquarters, which will be able to double Symotion’s capacity in the final expansion phase.

Some

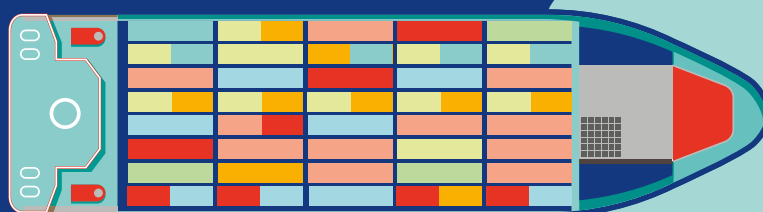
188,000

tons were handled in 2018





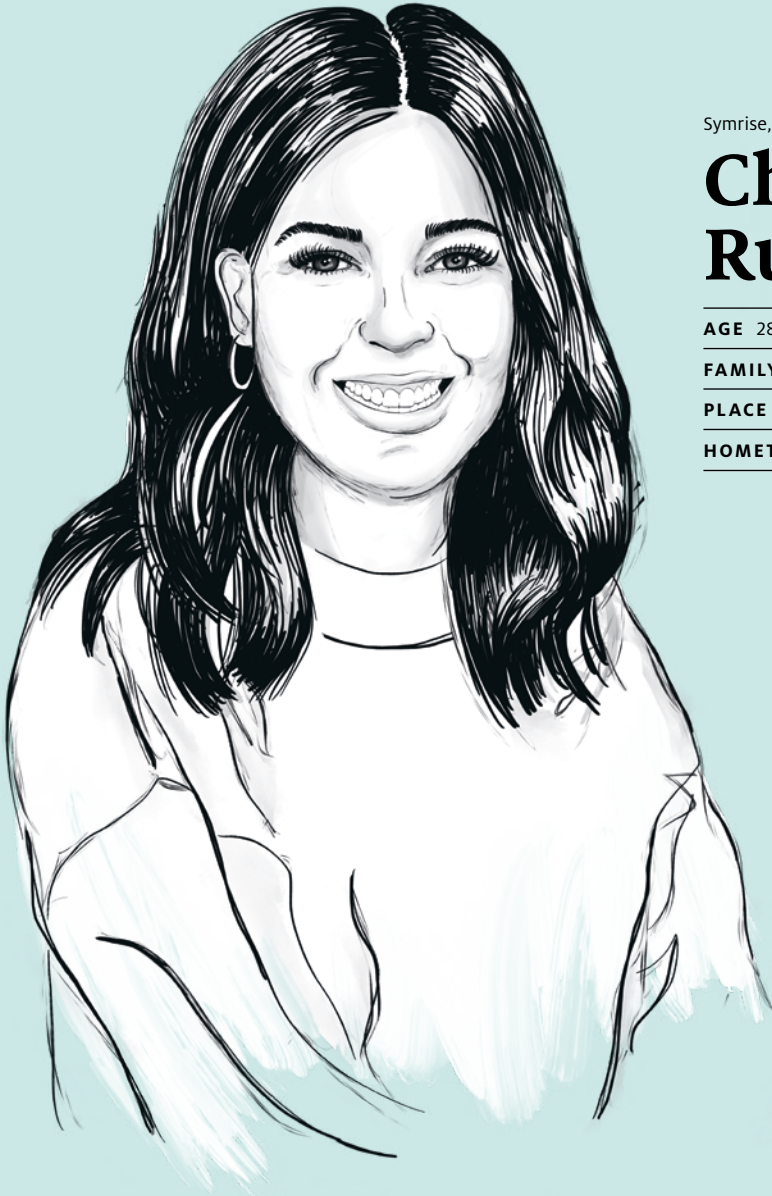
Reinhard Nowak,
Managing Director
of Symotion



Career Paths

A forklift driver turned customer service center employee, a vehicle operator turned expert for halal and kosher foods, a fresh graduate starting work, a journey from France to Mexico and back: Around 10,000 people work at Symrise – and they have just as many stories about what led them toward their careers at Symrise. Six examples show just how varied these paths can be – and how the company supports these choices with continuing education programs and targeted planning, and with great openness and flexibility.





Symrise, USA

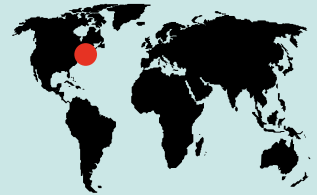
Christine Ruiz

AGE 28

FAMILY STATUS single

PLACE OF BIRTH USA

HOMETOWN Fair Lawn, New Jersey, USA



The industry I work in today is basically exactly what I always wanted. I studied biology and during my studies I realized that I was becoming increasingly interested in the connection between our bodies and our nutrition – for example, how we react to food and what is required to maintain our cells. Professionally, I started working at a large consumer goods manufacturer that purchased high-quality flavors and other ingredients from Symrise. I then moved to Symrise four years ago to work in raw materials and formula management. In the beginning, I worked closely with

developers, strategic purchasing and external suppliers to make sure that the raw materials met all regulatory standards. Later, I continued to specialize, for example, in data and information management in databases, SAP and other IT systems that we use to manage raw materials and our recipes. What I found especially exciting was helping on the regulatory level to develop new categories or reducing the complexity of our work. Whenever I took on new tasks, I was able to get coaching and training. That really helped. Another important step was spending three months at the company headquarters in Holzminden. For example, I was able to join the global regulatory team and learn about foreign flavor regulations – I gained so much knowledge and experience doing this.

Over the 16 years that I have now been working at the company, I've experienced a few professional and personal turning points, both positive and negative. They have shaped me – and I believe these experiences are precisely what give me the ability to do my job today. I was lucky enough to get to spend four years living on Martinique as a teenager and was always really interested in other cultures. That's another reason I started to work at Diana Pet Food. I had a master's degree in food technology and the company offered me the opportunity to shape an entirely new market with a new team in Mexico in 2003. I was only 25. I had to engage with a new culture and language, which was extremely challenging, but equally exciting.

A few years later, everything changed suddenly. On a business trip to France, I was diagnosed with leukemia. I fought the disease for 18 months. The support I got from Diana Pet Food was fantastic. I was in regular contact with management and my team in Mexico. When I started working again, I was able to pick things up where I left them off almost seamlessly. A few years later, I was given the offer of returning to France to work at Diana Food on the Meat & Seafood Stream, working mainly on a strategic new factory in the US, dedicated to chicken ingredients. After twelve years in Latin America this was another step out of my comfort zone, but the company offered us tremendous support. I moved to the Food segment where I am now the Global Asset Management Director. My plan for the future is that I would like to go abroad again in order to keep expanding and sharing my experience with different languages and cultures.



Diana Food, France

Antoine Coursault

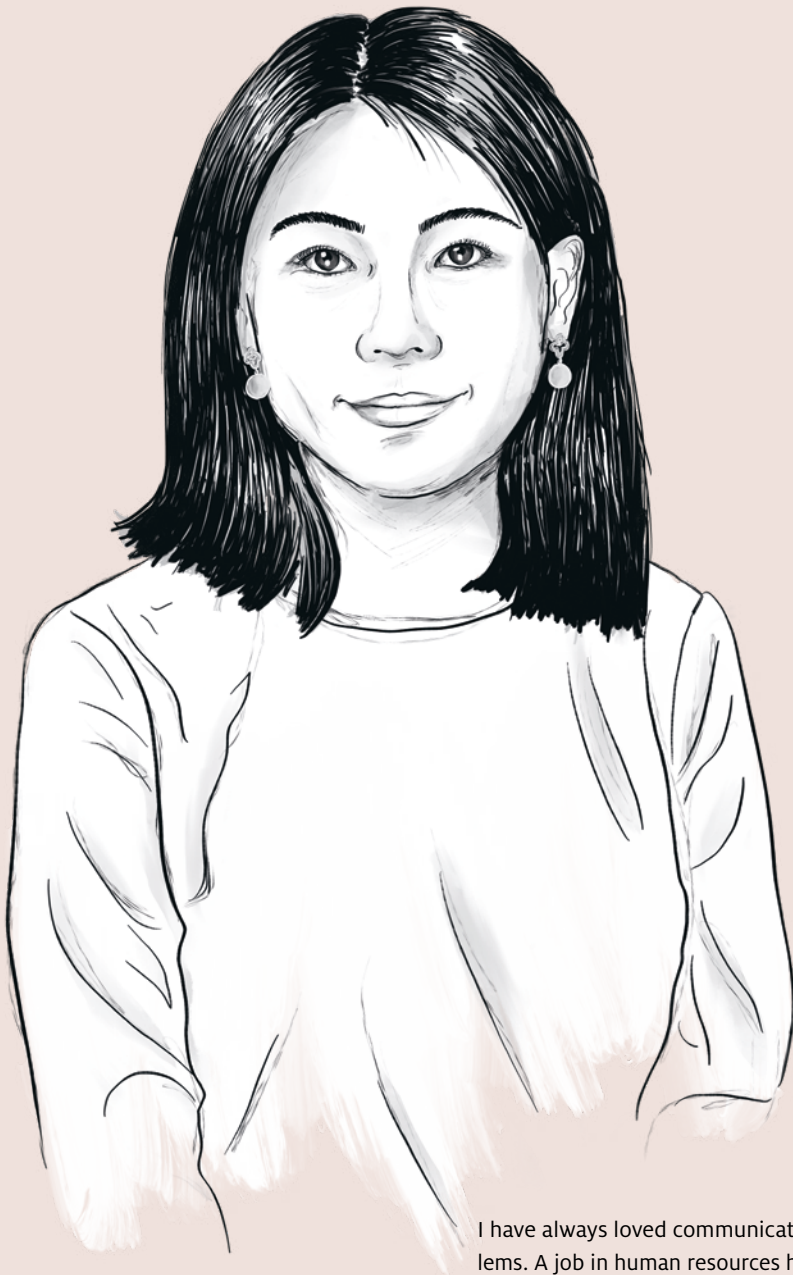
AGE 40

FAMILY STATUS / CHILDREN married, two children

PLACE OF BIRTH Longeville-Lès-Metz, France

HOMETOWN Rennes, France





Symrise, China

Lucia Ye

AGE 42

FAMILY STATUS / CHILDREN married, one child

PLACE OF BIRTH Shanghai, China

HOMETOWN Shanghai, China

I have always loved communicating with different people and helping them solve problems. A job in human resources has always been and still is the right place for me to do just that. After my first job with a consulting company, I started working at Symrise as an executive in the Human Resources department in 2003. I didn't know the company but was quickly fascinated by the creative and unique industry. In addition, it was an especially exciting moment since at that time both predecessor companies Dragoco and Haarmann & Reimer were merging to become Symrise. Of course, this merger was a big challenge for the HR department, too. Over the years, I was able to keep developing, step by step. I have now been promoted to HR Business Partner for the Flavor division and Corporate Services, and I coordinate human resources work with management to align with the corporate strategy. The job can also mean a lot of stress, as was the case a few years ago, when two of my colleagues had to miss work for a long period of time and I had to take over a whole series of different tasks. But with the help of my team and my supervisors, we managed.



I already liked chemistry when I was seven years old. My interest came from my oldest brother, who was a chemical engineer. That's why I chose to study the subject and then went straight on to complete an internship at one of the predecessor companies of Symrise. The company was known as a particularly good employer in my city, Monterrey. This proved to be the case for me, and that's why I've been working here for 29 years. I have held a number of different positions in the company and am now a manager in the process monitoring laboratory, which I have led since 2007. We assess the quality of intermediate and end products, improve them and ensure the quality of processes. I faced my biggest challenge fifteen years ago, when I moved from the laboratory to the production area. That created a whole new kind of pressure. But by working with my team and with the support of my supervisors, I was able to get everything done. No one is on their own here – and I believe this is one of the company's greatest strengths.



Symrise, Mexico

Victoria Ramirez Tellez

AGE 51

FAMILY STATUS / CHILDREN married, three daughters

PLACE OF BIRTH Monterrey, Mexico

HOMETOWN Monterrey, Mexico

Symrise, Germany

Norbert Kahmann

AGE 56

FAMILY STATUS / CHILDREN married, two children

PLACE OF BIRTH Holzminden, Germany

HOMETOWN Holzminden, Germany


At Symrise I was a mechanic and truck driver; I worked in shipping and in plant safety. Today I work in the regulatory area for kosher and halal certification. That sounds like a colorful career, and it is. I have always seen change as an opportunity and not a nuisance. And in the 34 years that I've worked at the company, there have been many, many changes – some of which even made several of my jobs superfluous, and which sometimes weren't necessarily a step up. Still, the company, my supervisors, and HR always believed that we would find a job for me – and we worked together to find something that was right on both sides. The biggest step was moving to Regulatory. After completing an additional training as a TPM coordinator, the changes in the production area were implemented together with the production

teams. My job was to create the framework for integrating kosher and halal certified products into the normal development and production process. It worked, and the standards that we set must now be met across the entire industry. Moreover, in 2018 we were singled out by IFANCA, the largest private halal certifier worldwide, as their company of the year. What was remarkable in achieving this was that Symrise gave me carte blanche to implement the system I had developed. That much freedom and trust is definitely unusual.

Symrise, India

G. Lakshmanan

AGE 50

FAMILY STATUS / CHILDREN married, one son and one daughter

PLACE OF BIRTH Kallapadi, Tamil Nadu, India

HOMETOWN Chennai, Tamil Nadu, India

Twenty-three years ago, I applied to Symrise without any professional training because I wanted to work in an internationally active company and start a career. Today, I am an Assistant Manager in the Customer Service department at Symrise in India. In order to work my way up to this position, I had to learn a lot. But the company also really supported me in making my career by continuously performing on an outstanding level.

I started working for the Group as a forklift driver but soon stood out for my work in the warehouse and in logistics. I then had the opportunity to develop my skills further and worked my way up to becoming a warehouse worker. The shift to customer service in 2015 was a turning point in my career. Here, I support the sales and marketing team in the Scent & Care segment. For me, the job means taking on more responsibility, which also means that I am in direct contact with our customers. At the beginning, that was a real challenge. But I got through it with the support of my supervisor and coworkers, and am just as proud of this achievement as I am in receiving the “Best Employee” award in 2014. This title means a lot to me and gives me tremendous motivation to stay engaged.



Continuing education? As important as ever!

Digitization and demographic change are just two of the issues that Symrise is aiming to address with its strengthened programs in continuing education and professional development. In this interview, Dr. Iñigo Natzel (Corporate Vice President Group Human Resources) explains how careers can work long-term in the company and why structured forms of knowledge transfer are so important for this to happen.

DR. NATZEL, WHAT ARE THE BIGGEST CHALLENGES FOR SYMRISE IN TERMS OF HUMAN RESOURCES?

The speed of transformation in our world has increased enormously. The changes are tremendous – just look at the challenges and opportunities, that come with digitization. We need to get our employees ready. If we don't support this as a company, we will fall behind.

WHAT OTHER ISSUES NEED TO BE ADDRESSED?

We are currently facing and will continue to be faced with demographic change to an ever greater degree over the medium term, in Germany and many other countries. The proportion of employees who are older than 50 has constantly increased over the last five years. On the one hand, that's a great thing, since we have loyal employees who stay with us for a long time and contribute their experience to our organization. At the same time, it also means that we must invest in the knowledge of these employees and actively support them so that they can keep pace. We are also developing a platform with which we can transfer know-how to younger employees, and on which we are documenting our guidelines and



processes. Moreover, around 125 employees are working outside of their home country seconded into our various countries for a number of years for transferring knowledge. This ensures that there is a great deal of international exchange in the Group.

HOW DO YOU BRING YOUNG, NEW EMPLOYEES INTO THE COMPANY?

Symrise is investing more and more in recruitment – one reason being that competition for the smartest and most capable employees has become harder at a lot of sites. In Germany alone, for instance, in addition to a large number of trainees, we also have 120 students completing a bachelor's or master's degree while working at Symrise. Several students often stay with the company after completing their studies. Investment in young, new employees has also ensured that the number of employees who work at the company for less than ten years has increased. In other words, we are constantly getting younger. At the same time, we need to keep expanding our continuing education efforts. This is more important than ever if we want to ensure our employees' knowledge stays up to date, to get people thinking more innovatively and to prepare people for management.

CAN YOU PUT THESE EFFORTS INTO NUMBERS?

In 2018, we spent around € 3.5 million on continuing training and education. Every employee participated on average in 3.7 days of training. The working time costs the company an average of around another € 1,000 per employee. But it is all worth it. We are happy to invest in education, and this can be seen in the approximately 650 assessments that were completed last year. With these assessments, we surveyed employees' strengths in order to be able to advance the development of their individual careers. For us, one thing is always clear: Employees must be ready to change and develop, and we as a company must guide and support this process.



Favorite Fragrance

In Provence, France, Symrise is supporting the CRIEPPAM research institute and local farmers in expanding the sustainable cultivation of lavender. The project ensures biodiversity in the region and simultaneously ensures supplies for perfumery applications. And one particularly special result of the project is a unique new species of the plant: white lavender.



»THE FIRST PERFUMES THAT I REMEMBER SMELLING AS A CHILD HAD LAVENDER AS ONE OF THE TOP NOTES. IT'S A FOND MEMORY FOR ME.«

Aliénor Massenet, Senior Perfumer at Symrise

When the sun is in just the right spot in mid-July, in the early evening or around 8 a.m. in the morning, the fields in Provence appear to glow with every shade of bluish purple. Surrounded by gray roads, light brown soil, green grass and red-roofed houses, the lavender and lavandin can be seen in all their glory just before the harvest. The Labiatae, which dominate the region like no other plant, have been cultivated here for hundreds of years and are now managed by more than 2,000 small- and medium-sized companies. The plants are popular throughout France and well beyond: as fresh and dried bunches sewn into small sacks to distribute their unique scent, as seasoning for foods and as taste nuances in traditional honey.



But a majority of the harvest goes to the fragrance industry – the popular lavandin as a natural ingredient in soaps and in detergent fragrances and the elegant lavender oil as an important component in the finest perfumes. Lavender is also what has brought Aliénor Massenet from Paris to Ferrassières today, a village with 110 residents, 80 kilometers east of Avignon. The Senior Perfumer, who has been creating the finest fragrances for the past 25 years, comes to a stop just inside the limits of the city. She wants to look around, but first has to walk along the dry, stony ground for a few minutes, past all the breathtaking purple. “The first perfumes that I remember smelling as a child had lavender as one of the top notes,” she says, occasionally caressing the blossoms with her hands and catching the scent of the plants. “It’s a fond memory for me.”

MORE DIVERSITY WITH WHITE LAVENDER

The scent also accompanies Aliénor in her work today. “Lavender features fruity and floral notes, but also aromatic savory and herbal nuances.” For her, a visit to Provence is a true experience. She’s familiar with the landscape, but has never been so close. “I’d like to see how the farmers cultivate the plants, how they care for and harvest them, so that I can better understand the product that I process for my compositions.” But today she’s not interested in the bluish-purple variety. Aliénor Massenet comes to a stop. She glances at the field, in which something particularly special is growing: white lavender, which is unique as a raw material in the perfumery world.

“Lavende Angèle” is the name of the new variety. It’s one of the findings of a far-reaching project that Symrise launched in Provence in 2012 and has supported ever since. The idea came about during a visit by the junior talents from the Symrise perfumery school, who wanted to see and, especially, smell the plants in the region.



The young perfumers also visited the independent research institute, Centre Régionalisé Interprofessionnel d'Expérimentation en Plantes à Parfum, Aromatiques et Médicinales (CRIEPPAM), which is located in Manosque, about an hour outside of Ferrassières. "When we visited the greenhouses in which some 150 lavender varieties are cultivated and analyzed, I spotted a plant with white blossoms," says Béatrice Favre-Bulle, Senior Vice President Perfumery Excellence & Sustainability, who is also standing on the field in Provence today to view the results. "I thought that was very unusual and interesting and asked if CRIEPPAM would be able to distillate this plant for us in larger numbers." The idea was that a new variety might make it possible to develop new fragrance profiles and greater variety in the range of compositions. "This first distillation was so promising that we decided to continue with the experiment," says Béatrice Favre-Bulle. The company produced small samples in the laboratories in Holzminden, which gave impressive results. "We have developed a new variety exclusively for our Symrise perfumers with a unique olfactory profile. One-of-a-kind and exclusive creations can be developed for our customers with this new natural fragrance."



»WE HAVE DEVELOPED A NEW VARIETY EXCLUSIVELY FOR OUR SYMRISE PERFUMERS WITH A UNIQUE OLFACTORY PROFILE. ONE-OF-A-KIND AND EXCLUSIVE CREATIONS CAN BE DEVELOPED FOR OUR CUSTOMERS WITH THIS NEW NATURAL FRAGRANCE.«

Béatrice Favre-Bulle,
Senior Vice President Perfumery Excellence & Sustainability

PLANTS HAVE INCREASED RESISTANCE

Bert Candaele is responsible for the project on CRIEPPAM's side. Commissioned by Symrise, the head of the research institute and his employees bred the white lavender and in the process helped to find a farmer for the cultivation. Rudy Usseglio, who is also the Chairman of the research institute, provided around 8,000 m² of land out of his 350 hectares for the project. Today, the two of them are in the field inspecting the plants with Béatrice Favre-Bulle and Aliénor Massenet, discussing the soil and options for improving cultivation. And their work goes far beyond the discovery of new varieties. "For example, we try out a variety of approaches in our laboratories and on our testing fields to make the plants more resistant to the stolbur phytoplasma bacterium. It's transmitted by tiny cicadas and has led to a decline in the region's harvest in recent years," says the scientist. "We also want to improve plant growth and the quality of the oil produced by the distilleries on behalf of customers such as Symrise." For example, the rows of plants, which are straight as an arrow, need to be freed of weeds to the highest degree possible using agroecological methods, as these otherwise end up in the distillation process following harvest and can thus change the profile of the lavender oil. To minimize erosion, the scientists plant a variety of other species between the rows to secure the valuable soil and hold it in place. "They also help keep cicadas at bay, which transmit the bacterium to the plants. The use of pesticides is not possible due to the bees that pollinate the lavender," explains Candaele. CRIEPPAM lays out dozens of test rows to determine the best cultivation options and applies the findings to Rudy Usseglio's field. "I think it's really exciting, because it gives me the opportunity to try out new methods that I could possibly apply to other lavender varieties," says the farmer, who, like many larger companies, operates his own distillery. "I also get to learn a great deal about the customers' requirements, which I can then apply to my work."





With dozens of test rows, the research institute CRIEPPAM is testing different techniques to cultivate lavender and other plants. In doing so, Bert Candaele and his team are developing scientific approaches for greater sustainability for farmers in Provence.

50%

of the global lavender harvest and an impressive 90% of lavandin come from Provence.

»WE TRY OUT A VARIETY OF APPROACHES IN OUR LABORATORIES AND ON OUR TESTING FIELDS TO MAKE THE PLANTS MORE RESISTANT TO THE STOLBUR PHYTOPLASMA BACTERIUM.«

Bert Candaele,
Head of the Research Institute CRIEPPAM

More than

2,000

farmers cultivate lavender and lavandin in Provence.

30%

less steam is used during the distillation process, as the optimized Espieur harvester only removes the blossoms of the lavender, resulting in less material to be processed.

QUALITY AND BIODIVERSITY INCREASE

Another aspect that's increasingly important is protecting biodiversity – and, most importantly, the bees. Hundreds of thousands of insects fly from blossom to blossom on a single hectare, as can be seen everywhere on the fields surrounding Ferrassières. Too many of them have already been killed by the machines during automated harvesting. That has led to a permanent decline in the population – especially because the bees are already in considerable danger due to the decline in biodiversity in recent years. A harvester developed by CRIEPPAM represents a solution. A specially created pipe placed in front of the cutting tool ensures that the number of bees that die during the harvest is reduced by 50%. That's a huge step for the industry, and is just the beginning. At the same time, the "Espieur" – as the machine is called – only removes the top third of the plants, meaning the blossoms without the stems. As a result, less material needs to be transported to the distilleries, thus reducing the diesel costs associated with transport. "Because less raw material needs to be processed, the distilleries require nearly a third less steam for distillation and thus less energy for production. And if nothing else, this increases the quality of the oil, as the most important components are primarily found in the blossoms," says Bert Candaele, who also advises the system operators on the processes. The results of this collaboration include improved energy recovery through the use of heat exchangers or closed cooling circuits, which reduce water consumption by half.

For Béatrice Favre-Bulle, another element is the CENSO initiative, which awards a certificate for the sustainable cultivation of lavandin on behalf of the French government. The Symrise perfume expert is jointly responsible for the fact that for years the company, one of the first fragrance manufacturers to use CENSO-certified raw materials, has achieved products of espieur quality since introducing them. "As is the case with many other natural substances, the cultivation of lavender can only continue to work at this volume over the long term if it becomes more sustainable," says the Symrise perfume expert, smelling a few of the white blossoms. "We're doing our part to ensure that we can use this traditional raw material in the future as well."

Cracking the Code of Naturalness



Consumers are increasingly demanding natural foods that consist of sustainably cultivated and gently processed ingredients. This is especially the case for products that the food industry produces, says Heinrich Schaper, Symrise Executive Board member responsible for the Flavor segment. In the following interview, he explains why the company has developed a “code of nature®” and how it is using this platform to deliver against consumer expectations and market shifts.

MR. SCHAPER, EVERYONE IS TALKING ABOUT NATURALNESS WHEN IT COMES TO FOOD. FROM YOUR POINT OF VIEW, WHAT IMPACT DOES THIS HAVE ON THE FOOD INDUSTRY?

The trend is actually toward more naturalness in all areas. This is a comprehensive movement touching on topics such as transparency, sustainability and traceability.

That’s why Symrise develops natural taste solutions for the food industry: We have carried out comprehensive research programs to analyze nature and the flavoring substances it offers – “cracking their code,” if you will, and making them available for food and beverages in a way that conserves resources.

Transparency and traceability are particularly important to us. Thanks to our vertically integrated value chain, we know exactly which ingredients come from where and in which products they are used. This enables us to positively influence the quality of our products starting at the source – for example, when we discuss

with our onion farmers which varieties are to be cultivated and which resource-conserving agricultural methods are used, in order to maximize good taste. Our customers in the food and beverage industry can rest assured that Symrise products not only deliver great taste experiences, but also that they do so in a traceable, transparent way, in harmony with nature.

“code of nature®” is thus our all-encompassing promise for authentic taste, with traceable, natural ingredients that are processed in the gentlest way to satisfy our customers and their consumers.

GIVEN THE MANY APPLICATIONS IN THE FOOD INDUSTRY, THIS SOUNDS QUITE COMPLEX.

Our products are used in thousands of foods and beverages, for example, in vanilla yogurts, orange sodas, chips or soups and sauces. Meeting consumer tastes for so many different product groups – while using a wide range of natural raw materials and following relevant legislation – is our daily work. And we can’t forget that we are always dealing with nature: With so many raw materials, it is difficult to always get the same quality at the right time. Harvests depend on the weather, soil conditions, and the cultivation methods used. Thanks to our deep understanding of nature and its raw materials, as well as the appropriate preparation methods, we can guarantee consistent quality despite all these differences. The consumer can count on their favorite ice cream with natural vanilla always having the same delicious taste.

DOES NATURALNESS ACTUALLY HAVE THE SAME DEFINITION WORLDWIDE?

Many people surely imagine something similar when they think of it: For example, a purchase at the weekly market where you buy many fresh products that you then cook yourself. Or a food producer who collects their harvest in the field next to their shop. To better understand these approaches, we have developed a strategic platform that we call “code of nature®”. We offer natural products on this platform – which is increasingly becoming the standard for us. But we also go much further: With this platform, we are cracking the code of the conditions, as it were, under which we can produce natural, transparent and honest products for the food industry.



HOW DO YOU MAKE THAT HAPPEN?

We constantly combine the results of our worldwide market surveys with the latest findings from our own scientific research. We can thus combine our understanding of consumers with the most suitable manufacturing method for each raw material to develop natural taste solutions that meet consumer needs in the most modern, sustainable way. We have developed four guiding principles for the “code of nature®” that are valid worldwide. Their respective weighting may sometimes vary according to region and product category, but our comprehensive commitment to naturalness remains the same.

CAN YOU BRIEFLY DESCRIBE THE FOUR PILLARS?

“Best Naturals” – the best natural raw materials – summarizes our respectful purchasing and the use of rich natural ingredients, which we obtain from partners with whom we have been working in trusting partnerships for many years. “Applied Science” means that we process raw materials as mildly and naturally as possible, in constantly improving, gentle manufacturing processes. “Transparency” describes our approach to being a leader in advising and supporting our clients with tailored solutions that often go beyond current market standards. And, last but not least, we are “Consumer Driven.” Because all our efforts begin with consumers and understanding their expectations, we can create value for our customers and make products that truly delight their consumers.

HOW DO YOU IMAGINE THAT HAPPENING?

No matter in which region of the world our customers and their consumers are found, we are able to meet the most diverse requirements thanks to our teams of experts. We do this, for example, by meeting certain religious requirements or nutritional preferences. Take vanilla, for example: Alcohol is typically used in vanilla extraction. However, it is prohibited in the manufacture of halal products for Muslim consumers. We have thus developed an alternative manufacturing process that extracts the same rich vanilla flavor without the use of alcohol. We also obtain this vanilla from our sustainable cultivation cooperation in Madagascar, which in turn benefits local farmers.

SO IT'S ALWAYS ABOUT COVERING ALL OF THE PILLARS?

The best raw materials, gentle manufacturing processes, transparency and consumer benefit play a big role in all our activities. This also applies, for example, to the topic of “proteins” – more and more people want to reduce their meat consumption. Our researchers, flavorists, food technicians and chefs are developing natural taste solutions for products based on plant proteins. The starting materials from peas, soy or rice often have taste defi-

ciencies that our experts can correct, by giving meat-free or low-meat foods a taste, consistency and appearance that meet consumers' preferences. The ingredients used in this process are natural and traceable. We make use of nature's rich repertoire and employ the most suitable, gentle manufacturing process for each raw material.

YOU MENTIONED GLOBAL DIVERSITY: HOW MUCH DO LAWS AND REGULATIONS AFFECT YOUR WORK?

The number of legal regulations around the world is constantly growing. Strict rules apply to natural flavors. For all declarations, illustrations of ingredients on packaging or the labeling of individual food ingredients, we have to find tailor-made solutions depending on the product category and country. Because of this complexity, our customers value the understanding of food law and the advice on it that Symrise has to offer them. To ensure this for all our companies worldwide, we have set up our regulatory department on a global scale. But we also provide this service directly to our customers, many of whom are uncertain as to what they may use in products and how they must label what.

SO, YOU OPERATE AT THE INTERSECTION OF POLITICS, SOCIETY, CONSUMER DEMANDS AND RESEARCH?

Yes, exactly. These different aspects must be combined and taken into account, for example, within the framework of legislation aimed at the well-being of consumers. That's why Symrise Flavor is a member of a committee to reduce sugar, salt and fat, for example. In Germany, an agreement was only recently reached to reduce the sugar content in drinks and in children's breakfast cereals as well as the salt content in frozen pizzas. In order to achieve the same taste as before, it is now up to us to reformulate the recipes. We can draw on our many years of expertise in the area of optimizing taste. For example, without adding sweeteners, we can balance taste profiles so that the products still taste sweet. Our flavors can balance 30 to 40% of the reduced sugar taste. These substances come from natural sources – making them, too, part of our "code of nature®".



BEST NATURALS



APPLIED SCIENCE



TRANSPARENCY



CONSUMER DRIVEN

**THE FOUR PILLARS OF
NATURALNESS SERVE AS THE FOUNDATION
FOR TASTE SOLUTIONS**



Good Investments

For years, Symrise has been investing worldwide in production sites and development centers, and in logistics, marketing and sales departments.

NOV
2017

DEC
2017

Eleven examples of openings, operational launches or plans from 2018 and 2019 show where the Group is carefully, powerfully and sustainably increasing its own resources.



€8 million

WHEN May 2018

WHERE Shanghai/China

WHAT Development center for perfume compositions

China is one of the most important sales markets for Symrise. At its site in Shanghai, the company has opened a new creative center with an investment of € 8 million in which experienced perfumers annually develop nearly 9,000 different scents for the Chinese market. In addition to creation, the site offers the market researchers plenty of space to work. Moreover, the Group has set up application labs for customer proofs, test rooms for hair care and home care products and rooms for consumer tests.



€10 million

WHEN March 2018

WHERE Elven/France

WHAT Production site for Diana Pet Food

Diana Pet Food is a worldwide leader when it comes to ingredients for pet food that make the food especially delicious and nutritious. The company has continued to build on this position by expanding production at its site in Elven, France. At the site, Diana Pet Foods develops and produces sensory and functional ingredients that can be delivered from France to numerous European markets.



€7 million

WHEN June 2018

WHERE Cervera/Spain

WHAT Production site for Diana Pet Food

The demand for pet food is growing in southern Europe, too. In order to serve these markets, Diana has built a new production site in Cervera, Spain. With an investment of € 7 million, the company is massively expanding its production capacity in the region. The plant has been constructed according to the latest standards. The company is designing its energy supply to be sustainable, avoiding waste and decreasing wastewater and emissions.

€ 20 million

WHEN August 2018

WHERE Charleston/USA

WHAT Production site for cosmetic ingredients

In Charleston, Symrise has manufactured products such as menthols and cosmetic ingredients for some time. Now, the company has begun operating an additional area of production focused on the processing of substances from renewable raw materials. These ingredients are currently trending and meet the demands of today's customers and consumers. Hydrolite® 5 is a great example of this. The cosmetic ingredient is produced from a byproduct from sugarcane.



JUL
2018

AUG
2018

SEP
2018

OCT
2018

NOV
2018

DEC
2018



€ 10 million

WHEN August 2018

WHERE Holzminden/Germany

WHAT Aroma Molecules: Production site for cooling substances

Substances that cool the skin are increasingly being used in products for personal care. Symrise has been taking a leading role in this rapidly expanding market for years, constantly adjusting its portfolio to meet market requirements and developing new, innovative products. To be able to produce the growing volumes, the company is investing € 10 million in a new production site.

€ 10 million

WHEN October 2018

WHERE Branchburg/USA

WHAT Spray drying plant for flavors

In Branchburg, Symrise is building a new production site for flavors, investing € 10 million. This includes a spray drying plant that meets the latest technological standards. The production technology was developed in the company's headquarters in Holzminden and has now been rolled out worldwide. After Asia and Latin America, flavors can now also be processed locally in the growing US market with the most recent generation of spray drying technology.

€ 50 million

WHEN October 2018

WHERE Banks County/USA

WHAT Production, Diana Food

In Banks County in the US state of Georgia, Symrise has opened a plant for high-quality natural food ingredients. Costing € 50 million, the company's site meets the highest standards for technology and sustainability. At the site, 50 employees produce products for the food ingredients application area in particular, but also for flavors and pet food. The site will continue to be expanded through 2020. By then, 100 employees are expected to work there. In the region, which is characterized by agriculture, Symrise will also continue to develop the backward integration of natural raw materials.



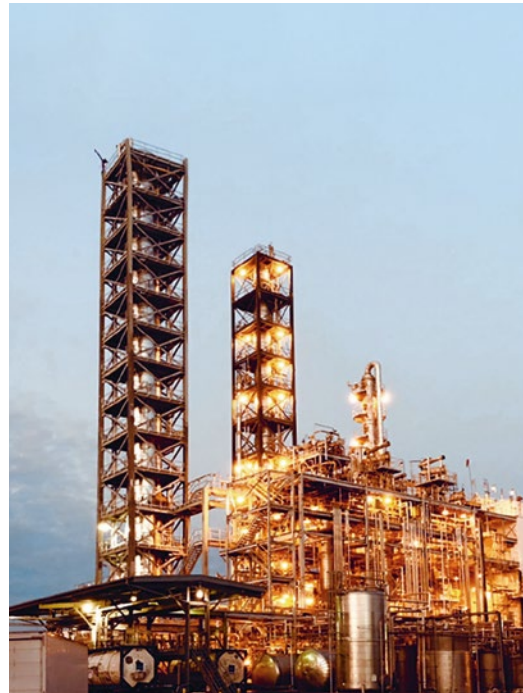
€ 30 million

WHEN January/February 2019

WHERE Charleston/USA

WHAT Menthols production

In South Carolina, Symrise is doubling its production capacity for menthols. The company is thereby further expanding its leading position for this product worldwide and ensuring reliable supply security at a consistently high quality. The outlook is good. Demand for high-quality menthol products, in particular for dental and personal care, has been growing constantly for years. Symrise has been producing the nature-identical L-menthols since 1974.



JAN
2019

FEB
2019

MAR
2019

APR
2019

MAY
2019

JUN
2019

€ 15 million

WHEN April 2019

WHERE Holzminden/Germany

WHAT Production for fragrance compositions and encapsulation technology

Higher productivity, larger production volumes and more peace and quiet for the neighbors: The € 15 million investment in fragrance manufacturing in Holzminden is providing benefits on multiple levels. Symrise has expanded an existing production site with a new three-part building. This building houses facilities for encapsulation technology and mixing, for example of perfume oils for the home care and beauty care industry. At the same time, the company has improved and expanded its infrastructure in this area – making it more sustainable. Around 200,000 containers used to be transported by land in trucks, but these are now delivered via conveyor belts in a logistics tunnel. Since this produces a much lower level of noise, it is now possible to carry out three-shift operations even on the weekend. This significantly increases productivity.



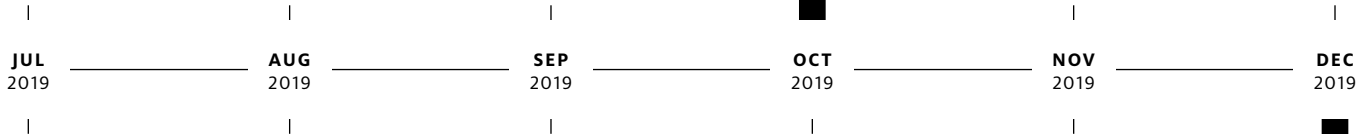
€ 10 million

WHEN Fourth quarter of 2019

WHERE Holzminden/Germany

WHAT Logistics center

Symrise is building a new logistics center at its headquarters in Holzminden. It will become operational in the fourth quarter of 2019. The company is building the transshipment center in a new industrial area right outside the city limits, which will significantly reduce truck traffic in the city center. One reason for the expansion is economic success. Demand is experiencing dynamic growth, which means that Symrise needs to transport more and more products. At the beginning of 2018, the Group set up an additional logistics area in the Port of Hamburg, which will be thoroughly connected with the new center in Holzminden. In addition to economic aspects, the focus is on sustainability, with truck emissions being significantly reduced through optimized logistics management.



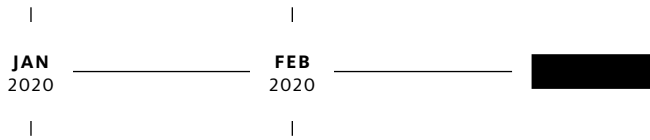
€ 50 million

WHEN December 2019

WHERE Nantong/China

WHAT Production of fragrances and flavors

Symrise has had a production site in Shanghai since 1982, in an industrial area at the edge of the city. Now, the Group is investing € 50 million in another, completely new site in Nantong, located one hour from the metropolis. The company is thereby expanding its capacity and significantly increasing production. The company's entire know-how on technologies and processes is being pooled at the plant. This also includes sustainability measures such as its cutting-edge and environmentally friendly exhaust and wastewater treatment. The company is not giving up its existing site, either. Research and development for flavors and scents will remain there, as well as the offices for marketing and sales.



Identifying New Business Applications for Side Streams

One third of global agricultural production today is lost or wasted along the food chain, and many natural resources are not consistently used in food production. Diana has significant experience in turning these valuable ingredients into equally valuable products. In this interview, Diana Nova Scientific & Innovation Director Denis Guyonnet and Diana Food Environmental Project Manager Thierry Lenice explain the innovations possible with these byproducts – and how business opportunities can be generated for all Symrise business divisions.



MR GUYONNET, WHAT IS THE VALUE OF RESIDUAL PRODUCTS AND BYPRODUCTS FROM FOOD PRODUCTION?

DENIS GUYONNET: The 1.3 billion tons of food not consumed by humans are a rich source of food products. These byproducts still contain many nutrients such as proteins, antioxidants, minerals, fiber or other micronutrients, which are valuable from a nutritional point of view. For example, the production of our banana purees, flakes and powder – which are used in baby food and other products – generates around 22,000 tons of banana peels a year, which still contain a lot of dietary fiber and health-promoting substances. If we extract and recycle these and many other natural ingredients, it will have a positive impact on the environment. In this way, we contribute to the conservation of natural resources while also creating new markets and economic advantages for our company.

WHAT DOES THAT MEAN FOR THE WORK OF DIANA FOOD?

THIERRY LENICE: Most byproducts from food production are now composted, used for energy production or as animal feed. We are now trying to identify the valuable components, consider how we can extract and stabilize them during the manufacturing process and transform them into products for humans, pets or aquaculture. For example, in fruit and vegetable production, a third of the harvest is lost because it does not meet aesthetic retail criteria, which set strict specifications regarding shape, weight and size. We can use these raw materials, as well as residual material such as skins, peels, seeds or flesh, for new products.

Around 22,000 tons of banana peel are left over each year from the production of banana purees, flakes and powder.



HOW CAN THESE IDEAS BE TRANSFERRED TO INDUSTRIAL USE?

GUYONNET: We need to find the most suitable industrial processes for the raw materials because each has its own particular characteristics and industrial constraints. That's why working with a variety of partners including scientists, technology start-ups, food companies and our in-house experts, is crucial.

HOW DO YOU IDENTIFY THESE METHODS?

GUYONNET: We have to think outside the box in order to find new ways of recycling. Our open innovation strategy enables us to test disruptive approaches with various external partners. In June 2018, we organized an Open Innovation Day with the motto "The Future of Waste" with the start-up company SoScience, which specializes in responsible innovation for the European Commission, among other things, at which 53 experts from 47 organizations and ten countries participated. The conference focused on the challenges of discussing new business opportunities from the industrial use of fruit and vegetable waste. Subsequently, two concrete projects on fruit byproducts were launched in collaboration with Diana Food.

DO YOU ALSO WORK DIRECTLY WITH UNIVERSITIES?

GUYONNET: Yes. For example, in a five-year research program that Diana launched in April 2018 with Professor Yves Desjardins and other researchers from the Laval University in Québec. This project investigates the effects of fruit and vegetable polyphenols on human gut microbiota, since some polyphenols, especially those with a polymerized structure, can be considered prebiotic, i.e. they stimulate "good" intestinal bacteria. The program examines three important Diana Food byproducts (banana peels, strawberry seeds and onion peels). One of the most important challenges will be to find the process to properly extract these compounds, study their biological effects and develop an end product.

HOW BIG IS THE POTENTIAL AT DIANA FOOD?

LENICE: Our plants process more than 80 raw materials. Ideally, we can utilize manufacturing byproducts in a way that allows us to eventually achieve 100% upcycling. Our first goal in this process is to continue to use the valuable ingredients in food for human nutrition. Of course, this includes substances that can positively influence taste or texture.

GUYONNET: There is incredible potential because the Symrise divisions use so many different raw materials. Depending on the products, we will use these raw materials for human nutrition, pet food, aquaculture or for cosmetic ingredients. It is also likely that a byproduct can be upgraded for different applications as we rarely use the entire material for a single purpose.

A Green Jack-of-all-Trades

Symrise has been selling the cosmetic ingredient Hydrolite® 5 for more than 25 years. Hydrolite® 5, pentylene glycol, is used in numerous applications to moisturize the skin, enhance the efficacy of ingredients and improve the appearance, consistency and protection of the product itself. Now, the company has developed Hydrolite® 5 green, which can do all the same things, but the ingredient is natural-based and sustainable. It is made from a by-product generated in producing sugar from sugar cane.

The ingredient Hydrolite® 5 green is made from a by-product generated in producing sugar from sugar cane.



**»OUR HYDROLITE® 5 IS A
VERSATILE INGREDIENT FOR
THE COSMETIC INDUSTRY.«**

Yohanna Sander,
Global Senior Product Manager Micro Protection

Natural ingredients for cosmetic products are trending. More and more cosmetics producers are responding to the wishes of their customers by using raw materials and ingredients that come from nature and can be sustainably cultivated and harvested. "According to 'Persistence Market Research,' the global market value for natural and organic personal care is expected to reach 22 billion USD by 2024," says Yohanna Sander in estimating the gigantic market, which is also very important for Symrise. For Sander, Global Senior Product Manager Micro Protection in the Cosmetic Ingredients Division and leading the Hydrolite®-5-Projekt, one way to meet this demand is through research into new ingredients from nature.

An example is Hydrolite® 5 green, which was introduced on the personal care market in September 2018. The ingredient is an alternative for the successful product that Symrise has been selling for 25 years. "Our Hydrolite® 5 is a versatile ingredient for the cos-

metic industry," explains Yohanna Sander, who has been working for Symrise since 2017. Cosmetics companies use pentylene glycol, for skin to hair care. This multifunctional, transparent ingredient moisturizes, improves the sensory profile of formulations and the efficacy of active ingredients, and enhances the product protection system of cosmetic formulations.

The 'green' successor performs as good as the classical version but with a natural and renewable source, which makes all the difference. Symrise researchers worked together with the Leibniz Institute for Catalysis at the University of Rostock on the development of the molecule: a pure, odorless, colorless, natural-based pentylene glycol with multifunctional properties. "In reality, this process is very complex. It is significantly more difficult to replace a chemical molecule with a natural molecule than the other way around, especially when this must work on an industrial scale," says Yohanna Sander in explaining the challenge that the research team faced, as they carried out the planning, laboratory work, pilot production and manufacturing.

Among many raw material candidates, sugar cane – which generates a by-product called bagasse when it is processed to produce sugar – stood out. Bagasse mainly consists of cellulose and sugars. It is often immediately burned in sugar factories in order to produce energy, used in the paper industry or employed – after additional processing – as animal feed. "Through a multi-step process, we finally developed the right product," says Yohanna Sander. This also included a COSMOS certification, which is issued for natural and organic cosmetics on the basis of strict criteria. Sander is sure that Hydrolite® 5 green will replace the older ingredient sooner or later. "The trend will continue – and we will drive it forward by developing as many molecules as possible with natural raw materials and processes."



The raw sulfate
terpentine oil is
produced from the
industrial process-
ing of pine.

A Pioneering Achievement

Until now, only paper and wood products had been certified with the globally recognized FSC certificate for protecting forests. In a joint project with one major customer, L'Oréal, Symrise has now become the first company ever to receive this certification for a liquid raw material: the raw sulfate turpentine oil, a by-product from the paper industry that is used in numerous fragrant mixtures.





Turpentine-based ingredients, such as citronellol, geraniol, dihydromyrcenol or linalool, are fundamental in the Perfumer's palette. These raw materials are indeed used in no less than an average of 30% of all Symrise fragrance mixtures sold to its customers. The basis for the material, which Symrise produces in a complex process, is a by-product from the paper industry: the raw sulfate turpentine oil. Turpentine oil is produced from the industrial processing of pine – the trees come from the southeast United States, where they have been grown in certified renewable plantations. Now, Symrise has also bridged the last gap to demonstrate that fragrance products can be proven to be sustainable: “We are the first company in the industry to have our raw sulfate turpentine oil, and hence the products made with it distinguished with the FSC certificate,” says Dale Hobson, a Vice President at Symrise's location in Florida who is responsible for strategic raw materials. It's equally special that a liquid product produced in many ways from wood is being labeled with one of the most well-known certificates. “The Forest Stewardship Council, which was founded in 1993 after the Earth Summit in Rio de Janeiro, only issues its seal if strict criteria have been fulfilled,” Hobson explains. “We are very proud that this succeeded – also because it can mean a positive incentive for the entire industry in the direction of sustainability.” The idea for the project originated in close cooperation with L'Oréal.

»WE ARE THE FIRST COMPANY IN THE INDUSTRY TO HAVE OUR RAW SULFATE TURPENTINE OIL, AND HENCE THE PRODUCTS MADE WITH IT DISTINGUISHED WITH THE FSC CERTIFICATE.«

Dale Hobson,
Vice President, Strategic Materials and Business Development

“The company started a comprehensive sustainability program in 2014 called ‘Sharing Beauty with All’ in order to optimize its own sustainable raw materials supply: By 2020, 100% of renewables will be sustainably sourced or derived from green chemistry,” says Claire Viola, Global Account Director L'Oréal and Symrise S&C Sustainability Board Member, who supervised the certification process for Symrise. “We have been a partner in the ‘Sharing Beauty with All’ program from its genesis. With the FSC project, we have together set out to become pioneers in this industry when it comes to sustainability.”

From the first conversation to the issuance of the certificate, the process lasted two years. “Indeed no one knew how this would work, since there were no precedents,” Dale Hobson says. “Our team in Florida worked together closely with the FSC. We explained to the certifiers how the raw sulfate turpentine oil is produced as a by-product of paper production and how sustainable it is to use this material as the basis for our molecules.” Working together, we also integrated all the stakeholders, such as the paper companies and the owners of the forests, into the project.

„These days, transparency and traceability are some of the newest and most important policies and criteria on the markets. With this FSC certification, we are contributing to improving industry standards for fragrance raw materials – in this case from pines,” says Claire Viola, and she adds, “Symrise has once again proved its strong commitment to sustainable innovation. Through this close collaboration with L'Oréal, Symrise brings value & differentiation to one of its most important customers.”

Awards 2018



Since December 2018, Symrise AG has been a component of the **ECPI® indices**. ECPI analyses the ESG performance (environmental, social, governance) of listed companies and makes indices available to the capital markets in order to better integrate non-financial information into the investment process. ECPI's research currently covers 4,700 companies and 200 government issuers worldwide.



Symrise was once again among the companies to receive an award at the 2018 **BSB Innovation Prize** awards ceremony in Amsterdam. First place in the category "Most Innovative Raw Materials – Functionals" went to our multifunctional ingredient SymGuard®CD for personal care products. The fast-acting antibacterial and biodegradable ingredient protects the consumer's skin and the cosmetic product itself. The ingredient SymControl™Care won second place in the category "Most Innovative Raw Materials – Actives." Extracted from green microalgae, it strengthens the skin barrier, makes skin look less oily and has a calming effect.



Symrise makes the cut, gaining inclusion yet again in the **ETHIBEL Sustainability Index (ESI) Europe**. The Belgian rating organization's index includes 200 companies that are leaders or pioneers in corporate social responsibility (CSR) in their respective branches.



Once again, in 2018 Symrise received the coveted **Green Company Certificate** given by DQS CFS GmbH/the German Association for Sustainability. The certificate confirms that Symrise fulfills international standards for sustainability and possesses an effective environment management system.



FTSE4Good

The **FTSE4Good index** includes the securities of companies that are particularly committed to corporate social responsibility (CSR). The Symrise share has been included in the index, which is closely watched by investors, since the end of 2015. At a regular audit in June 2018, Symrise received very good evaluations in numerous categories including the areas of anti-corruption, climate change, corporate governance and occupational health and safety.



... and the winner is: Symrise

Germany's most sustainable large corporation 2019

An ambitious program for climate protection, high levels of engagement in shaping the supply chain and our commitment to preserving biodiversity convinced the jury of the German Sustainability Award: Symrise was honored in December 2018 with first place in the category "Germany's most sustainable large corporation 2019."

"Symrise not only uses its significant influence to secure biologically based raw materials for its own needs. It also supports threatened ecosystems with its comprehensive sustainability management, which has been implemented in all core processes of the company," the jury noted in its decision. "The company realized early on that the need for natural and sustainably produced raw materials is constantly growing, and that these materials are also threatened by climate change and the decline of biodiversity."

Chief Executive Officer Dr. Heinz-Jürgen Bertram represented the entire company and its employees in accepting the German Sustainability Award at a gala ceremony in Düsseldorf from Federal Minister for the Environment Svenja Schulze. "We are delighted to win this award and are proud of what we have achieved and the special recognition this has drawn," says Dr. Heinz-Jürgen Bertram. "The honor confirms our strategy and motivates us to continue clearly pursuing our sustainability goals."



Sustainability and responsibility. The way in which our company grows and prospers is crucial for us. We are constantly on the lookout for common and sound solutions where everyone – from the supplier of the raw materials to the customer – is able to profit.

In our sustainability reporting, we comply with the guidelines of the Global Reporting Initiative (GRI) from the version GRI Standards (2016), including the most recent updates of selected indicators from 2018. In doing so, we conform to the highest application level “In accordance – Comprehensive”, which means that we fully account for all the material topics. As an active member of the Global Compact, we adhere to its universal principles for responsible corporate management as well as to the sustainable development goals of the United Nations (SDGs). We plan to work hard to achieve them, so in the following chapter we will put a particular focus on SDGs where we can make the greatest possible contribution and where we have a special responsibility through our business activities.

We have integrated all quantitative and qualitative transparency information, our strategic approach and the management concepts of our material topics into our Sustainability Record in accordance with the GRI and thus meet the REQUIREMENTS OF THE CSR DIRECTIVE IMPLEMENTATION LAW (CSR-RUG) PURSUANT TO SECTION 289B (3) OF THE GERMAN COMMERCIAL CODE (HGB). All information has been externally audited in accordance with the AA1000 Assurance Standard.

Publications on sustainability 2018

Corporate Report



Focus:

- Integrated corporate strategy
- Central non-financial management key figures
- Sustainability management
- Contribution to the Sustainable Development Goals (SDGs)

Sustainability-Record



Focus:

- Non-financial report pursuant to Section 289b (3) of the German Commercial Code (HGB)
- All key figures and information are in accordance with the GRI standards
- Progress report for the Global Compact

Available at

cr2018.symrise.com/sustainability/sustainability-record

85 — Sustainability at Symrise

86 — Global Sustainability Goals as a Compass

90 — Five SDGs in Focus

Highlights 2018

Forward-looking Ambitions and Sustainable Successes

INCREASE IN ECO-EFFICIENCY*

45 **71** **47**

Reduction in CO₂
from 2010–2018
in %

Reduction in COD**
from 2010–2018
in %

Reduction in sensitive
waste from 2010–2018
in %

WORK SAFETY

43

Reduction in MAQ*** from 2013–2018
Achievement of goals
in %

SUSTAINABILITY IN THE SUPPLY CHAIN

90

Share of main suppliers based on procurement volume
rated according to sustainability criteria
in %

ECONOMIC CONTRIBUTION

28.1

Global tax rate 2018
in %

EQUAL REMUNERATION FOR MEN AND WOMEN

Equal pay
for equal
work

Confirmed by a
statistical analysis at
our major sites

AWARDS RECEIVED IN 2018



German
Sustainability Award



EcoVadis



CDP



DQS Green Company



oekom Prime



FTSE4Good

* All figures in terms of value added

** COD = chemical oxygen demand

*** MAQ = work accidents (>1 lost day) x 1 million/working hours

Sustainability at Symrise

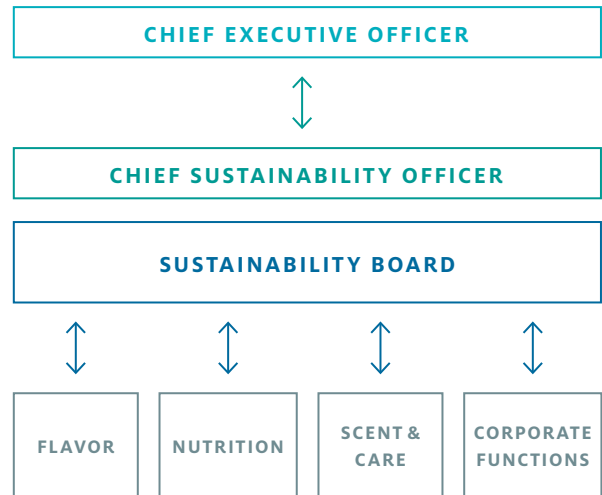
Symrise assumes responsibility that goes beyond the company itself. It takes its customers and consumers, its employees, society and the environment into consideration. Therefore, as an international company, Symrise actively supports the United Nations' Sustainable Development Goals. The 17 global sustainability goals and their 169 subgoals were adopted by all UN member states in 2015 via the "Agenda 2030." The SDGs show how politics, business and private individuals around the world can tackle the major challenges of our time – from resource consumption to global inequalities and climate change. With these goals, the international community has set a course for a more sustainable world by 2030. Companies can make a major contribution to the implementation of SDGs because they influence the environment and society in many ways – from production to distribution of their products, as employers and in cooperation with partners and suppliers along the supply chain. We are aware of this responsibility at Symrise and want to make an effective contribution to the SDGs.

Corporate growth with responsibility

Our corporate strategy is aimed at sustainable, profitable growth. For us, this includes the permanent and robust expansion of our business that constantly considers ecological and social conditions, works toward an increasingly efficient production and maintains a portfolio that helps meet the basic needs of a growing world population. Keeping our core business in mind, we combine our ambitions in the area of sustainability in the four pillars of our sustainability agenda: footprint, innovation, sourcing and care. With this, we combine commercial success with sustainable corporate management and social acceptance. As with our new financial targets until 2025, we have revised and readjusted our sustainability targets in 2018 (see page 86).

Organization and implementation

The Symrise Sustainability Board is the global and cross-business committee that helps consistently align our business model with sustainable management. Under the chairmanship of the Chief Sustainability Officer (CSO), representatives from management come together within this framework multiple times per year to ensure that sustainability-relevant topics and the concerns of our important stakeholder groups are both considered along the entire value chain and anticipated in a way that supports business.



The Sustainability Board sets sustainability objectives, which are then directly implemented in the respective divisions. This is why the Executive Board and the Sustainability Board have appointed sustainability officers for the Flavor, Nutrition and Scent & Care business segments as well one representative each for the staff departments of Human Resources, Finance/ Investor Relations and Corporate Communications. The direct responsibility for strategy lies with the Chief Executive Officer of Symrise AG, who receives regular reports on the progress of all sustainability activities.

We manage sustainability in corporate processes using our Integrated Management System. It is based on the international standards on quality (ISO 9001), environmental protection (ISO 14001), work safety (OHSAS 18001), sustainability (ISO 26000), energy (ISO 50001), social responsibility (SA 8000), the generally accepted audit standards of the Global Food Safety Initiative (GFSI) and other recognized local standards. No matter their division, managers have a particularly important role to play in operationalizing the topic of sustainability in their teams and laying out clear goals. We continuously promote our approach to sustainability through the agreement of specific sustainability objectives for all managers and their integration into individual performance goals. To anchor this topic within the organization and for all employees, we routinely conduct various activities at our sites. For example, during Symrise Sustainability Day, employees present various practical examples of how their respective departments at Symrise initiate and implement sustainable development processes and what role the SDGs play for Symrise.

Global Sustainability Goals as a Compass

The 17 global sustainability goals outline the path that must be taken for sustainable development. At the same time, they provide us with the framework for what we as a company can and must achieve in order to continue to conduct business successfully in the future. Due to

our broad positioning and our multi-layered business model, we ultimately have to keep an eye on all of the goals. However, we are aware that we cannot tackle every goal equally but must focus on those where we can make the most effective contribution.





SDG 1: Symrise is taking a look at its entire supply chain – from local small-scale farmers as raw material suppliers to the end consumer – to find approaches to creating added value that benefit everyone. Together with local partners, sponsoring and support for nonprofit projects, we are making a contribution to **poverty reduction worldwide**.



SDG 2: For **sustainable farming and food security**, we are committed to working in partnership with the direct producers of our raw materials. Through our strategy of backward integration, we can exert direct influence on upstream stages of the value chain in line with our sustainability goals and thus effectively promote the implementation of sustainable cultivation methods for biologically based raw materials from agriculture or forestry, for example. We also aim to achieve maximum raw material efficiency and the avoidance of food waste through the complete recycling of raw materials or the use of secondary products (mostly byproducts from the food industry).



SDG 3: The Occupational health and safety of our employees is particularly important in our industry. Our concept of a zero-accident culture, workshops for managers and regular internal and external audits drive the topic within the company. **Various preventative health measures demonstrate our comprehensive approach to helping employees lead healthier lifestyles.** Prior to hiring new employees, we conduct medical examinations at all our sites worldwide and initiate preventative measures such as vaccinations.



SDG 4: The contribution to **high-quality training and life-long learning** begins, of course, with the employees of Symrise. Through gender-inclusive training sessions and opportunities and workshops for our employees as well as (social) education projects on sustainable agriculture, we impart knowledge and promote learning and education in our supply chain.



SDG 5: At Symrise, we see **diversity** as inherently valuable to our creativity and integrity. The **advancement of women** in management positions is particularly important to us. 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.



SDG 6: We consider the **availability of high-quality fresh water** to be essential for our activities, so we are committed to the efficient use of water and the reduction of wastewater volumes and emissions at our sites around the world. We also provide information locally about the significance of **sustainable water use**. We regularly disclose our commitment and results on the subject of water through the Water Program of the CDP investor initiative.



SDG 7: As a company in a relatively energy-intensive industry, our production is reliant on an **affordable, reliable and sustainable energy supply**. That's why we are constantly working on making our processes more and more efficient. At our locations around the world, we focus on a wide variety of energy-saving measures and promote the use of renewable energies – from solar modules to our own cogeneration plant at our largest company site in Holzminden.



SDG 8: We believe that economic success, sustainability and social acceptance are inextricably linked. The corporate strategy of Symrise therefore incorporates aspects of sustainability at all levels in order to enhance the company's value over the long term, minimize risks and take advantage of new opportunities. We see sustainability as a competitive advantage. For Symrise, sustainable management goes hand in hand with **responsible human resources policy, humane working conditions** and a clear commitment to **human rights**. We also require our suppliers and business partners to comply with these principles.
See **SDG 8, p. 91**.



SDG 9: The **long-term operational safety, environmental efficiency and profitability** of our production facilities are of great importance to Symrise because of its industry. For this purpose, we have defined safety standards that apply to all our production sites worldwide and are regularly reviewed by internal audits and by our subsidiary TESIUM. We also invest in local infrastructure and health care.



SDG 10: Symrise creates equal value for all stakeholders worldwide by integrating the interests of our stakeholders at all levels of the value chain. **Fair remuneration for employees regardless of gender is a matter of course for us**. Through collective agreements in many countries and establishing pay categories, we ensure that **differences in pay for equal work are impossible**.



SDG 11: By promoting economic development in the various communities associated with our production sites in more than 40 countries, Symrise makes an indirect contribution to **sustainable and safe urban spaces**. In our supply chain, we also engage in local social and environmental initiatives – from sustainable food production to improved urban and rural health care.



SDG 12: The **sustainable orientation of our products and processes** is a quality standard that we pursue constantly – and as a matter of course. Through our green chemistry approach, we're constantly further developing existing products and focusing on redesigning and completely overhauling processes using green chemistry and innovative technologies. Our products, which we constantly optimize, are assessed according to their sustainability impact.

See **SDG 12, p. 93**.



SDG 13: As a manufacturing company, Symrise is responsible for **minimizing any negative impacts on the climate**. At our sites around the world, we rely on certified environmental and energy management systems and our own climate strategy. We demonstrate our progress in resource conservation and emission reduction in a number of ways, one of them being our annual participation in the CDP independent investor initiative.

See SDG 13, p. 96.



SDG 14: Since the expansion of our portfolio with the Diana acquisition, **sustainable use of marine resources** has become all the more important to us. We've developed a sustainable approach to feeding fish with more nutritious feed, we do not have to buy additional fish for feed production and we contribute to the conservation of marine resources through various environmental goals and in cooperation with local producers.

See SDG 14, p. 98.



SDG 15: Because we are dependent upon nature's productive energies, the **preservation and sustainable use of biodiversity** represent an existential interest to Symrise. For this reason, we are committed to the responsible sourcing of natural raw materials from sustainable cultivation or sustainable wild harvesting in accordance with internationally recognized biodiversity goals and criteria.

See SDG 15, p. 98.



SDG 16: It goes without saying that we **adhere to the laws of the countries in which we work. Often, our own standards even significantly exceed these laws.** The ethical and legal foundations of everyday working life – from humane working conditions and decent employment to the prevention of corruption and bribery – are laid down in our Code of Conduct and in our actions at every site.



SDG 17: We cannot solve the **global challenges of our time** alone. This is why we increasingly rely on cooperative arrangements within the industry and pre-competitive approaches in which we can work together with our partners from the economy, science and civil society on long-term, viable solutions for sustainable development.

Five SDGs in Focus

For each of the 17 SDGs, there are a number of subgoals that describe the concrete tasks to be tackled. For some issues, political decision-makers are the ones who need to act; for others, companies and civil society in particular are called upon to make a contribution depending on the area where they can make a difference. Based on these, we identified a number of SDGs in the 2018 reporting year for which we at Symrise can achieve a particularly high impact with regard to our business activities and the effects of our actions on the environment and society. Our focus is on cooperation with other partners from business, politics and society to work together to accomplish the tasks ahead.

SDG 8: Decent Work and Economic Growth

SDG 8 aims at sustainable and inclusive economic growth with full employment under humane working conditions. In addition to measures to end forced labor, slavery and human trafficking, equal employment conditions are to be made available to young people, women and people with disabilities in particular, and workers' rights are to be strengthened worldwide. Economic growth and negative environmental impacts must be uncoupled wherever possible.

As an internationally active company, Symrise has great leverage over the working conditions of its employees, partners and suppliers along the entire value chain in order to make a direct contribution to humane economic growth.

SDG 12: Responsible Consumption and Production

SDG 12 aims at responsible consumption and sustainable production cycles. This includes sustainable management and efficient use of natural resources as well as the reduction of food waste, the environmentally sound use of chemicals and the minimization of their adverse effects on human health and the environment, and the reduction of waste through prevention, reduction, recycling and reuse.

The core business of Symrise – meeting basic human needs for health, nutrition and well-being – is closely linked to these goals. We have direct influence on the sustainable and efficient use of natural resources for our products and processes.

SDG 13: Climate Action

SDG 13 describes measures to combat climate change and its effects. In addition to international political frameworks and target corridors for climate protection, industry is also focusing on the implementation of concrete measures for climate protection in its local corporate strategies and planning.

As a manufacturing company in an energy-intensive industry, Symrise has a special responsibility and leverage beyond its own sites – be it with its commitment to far-sighted climate targets or concrete reductions in CO₂.

SDGs 14 and 15: Biodiversity

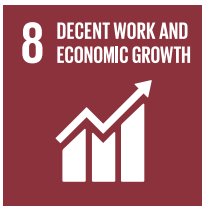
SDGs 14 and 15 aim to protect natural habitats on land and under water. This includes the conservation, sustainable use and restoration of the oceans and freshwater ecosystems, of forests, mountains, wetlands and arid regions and their natural resources and ecosystem services that are essential for our raw material supply. In addition to the protection and sustainable use of biodiversity and its components, regulated access to genetic resources and fair distribution of the benefits arising from their use with the countries of origin are equally central to ensuring the preservation of biodiversity and the ecological integrity of global ecosystems.

For this reason, we are constantly identifying all possible ways of influencing our business model in order to align it with the implementation of international biodiversity goals.

SDG 17: Partnerships for the Goals

SDG 17 describes the need for global partnerships, multi-stakeholder initiatives and collaborations to share knowledge, technology and financial resources to achieve global sustainability goals.

Knowledge transfer and synergies between the company and local NGOs, suppliers, political institutions and partners are the basis of the business activities of Symrise and thus of all the company's contributions to the SDGs. On the following pages, specific partnerships are indicated with the corresponding SDG.



SDG 8 Decent Work and Economic Growth

COMMITMENT

Symrise strives for the best possible, equal and safe working conditions for our employees and suppliers along the entire value chain. In doing so, equal pay for both men and women is a matter of course for us. By 2025, we aim to have at least 20 % women at the first global management level directly below the Executive Board, while the second global management level should consist of at least 25 % women.

We pay taxes where we create value, thus contributing to enabling state and municipal investments in infrastructure and the common good. **By 2025, we are planning for a global tax rate of an above-average 26–28 %.**

MEASURES

The corporate strategy of Symrise is based on the three pillars of growth, efficiency and portfolio. It incorporates aspects of sustainability at all levels in order to enhance the company's value over the long term and minimize risks. Having a responsible HR policy is part of our company culture. This also includes providing options for further qualification and training for our employees, promoting diversity among the workforce and enhancing the compatibility of professional and private life (see also "Career paths" on page 48).

In 2018, we carried out a **gender-specific analysis of the wages** for male and female employees at our major sites. The example of our site in Germany, which has the most employees, shows that **the average remuneration of women does not significantly deviate from the average remuneration of men** (statistically insignificant differences of < 2%). As part of this analysis, we adjusted the results to account for the personal decision of each employee working part time. The remaining insignificant differences result from production-specific components of remuneration such as hardship allowances or activity-related wages such as foremen's or master craftsmen's allowances, or are prescribed by the various remuneration levels specified by wage agreements for commercial or technical professions.

Our Integrated Management System is based on the provisions of the **SA 8000 social accountability standard**, which is binding throughout the company. It is based on **the conventions of the International Labor Organization (ILO)**, the **Universal Declaration of Human Rights** and the **UN Convention on Children's Rights**. Humane working conditions, decent employment and due consideration for the social aspects of employment are the foundation for how we act at every site. We also require our **suppliers and business partners** to uphold basic human rights. Before a new supplier or business partner is accepted, it must pledge in writing that it will maintain and comply with the provisions of the Symrise Code of Conduct. The international platform of the Supplier Ethical Data Exchange (SEDEX) is a valuable tool with which we can more easily assess suppliers and deliver our own data to customers. Since 2006, we have been publishing information on human rights, working conditions and employee rights, health and safety as well as on environmental and ethical business practices via this platform. Since 2012, we have requested that our most important suppliers register with SEDEX and disclose their data there so that we can conduct an assessment. For suppliers that pose an especially notable risk, that have crucial raw materials or that have had problems flagged in the assessment, we carry out audits ourselves or have audits carried out by independent companies. Furthermore, our approach to backward integration enables us to exert direct influence on adherence to our provisions.

We also focus on **building strong local communities** to ensure long-term supply chain stability and thus enable safe and strong growth. As part of our growth strategy, we work with communities in emerging markets to promote key developments that benefit all stakeholders.

STATUS QUO

In 2018, our global tax rate was 28.1%. We are thus well above the average effective tax rate for companies in Germany.

Of the 9,694 employees in 2018 (previous year: 9,387), 3,806 were women. This corresponds to a proportion of 39.3% (previous year: 38.7%). With a proportion of women in 2018 of 27% in the first management level (previous year: 21%) and 42% in the second management level in 2018 (previous year: 44%), Symrise is well on its way to achieving the targets it has set for 2025. There is currently no evidence of gender-specific unequal treatment of female and male employees at Symrise. However, differences in remuneration may result from the type of activity, such as shift work with corresponding shift remuneration. In our last major employee survey in 2016, around 5,400 of our employees took part (equaling a rate of 80% in the participating countries). The positive feedback was overwhelming: 90% were very satisfied or satisfied with their work, with 95% stating that they would again take their current job without hesitation. This positive image of Symrise as an employer was also confirmed in 2018 by an award as one of Germany's top employers – the company ranked eighth in the chemical and pharmaceutical industries.

**PARTNERSHIPS**

Together with our local partners, we assume long-term responsibility for all employees in our affiliated communities from the Amazon to Madagascar and we participate in social projects. For example, we are promoting the sustainable management of the Amazon region together with the Brazilian cosmetics manufacturer Natura and the German Society for International Cooperation (GIZ) in a multi-year project. The goal of this project, alongside protection of the local rainforest, is to significantly improve value creation for the local farmers and cooperatives.

In Madagascar, we have also worked with international cooperation partners and NGOs – such as UNICEF, GIZ and Save the Children – for years to support local communities, for example, by improving the cultivation methods of local vanilla farmers, access to fair financial services or health programs like free vaccinations and checkups.

ECONOMIC CONTRIBUTION

**26 – 28 %
GLOBAL
TAX RATE**

Goal by 2025

EQUAL REMUNERATION
FOR MEN AND WOMEN

**EQUAL PAY
FOR
EQUAL WORK**

Confirmed by a statistical analysis
at our major sites

TRAINING QUALITY

**BEST
INSTRUCTOR
2018**

Rating by the magazines
“Capital” and “Testbild”



SDG 12

Responsible Consumption and Production

COMMITMENT

The product range of Symrise comprises around 30,000 products that are used in 160 countries worldwide. The challenge for us is to develop products that meet the various demands and expectations of our customer base and, at the same time, are capable of generating long-lasting added value for our customers and society as a whole. For this reason, we create a customized sustainability concept for each strategic product group, allowing us to continually increase the positive benefits and simultaneously reduce the footprint of our products. By 2025, we aim to generate more than 12 % of our sales with new product developments.

For sustainable production, we have set ourselves corresponding targets in those areas where we have the greatest impact: by 2025, we aim to reduce our specific CO₂ emissions by 50 % compared with 2016 and to reduce our chemical oxygen demand in water and our sensitive waste by 60 % each compared with 2010 (see also page 18/19).

MEASURES

Innovation is a key driver of sustainability at Symrise. Using specific indicators based on the concept of planetary boundaries, we have been assessing how our products and projects contribute to sustainability since 2012. A key component for efficient processes and environmentally friendly products is our systematic application of the **green chemistry approach**: We are constantly refining our existing products while also concentrating on process redesigns and complete overhauls incorporating green chemistry and innovative technologies. This encompasses, for example, the development of our own technological solutions, such as our patented SymTrap® process. This procedure allows us to fully extract flavor-active components from the byproducts of raw materials processing – thereby achieving a maximum resource yield that simultaneously saves energy.

In addition, we devised an assessment system that enables us to identify each product's specific impact on sustainability, for example, in terms of energy consumption, CO₂ emissions or water usage. This way, we and our customers can steer product development with even greater precision and optimize the end product sustainably (see "Sustainability Scorecard" infographic). Our analysis and measurement methods were validated by an external assurance process.

The **efficient use** and the saving of natural resources is crucial for all our product innovations – both for the sustainability and profitability of Symrise. For example, we are successfully working on integrating suitable byproducts from agriculture, forestry, or food production, thereby increasing added value. Here, biotechnological approaches and new physical separation technologies are also being tested.

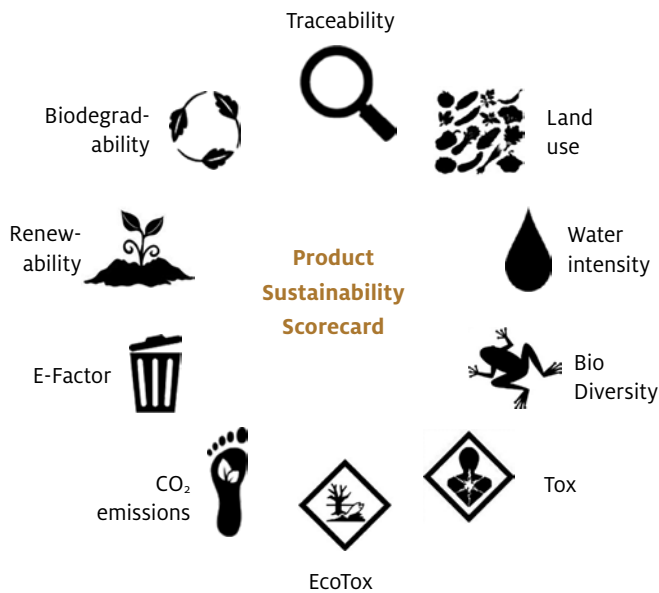
The most important raw materials for the production of fragrances from natural and renewable raw materials include crude sulphate turpentine, a byproduct of the pulp and paper industry, and D-limonene, a byproduct of the citrus industry. With renewable raw materials in mind, the focus is also increasingly on wood as a resource. An innovative product example is the fragrance Symroxane™: This novel fragrance produced using chemical reactions from a component of the tree resin of Asian pines has been on the market since June 2018. 91 % of the carbon atoms in a molecule are obtained from renewable resources.

Other examples include already existing products made from onions, for which the entire process chain has been reevaluated – from the choice of onion type to the agricultural cultivation to processing and waste reduction. This radical approach brings groundbreaking possibilities: For instance, it eliminates by-products, improves raw material efficiency and significantly reduces the carbon footprint of our products.

STATUS QUO

In 2018, we invested € 200 million (previous year: € 196 million) in research and development. 1,728 employees (previous year: 1,659) worked in this area in the reporting year and filed 60 patents (previous year: 42).

With 17.1% of sales from new product developments, we have once again exceeded our target value of 12% for 2025 (previous year: 15.9%). With an increase in eco-efficiency demonstrated by reductions of 45% in CO₂ emissions, 71% in chemical oxygen demand and 47% in sensitive waste compared to 2010, we are well on our way to achieving the targets we set for 2025.



With our **product sustainability scorecard**, we can capture the impact of each individual ingredient of our products along the value chain. As a result, we enable our customers to select the most environmentally friendly path compared with available alternatives.



PARTNERSHIPS

Sustainable innovations require close cooperation and a change of perspective from one's own industry. This is why we are collaborating with public research institutes and highly specialized partner companies in a wide variety of areas. For instance, since 2016, we have cooperated with several universities and research institutes in a project funded by the German Federal Ministry of Education and Research on plant breeding research for the bioeconomy. Among other things, the research project investigates and measures food byproducts of rapeseed processing, which can be used as a substitute for animal protein sources in beverages and food.

Another example is the collaboration with an Italian biotechnology company to develop new active ingredients for the treatment of oily skin from sustainable raw material sources. As the first product from this collaboration, Symrise launched SymControl™ Care – which comes from a marine microalgae – worldwide in 2018. The development of further products from sustainable sources with a complementary efficacy profile is underway.

In the Oral Care business unit, we have been researching the positive effects of probiotics on oral hygiene with several European universities and developing various solutions for oral care applications since 2015. Our probiotics are natural, effective and sustainable ingredients and are renewable raw materials themselves.



ANIMAL WELFARE AS A COMMITMENT

Animals and raw materials of animal origin serve humans in many ways, especially in food production. Unique taste and nutrition solutions are also part of the product portfolio of Symrise – which is why we see our commitment to improving animal welfare as an important part of our corporate values. Beyond the ethical demands we place on ourselves and our activities, irresponsible treatment of animals could lead to a considerable loss of reputation for Symrise among important stakeholders and thus result in high economic damage. We share the growing concerns of consumers and customers about the circumstances in which animals are kept and treated, and we also clearly see the connection between these factors and food quality. Animal welfare is a natural obligation for Symrise.

The Sustainability Board informs the Executive Board about current developments several times a year. Last year, we developed a policy that regulates the handling of animals and the procurement of animal raw materials. Ingredients and flavors based on chicken raw materials account for the largest share of sales volume of Symrise. We have therefore developed an animal welfare policy for poultry, especially chickens, as the first building block. It lays down clear minimum requirements for housing and rearing, transport and slaughter. The policy also provides for regular inspections of operations, continuous improvement of livestock production and an annual progress report. We intend to procure 100% of our chicken-based raw material supplies in the USA by 2023 and in Europe by 2026 from sustainable sources. Since there are no globally aligned standards for animal welfare, Symrise works with the internationally respected animal welfare organization “Compassion in World Farming” (CIWF) to quickly implement its policy in the supply chain.



SDG 13 Climate Action

COMMITMENT

Symrise is committed to minimizing its footprint along the entire value chain. By 2025, we have set ourselves the target of **reducing our greenhouse gas emissions by 50%** in terms of value added compared with the base year 2016. We also require our suppliers, who supply raw materials accounting for at least 80% of our total purchasing volume, to commit to their own climate targets and reduction measures by 2020. We ultimately want to be climate-positive by 2050 – among other things, by purchasing environmentally friendly energy sources and supplying surplus energy to local communities.

MEASURES

Our climate protection goals are based on four key areas: The conservation of valuable resources, the efficient sourcing of raw materials (**reference/link SDG 12, p. 93**), the protection of biodiversity and ecosystems (**reference/link SDGs 14/15, p. 98**) and the construction of green production sites. Our production sites with the highest potential environmental impacts are thus either located in countries with strict environmental policies and/or also operate according to an environmental management system that is ISO 14001 certified. Additionally, the SMETA 4-Pillar requirements are used as a minimum standard and regularly verified by external auditors. Furthermore, all German sites have an ISO 50001 certified energy management system.

In 2018, we focused on decoupling our dynamic growth in the various business units from their possible environmental impacts. We further optimized our energy balance in key areas via additional measures and placed a stronger focus on reducing emissions and effluents as part of Total Productive Maintenance. We document our progress regarding resource conservation and emission reduction in a number of ways, one of them being our participation in the CDP independent investor initiative.

Since 2018, Symrise has also been one of the 513 companies all over the world that supports the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**. The Task Force has dedicated itself to having companies dis-

close the financial impact of climate change on their companies in their annual reports. Companies share information about their governance, the effects on business activities and strategy, and opportunity and risk management, and they pursue their goals based on the key figures provided. The recommendations focus on the opportunities and risks resulting from the transition to a low-carbon economy. The TCFD also recommends explaining the potential effects of climate-related risks based on a variety of scenarios, such as global warming of 2°C. Symrise supports the goals of the initiative and already communicates a wealth of climate data in its annual corporate reports and as part of the CDP Climate Change investor initiative.

STATUS QUO

In 2018, Symrise was able to reduce specific CO₂ emissions (Scope 1 and 2) by 3.0% compared with 2017 (2010–2017: 42%). We are thus well on our way to achieving our goal. This is also reflected in external evaluations: In the reporting period, Symrise once again made an impressive showing in the CDP (formerly Carbon Disclosure Project) rating. Despite considerably higher requirements for CDP Rating participants, Symrise ranked once again at the very top in the categories *climate* and *forests* with the rating of "A-". With the very good rating of "B", we also reached a position ahead of other well-known companies in the category *water*.

Symrise was the first company in the industry to have its climate strategy approved by the **Science Based Target Initiative**. This is an association of companies led by the Carbon Disclosure Project, the World Resources Institute, the World-wide Fund for Nature (WWF) and the United Nations Global Compact. We are actively helping to limit global warming to below 2°C. Symrise is a role model in terms of climate protection in Germany and is acting in accordance with the resolutions of the UN Climate Conferences COP 21 in Paris and COP 22 in Marrakesh.



PARTNERSHIPS

Climate change does not stop at company or national borders. Symrise has recognized the potential of international and cross-sector cooperation for climate protection measures – for example, through support for the TCFD (see infographic) or annual participation in the CDP.

In 2018, we also entered into a partnership with AfB GmbH to reuse our old IT equipment in Germany. This equipment is cleaned up, processed and marketed again in AfB's inclusion workshops. In addition to promoting people with disabilities, the focus is on resource and climate protection. In total, 95% of our equipment was put back into circulation, so that about 8 tons of CO₂ were saved compared to the production and use of new equipment.

OUR TCFD COMMITMENT

Governance

The Chief Sustainability Officer, as Head of the Sustainability Board, sets sustainability goals, taking into account Executive Board responsibilities on climate-related issues. Implementation is carried out directly in the respective divisions. The CSO regularly reports to the Chief Executive Officer, who is responsible for the overall strategy of Symrise AG.

Strategy

Potential impacts of climate change are included in our financial planning process as they affect both our operating costs and our sales development. On the one hand, this can lead to rising electricity or raw material prices resulting from shortages of raw materials, regulatory efforts or crop failures. On the other hand, climate-relevant energy-efficient technologies like our combined heat and power plant or our waste incineration plant can reduce costs. Global warming, especially hot summers, may also lead to increasing demand for some of our products, such as in the Cosmetic Ingredients business unit.

Our access to capital is generally positively influenced by our performance on climate change. We were named Climate Leaders by the CDP, and SRI funds with MSCI and ISS oekom ratings also rated Symrise's climate-related performance very positively. The proportion of sustainable and responsible investors (SRI) rose slightly by 1.3 percentage points in the fourth quarter of 2017. SRI ownership corresponds to 14.1% of institutional shares.

Symrise has not yet performed a climate-related scenario analysis but plans to do so in the medium term. Existing scenarios, such as the IEA_2DS scenario, are only suitable for us to a limited extent. As a result, a number of climate-relevant and nonclimate-relevant drivers will be considered to develop consistent scenarios.

Risk management

Our Corporate Sustainability department regularly measures climate-related risks throughout the company. Risk management with regard to the risks and opportunities of climate change is reviewed by the Executive Board and the Supervisory Board every six months. Process-related risks are linked to market-related risks. The aim of this process is to identify and measure significant risks to ensure the positive business development of Symrise.

The risks are assessed on a gross risk basis and according to the criteria "EBIT effect" and "probability." With this process, we determine the relative importance of climate-related risks compared to other risks.

Metrics & targets

As part of our climate target confirmed by the Science Based Target Initiative, we aim to reduce our specific greenhouse gas emissions by 50% by 2025 compared to 2016. We also require our suppliers, who supply raw materials accounting for at least 80% of our total purchasing volume, to commit to own climate targets and reduction measures by 2020. We ultimately want to be climate-positive by 2050 – among other things, by purchasing environmentally friendly energy sources and supplying surplus energy to local communities.

We disclose further data and information as part of the CDP Climate Change (www.cdp.net) and in our Sustainability Record (cr2018.symrise.com/sustainability/sustainability-record).



SDG 14/15 Protection of biodiversity

COMMITMENT

Global diversity of species is an indispensable source of inspiration and natural raw materials for Symrise in order to continue to create new flavors and fragrances. For this reason, maintaining biodiversity is an essential objective for Symrise. We have set ourselves a number of concrete goals to help protect biodiversity, including the development of biodiversity-based and innovative raw materials in our centers of excellence in Madagascar and Brazil by 2020. At the same time, we aim to fully integrate our research department in compliance with international regulations on biodiversity-based innovations. We intend to increase the share of main suppliers rated according to sustainability criteria to 100 % by 2025. Finally, by 2025, we want to obtain 100 % of our strategic agricultural and aquaculture raw materials from sustainable sources (see also page 18/19).

MEASURES

Our signature in 2017 on the **Business & Biodiversity Pledge from the UN Convention for Biodiversity** means that we committed to implementing an operational biodiversity management system that supports the core objectives of the UN Biodiversity Convention. This comes in addition to the biodiversity agenda we published in 2014. This includes the conservation of biological diversity, the sustainable use of its components and the fair division of the benefits resulting from the use of biodiversity with the countries of origin.

In 2016, Symrise joined the **Sustainable Agriculture Initiative (SAI)** in order to strengthen the preservation and sustainable use of cultivation systems. 90 of the world's most important food manufacturers and suppliers have joined this platform. Growers and raw materials suppliers we work with should fulfill certain criteria regarding water and land use, fertilization and pest control. The SAI also developed criteria that describe good expert practice, and also developed the **Farm Sustainability Assessment** – an easy-to-use tool for adopting and evaluating criteria fulfillment. The benefit for participating companies: the ability to easily and independently compare suppliers all the way down to the individual growers. In

Germany, Symrise used the Farm Sustainability Assessment with its onion farmers. Together, we look at farming technologies and production and then collect the data. Companies can use this to find raw materials and qualify them as sustainable, fulfilling customer requirements. The primary focus of our efforts is always a cooperative approach in which we work together with other actors to find suitable solutions, such as the sustainable cultivation of lavender (see “Favorite Fragrance,” page 56) or patchouli (see “The Cultivation Specialists,” page 34). The topic of sustainable forestry is also relevant to us for various application areas. Many of our suppliers are already certified by the **Forest Stewardship Council** and/or the **Sustainable Forest Initiative**. By participating in the **CDP Forest Program**, we can make our progress and approaches more transparent. Our two North American sites in Jacksonville, Florida, and Colonel's Island, Georgia, have received Forest Stewardship Council certification. We also contribute to the preservation of oceans and seas and their biodiversity through various environmental goals along the entire value chain. For example, Symrise has developed a **sustainable approach to feeding fish** with food higher in nutrition that can be better absorbed by the fish, leading to better growth and lower mortality. What's more, no additional fish need to be purchased to produce food. Thanks to higher tolerability, we were able to improve intake and thus reduce sediment.

In the area of biobased research and development, Symrise has also developed operating policies, governance structures, processes and measures to implement the criteria of the Nagoya Protocol across divisions in all relevant functional areas. In this way, we ensure that the procurement and research of biobased raw materials is carried out in accordance with international provisions and national regulations on access and benefit sharing – the third core objective of the UN Biodiversity Convention. Symrise is making an effective contribution to preserving biodiversity and supporting local communities in the countries where our natural raw materials originate, such as Brazil, Madagascar and beyond, by fairly distributing the benefits from the use of genetic resources.

STATUS QUO

At the end of 2018, 90 % of the main suppliers of Symrise (in terms of purchasing volume) had already been rated according to sustainability criteria. We have also started to increase the proportion of our sustainably-sourced strategic agricultural and aquaculture raw materials to 100 % by 2025. In 2018, we were also able to assess more than 98 % of our production sites according to sustainability criteria. In the reporting year, we were the first manufacturer of fragrances and flavorings to also receive certification from the Forest Stewardship Council® (FSC) for our byproducts originating from forestry production. Despite considerably higher requirements for CDP Rating participants, Symrise ranked once again at the very top in the *forests* category with the rating of “A-”.



PARTNERSHIPS

Symrise has long collaborated with (non)governmental organizations and public institutions on a wide variety of initiatives, roundtables and collaborations relating to biodiversity and the protection of oceans and seas, drawing on the expertise and knowledge of local communities. This applies to the implementation of the UN Biodiversity Pledge as well as to the SAI or our frequent project partner GIZ in Madagascar or the Amazon region. In 2018, Symrise also joined forces with the research institute CRIEPPAM to promote the sustainable cultivation of lavender in France and with the supplier Van Aroma to promote the eco-friendly cultivation of patchouli in Indonesia.

In 2018, Symrise was the first company in its industry to successfully pass the admission process as a full member of the Union for Ethical BioTrade (UEBT). We are thus setting a further milestone in the implementation of international biodiversity goals at the company level while also promoting fair working conditions and the observance of human rights.



RSPO
Roundtable
on Sustainable
Palm Oil

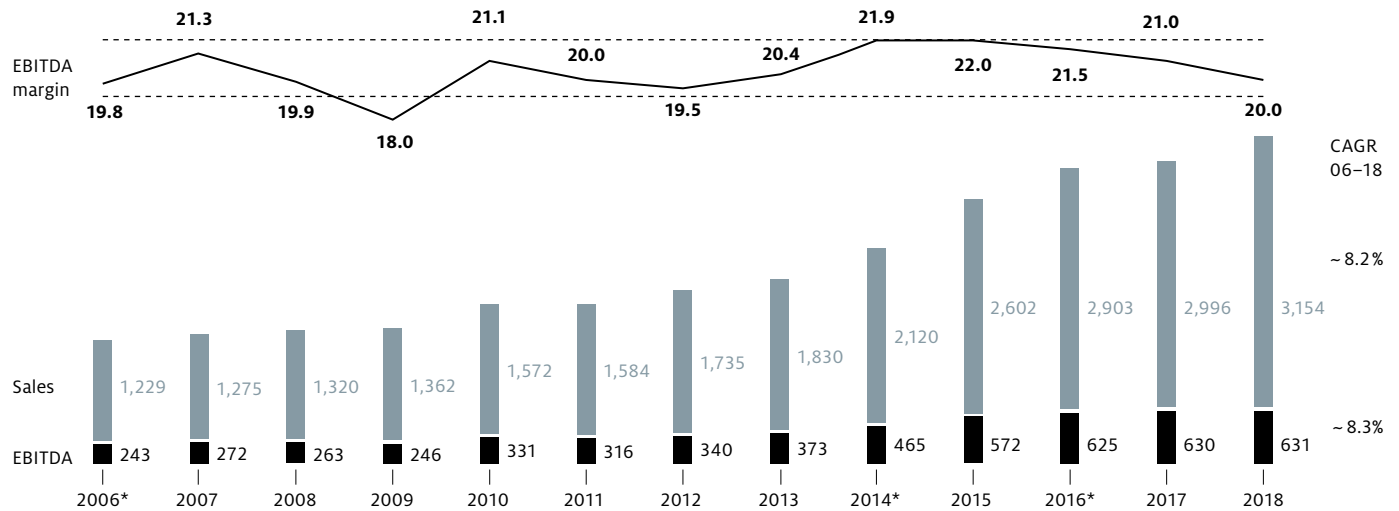
From the Group Management Report and from the Consolidated Financial Statements.

Excerpts from the 2018 Group management report and the Consolidated Financial Statements provide an overview of the economic development and situation of the company. The complete Group management report and Consolidated Financial Statements form part of the 2018 financial report available at www.symrise.com/investors.

Highlights 2018

Strong sales growth with high profitability

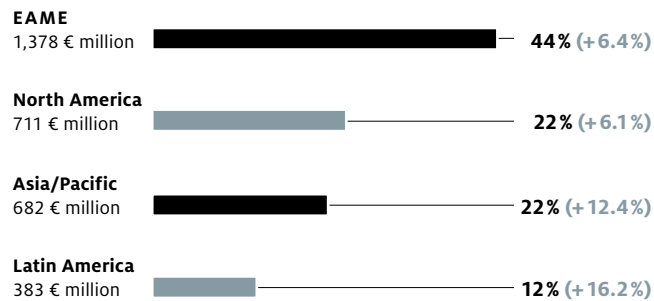
DEVELOPMENT OF SALES/EBITDA Sales and EBITDA in € million, margin in %



* EBITDA adjusted for restructuring and integration expenses

SALES BY REGION

As % of Group sales and organic growth in %

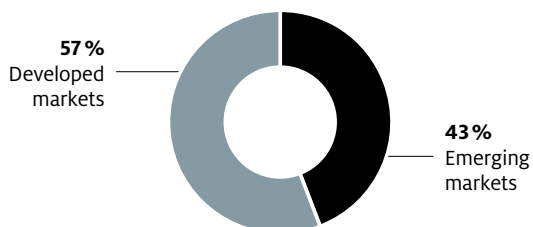


€ **2.12** Earnings per share

€ **0.90** Proposed dividend

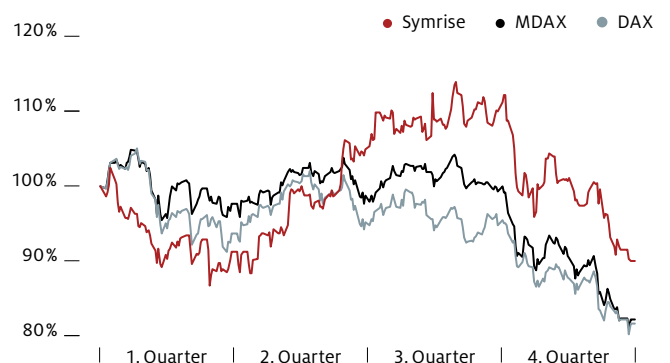
SALES IN EMERGING MARKETS

% of Group sales



SHARE PRICE DEVELOPMENT

of the Symrise stock in 2018



Overview of the 2018 Fiscal Year

Global economic growth in 2018 was virtually unchanged from the previous year. For Symrise, 2018 was a demanding but successful year. The Group generated sales of € 3,154 million in the 2018 fiscal year (2017: € 2,996 million). Sales increased 8.8 % organically over the previous year. Sales increased by 5.3 % in the reporting currency, taking into account portfolio effects (Cobell and Citratus acquisitions) and exchange rate effects.

The share of sales generated in the emerging markets accounted for 43 % of Group sales, slightly below last year's mark of 44 %. At € 631 million, earnings before interest, taxes, depreciation and amortization (EBITDA) of the Symrise Group slightly exceeded the previous year (2017: € 630 million). The Group's EBITDA margin, as based on sales, was 20.0 % and therefore below the previous year's level of 21.0 %. This was mainly due to higher raw materials costs.

The **Scent & Care** segment generated sales of € 1,324 million in 2018. Sales rose organically by 8.9 % over the previous year. EBITDA amounted to € 254 million, € 6 million more than in the previous year (2017: € 248 million). The EBITDA margin therefore amounted to 19.2 % in 2018, compared to 19.6 % in 2017. **Flavor** increased its sales to € 1,191 million and achieved organic growth of 9.5 %. EBITDA for the segment was slightly higher than last year, amounting to € 244 million in 2018 (2017: € 243 million). The EBITDA margin was negatively affected primarily by high raw material costs and the full-year inclusion of Cobell in the consolidated financial statements and amounted to 20.5 %, compared with 22.0 % in the previous year. The **Nutrition** segment increased sales to € 639 million, which is equivalent to organic growth of 7.4 %. The segment generated an EBITDA of € 132 million in 2018. This was € 7 million below the previous year's level (2017: € 139 million) as a result of higher operating costs, mainly due to the construction of the new Diana Food site in the USA and on account of the lower earnings contribution from Probi. The EBITDA margin was 20.7 %, compared to 22.1 % in 2017.

Net income¹ for the Symrise Group rose 1.9 % compared to the previous year's figure, totaling € 275 million for the 2018 fiscal year. Earnings per share improved from € 2.08 in the previous year to € 2.12 in the reporting year. The Executive Board and Supervisory Board will propose to increase the dividend from € 0.88 to € 0.90 per share at the Annual General Meeting on May 22, 2019.

¹ Exclusive non-controlling interests attributable to shareholders of Symrise AG

Cash flow from operating activities amounted to € 442 million in 2018, € 46 million more than in the previous year (€ 396 million). The Symrise Group's liquidity increased by € 50 million to € 280 million as of December 31. Net debt (including provisions for pensions and similar obligations) decreased € 29 million to € 1,893 million as of the end of the 2018 reporting period. On an annualized basis, the ratio of net debt (including provisions for pensions and similar obligations) to EBITDA was 3.0 as of the end of the reporting period on December 31, 2018, and is thus temporarily outside of the target corridor of Symrise of 2.0 to 2.5 due to acquisitions.

Basic Information on the Symrise Group

STRUCTURE AND BUSINESS ACTIVITIES

COMPANY PROFILE

Symrise is a global supplier of fragrances and flavorings, cosmetic active ingredients and raw materials, functional ingredients and product solutions for food production based on natural starting materials. Its clients include manufacturers of perfumes, cosmetics, food and beverages, the pharmaceutical industry and producers of nutritional supplements and pet food.

With sales of € 3.2 billion in the 2018 fiscal year and a market share of around 10 %, Symrise is one of the leading global suppliers in the flavors and fragrances market. Headquartered in Holzminden, Germany, the Group is represented by more than 100 locations in Europe, Africa, the Middle East, Asia, the United States and Latin America. The Symrise Group originally resulted from a merger between the German companies Haarmann & Reimer and Dragoco in 2003. The roots of Symrise date back to 1874 and 1919, when the two companies were founded. In 2006, Symrise AG entered the stock market with its initial public offering (IPO). Since then, Symrise shares have been listed in the Prime Standard segment of the German stock exchange. With a market capitalization of about € 8.4 billion at the end of 2018, Symrise shares are listed on the MDAX[®] index. Currently, about 94 % of the shares are in free float.

Operational business is the responsibility of the Flavor, Nutrition and the Scent & Care segments. Every segment has its areas such as research and development, purchasing, production, quality control, marketing and sales. This system allows processes to be accelerated. We aim to simplify procedures while making them customer-oriented and pragmatic. We place great value on fast and flexible decision-making.

The Flavor segment is made up of the business units Beverages, Savory and Sweet. The Nutrition segment consists of the Diana division with the business units Food, Pet Food, Aqua and Probi. The Scent & Care segment breaks down into the Fragrance, Cosmetic Ingredients and Aroma Molecules divisions.

The activity of the Group is also organized into four regions: Europe, Africa and Middle East (EAME), North America, Asia/Pacific and Latin America.

Additionally, the Group has a Corporate Center where the following central functions are carried out: Accounting, Controlling, Taxes, Corporate Communications, Investor Relations, Legal Affairs, Human Resources, Group Compliance, Corporate Internal Audit and Information Technology (IT). Other supporting functions such as technology, energy, safety, environment and logistics are bundled in independent Group companies. They also maintain business relationships with customers outside the Group.

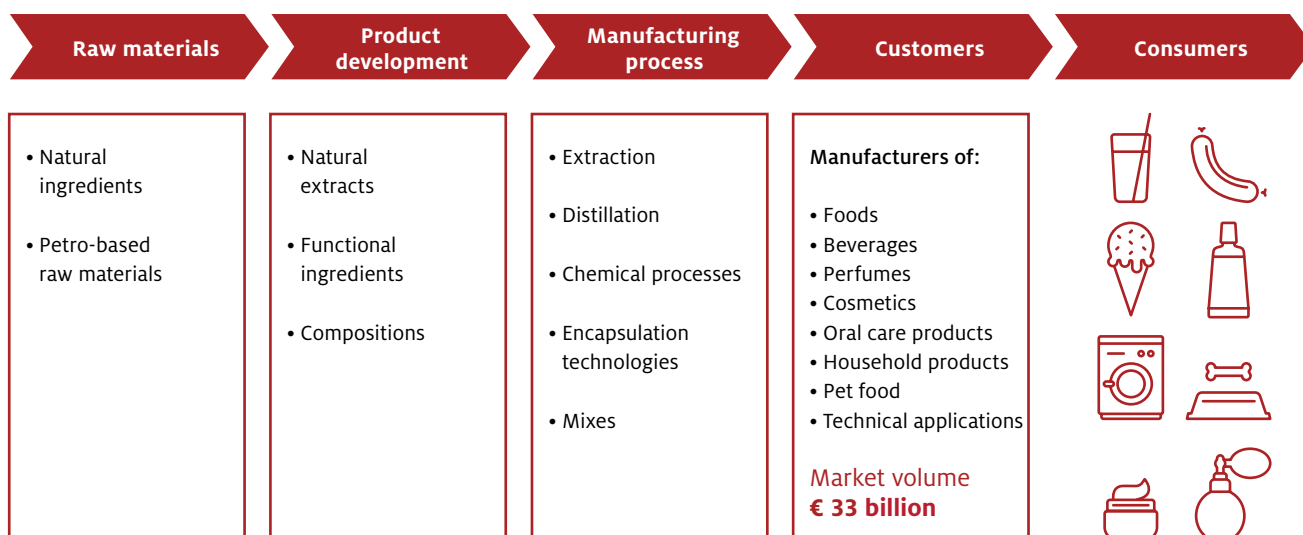
Symrise AG's headquarters are located in Holzminden, Germany. At this site, the Group's largest, Symrise employs 2,418 people in the areas of research, development, production, marketing and sales as well as in the Corporate Center. The company has regional headquarters in the USA (Teterboro, New Jersey), Brazil (São Paulo), Singapore and France (Rennes, Brittany). Important production facilities and development

centers are located in Germany, France, Brazil, Mexico, Singapore, China and the USA. Symrise has sales branches in more than 40 countries.

BUSINESS ACTIVITIES AND PRODUCTS

Symrise manufactures about 30,000 products from around 10,000 – mostly natural – raw materials such as vanilla, citrus products or flower and plant materials. The value chain of the three segments extends across research and development, purchasing, and production as well as the sale of products and solutions. The natural food ingredients, flavors, perfume oils and active ingredients are generally central functional components in our customers' end products and often play a decisive role in consumers' purchasing decisions. Along with the typical product characteristics such as fragrance and taste, our value creation lies in the development of products with additional benefits. Examples of how flavors and perfume oils are combined with other innovative components include flavorings that enable foods' sugar or salt content to be reduced or a moisturizing cosmetic ingredient that lowers the proportion of preservatives in care products. On the basis of these products, our customers can differentiate themselves from competitors with their tailor-made end products in the rapidly changing consumer goods market. The extensive research and development (R & D) undertaken at the company, which is supplemented by a wide-reaching external network of research institutes and scientific facilities, forms the basis of our product development. Given the strong differences in sensory

SYMRISE'S VALUE CHAIN



preferences from region to region, comprehensive consumer research is also an important part of our R & D activities.

CORPORATE STRUCTURE

Our customers include large, multinational companies as well as important regional and local manufacturers of food, beverages, pet food, perfumes, cosmetics, personal care products and cleaning products as well as laundry detergents.

We manufacture our flavorings and fragrances at our own production plants, where we also develop solutions for food production. In some cases, we have longer-term delivery contracts for obtaining important raw materials. We maintain close ties with our suppliers and establish uniform standards to guarantee that the quality of our base materials remains the same.

Flavor

Flavor's range of products consists of approximately 13,000 items, which are sold in 146 countries. The flavorings we produce are used by customers to make foods and beverages and give the various products their individual tastes. Symrise supplies individual flavorings used in end products as well as complete solutions, which, apart from the actual flavor, can contain additional functional ingredients or microencapsulated components. The segment has sites in more than 40 countries in Europe, Asia, North America, Latin America and Africa.

The Flavor division's flavorings and ingredients are used in three business units:

Beverages: With global competencies in non-alcoholic, alcoholic, dried and instant beverages, Symrise is setting new standards and trends in the national and international beverage industry through the authentic, innovative taste experiences Symrise delivers. Thanks to years of expertise, refined technologies and its comprehensive understanding of markets and consumers, the company is creating completely new prospects for the beverage industry while meeting individual customer needs.

Savory: Savory flavors are used in two categories: in the "Culinary" category with its taste solutions for soups, sauces, ready-made meals, instant noodles and meat products as well as in the "Snack Food" category with seasonings for snacks. Both areas focus on creating successful concepts for customers that meet consumers' constantly growing desire for authentic flavor, naturalness and convenience. Here, Symrise can rely

on its sustainable core competencies in meat and vegetables as well as its cutting-edge food technology and research.

Sweet: In the Sweet business unit, Symrise creates innovative taste solutions based on its comprehensive understanding of the markets and consumers for sweets, chocolates, chewing gum, baked goods, cereals, ice cream and milk products as well as for the health care sector. Interdisciplinary teams bring together their ingenious creativity to meet customers' specific needs. A diversified product portfolio offers consumers exciting and unique taste experiences.

Nutrition

The Nutrition segment is the world leader in solutions for food production based on natural ingredients and has more than 35 sites in 25 countries. The product range in the Nutrition segment breaks down into four business units:

Food: This unit and its food ingredients comprises natural sensory product solutions such as taste, texture, color and functionality for foods and beverages. The unit also offers products for baby foods. The business unit processes carefully selected sustainable raw materials such as vegetables, fruits, meat and seafood, utilizing comprehensive backward integration. Diana places quality, traceability and food safety in the foreground.

Pet Food: This business unit offers numerous product solutions and services for improving taste and pets' acceptance of foods, achieving food safety of pet food, and for animal health. In addition, it develops innovative fragrance and care substances for pet care. The business unit maintains its own cat and dog panels for researching food acceptance, eating behaviors and interactions between pet owners and pets.

Aqua: This business unit develops and produces progressive natural and sustainable marine ingredients for aquacultures for improving nutrition and animal health in fish and shrimp farms.

Probi: All activities having to do with probiotics are pooled in this business unit. These activities are largely handled by the Swedish Symrise holding Probi. Probi develops probiotics for foods, beverages and nutritional supplements with health-promoting benefits.

The Nutrition segment also operates the Nova incubator for innovative applications in the areas of health and nutrition.

Scent & Care

The Scent & Care segment has sites in more than 30 countries and markets its nearly 15,000 products in 125 countries.

Scent & Care is divided into three global divisions: Fragrance, Cosmetic Ingredients and Aroma Molecules. Their products are used in the following business units:

Fragrance: Our creative and composition business comprises the four global business units Fine Fragrances, Beauty Care¹, Home Care¹ and Oral Care. Perfumers combine aromatic raw materials like aroma chemicals and essential oils to make complex fragrances (perfume oils). Symrise's perfume oils are used in perfumes (Fine Fragrances business unit), in personal care products (Beauty Care business unit) and household products (Home Care business unit). Symrise also offers the entire product range of mint flavors and their intermediate products for use in toothpaste, mouthwash and chewing gum (Oral Care business unit). The objective of the division is to provide everyone who uses our products with "fragrances for a better life." The division employs more than 70 highly talented and respected perfumers of 14 different nationalities, who work at 11 creative centers around the world. Their combined professional experience adds up to more than 1,300 years of perfumery expertise.

Cosmetic Ingredients: The portfolio of the Cosmetic Ingredients division includes active ingredients, modern solutions for product preservation, pioneering protection against solar radiation and negative environmental influences, innovative ingredients for hair care, inspiring plant extracts, high-performance functionals and tailor-made cosmetic colors. The division's unique approach is based on more than 100 years of experience in the development and marketing of cosmetic raw materials. In addition, the division is able to combine the best of nature, science and chemistry as well as skin and hair biology. Based on intensive consumer research, the division understands the needs of modern global consumers. The research centers in Holzminden and in São Paulo, Brazil, work closely with the respective regional sales and application technology teams to offer customers and consumers tailor-made solutions and products for different regional requirements. The Cosmetic Ingredients division is a recognized innovation leader that has received 29 innovation awards for new substances over the past ten years. During the same period, 99 patent applications were filed, 14 of them in 2018 alone.

Aroma Molecules: The division comprises the business units Menthols, Special Fragrance & Flavor Ingredients, Sensory & Terpene Ingredients and Fine Aroma Chemicals. In the Menthols business unit, Symrise manufactures nature-identical menthol, which is primarily used in manufacturing oral care products, chewing gum and shower gels. Special Fragrance & Flavor Ingredients and Fine Aroma Chemicals manufacture aroma chemicals (intermediate products for perfume oils) of particular quality. These aroma chemicals are used both in Symrise's own production of perfume oils as well as marketed to companies in the consumer goods industry and other companies in the fragrance and flavor industry. The Sensory & Terpene Ingredients business unit comprises the US company Renessenz LLC, acquired and integrated in 2016, and its terpene-based products made from renewable and sustainable raw materials.

MARKET AND COMPETITION

MARKET STRUCTURE

The Symrise Group is active in many different markets around the world. These include the traditional market for flavorings and fragrances (F & F market), whose volume amounted to € 26.2 billion in 2018, or about € 2 billion larger than previous market studies have assumed, according to the most recent calculations made by the IAL Consultants market research institute (11th issue, July 2018). In addition, with the Cosmetic Ingredients and Aroma Molecules divisions, the company is active in the market for aroma chemicals and cosmetic ingredients, which, according to the most recently published report from IAL (1st issue, December 2018) achieved sales in the reporting year of approximately € 7 billion, which is about € 1.5 billion larger than was reported in the previous year based on earlier market studies. The markets have many trends and characteristics in common. The market relevant for Symrise therefore has a total volume of € 33.2 billion, which is € 3.5 billion larger than assumed in the previous year (according to other sources), and is achieving average long-term growth of about 4 % per year according to our own estimates.

More than 500 companies are active in the market worldwide. The four largest providers, which include Symrise, together have a market share of 43 % (pro forma²: 47 %).

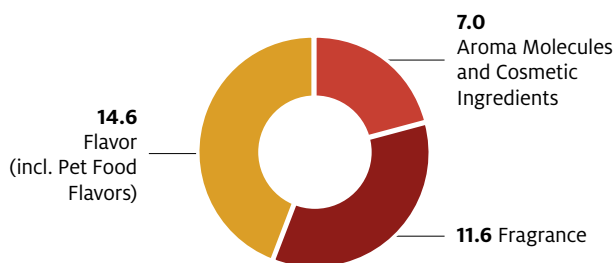
The F & F market is characterized worldwide by high barriers to entry. There is increasing customer demand for higher quality and more differentiated products with ever-shorter product

¹ Starting in January 2019, the Beauty Care and Home Care business units have been combined to form the Consumer Fragrances business unit.

² Pro forma: Joint business activity of the acquiring company and the acquired company, supposing that the business combinations had already occurred on January 1, 2018.

RELEVANT AFF MARKET SIZE 2018

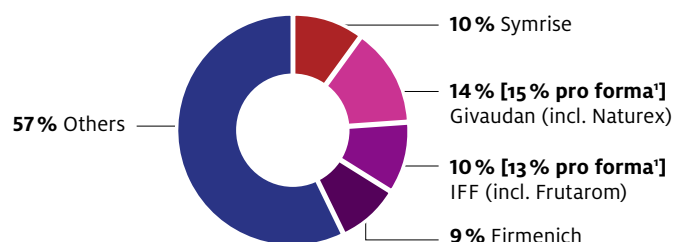
in € billion (approx. € 33.2 billion overall)



Sources: IAL (11th issue, FLA&FRA, July 2018), IAL (1st issue, AC/AM and CI, December 2018)

AFF MARKET SHARE 2018

in % (market volume approx. € 33.2 billion)



Source: corporate data and internal estimates

¹ Pro forma: Joint business activity of the acquiring company and the acquired company, supposing that the business combinations had already occurred on January 1, 2018.

life cycles. The majority of products and recipes are manufactured specially for individual customers. Furthermore, local taste preferences often dictate that there are many different recipes for a single end product that vary depending on the country in which it's marketed. Moreover, customer relations are often characterized by intensive cooperation in product development.

In addition to varying local taste preferences and consumer behaviors, there are other factors that also influence the demand for end products in which our products are used. The population's increasing income in emerging markets is having a positive impact on the development of demand for products containing fragrances and flavorings or cosmetic ingredients. Market growth also depends on more basic products that meet everyday needs and already have an established presence in the markets of industrialized nations. In the developed Western European, Asian and North American markets, consumer trends such as beauty, health, well-being, convenience and naturalness determine the growing demand for products containing Symrise ingredients.

THE MARKET POSITION OF SYMRISE

Symrise is one of the largest companies in the F & F industry. In relation to the relevant market of € 33.2 billion, the market share of Symrise is roughly 10 % in terms of 2018 sales. Symrise has expanded the traditional segments to include even more applications: for instance, with cosmetic ingredients in Scent & Care and pet foods and food ingredients within the Diana division of the Nutrition segment. On the basis of these more

complex product solutions, greater value creation can be achieved. In submarkets such as food supplements, sun protection filters or other cosmetic ingredients, Symrise also stands in competition with companies or product segments of these companies that do not belong to the traditional F & F industry.

Symrise has leading positions in certain market segments worldwide, for example, in the manufacturing of nature-identical L-menthol as well as mint and vanilla flavor compositions. Symrise also holds a leading position in the segment of UV sun protection filters, fragrance ingredients, and in baby and pet food.

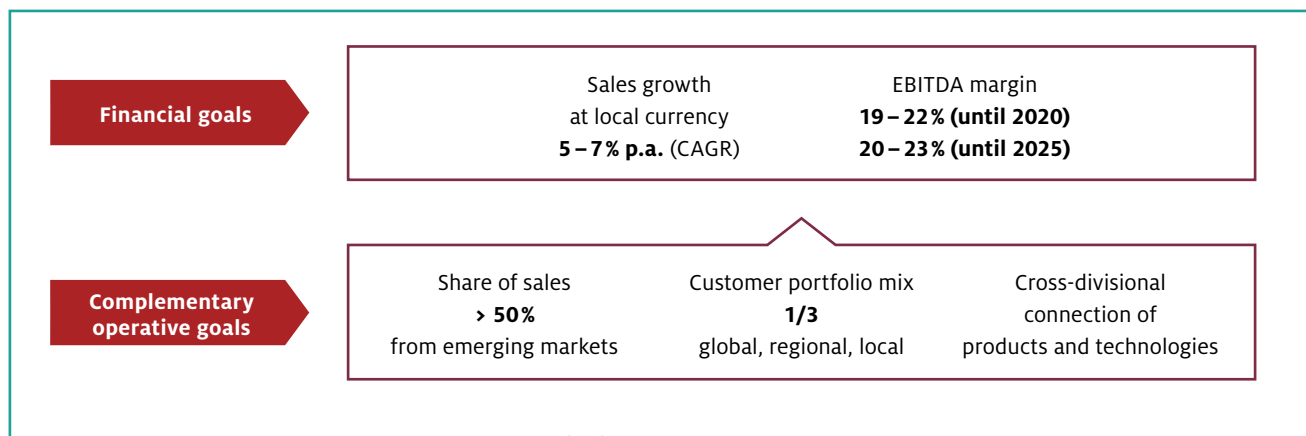
GOALS AND STRATEGY

GOALS

In the long term, we want to strengthen our market position and ensure the independence of Symrise. At the same time, we recognize our responsibility toward the environment, our employees and society at large. By increasing our sustainability regarding our footprint, innovation, sourcing and care, we minimize risk and promote the continued economic success of Symrise.

- **Market position:** With long-term growth of 5 to 7 % per year at local currency (CAGR), our sales growth should exceed the long-term growth of the market, which is expanding by about 4 % per year on average. In this way, we will gradually increase the distance between us and smaller competitors and gain market share.

GOALS FOR 2025

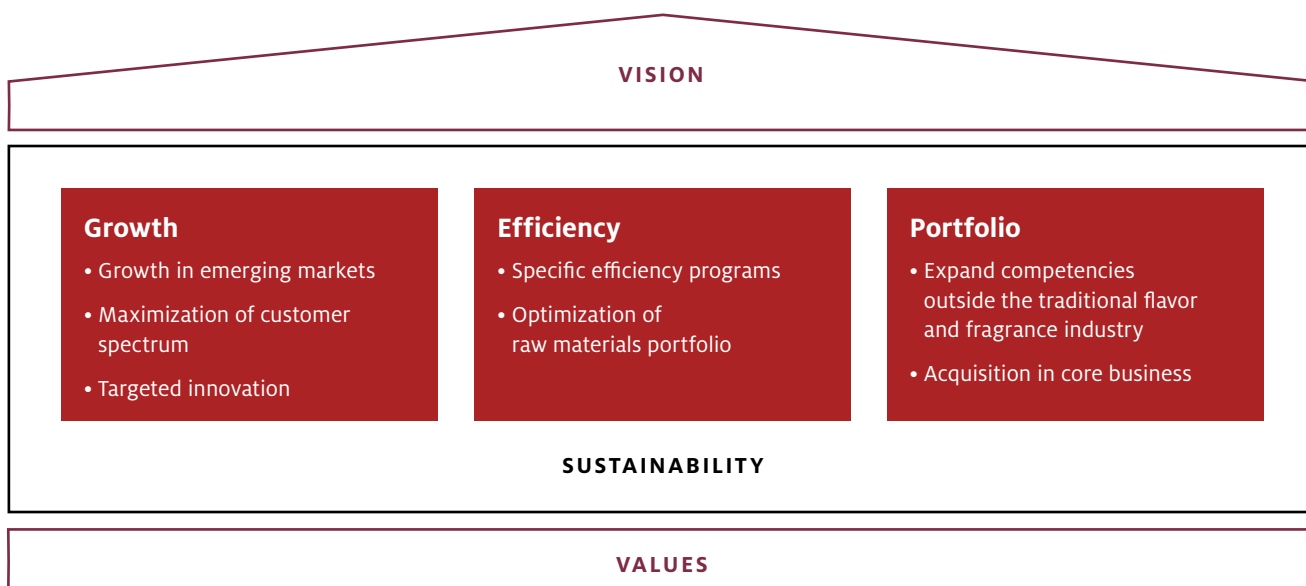


- **Value orientation:** We want to consistently be counted among the most profitable companies in the industry. We aim to achieve a sustainable average EBITDA margin of 19 to 22 % (by 2020) and 20 to 23 % (by 2025).

Performance results are described in greater detail in the corporate development section. We ensure that our shareholders have an appropriate share in the company’s success. Our dividend policy is oriented toward the company’s profitability.

STRATEGY

The corporate strategy of Symrise rests on three pillars: growth, efficiency and portfolio. It incorporates aspects of sustainability at all levels in order to enhance the company’s value over the long term and minimize risks. In this way, we are making sustainability an integral part of our business model and turning it into a clear competitive advantage. The goal is a completely integrated corporate strategy.



- **Growth:** We strengthen our cooperation with our strategic customers around the world and expand our business in the emerging markets. We make sure that we remain innovation leaders in our core competencies. This ensures our continued growth.
- **Efficiency:** We constantly work to improve our processes and concentrate on products with a high level of value creation. With backward integration for key raw materials, we ensure a consistent, high-quality supply of these materials in sufficient quantities and at set conditions. We work cost-consciously in every division. This ensures our profitability.
- **Portfolio:** We enhance our product portfolio and tap into new markets and segments. We continue to expand our expertise outside the traditional flavor and fragrances industry. This ensures our prominent market position.

Symrise grows organically. When it makes sense, we engage in expansive acquisitions or enter into strategic partnerships for product development. At the same time, we want to ensure that Symrise remains capable of taking advantage of any growth opportunities that arise without jeopardizing the company's financial stability.

VALUE-ORIENTED MANAGEMENT

Different variables are at play within the framework of value-oriented corporate governance. The EBITDA margin, for which we have defined an strategic target value of 19 to 22 % (by 2020) and 20 to 23 % (by 2025) on average, serves as an indicator of the company's profitability. Increasing the value of the company is accounted for in the remuneration system for the Executive Board and selected managerial staff. In addition,

the company introduced business free cash flow in 2018 as the primary internal control variable to assess its performance in order to strengthen its cash flow orientation. We aim to continuously increase the business free cash flow, which consists of EBITDA, investments and changes in working capital. In addition, we attach great importance to the company's financial stability. Management's focus, therefore, is guided by these financial control parameters. Non-financial benchmarks in the areas of environment, procurement, employees and innovation are covered separately in our Corporate Report.

RESEARCH AND DEVELOPMENT GUIDELINES AND FOCUS AREAS

In research and development (R&D), Symrise aims to connect the individual components of product development, such as market and consumer research, R&D and creation, throughout the Group. Through the close linkup of R&D with marketing and business units, purchasing and manufacturing, product development, quality assurance and regulatory issues, we check early on to see whether new products and technologies can be implemented, digitized and if they are profitable, in addition to assessing their sustainability aspects. External co-operations and networks (Open Innovation) bring a considerable amount of additional approaches and ideas into the development process. Along with ideas from Open Innovation, Symrise also maintains a global project network with industrial, institutional and academic partners that covers every step of the innovative process – from basic research to marketing concepts. Furthermore, all R&D activities are geared to the guidelines of megatrends, consumer needs, customer requirements, naturalness & authenticity, sustainability, digitization, innovation and cost efficiency. The capitalization rate for research and development activities remained immaterial in 2018 as in the previous year as the conditions for capital-

CORE FUNCTIONS OF RESEARCH AND DEVELOPMENT AT SYMRISE

Basic research

- Products
- Technologies

Applied innovations

- Comprehensive product solutions

Application and process technologies

- Pilot scale

SUSTAINABILITY ASPECTS

ization are generally only met at the conclusion of a project. This meant that a majority of the development costs incurred were recognized with effect on profit or loss.

The R&D strategy of the **Scent & Care segment** concentrates on five research platforms in the areas of cosmetic ingredients, encapsulation and release systems, green chemistry, malodor management and oral care. Supporting platforms in the areas of sensory and analytical research, natural raw materials and byproducts, performance and receptor research form the basis for our capabilities and constant innovation process.

Exemplary research programs and product launches include our backward integration projects in Madagascar and the Brazilian Amazon region, which have the goal of producing high-quality natural products from sustainably grown raw materials while also fostering local community development. The products manufactured there are either marketed directly, used in new fragrance and active ingredient compositions with an improved efficacy profile or serve as natural starting materials for the manufacture of new, sustainable products. In addition, Symrise has developed EVERTRAIL, a new, unique olfactometer for detecting the development of fragrances in perfume oils and raw materials. Alongside comprehensive research programs that are aimed at the specific innovation requirements of the segments' respective business units, there are supplementary programs at Symrise that generate competitive advantages by expanding the company's portfolio of expertise. One example of this is Beauty+, which creates added value through the systematic, synergistic development of active cosmetic ingredients, fragrances and oral care solutions. In cooperation with Probi, major progress was made in the development of new probiotic-based active ingredients for oral care applications and care products for sensitive skin. Other new active and functional products launched by the Cosmetic Ingredients division in 2018 serve, among other things, to care for oily skin, are used in personal hygiene, expand the range of active ingredients to protect cosmetic products against microbial contamination or improve the sensorial properties of cosmetic formulations. In the hair care sector, our Hair Care Innovation Center in São Paulo, Brazil, presented a new multifunctional product for hair care – SymHair® Shape & Color – at the In Cosmetics Brasil in 2018, which serves, for example, to preserve the original shape and bounce of curls. In addition, it protects colored hair from fading, strengthens the hair and reduces breakage. With the acquisition of Renessenz, Fragrance Research has access to new raw materials from renewable sources. In perfume creation, Symrise achieved a new milestone in

2018. In partnership with IBM Research, the company has developed a method of using artificial intelligence to create perfumes based on digital fragrance models.

With the intelligent and mutually complementary combination of technical innovations and sensory research – performed in close cooperation with Diana – we managed to notably enhance the acceptance of product solutions for masking malodors in pet food.

The **Flavor segment** handles the following topics based on certain technology platforms while maintaining special focus on sustainability:

- The development of sustainable and natural product solutions for the Symrise Code of Nature® platform for healthy food concepts with consumers' preferred ingredients.
- Natural and sustainable product platforms for reformulations, preferred by consumers because of their sensory qualities, of sugar-, salt- and fat-reduced food concepts.
- The development of energy-efficient and low-solvent methods for producing concentrates of natural plant-based extracts.
- Analytical profiling (metabolomics) and sensory measurement – for example, by using next level LC/MS and LC Taste® – of potentially interesting plant extracts.
- Targeted development and enrichment of natural high-impact flavor preparations based on food processing, fermentation and biocatalysis systems from byproducts of the food industry.
- Comprehensive work and initiatives to digitize and automate research and development in the areas of data mining, knowledge transfer, statistical design and evaluation of experiments, prediction of sensory and analytical qualities, formula management of complex natural raw materials, mixing robots, microsensors for stability measurement.
- Formulation technologies for the delivery and stabilization of flavors with reduced energy consumption, optimized substance-related loading and targeted release. In addition, these technologies are evaluated and systematically adapted to new food-grade carriers.

- Expansion of methods for accelerated stability measurement of food and beverages with integration of online sensor methods and predictive models.
- Development of methods for characterizing encapsulated flavors and their qualities in various food applications.
- Continued development and validation of innovative methods to prove the authenticity and origin of natural raw materials. One example is the increased use of combined metabolism typing and genotyping through DNA profiling of botanical raw materials or processed products.
- Scientifically sound selection and analytically supported cultivation of suitable varieties of selected botanical raw materials (vanilla, onion, red beet). The main focus of this work is using statistical methods to systematically investigate the influence of biotic and abiotic influencing factors and turning these findings into cultivation recommendations.
- Experiments on breeding, reproducing, in-field or indoor cultivating, harvesting and processing of crops not previously grown commercially to obtain innovative raw materials for the development of flavor solutions that optimize sweet tastes.

A further focus is development of sustainable, natural product solutions with excellent sensory properties as well as the replacement of scarce raw materials. For example, during the reporting year, several raw materials that are expected to become difficult to obtain due to climate conditions were replaced by newly developed alternative systems. In this process, development based on analytic and sensory data and driven by statistical data analysis methods, combined with automatic mixing systems, is playing an increasingly important role.

Other focus areas of our research activities continue to include flavor systems and technologies to increase the health benefits of foods – for instance, protein-rich foods and foods with reduced sugar, fat or salt. Substantial progress was made in particular with newly introduced products in the area of technologies for improving the taste of sugar-reduced beverages. The focus of the work, which in previous years was on pure sweetness intensity, is being placed on overall taste quality. In addition to researching and introducing new natural products, especially the data-driven combinatorics from the com-

prehensive raw material base that Symrise possesses is used to develop convincing taste solutions.

An increasingly important factor for the successful implementation of the Flavor division's research strategy is the ability to successfully combine highly developed tools from high-performance analytics, sensor technology, bio- and food technology, as well as processing and separation technology with established or new data-based procedures. These include semantic/ontological search algorithms, deep learning, neuronal networks or methods of chemoinformatics or bioinformatics. For example, semantic analyses of the original manuscripts of Chinese recipes carried out in cooperation with the partners Charité, Berlin, and Bicol GmbH, Martinsried, in a project funded by the German Federal Ministry of Education and Research (BMBF), made it possible to find new methods for taste-modulating extracts. In another project, carried out with the University of Vienna, a system largely based on native cells was developed for identifying substances that mask bitter flavors. With this system, it was possible to predict and sensorially validate efficient taste modulators in the field of specific pharmaceutical substances.

In the field of agricultural research, important knowledge was gained in the area of systematic vanilla cultivation. First attempts at in-field and indoor cultivation methods for crops used to obtain innovative raw materials for the development of taste-modulating flavor solutions are delivering promising results and were intensively developed in 2018.

Symrise is making comprehensive efforts to significantly improve the taste of plant-based proteins used, in particular, in savory products and also in milk-based products. New kinds of masking systems are used to cover up negative taste notes and innovative formulation concepts for flavors are applied in plant-based food matrices.

The **Nutrition segment** is also strongly science-driven and innovation-oriented. Approximately 10% of the segment's employees work in research and development and are primarily concerned with the aspect of health promotion through nutrition in the business units Diana Food, Diana Pet Food, Diana Aqua and Probi and in the incubator Diana Nova.

Consumers are increasingly looking for products that they can trust and that are produced responsibly from simple, traceable ingredients. Among other things, this requires new ways of using natural raw materials. In cooperation with col-

leagues from other Symrise business units, new technologies are being developed and implemented that transform important manufacturing processes – such as those used in the new meat production facility in the USA.

In its R&D strategy, the Food business unit focuses on platforms that concentrate its scientific expertise on product attributes that make a real difference to consumers around the world. These include:

- Culinary food ingredients with a high taste intensity, authenticity and complexity
- Natural plant color extracts of different origins for a broad range of applications
- Visual characteristics and consumer-oriented qualities that enhance the enjoyment and perception of naturalness
- Functional extracts with proven health benefits, supported by a deep understanding of how they work

Another important area of research is intestinal health. Both science and consumers are increasingly realizing that intestinal health is of central importance for general health. For this reason, the Food business unit is working together with micro, cell and molecular biology experts from the Cosmetic Ingredients business unit, researchers from the Probi business unit and external academic partners to examine the interactions between natural extracts and probiotics. Building on its long-term experience and expertise in polyphenolic substances and with the support of Diana Nova, Diana Food has launched a five-year research program in collaboration with the Institute of Nutraceuticals and Functional Food (INAF), Canada, and the University of Laval. This #phenobio program investigates the interactions between different polyphenolic substances such as prebiotics and probiotics and their effects on intestinal flora.

The Food R&D teams benefit not only from the Symrise Group's strong scientific performance, but also from external partnerships to develop innovative products for human health in the areas of intestinal flora, cognitive health, glucose metabolism, urinary tract and oral health and weak inflammation. Our most important partners include King's College, London, CRICO, the Institute of Nutraceuticals and Functional Foods (INAF), Inserm and the University of Laval.

The Pet Food business unit focuses its research on product solutions for pet food that improve taste and acceptance. Pet Food maintains five expert platforms to improve the properties of pet food. The business unit has its own cat and dog panels for gauging progress on its work improving sensory product characteristics.

For basic research in the Pet Food business unit, one of the main objectives is to create in vitro tools that mimic an animal's nose and/or tongue. This significantly increases the testing possibilities for molecules while reducing product development times. Many of the research projects are carried out with academic or business partners. This year, for example, the Pet Food business unit and its partner B.R.A.I.N. have discovered several novel molecules thanks to their access to high-throughput screening technologies. A new program for dogs was launched with academic partners working on Olfactory Receptors (OR) and Olfactory Binding Protein (OBP) to develop a screening platform for the selection of fragrances preferred by dogs.

In addition, the Pet Food business unit develops solutions to improve animal health and safety as well as innovative fragrance and care products for pets.

The Pet Food business unit has a vast worldwide scientific network with more than 50 active research collaborations. Its research activities always also emphasize the aspect of sustainability. The R&D teams focus on the procurement of alternative raw materials and sustainable process optimization in order to develop eco-design products. For instance, some exploratory studies with insects and algae were carried out and a first environmental impact assessment was made. Pet Food's innovations led to three new patent families.

The Aqua business unit concentrates its R&D activities on three platforms, all of which contribute to the development of a sustainable aquaculture and use of marine resources:

- Application of enzymatic hydrolysis on marine co-products to develop high-quality functional ingredients to improve the properties of feeds used in aquacultures and fish and shrimp farms. The aim is to increase the yield of proteins and fats from marine raw materials while maintaining a balanced peptide content in hydrolysates in order to achieve defined properties with regard to palatability, nutrition and health in fish and shrimp. In addition, our process engineers are working to further develop hydrolysis.

- Assessment of the effects of dietary functional hydrolysates on feed properties. This is particularly important in order to compare the products developed with those of competitors. For this purpose, Diana Aqua has its own test laboratories as well as a network of external partners. The investigation conditions are adapted as far as possible to the environmental conditions of aquaculture farms. Another focus is the development of new methods to measure product attractiveness and tastiness of shrimp.
- Characterization of the operative mechanisms of our products. This will provide insights into the interactions between product properties and animal metabolism. In a 2018 doctoral thesis, Diana Aqua examined the structural and functional properties of hydrolysates on fish. This has led to significant improvements in proteins and peptides. The results showed that the activity of the genes responsible for nutrition absorption and immune systems of fish increased when fish are fed with dietary hydrolysates. In addition, dietary shrimp hydrolysates improved the intestinal health of fish. The results were confirmed by two peer reviews, and a patent application was filed.

The Nova division serves as an incubator within the Diana Group to remove organizational barriers, make expertise and competencies available across divisions and accelerate development processes. Its activities are bundled in two platforms:

- The intestinal regulation platform develops science-based natural solutions that positively influence the intestinal flora of humans and animals.
- In Food Preservation, novel methods are being developed to improve the shelf life of foods in a natural way.

RESEARCH AND DEVELOPMENT EXPENSES

Total R&D expenditures amounted to € 200 million in the 2018 fiscal year (previous year: € 196 million), comprising 6.4 % of sales (previous year: 6.6 %). The expenses for R&D should remain at this level moving forward in order to further enhance Symrise's innovative strength.

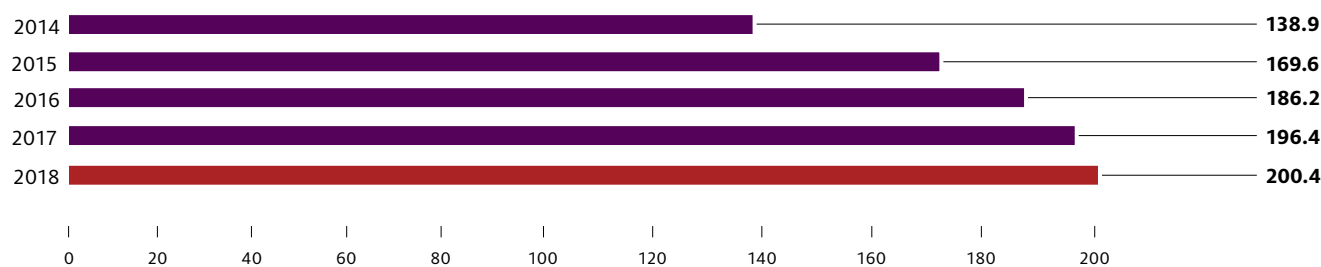
EMPLOYEES

STRUCTURE OF THE WORKFORCE

As of December 31, 2018, the Symrise Group employed 9,647 people worldwide (not including trainees and apprentices). In comparison to December 31, 2017 (9,247 employees), this represents an additional 400 employees. The increase in the number of employees was largest in the Scent & Care segment (+ 196 employees), which was also partly due to the acquisition of Citratus. This segment employs 29 % of the Group's total workforce. 35 % of employees work in the Flavor segment and 26 % in the Nutrition segment. About 10 % of the Group's employees work in Corporate Services and the Corporate Center as well as in the separate Group companies Symotion and Tesium. The number of apprentices and trainees was the same as the previous year at 140. In particular, they are being trained as chemical lab technicians and chemists, industrial clerks and business students (dual training with a Bachelor of Business Administration degree) as well as industrial mechanics.

From a functional perspective, the largest portion of the Symrise Group's workforce is employed in the area of production and technology (46 %). This area grew by 182 employees in 2018, which was the largest growth in the Group. 24 % of employees work in Sales & Marketing. 18 % of employees work in Research & Development.

R & D EXPENSES, in € million



NUMBER OF EMPLOYEES BY SEGMENT

	December 31, 2017	December 31, 2018	Change in %
Flavor	3,293	3,350	+2
Nutrition	2,374	2,504	+6
Scent & Care	2,613	2,809	+8
Corporate functions and services	967	984	+2
Total (not including trainees and apprentices)	9,247	9,647	+4
Trainees and apprentices	140	140	±0
Total	9,387	9,787	+4

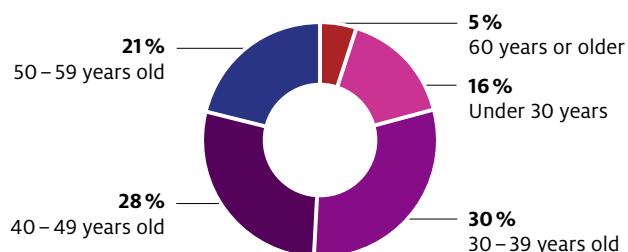
Basis: Full-time equivalents (FTE), not including temporary workers

Of the Group's 9,647 employees, about 28 % work at sites in Germany, while the EAME region as a whole accounts for 51 % of the workforce. 19 % of our employees work in the Latin America region, 15 % in Asia/Pacific and 15 % in North America.

In terms of age range, employees between the ages of 30 and 49 dominate the workforce at the Symrise Group, with a share of 58 %. We continually review the demographic development of our workforce. Development of demographics will be very steady over the next ten years. The annual reduction of the workforce due to retirement will be around 1 to 2 % per year until 2022.

39 % of the Symrise Group's employees have been with the company for at least ten years – at German sites, this group accounts for 64 % of the workforce. Our employee turnover rate remained very low in Germany, totaling 2.1 % in 2018. Globally, the figure was 5.3 %.

AGE STRUCTURE OF THE WORKFORCE 2018 in %



PERSONNEL STRATEGY

With our personnel strategy, we simultaneously support the growth of Symrise and the development of our employees. In the process, three factors play an important part: leadership, personal development of employee and working conditions such as remuneration, benefits, etc.

Leadership and manager development

In 2018 we set three areas of focus for manager development:

As part of our **succession planning** for key positions, we specifically evaluated managers on their leadership skills. Symrise follows the principle of filling key positions internally. For one thing, we want to use the existing know-how in the company and, for another, our promising managers should get the opportunity for further development. The assessment was carried out by an external consulting firm. Based on a detailed report, strengths, areas of development and development measures were discussed and agreed upon, as were further career paths.

This year, for the third time, we launched what we call our **Symrise Future Generation Leadership Development Program** for 25 promising managers who are still at the beginning of their careers. This group of young employees is made up of 14 women and 11 men. The program serves to support diversity at Symrise and to increase the share of female managers. The program began with a development center and detailed feedback provided to the participants about their results. This resulted in a detailed development plan for each individual participant. In addition, the first module on the topic "Transitioning to Leadership" took place. The program provides for intensive training over 18 months and ends in the spring of 2020.

NUMBER OF EMPLOYEES BY FUNCTION

	December 31, 2017	December 31, 2018	Change in %
Production & Technology	4,216	4,398	+4
Sales & Marketing	2,163	2,286	+6
Research & Development	1,659	1,728	+4
Administration	786	798	+2
Service companies	423	437	+3
Total	9,247	9,647	+4

Basis: Full-time equivalents (FTE), not including apprentices, trainees or temporary workers

NUMBER OF EMPLOYEES BY REGION

	December 31, 2017	December 31, 2018	Change in %
Germany	2,669	2,737	+3
EAME not including Germany	2,063	2,135	+4
North America	1,358	1,458	+7
Asia/Pacific	1,441	1,476	+2
Latin America	1,716	1,841	+7
Total	9,247	9,647	+4

Basis: Full-time equivalents (FTE), not including apprentices, trainees or temporary workers

The way Symrise sees it, managers are the first personnel developers and coaches for their employees. For example, in 2018 the focus was once again on the topic of **personnel development planning and feedback**. The contents of the module were the preparation of development plans for individual employees and rules for giving good feedback, even in difficult discussions.

Career development

With the development and introduction of a career concept in marketing and product development, Symrise has now completed the implementation of career paths for all of its functional areas. As with the previous concepts, managers and several employees were involved in developing the concept. It includes multiple seniority levels (for example, junior or senior marketing manager), which are defined in terms of a catalog of key areas of expertise. Following the presentation of the concept, each employee carries out a self-assessment, which is then discussed with their manager as well as the continuation of their career path and the training and coaching measures that might be necessary. With these concepts, Symrise is well positioned for the career expectations of the millennial generation.

Equitable remuneration for women and men at Symrise

Symrise pays its employees on the basis of collective wage agreements concluded with the respective labor unions. Each initial classification or later reclassification is subject to review by the works council. Through this double-checking, we make sure that gender plays no role in determining remuneration. In 2018, we carried out a gender-specific analysis of the wages for male and female employees at our major sites. The example of our site in Germany, which has the most employees, shows that the average remuneration of women does not significantly deviate from the average remuneration of men (statistically insignificant differences of less than 2%). As part of this analysis, we adjusted the results to account for the personal decision of each employee working part time. The remaining, insignificant differences result from production-specific components of remuneration such as hardship allowances from activity-related wages such as foremen's or master craftsmen's allowances or are prescribed by the various remuneration levels specified by wage agreements for commercial or technical professions. Overall, we received five inquiries from female employees to review their remuneration under the German Transparency in Wage Structures Act. Gender-specific discrimination did not exist in any of these cases.

Education

Educating young people is of particular importance at Symrise. For this purpose, we recruit qualified young individuals who we specifically train with our company's needs in mind. And with this approach, we fulfill an obligation that society as a whole holds toward the next generation. As of December 31, 2018, a total of 140 apprentices and trainees were employed at our sites in Germany. This corresponds to a training rate of around 5.1%.

Depending on the occupation, training lasts two to three years. All trainees are taken on at least temporarily after completing their training if they meet our minimum requirements regarding the success of their training. With our investment in training, we are meeting the demand for future specialists in chemical production and in the laboratories as well as in commercial, marketing and sales functions. Because of the need for trained specialists, Symrise has also been training two additional specialists for food technology since August 2018 in its Braunschweig plant.

We have structured our training capacity in a way that allows around 46 young people to begin their training at Symrise every year. Of these, 24 are trained for chemical-technical professions, another 10 for technical and logistics occupations and 12 young people for commercial occupations. In addition to initial training, we open up new perspectives by offering dual studies in both business administration (five employees are working toward a Bachelor of Business Administration) and in the chemical-technical field (two employees working toward a Bachelor of Science). Through our training activities, we are clearly working to mitigate the demographic change in our company.

In addition, we qualify our employees via comprehensive training measures. Lifelong learning is something our employees are always engaged in. German language instruction has played a particularly important role in integrating foreign employees. Furthermore, we offer English courses for our production employees and for employees of Tesium, among other things, so that they can use international work instructions. In the international range of training courses offered, occupational safety training and the handling of hazardous substances are given a wide scope of attention. Management training courses are also offered in all regions, supplemented by coaching and mentoring measures. In 2018, around 8,500 participants took part in internal and external training courses. Globally, the

total number of hours for training courses amounted to around 66,500 hours, so that each participant received an average of 8 hours of training. In addition to traditional training programs, we also train our employees via international assignments. In 2018, the number of international assignments – around 120 employees deployed outside their home country – remained unchanged at a high level.

We spend about € 3.5 million annually for training and personal development measures.

At our flavorist and perfumer school, we are constantly training experts who can be trained on raw materials and their applications in our products over a period of around three years and then successfully inserted into our product development teams. In addition, our employees have diverse opportunities for completing a bachelor's, master's or doctoral degree alongside their work through cooperation agreements with universities, academies and institutes. In 2018, 20 Symrise employees were supported in such qualification measures.

Health management and demographic change

Work and health do not contradict but rather complement each other: Well-designed work creates meaning and provides affirmation. Symrise emphasizes these topics through initiatives concerned with the design of work tasks and processes that integrate and support the strengths of our employees. This includes diverse projects related to the topics of total productivity maintenance (which are mainly carried out in production), and lean management, where the tasks, procedures, IT support tools and other tools are analyzed in detail in workshops so that suggestions for improvement can be developed together in the team. In addition, possible psychological stresses that can come with the modern working environment are regularly analyzed in terms of occupational safety by means of checklists and in group discussions with employees, and remedies are carried out if necessary.

Our in-house health management organizes health days or health weeks twice a year, where employees can learn more about various aspects of health from healthy nutrition, healthy sleeping habits, movement and posture to how to deal with stress, such as resilience and mindfulness training.

Influenza vaccinations, which we offer worldwide at most of our company's sites, serve as preventive health protection. While we are convinced that our health management cannot

prevent illnesses, we are equally certain that it can make a valuable contribution to alleviating the physical and mental strain on our employees at work.

PERSONNEL MEASURES

Remuneration and wage agreements

The remuneration policy at Symrise follows a simple principle: Wherever wage agreements are the norm, these are applied at Symrise. Wage agreements apply to about 65 % of our workforce worldwide. In places where no wage agreements apply, we use a globally standardized job grade concept. This ensures that every employee receives fair and competitive remuneration.

In Germany, Symrise uses the pay rates for the chemical industry. Accordingly, wages increased 2.9 % as of November 1, 2018. For the application of this increase at Symrise, we took into account our pioneering site safeguard agreement, which will remain in effect through the year 2020, and provides for salary reductions of 0.7 percentage points compared to the collective tariff.

In addition, in 2018, we were able to grant our employees covered by wage agreements in Germany a profit-sharing option of € 550 for full-time work (proportionately for part-time work). Employee performance should pay off at Symrise. With this profit-sharing scheme, outstanding performance at the German site was acknowledged.

The standardized remuneration model at Symrise, what we call our job grade concept, has been introduced in all regions. It is structured according to the function of the position and its respective contribution of value. It also includes a bonus concept. Our broadly formulated job grade concept makes remuneration transparent and highlights career possibilities within the company. The Symrise job grade concept includes specialist and manager tracks and allows for movement between both paths.

In addition, a separate Global Performance Bonus Plan ensuring that company goals are reached by means of variable remuneration geared toward results and performance applies to about 120 managers with global or regional responsibilities. In addition, our creative employees are also included in this management and incentive system.

Measures to safeguard competitiveness

The existing company wage agreement between Symrise and IG BCE (Mining, Chemical and Energy Industrial Union) makes an important contribution toward securing the company's competitive position. The agreement was extended until 2020 at the beginning of 2012. The essential elements of the agreement on the company's side are a guarantee of location and employment as well as investment commitments of over € 220 million for the German sites until 2020. At the same time, the agreement forms the basis for qualification measures and considerable cost savings through the retention of a working week of 40 hours and the gradual takeover of the IG BCE union wage rates with clearly defined reductions of currently 0.7 percentage points per year until 2020. The implementation of qualification measures, which foster and enhance the innovative ability of our employees, is an essential pillar of our personnel policy. With these concessions, the workforce is making a decisive contribution to internationally competitive personnel costs at our German sites. A key element of the collective bargaining agreement is the return of these discounts to employees if Symrise loses its independence. In this case, the chemical industry's general wage agreement automatically comes into effect six months after Symrise is acquired by a third party. This does not affect the site guarantee and the waiver of terminations for business reasons through 2020.

Economic Report

CORPORATE DEVELOPMENT

CURRENT DEVELOPMENTS WITHIN THE GROUP

Germany's most sustainable large corporation

In December 2018, Symrise was awarded first place in the category "Germany's most sustainable large corporation 2019." In addition to Symrise's commitment to climate protection, the decisive factors were mainly its efforts to preserve biodiversity and to support the living conditions of small-scale farmers along the supply chain which consistently meet the highest ecological and social standards. For the approximately 10,000 raw materials that Symrise uses, the company predominantly draws on plant-based materials. These come in part from sensitive ecosystems, such as the Amazon rainforest, which Symrise is helping to protect with its approach to sustainability. Projects of special note include the sustainable cultivation of vanilla in Madagascar and the extraction of biologically based cosmetic raw materials in the Amazon region of Brazil,

in which the company supports 5,500 local small-scale farmers. In these and other regions, Symrise educates farmers in environmentally effective cultivation practices, grants microcredits and invests in educational and professional opportunities, all of which demonstrably improve the socioeconomic conditions of the small-scale farmers.

New site for natural ingredients inaugurated in Georgia, USA

On October 30, 2018, Symrise opened a plant for high-quality natural food ingredients in Banks County, Georgia, USA, near Atlanta. The company has invested € 50 million in the plant, which meets standards for state-of-the-art technology and sustainability. With this step, Symrise is strengthening its pioneering role in the US market and underscoring its desire to expand further in growth regions. The plant produces products for the application areas of food ingredients, flavors and pet food. The customers of Symrise use these natural ingredients in culinary dishes and premium pet food, for example. Symrise aims to grow further in the US market for natural food ingredients and will gradually expand its site in Georgia by 2020.

The start of the digital age for the perfume industry

In October 2018, Symrise presented a new approach to perfume creation. In partnership with IBM Research, the company has developed a method of using artificial intelligence (AI) to create perfumes based on digital fragrance models. Philyra, as the project is called, uses AI developed by IBM Research for product design technology. Philyra uses a data-driven approach and accesses a gigantic data bank consisting of fragrance formulas, data about fragrance families – fruity, Middle Eastern or flowery – as well as historical data. This method uses artificial intelligence and creates new fragrance creations from a treasure trove of data. The project combines human expertise with machine intelligence and accelerates the creative process of perfumers, who can now concentrate on refining the final products. The art of perfumery has a centuries-long tradition. Symrise makes use of this treasure trove. At

the end of the nineteenth century, synthetic fragrances revolutionized the industry. With artificial intelligence, Symrise is crossing the next threshold.

GENERAL STATEMENT ON THE COURSE OF BUSINESS AND ON THE GROUP'S NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The Symrise Group generated sales of € 3,154 million in the 2018 fiscal year. Sales increased 5.3 % in the reporting currency over the previous year. Excluding portfolio effects, organic sales growth amounted to 8.8 %. The share of sales generated in the emerging markets accounted for 43.2 % of Group sales and was therefore slightly below last year's mark of 43.5 %. At a total of € 631 million, earnings before interest, taxes, depreciation and amortization (EBITDA) were slightly higher than the previous year (2017: € 630 million). This corresponds to a sales margin of 20.0 % (previous year: 21.0 %).

Net income for 2018 was up compared to the previous year, increasing by € 5 million to € 275 million. Earnings per share amounted to € 2.12 (2017: € 2.08). Given this positive development, Symrise AG's Executive Board will, in consultation with the Supervisory Board, propose raising the dividend from € 0.88 in the previous year to € 0.90 per share for the 2018 fiscal year at the Annual General Meeting on May 22, 2019.

A COMPARISON BETWEEN THE ACTUAL AND FORECAST COURSE OF BUSINESS

At the start of 2018, we expressed our goal of posting sales growth at local currency well beyond the average market growth rate (around 4 %) in all three segments – Flavor, Nutrition and Scent & Care. Over the course of the fiscal year, we had adjusted our sales expectations to initially greater than 7 % and then to greater than 8 %.

For 2018, we expected an EBITDA margin of around 20 % under the assumption of rising raw material costs and a strong euro against the US Dollar. Our debt, as measured in terms

ACHIEVEMENT OF TARGETS IN 2018

	Target at the Beginning of the Fiscal Year	Figure Achieved
Sales growth (at local currency)	Notably above market growth rate of 3 to 4 %	8.8% (excluding portfolio and currency translation effects)
EBITDA margin	About 20.0 %	20.0%
Net debt (incl. provisions for pensions and similar obligations) / EBITDA	Between 2.5 and 2.8	3.0

of the key figure net debt (including provisions for pensions and similar obligations) to EBITDA, should remain between 2.5 and 2.8. In the medium term, we are aiming for a return to the debt range of 2.0 to 2.5.

Achievement of targets in 2018

With sales growth of 8.8 % (excluding portfolio effects and currency translation effects), we have significantly exceeded our sales goals. The EBITDA margin of 20.0 % met the expected value for 2018. A net debt ratio to EBITDA of 3.0 was slightly higher than our expectations.

RESULT OF OPERATIONS

Group sales

For 2018 as a whole, the Symrise Group generated sales of € 3,154 million. Compared to the previous year, sales increased 5.3 % in the reporting currency. Adjusted for portfolio effects (additions of Cobell and Citratus) and exchange rate effects, Group sales in the reporting year organically increased by 8.8 %.

Regions: Business in the EAME region developed positively, organically increasing by 6.4 % compared to the previous year. In North America, organic sales growth was 6.1 %. The Asia/Pacific region achieved double-digit sales growth of 12.4 % compared to the previous year. Sales development in Latin America was dynamic and recorded an increase of 16.2 % compared to the previous year.

Flavor sales

The Flavor segment generated sales of € 1,191 million in the 2018 fiscal year. Compared to the previous year, this represents an increase of 8.1 % in the reporting currency. Adjusted for

portfolio changes (Cobell) and exchange rate effects, this corresponds to organic growth of 9.5 %. All regions and business units were able to significantly expand sales in the past fiscal year.

Growth was particularly strong in the EAME region. Here, the segment achieved high single-digit percentage organic growth, primarily from applications for sweet and savory products in Western and Eastern Europe. The Beverages business unit also performed well in this region, posting solid organic growth, particularly in Western and Eastern Europe and in South Africa.

The Asia/Pacific region also posted particularly dynamic growth with a high double-digit percentage organic increase, primarily in China, Indonesia and India. The Sweet and Savory business units showed the strongest growth in this region.

Sales development in North America was also positive. The Flavor segment generated strong growth, especially in the Sweet and Beverages business units with our global customers.

In Latin America, the segment also continued the successful development of recent years and achieved growth in the double-digit percentage range. The Beverages business unit achieved particularly strong growth in Uruguay, Brazil and Mexico.

Nutrition sales

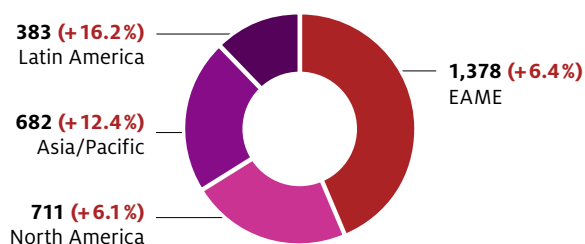
In the 2018 fiscal year, the Nutrition segment generated sales of € 639 million. Compared to the previous year, this represents an increase of 1.2 %. Excluding portfolio and currency translation effects, organic sales growth amounted to 7.4 %.

The largest growth stimulus came from the Pet Food business unit, which achieved double-digit or high single-digit organic growth in particular in the regions of Latin America and Asia/Pacific. The main growth drivers here were our global and regional customers.

The Food business unit also performed well. The North America region in particular recorded double-digit growth.

The Aqua business unit also significantly expanded its sales and achieved double-digit growth in the EAME and Asia/Pacific regions.

SALES BY REGION in € million
(Organic growth in %)



In the Probi business unit, sales for 2018 as a whole were still slightly below the previous year's figure due to temporary reduction in demand from a major customer. However, Probi recorded significant growth in the second half of 2018, particularly in the North America and Asia/Pacific regions.

Scent & Care sales

The Scent & Care segment generated sales of € 1,324 million in the 2018 fiscal year. Compared to the previous year, this represents an increase of 4.8% in the reporting currency. Adjusted for the portfolio effect of the Citratus acquisition and exchange rate effects, the segment grew 8.9% organically.

The Cosmetic Ingredients division significantly increased its sales compared with the previous year and generated a double-digit organic growth rate. Most notably, the Asia/Pacific and Latin America regions recorded high growth rates. In particular, sales increased significantly in China, Brazil and Japan.

The Aroma Molecules division achieved high single-digit percentage growth. Positive growth drivers came primarily from the fragrance ingredients and menthols business units. The division recorded the highest growth in the USA, Mexico, India, Japan and Spain.

The Cosmetic Ingredients division also significantly increased its sales, achieving a good, single-digit organic growth rate. The strongest growth was seen in the Fine Fragrances business unit, with double-digit growth, especially in the USA and Brazil. The Beauty Care business unit was also able to achieve strong growth, especially in the Latin America and Asia/Pacific regions. In the Home Care business unit, growth was particularly strong due to new business with important regional customers in Latin America, Asia/Pacific and EAME. Only Oral Care recorded a moderate sales development and remained at the previous year's level.

Development of material line items in the income statement

On the whole, earnings performance was satisfactory in the 2018 fiscal year. The **cost of goods sold** rose 7.9% in 2018 to € 1,913 million and therefore increased disproportionately to sales. This was primarily due to increased raw material costs. **Gross profit** increased by 1.4% and amounted to € 1,241 million (2017: € 1,224 million). The **gross margin** was 39.4%, which puts it 1.5 percentage points lower than in the previous year (40.9%). **Selling and marketing expenses** grew 2.5% over the previous year and totaled € 490 million (2017: € 478 mil-

lion). The share of selling and marketing expenses in Group sales amounted to 15.5% after 16.0% in the previous year. **R & D expenses** rose 2.0% to € 200 million (2017: € 196 million). The R & D rate therefore amounted to 6.4% (previous year: 6.6%) of sales. **Administration expenses** were 6.5% higher than in the previous year at € 165 million (2017: € 155 million). As in the previous year, administration expenses as a share of Group sales amounted to 5.2%. The increase in other operating income is primarily attributed to a tax refund in Brazil, government grants for investments and tax credits on research expenditure as well as reimbursements for REACH.

Earnings situation

Group: At € 631 million in the reporting year, **earnings before interest, taxes, depreciation and amortization (EBITDA)** were slightly higher than the previous year (2017: € 630 million). The EBITDA **margin** was 20.0% in the reporting year, which was lower than in the previous year (2017: 21.0%) mainly because of increased raw materials prices and start-up costs for new sites.

Scent & Care: Scent & Care generated an EBITDA of € 254 million in 2018, an increase in earnings of € 6 million compared to the previous year's figure of € 248 million (+ 2.6%). The EBITDA margin therefore amounted to 19.2%, compared to 19.6% in 2017. The decrease in the margin compared to the previous year is essentially due to high raw materials costs.

Flavor: EBITDA of the Flavor segment amounted to € 244 million in the reporting year and slightly exceeded the figure from the previous year (2017: € 243 million). The EBITDA margin of 20.5% was below the previous year's level (2017 EBITDA margin: 22.0%), mainly due higher raw materials costs and to the full-year consolidation of Cobell.

Nutrition: The Nutrition segment generated an EBITDA of € 132 million in 2018. This was € 7 million below the previous year's level (2017: € 139 million) as a result of higher operating costs, mainly due to the construction of the new Diana Food site in the USA and the lower earnings contribution from Probi. The EBITDA margin was 20.7%, compared to 22.1% in 2017.

Financial result: The financial result of € -45 million for 2018 is € 11 million higher than the result from 2017. This includes a year-on-year improvement of the net interest result (€ -37 million; previous year: € -49 million), which stemmed from the

INCOME STATEMENT IN SUMMARY

€ million	2017	2018	Change in %
Sales	2,996	3,154	5.3
Cost of goods sold	-1,772	-1,913	7.9
Gross profit	1,224	1,241	1.4
Gross margin	in % 40.9	39.4	
Selling and marketing expenses	-478	-490	2.5
Research and development expenses	-196	-200	2.0
Administration expenses	-155	-165	6.5
Other operating income	38	51	33.3
Other operating expenses	-2	-3	61.2
Income from operations/EBIT	432	434	0.6

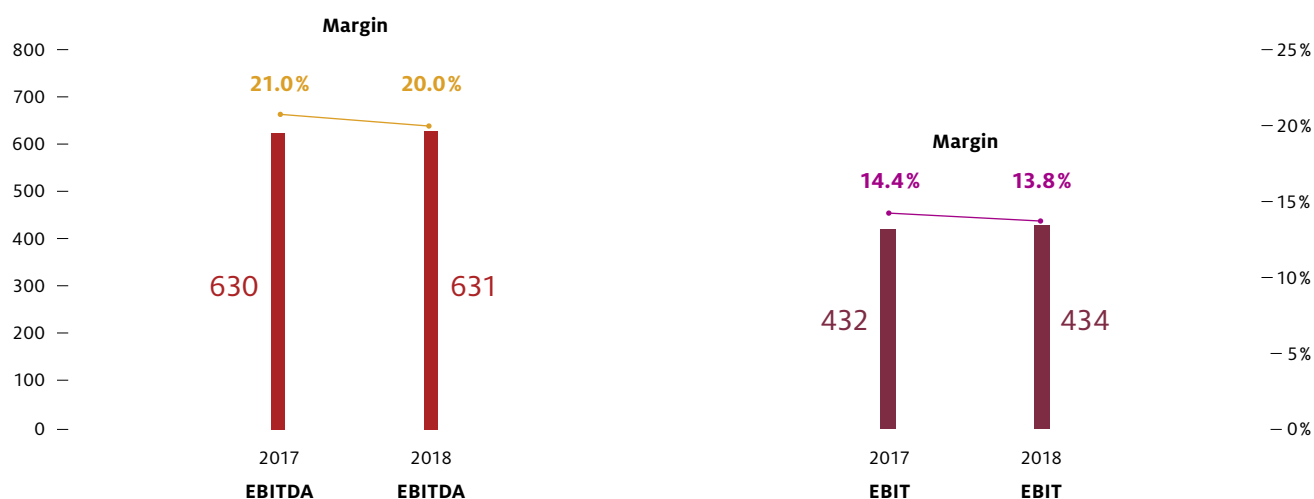
refinancing of the Eurobond by means of the issue of a convertible bond, and of the other financial result (€ -7 million; previous year: € -8 million).

Taxes: In the 2018 fiscal year, tax expenses amounted to € 109 million (2017: € 100 million). The resulting tax rate of 28.1% is higher than in the previous year (26.6%), mainly due to the limited deductibility in the USA. An adequate provision for tax risk was made, as in previous years.

Net income and earnings per share: Symrise AG net income attributable to shareholders amounted to € 275 million and therefore was € 5 million, or 1.9%, higher than the previous year. Earnings per share rose by 4 cents to € 2.12 (2017: € 2.08).

Dividend proposal for 2018: The Executive Board and Supervisory Board of Symrise AG will propose the distribution of a dividend of € 0.90 per share for the 2018 fiscal year at the Annual General Meeting on May 22, 2019.

OVERVIEW OF EARNINGS in € million / in %



FINANCIAL POSITION

Financial management

Main features and objectives: The Symrise Group's financial management pursues the aim of guaranteeing that the company's financial needs are covered at all times, of optimizing the financial structure and of limiting financial risks insofar as possible. Consistent, central management and the continuous monitoring of financial needs support these objectives.

In accordance with the Symrise Treasury department's guidelines, the financing of the Group is managed centrally. The financial needs of subsidiaries are ensured by means of internal Group financing within the framework of a cash pool, among other things. The surplus liquidity of individual European Group units is put into a central account, so that liquidity deficits of other Group units can be offset without external financing, and that internal financial capital can be used efficiently. If external credit lines are needed, they are safeguarded by guarantees from Symrise AG. The Group's financial liabilities are unsecured and connected to credit agreements (covenants) that are reviewed every quarter. The Group maintains good business relationships with a large number of banks and avoids becoming too dependent on individual institutes.

The Symrise Group safeguards against risks resulting from variable interest rates on financial liabilities by means of interest rate hedges, if need be. Here, the principle applies that interest derivatives can only be concluded on the basis of underlying transactions.

Symrise does business in different currencies and is thus exposed to currency risks. Exchange rate risks occur when products are sold in different currency zones than the ones in which the raw materials and production costs accrue. Within the framework of its global strategy, Symrise manufactures a large proportion of its products in the currency zones in which they are sold in order to achieve a natural hedge against exchange rate fluctuations. In addition, Symrise has implemented a risk management system, which, based on detailed cash flow planning, identifies open currency positions. These are hedged against fluctuations on a case-by-case basis.

With an equity ratio (including non-controlling interests) of 39.5% as of December 31, 2018, Symrise has a solid foundation for driving future business development forward in a sustained manner.

Financing structure: The Symrise Group covers its financial needs from its good cash flow from operating activities and via short- and long-term financing.

Symrise fulfilled all of the contractual obligations resulting from loans (covenants) in the 2018 fiscal year.

In addition to the credit facility mentioned, bilateral, firmly pledged bank credit lines for € 89 million exist in the Group to cover short-term payment requirements. The interest rates agreed on for the credit facility are at the accepted market rate.

Cash flow and liquidity analysis

OVERVIEW OF CASH FLOW

€ million	2017	2018
Cash flow from operating activities	396	442
Cash flow from investing activities	- 219	- 239
Cash flow from financing activities	- 219	- 152
Cash and cash equivalents (Dec. 31)	230	280

Cash flow from operating activities amounted to € 442 million, € 46 million more than in the previous year (€ 396 million). The main reasons for this improvement are a lower increase in working capital and lower tax payments. The operating cash flow rate relative to sales was therefore 14.0%.

Cash outflow from investing activities rose by € 20 million to € - 239 million. It was primarily used for investments in property, plant and equipment.

In the 2018 fiscal year, a cash outflow from financing activities of € - 152 million resulted on a net basis. A cash outflow of € - 219 million was posted in the previous year. Key components include the 2018 dividend paid out to shareholders for 2017 amounting to € 117 million, net repayments on bank borrowings and capital market liabilities in the amount of € 18 million and interest payments to financial institutes totaling € 22 million (previous year: € 38 million).

All payment obligations were fulfilled in the fiscal year. There were no shortfalls in liquidity during the year nor are any expected in the foreseeable future. The company has sufficient credit lines available, e.g., in the form of a revolving credit facility totaling € 300 million. As of December 31, 2018, € 30 million and USD 34 million of this line had been utilized.

Investments and acquisitions

The Symrise Group invested € 226 million in intangible assets and property, plant and equipment in the 2018 fiscal year, after spending € 205 million in the previous year.

€ 15 million were spent on intangible assets (2017: € 19 million). Here, the focus was on investments in software and patents as well as the registration of chemicals according to the European chemical directive (REACH). Investments in property, plant and equipment amounted to approximately € 211 million (previous year: € 186 million). The largest investment projects consisted of the new site for the production of fragrances and flavors in Nantong (China), the construction of a new production site for Diana Food in Banks County, GA (USA), and the expansion of production capacities for cosmetic ingredients and menthols in Charleston, SC (USA).

All of the projects were funded through operating cash flow. As of December 31, 2018, the Group had obligations to purchase property, plant and equipment amounting to € 72 million (December 31, 2017: € 58 million). This mainly relates to production facilities, hardware and office equipment. Most will come due during the course of 2019.

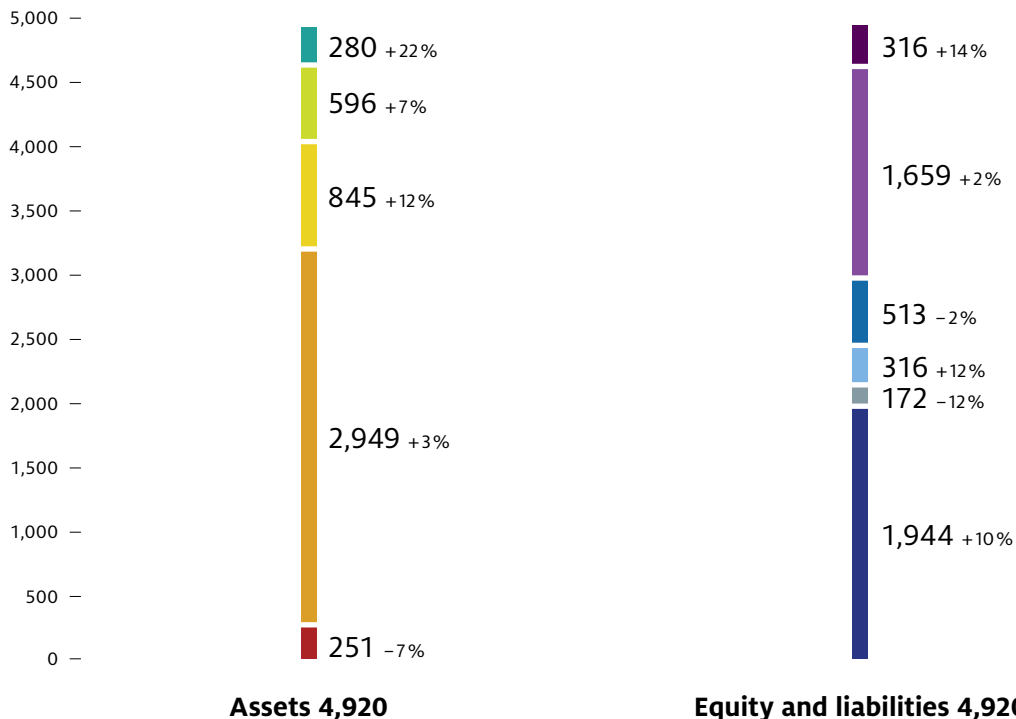
NET ASSETS

Select line items in the statement of financial position

Total assets as of December 31, 2018, increased by € 246 million, or 5.3 %, to € 4,920 million over the previous year (December 31, 2017: € 4,675 million).

On the assets side, this was mainly due to an investment-related increase in property, plant and equipment (€ 1,036 million; December 31, 2017: € 902 million) and because of the sig-

OVERVIEW OF THE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2018 in € million (Change compared to previous year's reporting date, in %)



- Cash and cash equivalents
- Trade payables
- Trade receivables
- Borrowings
- Inventories
- Provisions for pensions and similar obligations
- Intangible assets and property, plant and equipment
- Other liabilities
- Other assets
- Deferred tax liabilities
- Total equity

nificant increase in sales of **trade receivables** (€ 596 million; December 31, 2017: € 557 million) and **inventories** (€ 845 million; December 31, 2017: € 752 million). In contrast, **intangible assets** declined by € 53 million to € 1,912 million, mainly as a result of amortization. In addition to goodwill of € 1,206 million (December 31, 2017: € 1,183 million), intangible assets include customer bases, trademarks, software, patents and other rights of € 551 million (December 31, 2017: € 602 million) and recipes and technologies of € 129 million (December 31, 2017: € 157 million). These assets resulted almost entirely from business combinations. **Cash and cash equivalents and short-term deposits** amounted to € 280 million as of December 31, 2018, compared with € 230 million as of December 31, 2017.

The increase in the balance sheet total on the equity and liabilities side resulted – in addition to a € 175 million increase in equity (including non-controlling interests) to € 1,944 million – from slightly higher **trade payables** (€ 316 million; December 31, 2017: € 276 million) and **financial liabilities** (€ 1,659 million; December 31, 2017: € 1,628 million). **Provisions for pensions and similar obligations** decreased from € 523 million to € 513 million due to the increase in the discount rate for pension commitments granted in Germany from 1.7 % to 2.0 %.

Equity (including non-controlling interests) amounted to € 1,944 million as of December 31, 2018 (December 31, 2017: € 1,769 million). A dividend of € 117 million was paid out in 2018 for the 2017 fiscal year. As of December 31, 2018, the equity ratio was 39.5 % (December 31, 2017: 37.8 %).

Net debt

€ million	2017	2018
Borrowings	1,628	1,659
Cash and cash equivalents	- 230	- 280
Net debt	1,398	1,380
Provisions for pensions and similar obligations	523	513
Net debt including provisions for pensions and similar obligations	1,922	1,893

The evaluation of compliance with the leverage covenants for the current and non-current borrowings is performed on the basis of the specifications in the various credit agreements. The evaluation to determine the leverage covenants uses the ratio of net debt to the EBITDA of the last twelve months. This results in a net debt/EBITDA ratio of 2.2, which is relevant for loan agreements. The ratio of net debt including provisions for pensions and similar obligations/EBITDA amounted to 3.0.

We target a capital structure that allows us to cover our future potential financing needs at reasonable conditions by way of the capital markets. This provides us with a guaranteed high level of independence, security and financial flexibility. We will continue our earnings-oriented dividend policy and give our shareholders an appropriate share in the company's success. Furthermore, it should be ensured that acquisition plans can be accompanied by solid financing options.

Significant obligations not reflected on the balance sheet exist in the form of obligations for the purchase of goods amounting to € 192 million (2017: € 147 million) and obligations regarding the purchase of property, plant and equipment amounting to € 72 million (2017: € 58 million).

CAPITAL STRUCTURE

€ million	2017		2018		Change in %
		<i>in % of total equity and liabilities</i>		<i>in % of total equity and liabilities</i>	
Equity	1,769	38	1,944	40	+ 9.9
Current liabilities	603	13	1,218	25	+ 101.9
Non-current liabilities	2,302	49	1,758	35	- 23.6
Liabilities	2,905	62	2,976	60	+ 2.4
Total assets	4,675	100	4,920	100	+ 5.3

Symrise AG has service contracts with various providers regarding the outsourcing of its internal IT. Some service contracts already existed in previous years. The remaining total obligation toward these service providers amounts to € 25 million (December 31, 2017: € 35 million), accounting for extraordinary termination rights.

Miscellaneous other financial obligations amounted to € 15 million as of December 31, 2018 (December 31, 2017: € 21 million) and are mostly obligations from consulting, service and cooperation contracts (€ 8 million; December 31, 2017: € 14 million).

Subsequent Report

BUSINESS COMBINATIONS

On January 31, 2019, Symrise and the owners of the companies American Dehydrated Foods LLC, International Dehydrated Foods LLC and IsoNova Technologies LLC, based in Springfield, Missouri, USA, signed an agreement on the purchase of their group of companies. The companies are the leading suppliers of natural ingredients produced on the basis of meat and egg products, in particular for food and pet food. With this acquisition, Symrise is looking to expand its leading position in the area of pet food as well as its expertise in products that contribute to a whole-food diet, and thus broaden its activities in the Nutrition segment. The purchase price of USD 900 million will be financed through debt and equity. The completion of the transaction depends on the fulfillment of standard closing conditions.

CAPITAL INCREASE BASED ON AUTHORIZED CAPITAL

The capital increase was carried out with the authorization granted to the Executive Board at the Annual General Meeting on May 12, 2015, and with the exclusion of subscription rights. It was recorded in the commercial register on February 8, 2019. As part of an accelerated book-building method, the company placed 5,614,036 new shares with institutional investors. The shares were issued at an issue price of € 71.25 per share. Through the capital increase, the share capital of Symrise AG rose from € 129,812,574 to € 135,426,610. The new shares are dividend-entitled for 2018; they were authorized for trading on the stock exchange in the regulated market of the Frankfurt Securities Exchange and simultaneously added to the Prime Standard segment on February 11, 2019. They were included in

the existing listing on February 12, 2019. Following the partial utilization, the authorized capital amounts to € 19,385,964.

The gross issue proceeds from the capital increase for Symrise amount to around € 400 million. Part of the net revenue from the capital increase will be used to refinance the bridge financing for the acquisition of ADF/IDF announced on January 31, 2019.

General Statement on the Company's Economic Situation

The Executive Board regards the Symrise Group's economic situation as positive. In 2018, the Group managed to once again substantially increase its sales with sustained high profitability. The company's financing is ensured for the medium term. Pending the passing of the resolution at the Annual General Meeting, Symrise AG shareholders will participate in the company's success by receiving a higher dividend than in the previous year.

Outlook

FUTURE CORPORATE DEVELOPMENT

For 2019, Symrise is reaffirming its long-term growth and profitability goals. The Group remains confident that it will continue to grow at a faster pace than the relevant market for fragrances and flavors. According to our own estimates and corporate data, the AFF market is expected to grow by around 4% worldwide in the current year. All segments, Scent & Care, Flavor and Nutrition, continue to expect sales growth at local currency notably above the market rate.

The disciplined cost management and focus on high-margin business will be continued to further increase earnings. This includes initiatives to reduce complexity of processes and workflows and the development of innovative, sustainable products and technologies. Assuming rising raw material costs and in view of the current strength of the Euro against the US Dollar, the Group again expects to achieve an EBITDA margin of around 20% in all segments in 2019. Without the effects from possible acquisitions, the ratio of net debt (including provisions for pensions and similar obligations) to EBITDA should be somewhere between 2.5 and 2.8 at the end of 2019.

In the medium term, the company is aiming for a return to the debt range of 2.0 to 2.5.

The company will continue its earnings-oriented dividend policy and give its shareholders an appropriate share in the company's success.

GENERAL STATEMENT ON THE COMPANY'S EXPECTED DEVELOPMENT

The Executive Board at Symrise AG sees the company as being optimally positioned to continue developing in every division and growth region. A proven strategy will be used to achieve the goals set. The three pillars of our strategy remain unchanged. They stand for the continued improvement of our competitive position and the sustainable expansion of our business:

- **Growth:** Close cooperation with select customers, particularly as a way to further expand the share of sales in emerging markets.
- **Efficiency:** The continuous improvement of processes and the expansion of backward integration with renewable raw materials.
- **Portfolio:** Tapping into new markets and market segments beyond flavors and fragrances.

Symrise aims to grow primarily organically. Where it is sensible and creates added value, the Group will make acquisitions or forge strategic alliances to ensure access to new technologies, new markets and customers or ensure that it can obtain sustainable, renewable raw materials.

Corporate Governance Statement

The Corporate Governance Statement has been made available on Symrise AG's website at: <https://www.symrise.com/corporate-governance-statement>.

Consolidated Income Statement – January 1 to December 31, 2018

T€	2017	2018
Sales	2,996,294	3,154,032
Cost of goods sold	- 1,771,825	- 1,912,558
Gross profit	1,224,469	1,241,474
Selling and marketing expenses	- 478,129	- 489,941
Research and development expenses	- 196,432	- 200,441
Administration expenses	- 154,658	- 164,728
Other operating income	38,408	50,948
Other operating expenses	- 2,072	- 3,340
Income from operations/EBIT	431,586	433,972
Financial income	6,843	6,324
Financial expenses	- 62,981	- 51,253
Financial result	- 56,138	- 44,929
Earnings before income taxes	375,448	389,043
Income taxes	- 99,799	- 109,356
Net income	275,649	279,687
of which attributable to shareholders of Symrise AG	270,270	275,330
of which attributable to non-controlling interests	5,379	4,357
Earnings per share (€)		
basic	2.08	2.12
diluted	2.06	2.08

Consolidated Statement of Financial Position

T€	December 31, 2017	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	229,505	279,595
Trade receivables	557,436	596,396
Inventories	751,511	844,874
Other non-financial assets and receivables	77,507	81,018
Other financial assets	24,012	7,835
Income tax assets	25,538	25,741
	1,665,509	1,835,459
Non-current assets		
Intangible assets	1,965,890	1,912,455
Property, plant and equipment	901,620	1,036,093
Other non-financial assets and receivables	27,809	27,054
Other financial assets	7,623	22,866
Deferred tax assets	106,170	86,452
	3,009,112	3,084,920
TOTAL ASSETS	4,674,621	4,920,379

Consolidated Statement of Financial Position

T€	December 31, 2017	December 31, 2018
LIABILITIES		
Current liabilities		
Trade payables	276,229	315,806
Borrowings	88,974	623,341
Other non-financial liabilities	155,921	170,073
Other provisions	12,432	9,577
Other financial liabilities	7,186	5,348
Income tax liabilities	62,639	94,232
	603,381	1,218,377
Non-current liabilities		
Borrowings	1,538,764	1,036,018
Other non-financial liabilities	5,673	5,407
Other provisions	21,073	21,427
Provisions for pensions and similar obligations	523,368	513,292
Other financial liabilities	5,198	6,212
Deferred tax liabilities	195,861	171,975
Income tax liabilities	11,967	3,263
	2,301,904	1,757,594
TOTAL LIABILITIES	2,905,285	2,975,971
EQUITY		
Share capital	129,813	129,813
Capital reserve	1,405,085	1,405,085
Reserve for remeasurements (pensions)	- 178,783	- 161,694
Cumulative translation differences	- 213,838	- 189,413
Accumulated profit	567,234	705,668
Other reserves	3,235	2,533
Symrise AG shareholders' equity	1,712,746	1,891,992
Non-controlling interests	56,590	52,416
TOTAL EQUITY	1,769,336	1,944,408
LIABILITIES AND EQUITY	4,674,621	4,920,379

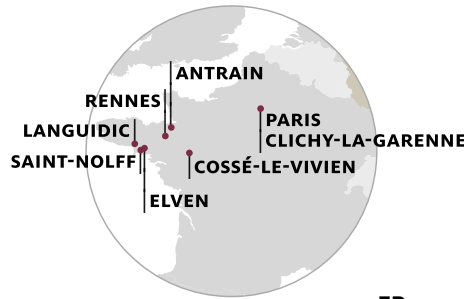
Global Locations

- Global Headquarters
- Regional Headquarters
- Symrise Sites





US



FR



DE



Financial Calendar 2019

April 30, 2019

Trading Statement January – March 2019

May 22, 2019

Annual General Meeting, Holzminden

August 8, 2019

Interim Group Report January – June 2019

October 29, 2019

Trading Statement January – September 2019

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Forward-Looking Statements

This Corporate Report contains forward-looking statements that are based on current assumptions and forecasts by Symrise AG. The future course of business and the results actually achieved by Symrise AG and its affiliates are subject to a large number of risks and uncertainties and may therefore differ substantially from the forward-looking statements. Many of these factors are outside of Symrise AG's sphere of influence and cannot be assessed in detail ahead of events. They include, for example, unfavorable development of the global economy, a change in consumer behavior, and changes to laws, regulations and official guidelines. Should one of these uncertainty factors, named or otherwise, occur or should the assumptions on which the forward-looking statements are based prove to be incorrect, the actual results may differ significantly from the results anticipated. Symrise undertakes no obligation to update forward-looking statements continuously and to adjust them to future events or developments.

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