

*always  
inspiring more...*

**symrise** 

SHARING VALUES

# Strong roots, new paths

CORPORATE REPORT  
2019

## Key Figures of the Group

		2015	2016 <sup>1</sup>	2017	2018	2019
<b>Business</b>						
Sales	€ million	2,601.7	2,903.2	2,996.3	3,154.0	3,407.9
EBITDA <sup>2</sup>	€ million	572.2	625.2	630.3	630.5	707.2
EBITDA margin <sup>2</sup>	in %	22.0	21.5	21.0	20.0	20.8
EBIT <sup>2</sup>	€ million	395.2	422.3	431.6	434.0	480.5
EBIT margin <sup>2</sup>	in %	15.2	14.5	14.4	13.8	14.1
Net income <sup>2</sup>	€ million	246.8	265.5	270.3	275.3	303.5
Balance sheet total (as of December 31)	€ million	4,183.8	4,752.7	4,674.6	4,920.4	5,957.2
Capital ratio (as of December 31)	in %	38.0	36.4	37.8	39.5	41.4
Investments (without M & A)	€ million	147.2	168.4	204.9	226.1	181.6
Net debt (incl. pension provisions and similar obligations) / EBITDA (as of December 31) <sup>2</sup>	ratio	2.8	3.1	3.0	3.0	3.1
Research and development expenses <sup>2</sup>	€ million	169.6	186.0	196.4	200.4	213.3
Operating cash flow	€ million	375.2	338.8	396.2	441.8	546.8
<b>Capital Market</b>						
Shares issued as of balance sheet date	millions	129.8	129.8	129.8	129.8	135.4
Share price at end of fiscal year (Xetra® closing price)	in €	61.33	57.83	71.62	64.50	93.80
Market capitalization at end of fiscal year	€ million	7,961.4	7,507.1	9,297.2	8,372.9	12,703.0
Earnings per share <sup>2</sup>	in €	1.90	2.05	2.08	2.12	2.25
Dividend per share	in €	0.80	0.85	0.88	0.90	0.95 <sup>3</sup>

## OUR FIVE GOAL DIMENSIONS

		2018	2019	Goal 2020	Goal 2025
<b>Business</b>					
Organic sales growth	in %	9	5.7	5–7 (CAGR)	5–7 (CAGR)
EBITDA(N) margin <sup>2</sup>	in %	20.0	20.8	19-22	20-23
Share of sales for emerging markets	in %	43	44	> 50	> 50
<b>Footprint</b>					
Reduction in greenhouse gas emissions (Scope 1 + 2) <sup>4</sup>	in %	-3.0	-7.2	-6.6 p.a.	-6.6 p.a. <sup>5</sup>
Reduction in chemical oxygen demand in wastewater <sup>4</sup>	in %	-14.8	3.2	-4 p.a.	-4 p.a. <sup>6</sup>
Reduction in sensitive waste <sup>4</sup>	in %	-1.8	-3.9	-4 p.a.	-4 p.a. <sup>7</sup>
Increase in efficiency of water consumption <sup>8</sup>	in %		-3.2		15
Share of electricity from renewable energies	in %		24.1		100
<b>Innovation</b>					
Sales with new product developments <sup>9</sup>	in %	17.1	16.4	> 10	> 12
<b>Sourcing</b>					
Key suppliers rated according to sustainability criteria <sup>10</sup>	in %	90	100	100	100
Traceability of strategic raw materials	in %	98	100	100	
Palm oil procurement from sustainable sources	in %	> 50 / > 68	60/80 <sup>11</sup>	100	
<b>Care</b>					
Women in the first management level	in %	27	24	25	25
Women in the second management level	in %	42	41	42	40
Accident frequency	MAQ <sup>12</sup>	4.1	4.3	< 2.5	< 1.5

1 2016 restated for finalized Nutraceutix Purchase Price Allocation

2 Figures for 2016 und 2019 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 CO<sub>2</sub>/€ million of added value; 2025: 118.6 tons of CO<sub>2</sub>/€ 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 60 % of primary and more than 80 % 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

Symrise benefits from its strong roots and its determination to continually forge new paths. The challenges presented by climate change, limited natural resources and societal change can only be overcome through unified, immediate action. In close collaboration with our partners along the entire value chain, we develop new concepts that make both sustainability and economic success possible. The main goals for Symrise are to make our corporate activities climate-positive by 2030 at the latest and to meet the ambitious ESG requirements of our stakeholders with a high degree of transparency. By achieving profitable growth in a sustainable way, we will secure the future viability of our company.

**12,703**

€ MILLION MARKET CAPITALIZATION

**30,000**

PRODUCTS

**3,408**

€ MILLION SALES

**10,401**

EMPLOYEES  
(INCLUDING TRAINEES  
AND APPRENTICES)

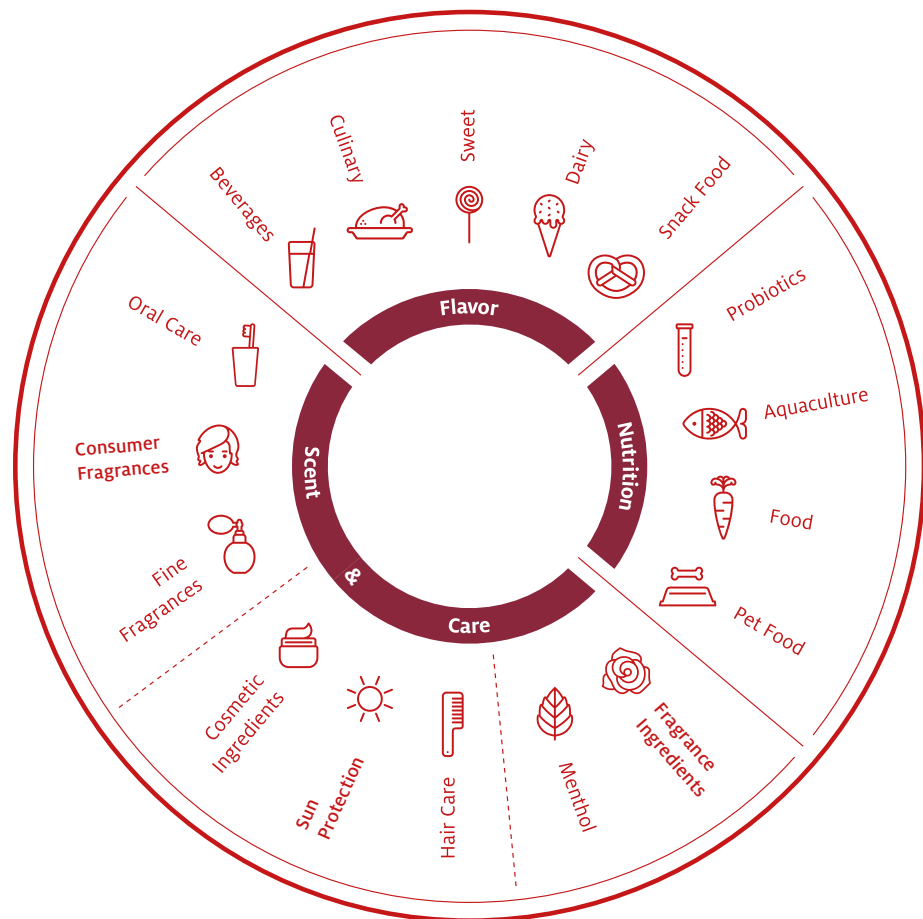
**213**

€ MILLION SPENT ON  
RESEARCH AND DEVELOPMENT

**707**

€ MILLION EBITDA(N)

# 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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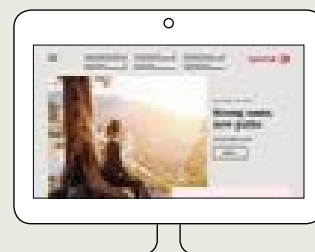
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You can find this report online at:



[CR2019.SYMRISE.COM](https://www.symrise.com)





# Our Company

Symrise has been growing faster than the market for many years. And we are one of the most profitable companies in the industry. Our over 10,000 employees share goals based on shared values. By pooling their knowledge, experience and skill sets, we are able to forge new paths again and again and to offer our customers tailor-made solutions for healthy nutrition and modern personal care.

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# Dear readers and friends of Symrise!

One can get the impression that the world today is changing faster and more profoundly than ever before. The world population continues to grow and will soon reach the threshold of eight billion. The limits to the use of natural resources are becoming increasingly apparent. Climate change is the most prominent example of this. Against this background, economic development must decouple itself from the consumption of natural resources and find new ways to reconcile profitable business and responsible action. We feel this pressure for change today more than ever.

Symrise is at the center of these change processes with its business model. Global megatrends such as healthy nutrition and natural personal care, as well as urbanization and digitalization, affect us directly and support our business activities. On the other hand, we consume energy and raw materials to manufacture our products. Symrise recognized this challenge years ago and made this decision: For us, sustainability is an integral part of our corporate strategy and a key driver of successful business development. We actively support the principles of responsible management from the United Nations Global Compact. In 2019, we conducted a far-reaching materiality analysis together with our stakeholders in order to report the current impacts of the business activities at Symrise on people, the environment and society as measured for materiality. Our focus areas where we can make the greatest impact are the use of raw materials and climate protection.

In the procurement of natural raw materials, Symrise is going back along the entire value chain and seeking to work shoulder to shoulder with the farmers who produce vanilla, cloves or citrus fruits on their fields and plantations. This gives us the opportunity to influence how and in what quality the raw materials are produced. We can also help local communities improve their living conditions. This backward integration also ensures our ability to deliver even in phases of shortages in raw materials. Responsible use of raw materials is ensured at Symrise through circular economic practices in which valuable products are developed from byproducts of raw materials processing. New ways to increase the efficiency of our processes and thus our sustainability performance also include the use of “green chemistry” and artificial intelligence. In the area of climate protection, we aim to more than halve our greenhouse gas emissions by 2025, partly by sourcing all the electricity we need worldwide from renewable sources. Our ambitious goal is that the business activities of Symrise should be climate positive by 2030.

The progress made in these initiatives, of which you will find many examples in our Corporate Report, as well as our economic track record show that 2019 was a good year for Symrise. This can be seen not least in the performance of our share price. Symrise is continuing to grow faster than the relevant markets with consistently high profitability. Earnings per share are rising, as is the dividend. Sustainability and economic success will continue to go hand in hand at Symrise in the future.

Your Global Management Committee

## **SYMRISE'S GLOBAL MANAGEMENT COMMITTEE**



**DR. HEINZ-JÜRGEN BERTRAM**  
CEO



**OLAF KLINGER**  
CFO



**ACHIM DAUB**  
President Scent & Care



**DR. JEAN-YVES PARISOT**  
President Nutrition



**HEINRICH SCHAPER**  
President Flavor



**EDER RAMOS**  
Cosmetic Ingredients Division



**DR. NORBERT RICHTER**  
Aroma Molecules Division



“Roots provide stability and feed growth. The deeper and wider the roots stretch, the better. To remain innovative and future-oriented, Symrise aims to strengthen its knowledge and creativity as well as its collaboration, both in the company and with external partners.”

# 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 approximately 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 suppliers 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 over 10,000 employees working at sites in more than

40 countries who serve 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:

# 2,464

€ million

Debt capital:

# 1,966

€ million

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

# 182

 € million


FOOTPRINT

Energy consumption:

# 5,590

terajoules

Water consumption:

# 4,947

thousand m<sup>3</sup>

# 54 %

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



INNOVATION

Spent on research and development:

# 213

 € million

Number of employees in research and development:

# 1,762

Symrise maintains more than

# 50

cooperative research agreements with industrial, institutional and academic partners



SOURCING

# 1,495

€ million procurement volume

Around

# 10,000

natural and synthetic raw materials from over 100 countries

# 100 %

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



CARE

Number of employees:

# 10,401

(including trainees and apprentices)

Employees from over

# 60

nations make up the Symrise team

Proportion of women:

# 24 %

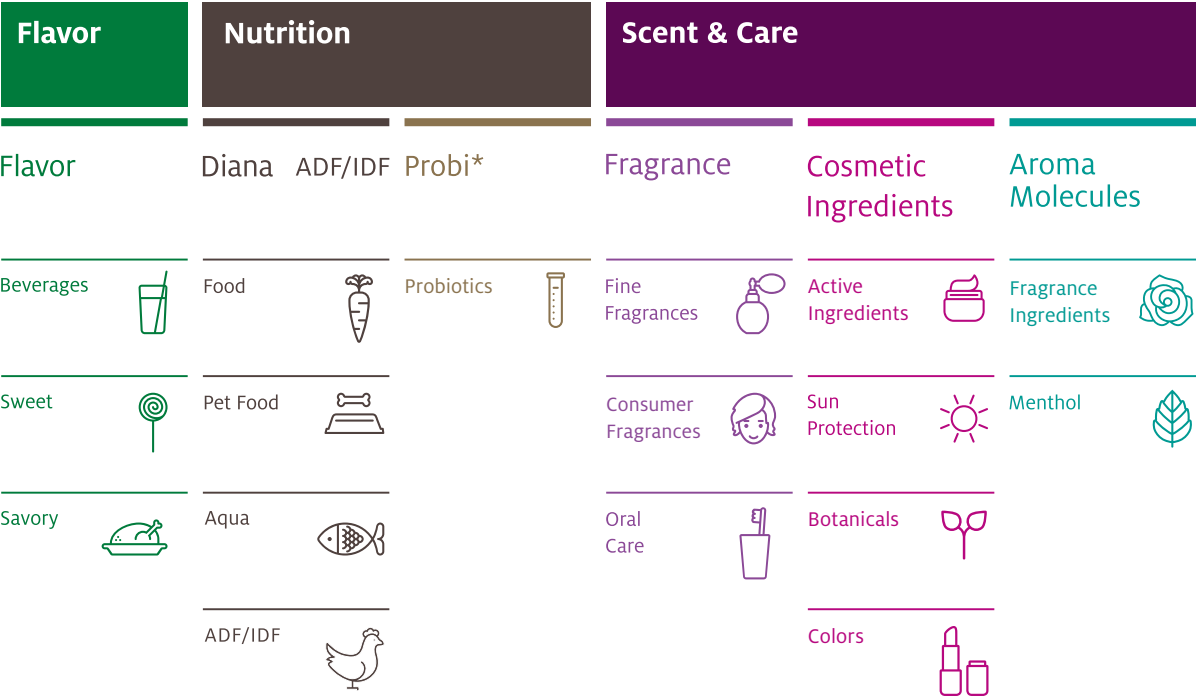
 in the 1st management level

# 41 %

 in the 2nd management level



# Our Organization Structure

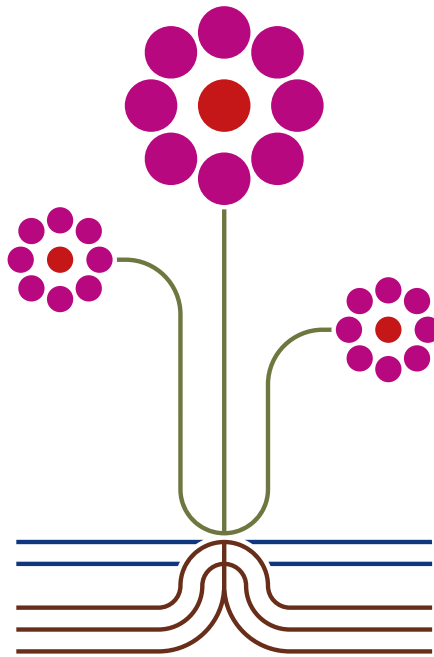


OUR RESOURCES / OUR ORGANIZATION STRUCTURE

\* Majority shareholder in the Swedish company Probi AB.

# Sharing values

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**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>▶ <b>3,408</b></p> <p>€ million</p>	<p>EBITDA(N):</p> <p><b>707</b></p> <p>€ million</p>	<p>Normalized net income:</p> <p><b>304</b></p> <p>€ million</p>	<p>BUSINESS</p> 
<p>Carbon dioxide emissions:</p> <p><b>214,050</b> tons – Scope 1</p> <p>▶ <b>107,591</b> tons – Scope 2</p> <p><b>3,368,704</b> tons – Scope 3</p>	<p>Wastewater:</p> <p><b>3,501</b> thousand m<sup>3</sup> total wastewater volume</p> <p><b>5,732</b> tons chemical oxygen demand</p>	<p>Sensitive waste:</p> <p><b>16,950</b></p> <p>tons</p>	<p>FOOTPRINT</p> 
<p>▶ <b>33.8 %</b></p> <p>share of the IP Index in the industry with a 10 % market share</p>	<p><b>45</b></p> <p>Number of patents submitted</p>	<p><b>16.4 %</b></p> <p>of sales are from new product developments</p>	<p>INNOVATION</p> 
<p>Around</p> <p>▶ <b>30,000</b></p> <p>products for over 6,000 customers in approximately 160 countries</p>	<p><b>CDP leadership position</b> in climate, water and forests since 2016</p> <hr/> <p><b>EcoVadis Gold Standard</b> for the sixth time in a row</p>	<p><b>99 %</b></p> <p>of our production volume is produced in locations that are verified according to sustainability criteria (SEDEX/SMETA)</p>	<p>PRODUCTS AND SOLUTIONS</p> 
<p>▶ <b>47 %</b></p> <p>of all promotions go to women</p>	<p><b>37 %</b></p> <p>of our employees have been with Symrise for ten years or longer</p>	<p><b>122</b></p> <p>employees posted abroad ensure the global transfer of our expertise</p>	<p>CARE</p> 

# 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.

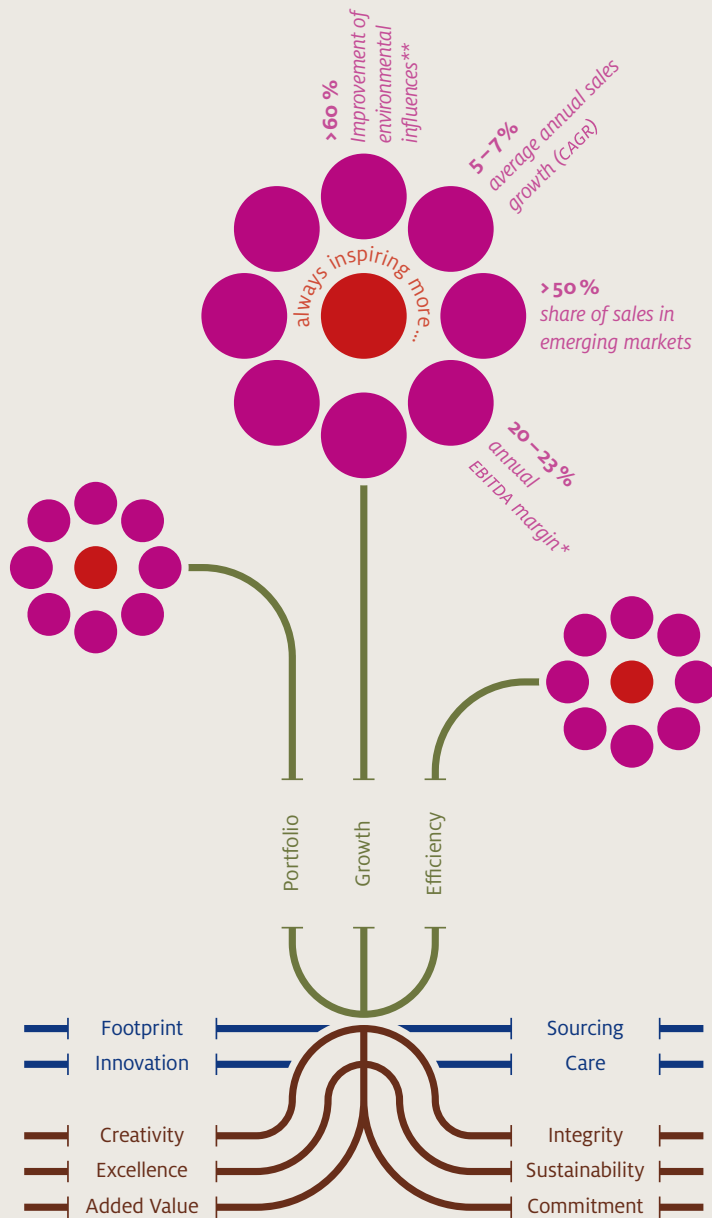
Symrise is one of the world's leading suppliers of custom fragrance, taste and nutrition solutions, many with health-promoting or nurturing characteristics. We want to further secure and expand this position by constantly being among the most profitable companies in the industry. Above-average sales growth, steady increases in efficiency, and targeted expansion and 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. In October 2019, Symrise joined the RE100 initiative and committed to the goal of obtaining all the electricity it needs worldwide from renewable sources by 2025. Further information on these activities can be found in the "Sustainability and Responsibility" chapter and at <https://www.symrise.com/sustainability>.



## Our Integrated Corporate Strategy for Exciting Taste and Fragrance Experiences and Sustainable Growth

### Our mission: What's our task?

We develop customized fragrance, flavoring and nutrition solutions, which often contain health-promoting or nurturing properties. We combine our knowledge of consumers' changing needs with creativity and ground-breaking technologies. In this way, we ensure value creation that is oriented to the long term and allow 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 growing 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.

\* Goals until 2020: 19 – 22%

\*\* Increase in eco-efficiency of emissions by more than 60% by 2025. We want to be climate-positive starting in 2030.

# Sustainability at Symrise

## SUSTAINABLY ROOTED

Sustainability is deeply rooted in our corporate strategy. Our corporate strategy, which builds on the idea of sustainable growth, rests on the four pillars of our sustainability agenda: footprint, innovation, sourcing and care. Concrete goals to be reached by 2025 have been established for each pillar (see page 22). These are also reflected in our material topics, which are in turn derived in part from the SDGs. With this comprehensive approach, our business model combines economic success with sustainable governance and social acceptance.

## ORGANIZATION AND IMPLEMENTATION

The Symrise Sustainability Board is the global and cross-business committee that helps integrate sustainability principles more strongly in our core processes. 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 considered along the entire value chain.



The Sustainability Board sets sustainability objectives, which are then directly implemented in the respective divisions. 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. This 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.

## PERSONAL INITIATIVE REQUIRED

We continuously promote our approach to sustainability in all areas of the company by agreeing on specific sustainability objectives for all managers which are integrated into individual performance goals. In order to anchor this topic within the organization and in all employees, we routinely conduct various activities at our sites. During Symrise Sustainability Day, employees present practical examples of how their respective departments implement sustainable development processes. Furthermore, a global network of more than 100 Sustainability Ambassadors draws attention to our sustainability agenda. In addition to implementing strategic, Group-wide goals, the network promotes targeted initiatives at our corporate locations on energy and waste management; climate, water and environmental protection; and occupational health and safety, for example.

## SUSTAINABILITY RATINGS

### EcoVadis



For the sixth time in a row, the rating agency **EcoVadis** awarded Symrise its coveted Gold status for proven sustainability. In 2019 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 worldwide.

### FTSE4Good Index



The **FTSE4Good Index** includes the securities of companies that achieve outstanding results in the areas of the environment, social aspects and corporate governance (ESG). 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 2019, Symrise received the highest possible rating of "A" in most categories.

### ISS ESG Prime



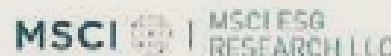
In continuation of its sustainability assessment by the former oekom Research AG, which was acquired in 2018 by international sustainability rating agency **ISS ESG**, Symrise continues to hold the coveted Prime status. This is awarded for superior company performance, taking into consideration "E" (Environmental), "S" (Social) and "G" (Governance) criteria. Currently, only 609 companies worldwide have been awarded ISS ESG's Prime status.

### ETHIBEL



Symrise has been part of the **ETHIBEL Sustainability Index (ESI) Excellence Europe** for over seven years now; this distinction was confirmed again in March 2019. The assessment is based on analyses by the European sustainability rating agency VIGEO EIRIS. The index tracks the shares of 200 European companies that hold a leading position in terms of corporate social responsibility (CSR). It serves as a compass for institutional investors who place value on sustainable investments.

### MSCI



The US-based company **MSCI** is an internationally leading sustainability rating agency and provider of highly respected sustainability share indices. Since 2015, MSCI has ranked Symrise in the coveted "A" category, which attests to its above-average sustainability performance. MSCI highlights in its analysis the fact that Symrise is very committed to climate protection and pursues ambitious goals in this area. It also praises our company's good corporate governance and responsible handling of hazardous materials.

### SUSTAINALYTICS

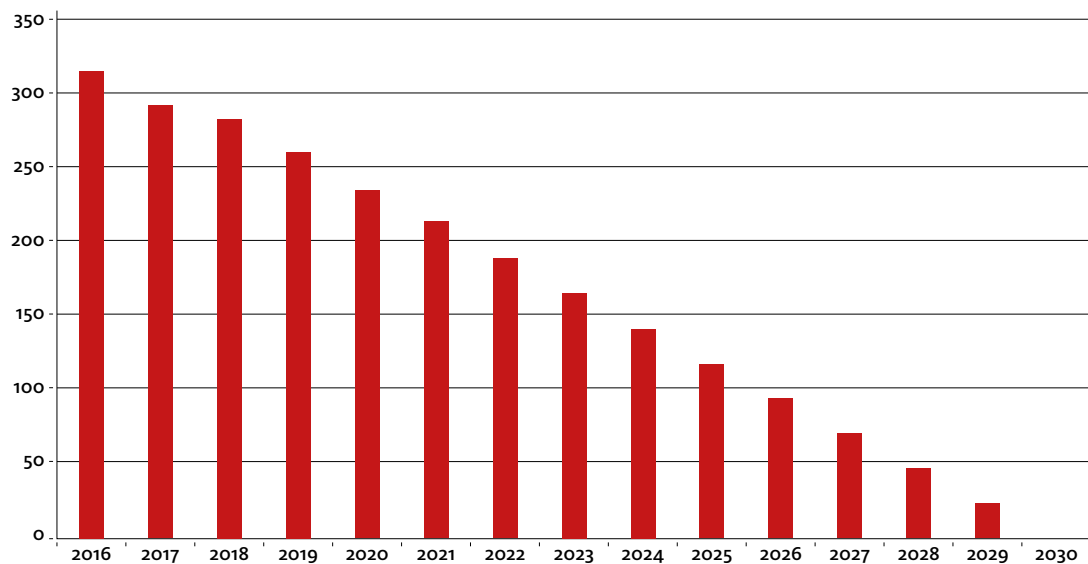
The sustainability performance of Symrise is continuously analyzed and measured in detail by the international rating company **SUSTAINALYTICS**. Over 200 financial service providers and institutional investors across Europe use the services of the rating agency as a basis for decisions related to investment or credit. SUSTAINALYTICS considers Symrise an "outperformer" in the industry – in terms of our sustainability performance, these analysts rank us 17th among 129 companies. Special mention is given to the performance of Symrise in the areas of environment and corporate governance as well as the sustainability reporting of our company.

# Climate protection: Who, if not us? When, if not now?

Nowadays, anyone who keeps an eye on the news can get a first impression of the threats arising from climate change: Storms, flooding, melting polar ice caps and glaciers, heat waves, droughts, bad harvests and a growing influx of migrants are by now part of everyday life around the world. Symrise has been committed to climate protection for many years. By 2025, we want to reduce our greenhouse gas emissions in terms of value added by more than half in relation to the base year 2016. We set ourselves the ambitious goal of reaching climate-neutrality by 2030. We report transparently about our climate protection measures and the preliminary results of our efforts. At the same time, we do not lose sight of the risks and opportunities that can arise for Symrise as a result of climate change – and orient our strategy, corporate planning and risk management accordingly. We report about the financial effects of climate change on our company as part of the CDP Climate Change and act in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

## Symrise pursues ambitious climate protection goals: climate-positive starting in 2030

Specific greenhouse gas emissions in tons (Scope 1+2) / € 1 million of added value










Symrise is a company of dynamic growth. Demand for our products is increasing strongly, especially in emerging markets with growing income. Without countermeasures, sales growth also causes increased greenhouse gas emissions. This means that we are facing a double challenge: compensating for the impact of growing product sales and reducing the greenhouse gas emissions in terms of value added. Until now, our scientifically sound climate strategy for the period from 2016 to 2025 is right on target. We managed to reduce the specific greenhouse gas emissions from 2016 to 2019 by 17%, from 317.2 tons to 263.2 tons/€ million of added value. The absolute greenhouse gas emissions also declined from 2016 to 2019. Our own measures include, for example, the continued increase of energy efficiency in all production sites as well as entirely covering our energy needs around the world by generating it from renewable sources by 2025. We will also reduce our Scope 1 emissions by supporting high-grade certified climate protection projects around the world. Furthermore, we will include our most important suppliers in our climate strategy through the CDP Supply Chain Program by encouraging them to commit to their own climate targets and reduction measures by 2020.

Climate change is also changing the conditions under which companies operate. Here, these considerable risks also create a number of opportunities. Symrise systematically records these possible effects in its risk management and takes them into account for the company's strategic considerations and financial planning. The goal of this approach, which is based on the recommendations of the TCFD, is to increase consciousness regarding the risks of climate change, establish the basis for early countermeasures and transparently inform stakeholders – in particular shareholders, investors, creditors and financial markets – about the financial impact of climate change on the company.

With regard to the estimated effect on earnings before interest and taxes (EBIT) not weighted according to probability and in terms of a gross risk basis (before countermeasures), the risks and opportunities currently identifiable to Symrise can be presented as follows:

RISK	EFFECT
<b>Current regulation</b> For example, increasing prices of CO <sub>2</sub> certificates for own facilities as well as indirect effects on generally increasing energy costs	Approx. € 0.1 million
<b>Future regulation</b> For example, the abolition of the EEG reallocation charge for own facilities	Approx. € 0.2 million
<b>Sourcing</b> For example, increased prices for agricultural raw materials through bad harvests due to water scarcity	Approx. € 6.9 million
<b>Reputation</b> For example, sales losses through breach of sustainability requirements placed on Symrise by its customers	Approx. € 34.5 million
<b>Acute physical risks</b> For example, disruptions to production through individual phenomena such as storms, flooding or landslides	Approx. € 2.8 million
<b>Chronic physical risks</b> For example, through rising sea levels or enduring heat waves and droughts	Approx. € 2.8 million
OPPORTUNITY	EFFECT
<b>Energy</b> For example, increasing our own efficient and low-CO <sub>2</sub> energy generation	Approx. € 0.4 million
<b>Demand</b> For example, through an increased demand for Symrise products such as sunscreen due to rising temperatures	Approx. € 17.9 million
<b>Demand</b> For example, through an increased demand for sustainably manufactured products that Symrise can cover better than its competitors	Approx. € 2.6 million
<b>Capital Market</b> For example, improved access to investors that place value on sustainability	n.a.

# Track Record and Goals 2020/2025

DIMENSIONS	OUR 2019 TRACK RECORD	GOALS FOR 2020
 <b>BUSINESS</b>	<ul style="list-style-type: none"> <li>• <b>5.7%</b> organic sales growth</li> <li>• <b>20.8%</b> EBITDA(N) margin</li> <li>• <b>44%</b> share of sales for emerging markets</li> </ul>	<ul style="list-style-type: none"> <li>• 5–7% CAGR</li> <li>• 19–22%</li> <li>• &gt;50%</li> </ul>
 <b>FOOTPRINT</b>	<ul style="list-style-type: none"> <li>• <b>-7.2%</b> reduction in greenhouse gas emissions (Scope 1 + 2)<sup>1</sup></li> <li>• <b>+3.2%</b> reduction in chemical oxygen demand in wastewater<sup>1</sup></li> <li>• <b>-3.9%</b> reduction of sensitive waste<sup>1</sup></li> <li>• <b>-3.2%</b> efficiency of water consumption</li> <li>• <b>24.1%</b> of electricity from renewable sources</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of 6.6% per year</li> <li>• Reduction of 4% per year</li> <li>• Reduction of 4% per year</li> </ul>
 <b>INNOVATION</b>	<ul style="list-style-type: none"> <li>• <b>16.4%</b> of sales from new product developments<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>• &gt;10%</li> </ul>
 <b>SOURCING</b>	<ul style="list-style-type: none"> <li>• <b>100%</b> of our main suppliers (80% of the procurement volume) assessed according to sustainability criteria</li> <li>• <b>100%</b> traceability of strategic raw materials</li> <li>• <b>60%</b> primary and <b>80%</b> secondary palm oil derivatives from certified sustainable sources</li> </ul>	<ul style="list-style-type: none"> <li>• 100%</li> <li>• 100%</li> <li>• 100%</li> </ul>
 <b>CARE</b>	<ul style="list-style-type: none"> <li>• <b>24%</b> women in the first management level</li> <li>• <b>41%</b> women in the second management level</li> <li>• <b>4.3</b> MAQ<sup>3</sup> accident frequency</li> </ul>	<ul style="list-style-type: none"> <li>• 25%</li> <li>• 42%</li> <li>• MAQ &lt; 2.5</li> </ul>

**STRONG ROOTS, NEW PATHS:  
IN 2019, SYMRISE MADE USE OF  
ITS STRENGTHS WHILE SIMUL-  
TANEOUSLY PURSUING NEW PATHS.**

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 & Responsibility” chapter, page 90, or <https://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.

GOALS FOR 2025	NOTES
• 5–7% CAGR	• We want to grow faster than the market overall. This allows us to gain market shares and increase the distance between us and smaller competitors
• 20–23%	• We improve our profitability by continually increasing efficiency and optimizing the product mix
• > 50%	• We want to participate in the dynamic growth of the emerging markets
• We achieved our goal for 2020 – to reduce greenhouse gas emissions by 33% – ahead of schedule. Now we want to increase the eco-efficiency of emissions by more than 60% by 2025	• We want to be climate-positive by 2030 (see also page 20)
• 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 increasing the yield of our products by changing our processes to sustainable methods
• Increase in the efficiency of sensitive waste by 4% annually by 2025 or by a total of 60% compared to the base year 2010	
• Increase the efficiency of water consumption at all production sites in arid regions by 15% (2018–2025)	• We continually reduce our water consumption by using water-saving technology and raising awareness in our company of the importance of using less
• Increase the share of electricity from renewable sources required worldwide to 100%	• We continually invest in improved energy efficiency and renewable energy
• > 12%	• Networking the highly diverse areas of expertise of Nutrition (Diana), Flavor and Scent & Care
• 100% (90% of procurement volume)	• Increase of the included procurement volume from 80% (2020) to 90% (2025)
	• Not applicable as 2025 goal, since met prematurely in 2019
	• Not applicable as 2025 goal, since expected to be met by 2020. At the request of our customers, many of our recipes have already been adapted to be palm oil free
• 100% sustainable procurement of strategic agro- and aquaculture raw materials	• We aim for sustainability in the supply chain by continuing to strengthen our backward integration
• 25%	• We believe in strong, diverse leadership and offer good advancement opportunities for women
• 40%	• We promote the career development of women and provide them with freedom so they can balance career and family
• Industry-leading occupational safety: < MAQ 1.5	• Continuous implementation of a zero-accident culture through company-wide initiatives and training

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

# Our Highlights 2019

## 02

### SUCCESSFUL CAPITAL INCREASE

For the partial financing of the acquisition of the US companies ADF/IDF, Symrise is carrying out a capital increase of 5,614,036 no-par value shares, which are rapidly subscribed by institutional investors at an issue price of € 71.25 per share. The gross proceeds amount to € 400 million; the new shares are already dividend-entitled for 2018.

# 135,426,610

shares with a nominal value of € 1 each form the share capital of Symrise AG.

### PCHi FOUNTAIN AWARD

At the prestigious Personal Care and Homecare Ingredients (PCHi) trade show in Guangzhou, China, in late February 2019, the focus was on natural cosmetic raw materials. Only a few months after its market launch, the cosmetic ingredient **Hydrolite® 5 green** of Symrise won the PCHi Fountain Award in the “Active Moisturizing & Hydrating” category. This multifunctional cosmetic ingredient is made from a renewable raw material – a byproduct of sugar production from sugar cane. It moisturizes the skin and boosts the effectiveness of other ingredients while additionally improving not only the look and consistency of the product itself but also increasing its protection.



## 05

### FINANCING AT VERY ATTRACTIVE CONDITIONS

Symrise issues a bond of € 500 million with a coupon of 1.25% and a term of 6.5 years. The issue was oversubscribed numerous times. Together with the advantageous interest rate, this highlights the high level of trust the investors have in the strategy and financial power of the Group.



**REINFORCEMENT IN BIOTECH**

Symrise takes over the Italian biotech company Cutech in Padua. Cutech specializes in special preclinical screening services based on innovative proprietary ex vivo models for the skin, sebaceous glands and hair. In addition, Cutech offers a portfolio of patented natural ingredients such as microalgae, which excellently complements Symrise's product lines. The acquisition expands Symrise's know-how in the efficacy testing of cosmetic ingredients and opens up new opportunities for collaboration with scientific partners. In addition, it accelerates the market launch of new active ingredients.

06

**DIVERSITY MAKES US STRONGER**

Symrise Brazil held a diversity program for employees in the second half of 2019 to increase awareness of diversity and inclusion in the corporate culture. It began in June with a survey about perception, which three quarters of the employees took part in. This was followed by numerous activities on various aspects of diversity, such as the situation of women with dark skin or the indigenous population. The goal is to develop a guideline and regulation for diversity.

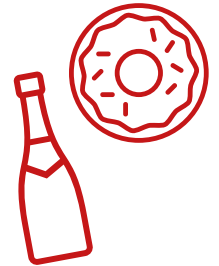
**SAFETY EXCELLENCE AWARD**

Occupational safety is of the utmost importance to Symrise, so we were overjoyed in June 2019, when The Memic Group, specialized in workers' compensation insurance, presented Symrise North America with the **Safety Excellence Award** for the excellent occupational health and safety at its 18 sites in the region. Symrise was given exceptional scores in all five categories of the competition: injury rate, property damage rate, management support, safety programs and company culture.

07

**SYMRISE GROWING IN RUSSIA**

Symrise expands its capacity and product range in Russia with the opening of a production line for liquid flavors. Russian customers will have access to regionally produced flavors for sweet and dairy products as well as beverages. The facility has a capacity of roughly 1,800 tons per year.



08

**ROOM FOR DISCOVERY**

A new lab for cosmetic ingredients goes into operation in Holzminden. Symrise intends to use the new lab to thoroughly research the interaction of ingredients in formulations and to identify new characteristics. It will also accelerate the market launch of new products. The lab will help in creating customer-specific products as well as developing new innovative materials for use in cosmetics.

# 09

## ACTIVELY PROTECTING BIODIVERSITY

Symrise founds the coalition “One Planet Business for Biodiversity” (OP2B) together with 17 other international companies. The partners are committed to working together to develop environmentally friendly agricultural methods and changing how they create value in order to protect and foster biodiversity. The initiative is focused on developing regenerative farming methods to protect the soil, increasing diversity in the range of products among food companies to foster endangered crop varieties and creating strategies to protect threatened ecosystems. The coalition aims to achieve these three goals by 2030.



## FIRST-EVER APPLICATION LABS IN NIGERIA

Symrise sets up its own application labs in Nigeria to deepen understanding of the preferences and needs of local people and – where possible – use local raw materials. In the future, Symrise experts will work in the market for the market on taste solutions for various application areas, especially for beverages, sweets and savory food items as well as ingredients for cosmetics and fragrances. Our goal: to combine customer wishes and market requirements locally and efficiently in product development.

# 10

## SUSTAINABLY GENERATED ELECTRICITY AROUND THE WORLD

Symrise is joining the global initiative RE100. In doing so, we are committing to obtain all the electricity we need worldwide from renewable sources by 2025. RE100 is a global initiative of more than 190 large and reputable companies from different industries. Symrise operates production facilities, development centers, labs and offices in more than 40 countries. Our energy consumption in 2019 amounted to 5,590 terajoules. By becoming a member of RE100 and implementing the goals of this initiative, Symrise is making a significant contribution to climate protection. This is a further building block in our multidimensional sustainability strategy that we have followed for many years.

## SYMRISE INVESTS IN INDONESIA

With a population of more than 264 million, Indonesia is an important sales market in Southeast Asia. It is also a key supplier for a variety of natural raw materials such as patchouli and cloves. Symrise invests a total of roughly € 3 million in the expansion of the innovation center in the Indonesian capital of Jakarta, thus underlining the significance and great potential of this key market. Symrise develops creative solutions for fragrances, cosmetics, food and beverages in this modern facility.

# € 3 million

was invested by Symrise in the expansion of the innovation center in the Indonesian capital Jakarta.

# 11

## NEW CREATIVE CENTER IN EGYPT

Symrise expands its location in Cairo, which provides proximity to the customers and markets in Africa and the Middle East. New development and application labs for the categories Beverages, Sweet, Dairy, Culinary and Snacks are equipped with the state-of-the-art technology. The creative center makes it possible to develop custom products and applications as well as to adapt existing goods to the regional markets. This allows us to orient our business even more toward our customers.



## CLOSER COLLABORATION WITH KEY CUSTOMERS

The creation of an innovation lab directly at a key customer's location – the Unilever Foods Innovation Center – marks Symrise taking a new path in product development. This goes hand-in-hand with close collaboration with the research institute Wageningen University & Research, which is also located at the Food Campus in the Dutch town of Wageningen. The transfer of knowledge with customers and science at a single, shared location will be a model for success. This integrated approach will enable the companies to optimally integrate and develop new products together in a creative and efficient manner, bolstered by the scientific expertise of renowned food scientists.

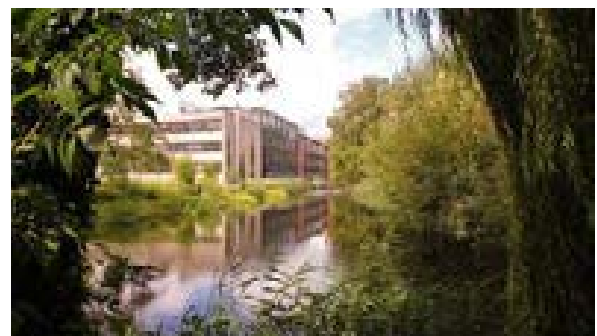
## AMONG THE WORLD'S BEST CEOS

Every year, the US journal "Harvard Business Review" publishes a list ranking the best CEOs around the world based on analyses by the French business school INSEAD and two ESG research institutes. In 2019, this list included five German managers among the Top 100 – one of them being Dr. Heinz-Jürgen Bertram, CEO of Symrise, at number 35. In addition to financial key figures, the evaluation also increasingly takes into account indicators of the sustainability performance of companies. Symrise is strong in both areas.

# 12

## CLIMATE PROTECTION AND DEVELOPMENT

Climate policy is closely tied to development policy because the people in developing and emerging markets suffer more under the effects of climate change. This is why the German Federal Ministry for Economic Cooperation and Development (BMZ) founded an alliance for development and the climate in the fall of 2018. The activities of the alliance partners – the majority of which are companies and associations in the private sector – are on a voluntary basis, go above and beyond existing requirements to reduce CO<sub>2</sub> emissions and are carried out through participation in high-quality projects in emerging markets in line with the UN Sustainability Agenda 2030. Symrise joined this alliance because it believes in the connection between the goals for climate protection and development.







# Magazine

Our stories are as diverse as the world of Symrise – from South Africa to Indonesia to England, from sustainable raw materials sourcing to artificial intelligence. Detailed and exciting, they show how Symrise brings together business success with responsible business practices.

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# Strong roots, new paths



**The groundwork has been laid. Symrise can now recombine its resources and skill sets time and again to ensure its market activities are both successful and sustainable. After a good 2019 fiscal year, in which Symrise grew for the 14th time in a row, Dr. Heinz-Jürgen Bertram can look to the future with high expectations. The CEO of Symrise is confident that the future holds exciting and innovative projects that will continue to drive the company forward.**

**Dr. Bertram, “Strong roots, new paths” is the motto of this Corporate Report. What does that mean for Symrise?**

It’s in our DNA to be innovative, explore other worlds and conquer new territory – as that’s what our predecessors were doing nearly 150 years ago. We continue to carry the torch to this day, grow with understanding and build on our skill sets, all the while tapping into new fields of business and exploiting innovative technologies. In other words, we’re always on the lookout for steps that we can take on the basis of our foundation and our traditional strengths and that will bring us forward. There’s good reason why we’re considered to be one of the founders of our industry – and we want to continue dynamically shaping this long history.

**Let’s take a brief look at the numbers: Did the approach work?**

Once again, we have reached our goals by setting a new sales record of € 3,408 million. But much more importantly, with EBITDA(N) of € 707 million and a profit margin of 20.8%, we’ve demonstrated that we’re a very healthy company. At the same time, the average annual growth rate of our sales since the IPO in 2006, which is at over 8%, reveals that we’re growing faster than the competition and have made the right decisions. The market average is just 3 to 4% – and these percentage points represent a significant difference.

# 3,408

€ million sales record



**“We now generate a third of our sales outside of our traditional business units. One thing is certain: You can no longer be successful in our industry over the long term with flavors and fragrances alone.”**

**What do you do differently from other companies?**

We began diversifying our portfolio years ago – alongside growth and efficiency, one of the three pillars of our long-term strategy. We have expanded our classic flavor and fragrance business, which is in our DNA, to include related fields that provide us with access to whole new markets and expand our portfolio of offers. This ranges from the identification and sourcing of new raw materials and the increasingly interconnected research and development of our divisions to the full utilization of the production facilities, marketing and sales. We now generate a third of our sales outside of our traditional business units. One thing is certain: You can no longer be successful in our industry over the long term with flavors and fragrances alone.

**The growth that promotes this development is another pillar of your strategy. What have you done to ensure that it's both healthy and sustainable?**

Over the past eleven years, we've increased our sales from € 1.3 billion (2008) to € 3.4 billion (2019) using three levers. First of all, we have grown on average between 5 and 6% organically, 1 to 2% as a result of the aforementioned changes to our business model or expanded capacities, and 1 to 3% through select acquisitions.

**But isn't there a risk of forgetting your roots in the process?**

Yes, there is. But we do everything in our power to ensure it doesn't happen. We have a vision with which we've created a new role model for our industry. With many projects dedicated to backward integration of raw materials – this Corporate Report describes our activities in South Africa and Indonesia as an example – we go to where it all begins: the farmers with whom we work closely together in more and more areas to find sustainable solutions for the supply of raw materials. This benefits the people just as it does the envi-

707

€ million  
EBITDA(N)  
in 2019

ronment and our company, as we have access to traceable, high-quality natural materials. This was especially important last year in particular due to shortfalls in many areas. Our operations in the US provide one example of this: There, the Pinova company, which we acquired in 2017, uses renewable raw materials sourced from nature for the production of fragrances.

**But the focus on the locations of origin isn't everything, is it?**

No, it isn't. For example, we also create huge advantages for our customers in our research and development – often working together on projects that are developed with extraordinary accuracy. Our goal is to supply key ingredients for products for the whole family that people use day and night, which is why we've significantly expanded our portfolio and thus exploited new growth channels. Now we'd like to reap the fruit of our labor and, to use the same metaphor, cultivate the land for the future.

**When it comes to changes in the Group, how do you decide which new path to take?**

All of our divisions should create added value, which combined allows us to achieve our desired profit margin corridor. There are some areas that tend to remain below and thus form a good foundation, while others exceed the threshold at the top, but may have lower sales for the time being. If you take a look at the most recent large-scale acquisition, it's easy to see what appealed to us: The American company ADF/IDF, which we acquired in 2019, manufactures egg and chicken products. We see enormous synergy effects in a variety of areas, including market access and technology transfer. ADF/IDF will also have a positive effect on sales and profit from the start, which is why we'll continue to actively scan the market for further sensible additions. In particular, this includes acquisitions that complement our portfolio – for instance, in the Nutrition segment or with fragrances.


**How important is the topic of sustainability for Symrise?**

It has been an integral part of our strategy for years because we wouldn't be able to maintain success over the long term without it and because, of course, we want to be involved in the positive developments in the world. The backward integration mentioned above and the associated social and environmental effects in the countries rich in raw materials are just one key component. We also address all of the sustainability objectives defined by the United Nations. We want to assume a pioneering role regarding climate protection, too, and are aiming for climate-positive operations as of the year 2030. Our success is also reflected, for example, in the fact that we were the first large company to win two German Sustainability Awards – in 2012 and 2018.

**What trends have you identified that you would like to pursue in the years to come?**

It goes without saying that we examine and respond to megatrends such as urbanization, digitalization and the desire for natural, healthy food and sustainable body care products. A few examples that we also examine more closely here in this Corporate Report: We were the first ones to use artificial intelligence to develop perfumes up to market-readiness in collaboration with a customer. We wholeheartedly embrace the circular economy in an effort to avoid wasting raw materials and use green chemistry to develop innovations particularly on the process side of things. We produce our chemically manufactured menthol without any residues, using raw materials efficiently until there's nothing left. At the same time, we're gradually transitioning to the use of renewable raw materials found in nature. We've firmly established the naturalness trend in our code of nature in the Flavor division: With this platform, we offer our customers the best-possible solutions for incorporating the authentic flavor of nature into the products. We also respond to major health challenges, including how to manufacture great-tasting products with less salt, sugar and fat.



A person wearing a white long-sleeved shirt is partially visible on the left side of the frame, standing in a field of tall, green grass. The background shows a cloudy sky and a distant horizon line. The text is overlaid on a light beige rectangular background.

**“Sustainability has been an integral part of our strategy for years because we wouldn’t be able to maintain success over the long term without it and because, of course, we want to be involved in the positive developments in the world.”**

**Let's take a look at sales: Your personal goal was to generate half of your sales in the established markets and the other half in growing markets.**

We're not quite there yet. The mature markets are slightly ahead, which is also due to the fact that most of our acquisitions occur there – and it follows that sales in these countries are increasing at a higher rate. However, we're working at full speed in the emerging markets, where our procedures are always similar: We open sales offices, generate business, provide these offices with products from neighboring countries, build our own production facilities and expand capacities as required. And just to give you an idea of the scope: In Asia we developed an organization in Vietnam. We're also investing further in India and Indonesia, where we've opened our new research center in Jakarta, and will be opening a new plant in China in the second quarter for € 50 million. We have another exciting example in South America: For Diana Pet Food, we're developing a green factory in Colombia with all the required forms of energy such as electricity, steam and water supplied in accordance with sustainability guidelines.

**How is the customer structure coming along?**

As it should: We have a healthy mix of locally, regionally and globally operating customers. We're listed as a supplier in just about all of the brand spaces that are important to us and are working toward our aim of being able to supply these customers in as many segments as possible. Of course, our extensive portfolio and wide variety of applications for the source materials go a long way.

**What will the high growth and effective measures ultimately lead to?**

Symrise will remain dynamic with a continued high growth rate, which we want to increase organically to 5 to 7%. Our profitability is also expected to grow. By improving the portfolio mix, we hope to increase the operating margin to 20 to 23% over the long term. We want to reduce our investments, which are higher than the industry average, to 4 to 5%. But our goals are still ambitious: We're looking to double our 2018 sales figures to € 5.5 to 6 billion by 2025.

**“We're looking to double our 2018 sales figures to € 5.5 to 6 billion by 2025.”**



# THE PERFECT FIT



**The purchase of the company ADF/IDF has allowed Symrise to expand its business in the Nutrition segment. The US-based company makes a stable contribution to sales and profits – and they offer natural based products made from poultry and eggs that pair well with the product ranges of Symrise Nutrition.**



The strategy is crystal-clear: Symrise only acquires other companies if they a) complement or expand the Group portfolio and b) are so healthy that they immediately or very quickly contribute to achieving the ambitious sales and profit goals of the Group. The purchase of ADF/IDF, which Symrise completed at the end of 2019, fully complied with these stipulations. The company bolsters the product range in the Nutrition segment while also achieving annual sales of USD 220 million and thus an EBITDA margin of approximately 23 % in a rapidly growing market. Symrise bought the new partner, whose full name stands for American Dehydrated Foods/International Dehydrated Foods, for USD 900 million. The transaction was financed through equity and debt capital.

ADF/IDF, which is headquartered in Springfield, Missouri, develops and produces protein specialties based on meat and egg products. The approximately 470 employees serve numerous markets, for which they use the synergies that arise when processing the raw materials. The focus is on chickens and eggs. The experts in the USA use these to produce pet food components and food ingredients. The range of products fits perfectly with the products of Diana Food, Diana Pet Food, Diana Aqua and with the Symrise positioning, since ADF/IDF only uses natural raw materials that are utilized sustainably.

ADF/IDF creates tasty and nutritional-physiological solutions, made from traceable and sustainable sources, in order to offer manufacturers of human food, pet food and aquafood industries ingredients serving health and well-being of consumers.

The customers, who can count on stable supply chains, were also an important factor in the acquisition; one argument for the company, which was founded in 1978, was its strong position in the US market. This allows Symrise to expand its global presence. ADF/IDF, on the other hand, benefits from the vast resources of Symrise around the world.

A close-up photograph of two ripe, textured citrus fruits, possibly grapefruit or orange, hanging from a tree. The fruits are a warm, golden-orange color with a bumpy, dimpled skin. They are surrounded by lush green leaves, some of which are in sharp focus while others are blurred in the background. The lighting is soft and natural, highlighting the texture of the fruit and the vibrant green of the foliage.

**Bitter-  
sweet and  
multi-  
talented**

The world of citrus fruits is as varied as their use in food and beverages, in cosmetics, household cleaning products and perfumes. Oranges, lemons, limes, mandarin oranges and bergamots lend a product freshness, sweetness or sourness; they provide the primary flavor and a certain taste or scent. Grapefruit is becoming increasingly important for Symrise. Though it only represents a small proportion of the citrus fruit portfolio, its growth is particularly strong.

One challenge with this fruit, though, is that there are problems with supply in Florida, one of the key cultivation areas. Diseases such as citrus greening as well as severe hurricanes have destroyed entire harvests. In the past years, the harvest yield has averaged about 10 to 15 % of the yield 20 years ago.

For this reason, Symrise went looking for alternatives – and found one in South Africa. In the province of KwaZulu-Natal, the company sources high-quality raw materials; it also supports sustainable development in the region through projects and close collaboration with suppliers and farmers.

**“We offer about 200 grapefruit flavors and mixtures around the world, which are used in hundreds of products.”**

Thelumusa Mkhonza,  
Technical Manager Symrise South Africa



Thelumusa Mkhonza, Technical Manager in beverage development at Symrise South Africa discusses fruit quality with Gysbert Potgieter, Technical Director at the fruit processor Nkwaleni Processors.

Grapefruit as far as the eye can see. Stephan Råker is impressed. The view from a ridge of the Nkwaleni Valley shows how much this region has developed. The valley is one hour north of the metropolis of Durban on the east coast of South Africa. “Ten years ago, the global market percentage of grapefruit here was not even 10%. Now it’s at 30%,” says the Global Competence Director Citrus at Symrise. Råker and the responsible purchasers evaluate the producers of citrus oils, juices and concentrates across the continents to make their products available to the entire Symrise Group. He and Thelumusa Mkhonza are forming an impression of the plantations and production systems here in the province of KwaZulu-Natal. The Technical Manager in beverage development at Symrise South Africa is also a firm believer in maintaining close contact with the producers to get to know the raw materials and their production better. “This is important because it gives us a totally different connection to our products,” says Thelumusa Mkhonza. “We offer about 200 grapefruit flavors and mixtures around the world, which are used in hundreds of products such as isotonic sports drinks, mixed beer drinks, sodas or flavored waters.” In the Nkwaleni Valley, Thelumusa Mkhonza, who studied food technology, is especially interested in the Marsh variety of white grapefruit. In contrast to the pink variety, which is usually found in supermarkets around the world, the White Marsh tastes more bitter and sour.

The two Symrise citrus experts visit Intathakusa Farm, where the harvest is in full swing. It’s loud; the pickers are chatting across the rows of trees, and the white sacks are filling quickly. Thelumusa Mkhonza is talking to the workers about the grapefruit. “It’s very interesting to sample the raw materials right from the trees,” she says as she plucks a ripe fruit, cuts it in half with a knife and tries a piece. “The quality of the grapefruit is very important to us because it also determines the flavor, which is key.”





# T

Together with her husband Sibusio and employees, Smangele Gumede ensures the high quality of their products.

The farm is a good partner for this. It has been named Business of the Year in the region numerous times. Its manager, Smangele Gumede, has even received an award as best female entrepreneur. She started the company in 2007 with her husband Sibusio. They now produce citrus fruits, sugar cane and vegetables, which are sold around the world. "For us, the biggest challenge is the climate," she says. The 57-year-old farmer takes off her wide-brimmed hat to wipe sweat off her brow. It's midday, and the thermometer once again reads 35 degrees Celsius. "It hasn't rained a lot in the past years, which means we have to rely on irrigation," adds her husband, whose father plowed fields using oxen. The two split the work: He is mostly out in the plantations while she manages the company from the office. Cultivating grapefruit is worth the effort for them and many other farmers in the area who have already switched from sugar cane to citrus fruits. Most of the fruit, including those grown by the Gumedes, end up in supermarkets in Japan and Europe, for example. But the farmers are glad that products which are unsuitable for sale in supermarkets can be sent for juice production instead. "That's good, because it makes us less dependent on one buyer," says Sibusio Gumede.

Smangele Gumede is a successful entrepreneur who has been cultivating grapefruit since 2007.



When you observe the two of them between the straight rows of their grapefruit trees, it's clear how important their work is to them. They joke with the pickers, who have worked for them for years – some of them year-round, some of them seasonally. Time and again, the Gumedes pick a fruit off a tree, sniff its peel, test its taste. "We eat at least one grapefruit every day," Smangele Gumede answers when asked whether she still likes the fruit. It's important to her that she identifies with her work and the farm. "Business is going well, demand is rising. That makes us very happy."

### SHORTAGE OF NEW RECRUITS IS A MAJOR CHALLENGE

For Gysbert Potgieter, who is leading the tour of the farms for the Symrise workers, these two farmers are a prime example. “You need to really know what you’re doing because the climate and the soils here are unique – and you have to be patient,” says the Technical Director at the fruit processing company Nkwaleni Processors, which has been supplying citrus concentrates and oils to Symrise for years. The factory is a special case; half of it belongs to different local farmers and the other half belongs to the Böcker Group from Buxtehude, Germany. The Group manages the factory’s processes.

Potgieter sees the difficulty in finding the next generation of farmers as one of the major challenges. Many young people would rather work in the cities than take on the hard work of agriculture. (More on the generation gap in agriculture on page 46) “The citrus industry here had hit rock bottom. Zululand is not the easiest place to have a good life,” says Potgieter. “We have a very high unemployment rate as well as the highest HIV infection rate, and most families depend on one income. That person sometimes has to earn enough to take care of a dozen family members.”

To him, the recent cultivation of grapefruit represents an opportunity to create something long-term. He counts on people who had previously not necessarily thought about farming. “South Africa is currently undergoing a land reform that allows a lot of people to get land on which they can plant something. This has led to hundreds of hectares of grapefruit trees being planted.” However, these new farmers often don’t know much about the methods of good agriculture. “That’s where we want to help: with agricultural know-how; with our experience with regulations and laws; with sales opportunities,” Potgieter explains. For this, the company is planning to convert an old farm belonging to the Böcker Group into a demonstration farm, and a training academy will be created there as well. Here the farmers will be able to learn everything they need to run their own farms, from the basics of farming to marketing and management.



Every day, Nkwaleni Processors receives fresh fruit by the ton that is then processed into juice and oils.

# G

Gysbert Potgieter, Technical Director of the fruit processor Nkwaleni Processors, is always close to the product.





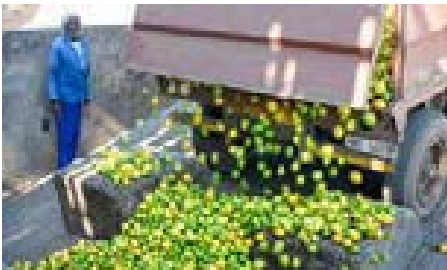


# T

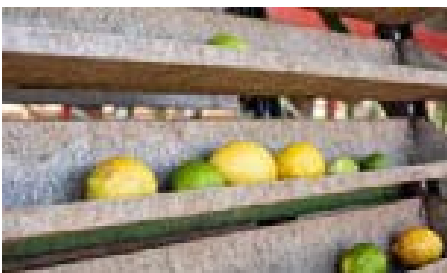
The freshness and quality is what counts.



The fruits delivered by truck...



are unloaded under the watchful eye of the employees...



and transported directly by conveyor belt to the processing plant.

## IMPROVING LIVELIHOODS IN VILLAGE COMMUNITIES

Symrise is also involved in the academy project and will send experts to teach the new generation of farmers about the end products and the particular requirements of the raw materials. "We want to be a strong partner and help improve the livelihoods in the villages here," says Stephan Råker. "That way we can ensure that the products are consistently high-quality, and we can reliably purchase our natural raw materials." "The involvement of Symrise suits us very well," Gysbert Potgieter agrees. "We share the same views on sustainability."

On the way from the plantations to the Nkweleni Processors plant, he stops repeatedly to show Thelumusa Mkhonza and Stephan Råker abandoned plantations as well as farms that are running well. When the group arrives at the factory, there are already trucks lined up outside the gate. During the harvest season, farmers come from morning to evening, bringing oranges, lemons, and of course grapefruits. "We test the fruit directly to assess its quality and freshness. When it's brought to us right after harvesting, it's nice and firm, and the juice content is high," says Gysbert Potgieter. "That decreases by 5% each day."

He hurries through production with his guests, showing them how the fruit rolls down from the trucks into a small pit from which it is transported on a belt to the washing station. Next, the juice is pressed and concentrated in four stages of thermal evaporation. "Afterward the fruit juice weighs a quarter of what it did previously. That means less material we have to send around the world, which cuts down on CO<sub>2</sub> emissions," Potgieter explains the process. In a different area of the small factory, oil is extracted from peels in a centrifuge.

**SYMTRAP® TECHNOLOGY ENSURES SUSTAINABLE USE**

Symrise is directly involved in the last step of processing. The water that remains following the concentration process maintains a lot of the flavor. To make use of this, the company installed the SymTrap® technology that was developed in Holzminden – and was incidentally the first plant in Africa to do so. The technology extracts flavors from the aqueous phases, which are the watery elements of the juice. “An important side effect of this is that we can use the water that has been cleaned through this process to wash the fruit,” says Gysbert Potgieter. “That’s good for the environment and also saves us the cost of disposal.”

For Stephan Raker, working closely with Nkwaleni Processors is important. “We need to be able to count on the cultivation, harvest and processing being carried out properly.” This is also monitored from the outside: The supplier regularly undergoes audits by the independent Sustainability Initiative of South Africa (SIZA), whose guidelines conform with the international SAI platform. In-depth discussions about the entire process chain work best in a close partnership, Raker emphasizes. This requires a great deal of trust and reliability. For example, Symrise purchases a majority of the oils that Nkwaleni Processors produces. In return, the company is closely involved with the South African processor’s product development as well as the agriculture.

The direct link to the farmers through their shares in the factory is a big advantage for Potgieter. “This means we always have enough raw materials and the farmers have a say in our decision-making.” This direct line ensures that specifications can be more closely adhered to since matters such as irrigation amounts and harvest times are discussed. Symrise is thus able to fulfill specific customer requests precisely. “In the long run, we can also influence our need for specific fruit varieties or qualities,” says Raker. “That gives us a lot more flexibility with regard to the high-quality, sustainable integration of our natural raw materials into our portfolio.”

**“We need to be able to count on the cultivation, harvest and processing being carried out properly.”**

Stephan Raker,  
Global Competence Director Citrus at Symrise

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TOPIC AT:**



**CITRUS.SYMRISE.COM**

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A grapefruit is a hybrid of a sweet orange and a pomelo. It blends fruitiness with a slight bitterness, which makes the taste of this popular breakfast fruit so special. It is rich in vitamin C and antioxidants, and takes its name from the way the fruits cluster on the trees in bunches, like grapes.

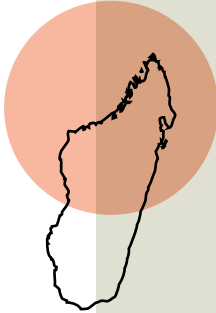
The primary cultivation areas are in China and the USA. A variety of types are cultivated in South Africa, from the white Marsh and Duncan varieties to the red Star Ruby and Red Ruby. Some plantations date back to the 1970s and still produce fruit once a year. Newly planted trees take about five to eight years before they can first be commercially harvested. It is currently difficult to get seedlings at all since there is a long waiting period.

# Sowing the seeds of opportunity

Earning a living through agriculture is a tough job in many parts of the world. This is one of the reasons why young people all over the world are often not willing to take over their parents' farms. They frequently move to the cities and towns looking for other jobs. This is particularly a big problem in less developed economies; the population disappears from the small agricultural villages, and with it the expertise that is transmitted from one generation to the next. In the past few years, development in the agricultural sector has intensified, which is why so many programs for attracting new young workers were started. Heinrich Schaper, President Flavor, explains the importance of this commitment: "In value chains, where Symrise can make a significant difference we are deploying our efforts to support knowledge transfer between the generations. This allows us to create new opportunities for agriculture, which brings us access to natural, high-quality products." In addition to the planned academy in the grapefruit province of KwaZulu-Natal in South Africa (page 42) additional initiatives in Madagascar, Brazil, India and the Philippines illustrate this.



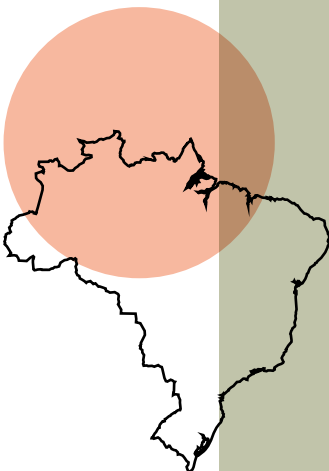
# Madagascar



At first, the idea was to improve productivity and quality. This led to further sustainable development initiatives, culminating in our latest project collaborating with German Society for International Cooperation (GIZ), Unilever, Save the Children and Kellogg's. The backward integration of vanilla into the Symrise value chain has transformed into a social commitment in Madagascar that is unprecedented in the world of sustainable development. Essentially, the original aim was to acquire high-quality beans that were traceable and environmentally cultivated to best fulfill customer desires. At the same time, Symrise took agricultural practices to a new level in the SAVA region on the north of the island country.

The company improved living conditions for farmers in many ways, one of which was expanding health care options. Numerous other measures ensure that around 8,000 farmers in 75 communities can do their jobs better. This way, the sector is increasingly attracting more young workers. Symrise demonstrates sustainable agricultural practices on demonstration fields and in special schools, and supports 12,000 students with basic education – by supporting 75 elementary schools and many more teachers – in the region where 80% of the world's vanilla is harvested. Another important point is that, through coaching and the provision of seedlings, farmers can diversify their income by growing cloves, ginger and vetiver. Alongside the GIZ and a variety of business partners, Symrise is bringing its experience to additional projects – not only in Madagascar but, for instance, in India and the Philippines, too. This is how they help prepare 31,000 farmers, 40% of whom are women or young people, for the future.

# Brazil



There aren't many places on the planet with higher levels of biodiversity than the Amazon area of Brazil. But this diversity, which is so important for the world's climate and the lives of the people who live in the rainforest, is in danger. To push for positive development, Symrise opened an office in Benevides, a town in the state of Pará, in 2015. In this way, the company created jobs and increased at the same time the demand for sustainably produced fruit and vegetables from local producers. More than 2,000 families profit from this.

In this way, Symrise is boosting a whole sector that is suffering from worsening employment conditions in this region. With their social and biodiversity-focused approach, which supports both nature and people, the company is working with the German Society for International Cooperation (GIZ) and Brazil's largest cosmetics group, Natura Cosméticos. Together, the partners are creating a system that offers more jobs to local people and focuses on the environmentally-friendly and fair use of natural resources. This is what it looks like in numbers: In September 2020, 80% of the 14 participating cooperatives will be certified by the UEBT (Union for Ethical BioTrade) and the average income of all cooperatives will increase by 20%.



Hemp is an exciting raw material for Symrise.



# A hemp success story

Symrise organized a “Hemp Day” in August 2019 for the American cosmetics brand Kiehl’s (which belongs to the L’Oréal group). The event, which was mostly intended for lifestyle and cosmetics bloggers, served to not only strengthen Kiehl’s brand, but also to demonstrate how the ever more important raw material can be sustainably cultivated and processed.



At Hemp Day, visitors were able to test the products in a tent.

The hemp variety Finola is very suitable for cosmetic products.



A Symrise product: 100 % organic hemp oil.

The setting alone was special: A group of young social media influencers from the USA and the United Kingdom jumped onto a retro bus and headed to a hemp field in Dassel-Deitersen in South Lower Saxony. There the cosmetics and lifestyle bloggers talked to organic farmer Kilian Henne, Symrise research and marketing experts and Symrise CEO Dr. Heinz-Jürgen Bertram. Also on the field were employees of American cosmetics brand Kiehl's. The Hemp Day event celebrates the launch of Kiehl's hemp oil-based products. The influencers took videos and photos and were deeply impressed by the variety growing here – Finola. This variety is designed for industrial use and does not contain the substance Tetrahydrocannabinol, whose presence is strictly limited by cosmetic regulations in most of the countries .

#### HEMP AS A RAW MATERIAL IS A TREND

Hemp Day was also special for Irina Deloire: “For me the highlight of “Hemp journey “was working together across divisions.” Irina, from France, works in Paris as Global Account Director in the Cosmetic Ingredients division and has helped write the hemp success story for the past few years. It all started in 2016 with colleagues from market research. They identified this raw material as a robust trend. Then, colleagues from a variety of Departments analyzed where the material could be used in the Cosmetic Ingredients Portfolio. “We also explored regions where we could obtain the raw material and looked into water consumption, effects on the soil and other environmental parameters,” says Irina, who is also a member of the Sustainability Board in the Scent & Care segment.

Kiehl's was keen to initiate a close working relationship with Symrise. The New York company approached Symrise because they wanted to use more traditional and authentic ingredients in their product lines. “Hemp

# Bio

The oil is extracted from the seeds of sustainably cultivated hemp.



oil has been used for centuries because of its positive effects on the skin. For us, it was a perfect match,” says Marek Münstermann, Director Global Product Management Botanicals & Colors in the Cosmetic Ingredients division. “So we were happy to support Kiehl's brand message, which is also about sustainability and traceability of the raw material.”

For the Symrise manager, hemp is an exciting material. Farmers can cultivate the plant in many different kinds of soil because it is relatively hardy and requires no fertilizer – which in turn makes organic certification easier. Ideal conditions can be found in Germany, for example, which is where Symrise gets the majority of its raw material.

#### INCREASING BIODIVERSITY

Hemp is also very bee-friendly, promoting biodiversity. And because the whole plant can be used, its cultivation is very sustainable. Symrise sells the oil cold-pressed from the seeds, mainly to the cosmetics industry. It is rich in fatty acids and has an antioxidant effect, protecting sensitive skin. “We are working on also utilizing the oilseed cake that results from the oil extraction process,” explains Marek. This is often still used as animal feed, “but it contains a lot of proteins that could be used for vegetarian “meat” products or in cosmetics.” Symrise also produces an aqueous hemp extract for cosmetic applications.

The product range is expected to be expanded to other brands. “We want to offer our hemp oil for use in many exciting cosmetics,” says Irina. “In addition, we are setting up additional studies and trials to better understand the way hemp works.” Marek sees the growing importance just as his colleague does: “The versatile raw material will open up a lot of possibilities for us.”

# Second

Symrise has implemented the first application of Sulfacid® technology in the fragrance and flavor industry at its plant in Jacksonville, Florida. The process desulfurizes exhaust fumes from production and converts them into sulfuric acid, which can then be recycled directly back into production on-site or sold on the market. More than 99 % of the volatile sulfurcomponents are removed in this way. The environment benefits from this – and Symrise also saves significantly on costs.

CLEAN  
GAS



# life



More than

# 99 %

of the volatile sulfuric acids are filtered out.



During the manufacturing process of Pinenes, which Symrise uses for the production of pine scent, sulfur compounds are generated. These shall not be allowed to be released into the environment, as they can have harmful effects and lead to acid rain. That's why old technologies remove the pollutants with exhaust scrubbers, which are expensive and incur high ongoing costs and additional waste disposal.

At its plant in Jacksonville, Florida, Symrise is now using a process that has never before been used in the industry: the Sulfacid process. The exhaust fumes flow through an activated carbon catalyst, and the sulfur dioxide is converted to sulfuric acid by wet cataly-

sis in the presence of oxygen and water. Symrise then uses this acid in other processes, for example in the production of Dihydromyrcenol. Symrise is the only company to produce the fragrance from renewable resources in the USA.

With the Sulfacid process, Symrise is significantly minimizing its environmental footprint. The innovation introduced by the company alongside the technology provider Carbon Process & Plant Engineering S.A. is a great investment in green technology and underlines Symrise's commitment to sustainability and the circular economy.



# A mighty

Cloves have a wide variety of uses. In India, the spice is used in almost every curry dish; in Europe and the USA, it is primarily used around the Christmas season for meat dishes, cookies and warm beverages; in some areas in Africa, it is used to add flavor to rice dishes. Clove oil is also popular in aromatherapy and has been used in many parts of the world for centuries to help with toothaches. It's here, in the Oral Care segment, that it plays a major role for Symrise. In Asia above all, there are few oral hygiene products that don't contain eugenol, the primary component of clove oil.

Symrise sources the product primarily from Indonesia. On the Indonesian island of Sulawesi, the company has linked its supply chain closely with the supplier Van Aroma and the local farmers. Together they have developed a process that will reduce the strain on resources when cultivating cloves.

# little flower



Essential oils have

**250 - 500**

individual components



In clove oils, there are only

**50 - 150**



The most important component is eugenol,  
with a share of between

**60 and 85 %**







# Sandeep Tekriwal

CO-OWNER & CEO OF VAN AROMA  
FROM INDONESIA

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**“We began  
sourcing  
and  
processing  
patchouli  
from  
Sulawesi  
more than  
10 years ago.”**

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We began sourcing and processing patchouli from Sulawesi more than 10 years ago. On our many trips to the island, we noticed that there are an incredible number of clove plantations, but hardly anyone was distilling clove stems and leaves. The buds were sold, but the rest of the plant was rarely used. We started out small and spoke with the first few farmers about the fact that they could also use the leaves of the clove tree to increase their income. We now distill all of the components, even the clove bud dust that gets left behind when cleaning the buds.

There are two ideas we have pursued to make the project as sustainable as possible. First, we have expanded distillation in our factory in Kolaka and are now able to process significantly more raw materials. Secondly, we have started financing distillation equipment to the farmers on credit and teaching them how to operate the equipment directly on-site. For this, we also work closely with Symrise, one of our important customers – another example of our close partnerships here on Sulawesi. There are now around 300 farmers collecting the leaves, three of whom have their own distilleries. The project has quickly shown its value – they were able to pay off their loans within six to twelve months. And we get something out of this setup as well: good quality, sustainable, traceable and reliably available clove products that we are also able to market worldwide through our cooperation with Symrise.

# Hamzah Toto and Supriyadi

## CLOVE FARMERS FROM INDUHA, SULAWESI

We have been planting, caring for and harvesting our clove trees for many years. The plant gives us a reliable source of income so that we can feed our families. We have eight and ten hectares growing cloves – about 200 trees per hectare. The plants bloom at different times, so we and our workers have to climb up to the tops of the trees on our bamboo ladders again and again to look at every bud and decide whether it is ready to harvest.

It's a lot of work, but it is worth it because we usually get a good price. In the past few years, though, the price has fluctuated greatly, which has caused a lot of problems. That's why we are very glad that we are able to expand our opportunities for income. When Van Aroma approached us and suggested that we should also collect the leaves, we were hesitant at first because that would have meant a lot of additional work. They demonstrated to us how to use nets for this process. This made it easier and we saw that we could really benefit from it. We were also able to acquire a distillery with the help of Van Aroma, which paid off in a very short time. We are now able to process our own harvest.



# 200

clove trees grow on  
one hectare of land








# Annie Chan, Qinyi Phua, Alice Leong

FLAVORISTS IN THE ORAL CARE UNIT  
AT SYMRISE ASIA PACIFIC


As flavorists, the three of us have probably developed many hundreds of concepts for toothpaste and mouthwash. After all, it's a complex topic. We have to understand exactly what our customers and also the consumers in the various regions and countries want. We create based on guidelines that the customers provide and in alignment with market trends and needs that our marketing helps us identify.

To develop a product, we don't just have to know the taste and how the raw materials work, we also have to understand how these behave in different applications. The price also has to be right so that our customers will be prepared to buy our compositions. This is already a particular challenge, because we traditionally use a lot of natural products.

Clove bud and leaf oil together with eugenol are essential raw materials for us – they are used in almost every single one of our recipes. In the dental hygiene segment, for example, clove provides a pleasant mouthfeel and has antibacterial and antioxidant properties. This is why, in many Asian countries, its taste is linked with dental health. In countries like Sri Lanka, India and Thailand, that taste can be quite prominent, while in China or Indonesia it serves more as a booster for freshness in the composition.



**“We have to understand exactly what our customers and also the consumers in the various regions and countries want.”**



# Ramkumar Venkataraman

VICE PRESIDENT PURCHASING ASIA PACIFIC,  
SCENT & CARE AT SYMRISE IN SINGAPORE

The oils extracted from cloves are one of the most important natural materials in the Oral Care segment. The most important one is eugenol, but flower and leaf oils are also becoming increasingly important. They are a basic component of almost all of the products we sell in many parts of Asia. That is why a transparent and sustainable value chain is particularly important to us for this raw material.

When our long-term partner Van Aroma, who supplies us with patchouli and citronella oils in addition to clove products, approached us with an idea for a joint project, we were enthusiastic from the start. Holistic development is important to us, too. We want to bolster the farmers on Sulawesi for the future so that they can earn money consistently, the natural raw materials can be grown sustainably and, at the same time, we can source the materials reliably.

Symrise and Van Aroma have taken a number of steps to achieve this. First, we showed the first farmers how they could use nets to collect the valuable leaves, which they had previously left lying under the trees. We expanded this training to numerous communities. Then we took a look at production. We are investing in providing technical training so that people can use their own distilleries

**“We want to bolster the farmers on Sulawesi for the future so that they can earn money consistently, the natural raw materials can be grown sustainably and, at the same time, we can source the materials reliably.”**



to process the cloves as well as many other products, which allows them to earn money all year. Working directly in the villages has the added benefit that the farmers get to know us, which allows a long-term partnership to grow.







# Clair Mok

## MARKETING ORAL CARE AT SYMRISE ASIA PACIFIC IN SINGAPORE

In Marketing, we look closely at what consumers like and what the trends are. This is what we base our decisions on when we choose to what extent we highlight ingredients in the end product. If we're developing a new toothpaste, for example, and cloves are one of the primary components for taste as well as function, then we advise our customers to show the flower buds on the packaging. It's always about emotions, about what we know, about the familiar. And in addition to that – and this is becoming the case more and more – there's the aspect of naturalness.

It's interesting here how differently a raw material is perceived. Cloves are polarizing. In some markets it's considered to be an element of savory food, while in others it is used more in sweet foods or in beverages. Where cloves are known as a food item, then it's a big step to oral care. The spice is more linked in people's minds to warm, spicy dishes rather than freshness, hygiene and healthy teeth. In other regions, in contrast, cloves are known for precisely that: They are considered to be antibacterial and antioxidant, good for the gums and for white teeth.



**“Cloves are polarizing. In some markets it's considered to be an element of savory food, while in others it is used more in sweet foods or in beverages.”**



# Dirk Schwannecke

VICE PRESIDENT ORAL CARE ASIA PACIFIC  
AT SYMRISE IN SINGAPORE

The market for oral hygiene products in the Asia-Pacific region is growing by about 8% annually. By 2024, it is estimated to be at USD 31.5 billion. Toothpaste, mouthwash, dental floss and even dental powder, which is used primarily in Bangladesh, make it an exciting field for us. This growth often comes from new products – for example, charcoal and a variety of other naturals, which are very popular flavor concepts right now. Clove remains one of the most-used ingredients.

Eugenol, which is the primary component that gives it its flavor, is one of the 20 most important materials in Asia in the Oral Care segment – alongside menthol, anethole, mint oils from various sources and eucalyptol. Clove is also special because it is perceived differently in different countries. In Japan and China, it only plays a small role. In South and Southeast Asia, on the other hand, products with clove scent can be found in about 40 to 60% of the Oral Care products, for example, in the Spice Belt in India, Sri Lanka and Indonesia. But there are differences even within those countries. In India, for instance, there is a wide variation between the north and the south.



There are an estimated

# 30

million clove trees  
on Sulawesi



**“Clove is also special because it is perceived differently in different countries.”**





# I Made Karyana

FARMER FROM LADONGI, SULAWESI

Forty years ago, our family was resettled from Bali to Sulawesi along with 200 others. This was due to a threat of volcanic eruption from Mount Agung, which was very close to our village. We were given a piece of land, a house and food for two years. We are now 300 families who are keeping our Balinese culture alive with our temple and the style of our houses.

My parents, like so many at the time, started setting up their farm and began growing cacao, pepper and rice. There were only a few clove trees here. It was only from Van Aroma that we learned how valuable these plants are. I'm actually an English teacher at the high school, but I have decided to take on this new challenge and also invest in farming in addition to teaching. Van Aroma and Symrise are helping us in this project to plant our trees properly, to harvest them right and, ultimately, to install our own distilleries and continue to optimize. When we have problems, the companies help us. We are confident that we will be able to continue to grow our community and keep it alive and healthy with this new business.



**“Van Aroma and Symrise are helping us in this project to plant our trees properly, to harvest them right and, ultimately, to install our own distilleries and continue to optimize.”**



# Siddhartha Chatterjee

SENIOR FLAVORIST IN THE FLAVOR DIVISION  
AT SYMRISE ASIA PACIFIC

We use 2,500 to 2,600 raw materials in developing and manufacturing flavors. Clove is an important component of that and is used very differently from region to region. In India and Sri Lanka, it is used in masala teas, in Indonesia in spice mixes for meat and in herbal drinks in China. In many compositions, it gives body or provides spiciness. We use it to produce flavors such as tutti-frutti, banana and cherry. Clove taste is essential in cola, alongside citrus oils and vanilla.

We use eugenol as well as leaf and bud oils in flavor creation. Depending on the application, we can choose from a number of variants to make the mixtures more complex. We use natural oils because they are more authentic and the tendency in the Asia-Pacific region, like everywhere else, is toward more naturalness. What gets used also depends on price and availability. That's why we are always glad when new, sustainable sources for the raw materials are found.

~~~~~  
**2,500**  
to  
**2,600**

raw materials are used in flavor development and production.

~~~~~  
**“We use natural oils.”**







# Norbert Braun

VICE PRESIDENT INNOVATION & QC SCENT & CARE  
AT SYMRISE IN SINGAPORE

In perfumes, clove plays an inconspicuous but important role. Because of its intense aroma, it cannot be too dominant and sometimes should not even be detectable. This is why it usually only has a share of one to ten parts per thousand in fragrance compositions. But it is absolutely indispensable in the right dosage and difficult to replace.

The clove is an interesting plant from a scientific perspective as well. Essential oils generally have between 250 and 500 individual components, but here there are only 50 to 150 – and the main component is eugenol. It has a share of 60 to 85 %, depending on whether the flowers, the leaves or the stems are being distilled.

Eugenol is the key ingredient for us, but as researchers, we also look at other components to find new and interesting raw materials for our perfumers. Essential oils provide inspiration time and again for fragrances and flavors that are then used in oral care as well as in fine perfumes, shampoos, shower gels or household cleaning products. We work closely with Van Aroma for this as well.

One example is the humulene fraction of cloves, which is comprised primarily of  $\alpha$ -humulene and  $\beta$ -caryophyllene. These terpenes have previously rarely been used, so we are asking ourselves how and if we could put them to use. This could result in exciting new fragrance notes and would be very sustainable because we would make even greater use of the plants. To test this, I brought clove bud dust and dried petals back from my last trip to Indonesia. We don't currently capitalize on the oils that can be made from these, but now I will be able to do lab tests on them. That's another reason why these trips are so incredibly exciting for me.

**“Clove is absolutely  
indispensable in the  
right dosage and  
difficult to replace.”**

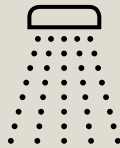




An average of

**15 – 30**

raw materials are used for one oral care flavor composition.



From 25 to 7,000 kilograms of oral care flavor mix are produced in one batch at Symrise in Singapore.



This is added to toothpaste at a dosage between 1 and 1.3%.



Two tons of flavor at a dosage of 1% is sufficient for

**200 tons of  
toothpaste**

This flavors approximately 1.3 million 150-gram tubes of toothpaste





**Symrise increasingly uses byproducts from various raw material processes to develop valuable products. Across all divisions, beginning or finished circular processes are being developed that ensure better utilization of materials and thus greater sustainability.**

The culinary world is scarcely imaginable without the rich, varied taste of chicken. The meat is fried and boiled, roasted and baked. In its hundreds of prepared forms, it has been part of creative and frequently surprising dishes in various cuisines for thousands of years. Chicken also provides Symrise with a wide range of uses. The Nutrition segment creates many products based on this natural raw material. Broths, powders and purified fats enrich thousands of foods and provide the desired mouthfeel or even the taste of meat and umami.

This naturalness is complemented by consistent sustainability. One core idea of the Symrise Nutrition segment is to use byproducts. Some examples include bananas whose shape does not meet retail requirements or chicken leftover.

The valuable raw materials are processed using technologies such as hydrolysis, cooking or drying. "We are on a good level with this process, but we are now increasing it to become even more sustainable," says Marie Le Henaff, Global Sustainability Manager at Symrise Nutrition. Following the concept of the circular economy, the team, led by their colleague Thierry Lenice, developed ideas to use even more of the raw chicken material. For example, the manager, who is in charge of the Diana platform that will harness the side stream, has taken a look at the bones and fluids that are generated during production. They are used to create valuable products for other market areas.



### CREATING VALUE THROUGH INNOVATION

The circular economy, as Diana has applied it to chicken, has become increasingly important in the global economy in recent years. This concept runs through the entire Group. Symrise uses resources on an industrial scale to the extent possible, and finds uses that did not previously exist.

In so doing, the company is responding to major challenges facing the earth, from climate change and the loss of biodiversity to nutrition for an ever-growing number of people. Among other things, the company makes use of a circular economic system to minimize losses, which account for around one-third of the raw materials used in food production. Last but not least, this sustainable step is a lucrative business model. Not only innovative revenue models but new customer groups can be found.

In the Nutrition segment, which includes Diana (Food, Pet Food and Aqua) and the recently acquired ADF/IDF, byproducts already account for a large proportion of sales. Around 40 different little-used materials from food production have been identified. Chicken bones as well as banana peels, strawberry seeds and pressed onions that remain after extraction and concentration. Furthermore, the resulting products are used not only in the food sector. For example, an oil made from strawberry seeds is being tested in products in the Cosmetic Ingredients division. This cross-divisional work will be further expanded in the coming years.

### DOUBLE USAGE IN SCENT & CARE

The circular economy also plays a major role in the Scent & Care segment. Because certain cosmetic ingredients are meant to be odorless, valuable materials are left over when the raw materials are purified. In order to utilize these more consistently, researchers and developers are looking for new solutions in many places. For example, there are experiments with substances from butter and vegetable oil production in Brazil, and with blossom water from essential oil production, to find materials for fragrance production.

The experts have already made great progress with ginger, which comes from Madagascar and is 100% traceable and certified organic. “We use a ‘green’ solvent, supercritical carbon dioxide, which can effuse through solids like a gas, and dissolve materials like a liquid. We thus extract two products from the ginger root,” Benoît Join explains about the procedure. “In this way, we obtain an active ingredient with cosmetic properties that is included in our product range under the name SymVital® Mada, as well as an extract with a strong ginger smell, which can be used like an essential oil.” But the process goes even further, explains the Director of Natural Ingredients and Oral Care Innovation from the Scent & Care segment. After extraction, the resulting biomass, which contains the fibers from the roots, can be reused for Cosmetic application. Join describes other advantages: “For the farmers, who used to grow mainly vanilla, ginger represents a diversification of their income.” “The double usage of the material naturally makes it even more valuable for all sides.”



### IN-HOUSE DEVELOPMENT OF SYMTRAP®

The Flavor segment achieves the goals of a circular economy using a unique process that Symrise has developed. In the early 2000s, the company developed the SymTrap® technology that extracts significantly more flavor from fruit than had previously been possible. This innovation, patented in 2008, uses the byproducts from fruit processing. One kilogram of the highly concentrated flavor is produced from several hundred kilograms of raw material side streams. This also plays a major role in greater sustainability for reasons of weight during transport.

A good example is flavor extraction from oranges for soft drinks, for which the Symrise technology is used. “When the juice is concentrated, a highly aromatic liquid called the aqueous phase remains, which was previously disposed of or used as process water for cleaning the fruit,” explains Romy Weytens, Flavor Sustainable Sourcing and Sustainability Leader APAC. “With SymTrap®, flavor molecules are obtained that are not only particularly tasty, but also make a major contribution to the naturalness of the product in the flavor compositions.” In this “green chemistry” process, Symrise relies on an ingenious sequence of energy-efficient adsorption and desorption processes which are also very gentle. “This is particularly important,” says Romy Weytens. “It enables us to also obtain active ingredients that are destroyed at higher temperatures. SymTrap® contributes to the comprehensive utilization of raw materials, whose components we can use for many products.”



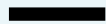


**“For the farmers, who used to grow mainly vanilla, ginger represents a diversification of their income. The double usage of the material naturally makes it even more valuable for all sides.”**

Benoît Join,  
Director of Natural Ingredients and Oral Care Innovation  
Symrise

**100%**

Ginger from Madagascar is 100% traceable and certified organic.



**“SymTrap® contributes to the comprehensive utilization of raw materials, whose components we can use for many products.”**

Romy Weytens,  
Flavor Sustainable Sourcing and  
Sustainability Leader APAC

# Changing times in talent management

In a rapidly changing globalized world, it is getting harder and harder for companies to find, train and retain the right employees. Dr. Iñigo Natzel, Corporate Vice President Group Human Resources, explains how Symrise is approaching this development with a computer-aided talent management process.

**Dr. Natzel, the world is changing quickly. What does that mean for human resource development at Symrise?**

More than ever before, we have to take a close look at the needs of the company as well as the needs of our current and future employees. And we have to do so as a global company that operates in different regions with vastly different job market conditions.

**Can you give an example?**

People from Generation Y, born between 1980 and 1995, often bring different expectations for a job to a company. They are now also entering leadership positions, and they want to work for companies that they can be proud of – especially in terms of sustainability. Work-life balance is also important to them, which sets them apart from older colleagues.







**“People from Generation Y are now also entering leadership positions, and they want to work for companies that they can be proud of – especially in terms of sustainability.”**

Dr. Iñigo Natzel,  
Corporate Vice President Group Human Resources Symrise

#### **How have the requirements shifted?**

People increasingly want social or environmental issues to play a role in their jobs. Symrise has long made sustainability an important strategic goal. That makes us attractive. We offer extended parental leave and even daycare and after-school care for older children at some locations. We try to make it possible to align work with the various phases of life. This applies equally to parents who want to focus on their careers again after having children. We are also working toward our goal of having 40% female senior executives. Many colleagues would like to work part-time or occasionally from home. According to studies, 69% of millennials think that being in the office at fixed times is outdated. In 15 years, 75% of our employees will be from this generation and we have to take this into account in our human resources strategy. Another topic is decreasing employee loyalty to the company.

#### **Does that apply only to Generation Y?**

Yes, 43% of them expect to change jobs within the company within two years. Similar figures have been around for years in Asian countries across all generations. Employees are often looking for new challenges after a fairly short period of time, and they change companies often to get ahead in their careers. They also want to work in innovative teams.

**Do you offer all of that?**

We are quite happy with how we have managed it so far. The turnover rate – a key figure that we use to assess employee satisfaction – is at just 7 to 9% in Asia, which is better than the industry average. But we also do a lot to achieve that. We are globally recognized as an “Employer of Choice” that is attractive for talented workers.

**Earlier you also mentioned the needs of the company. How do these influence your work?**

First, we have to know what our company needs. To do that, we create employee profiles to assist our global customers in sourcing raw materials or filling jobs in emerging markets. We also align the development of the company with the requirements of the employees. To combine the two, we’ve started a global, standardized talent management process, supported by a company-wide IT platform. We opted to use one universal digital platform. The technology isn’t an end in itself but serves to ensure efficiency and sustainability. The key is the process we use to find the best possible colleagues for each job for our internal customers or to develop current employees to be able to meet the latest challenges.

**How do you ensure that employees are able to meet the requirements?**

One important first step happens during training. We are continually preparing approximately 145 apprentices for their jobs and supporting 25 young people in work-study programs. There is also a focus on learning on the job. We do this by expanding the activities of many colleagues so that they can gain experience in other areas, and we send about 125 colleagues to locations around the world. Learning doesn’t just take place in classic continued education training sessions; over 70% of the time, it takes place during actual projects. And finally, we give a lot of employees more responsibility. In 2019, for example, we promoted roughly 450 workers. 47% of them were women. Considering that women make up 39% of our workforce, this shows our commitment to increasing diversity across all levels of the company.

# 450

employees were promoted  
at Symrise in 2019.

**With about 10,000 employees, are you able to keep up with how each individual is doing in their job?**

We analyze our employees’ skill sets regularly and realign these if needed. At the same time, we support our colleagues in a number of ways in fulfilling their career goals. Our senior executives provide regular feedback on results as well as on how colleagues are doing at their job. The past, unfortunately, doesn’t tell us how someone’s career will develop in the future. Which is why we have to ascertain potential based on things like how willing our employees are to learn.

**Which means?**

We look at various skills where learning agility is at the forefront – for example flexibility to change or to deal with people. It’s always about finding out what a person can achieve, not what they already have. For this, we cluster our workforce in our annual talent review process. All of the groups are important in this and are advanced according to their specific development needs. Because one thing is clear: We need a high level of diversity among our employees. From young people at the start of their careers to experienced senior executives, from colleagues who do a solid job to those who are known as “high potentials.” We’re on the right path, but there’s still a way to go.

# Ecologically optimized

**Symrise keeps ecological balance in mind in all business units – from raw material sourcing to purchasing to research and development, all the way through production and logistics. An example from Diana Pet Food shows how this process can be structured. The business unit uses the Eco-Design Matrix, a tool developed internally to analyze, evaluate and optimize the environmental performance of products along the value chain.**

In Europe alone, 80 million households have at least one cat or one dog; collectively, these pets eat around 8.5 million tons of pet food per year. These figures are impressive, but they also demonstrate how important it is to produce all pet food ingredients sustainably. The European Commission has also addressed this topic: A working group is developing a methodology to evaluate the Product Environment Footprint (PEF) of pet food. Similar to the Nutri-Score which labels the nutritional value of foodstuffs, an environmental score will be applied to packaging on a voluntary basis to show consumers how environmentally friendly their pet food was produced along the value chain.

Diana Pet Food is already strongly committed to sustainability, not least because the company's raw materials are mainly byproducts of food production that are not consumed by humans and would otherwise be discarded. Now the company is going a step further. "We have developed a system that follows PEF guidelines and can be used to analyze the life cycle of our products," says Aurélie de Ratuld, Sustainability Manager at Diana Pet Food.



# 80

million households in Europe own at least one dog or cat.

**“We have developed a system that follows PEF guidelines and can be used to analyze the life cycle of our products.”**

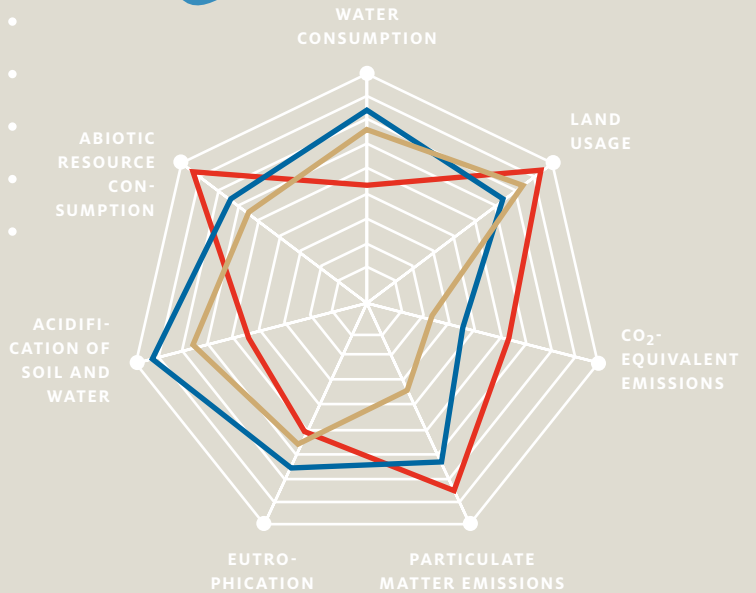
Aurélie de Ratuld,  
Sustainability Manager at Diana Pet Food





“Our researchers and product developers can then decide to eco-design one of the products. The many pieces of information provided by the database help them improve the product in terms of its ecological footprint.”

Aurélie de Ratuld,  
Sustainability Manager at Diana Pet Food





### SEVEN ENVIRONMENTAL FACTORS IN VIEW

The tool, which is called an Eco-Design Matrix, encompasses the entire product portfolio, including almost all raw materials and their environmental impact along the value chain. Aurélie de Ratuld explains how it works using an example. “Suppose a colleague in Argentina wants to compare three different substances that promote the palatability of a dog food, meaning it makes the food tastier to the animal.” The employee clicks on the three substances in the system and gets a comparative analysis with a network diagram that lists seven factors: water consumption, land use, the emission of CO<sub>2</sub>eq and particulate matter, eutrophication (the concentration of nutrients in the ecosystem), the acidification of soil and water, and abiotic depletion (resource consumption, which includes the use of minerals and fossil fuels).

“Our researchers and product developers can then decide to eco-design one of the products. The many pieces of information provided by the database help them improve the product in terms of its ecological footprint,” says Aurélie de Ratuld. “They can determine which environmental impact occurs at which part of the value chain.” In the example case, the colleague finds that 80% of the environmental impact occurs during raw material sourcing. There are now a number of options for improving this by working with local producers or by adjusting raw materials and ingredients, the purchasing process, or the transport and packaging of materials.

The tool is then adjusted, and the computer links the results to a model which allows all individual steps to be simulated. “We know our raw materials and products well. With the help of the program and the many parameters we can set, we can now find the best combinations,” says Aurélie de Ratuld. This includes

# 500

products are sold  
by Diana Pet Food  
worldwide.

trying out different types of packaging or, as in the example with the products manufactured in Argentina, finding the closest possible source. An option might be to start the process directly in Diana Pet Food’s new sustainable factory in Colombia, which would improve environmental performance during the production stage and be closer to the customers. The last step in the process is for product developers to compare their designs with previous products. If the new product has a lower environmental impact, it can be selected as the best option to go into production.

### CONSUMERS VALUE SUSTAINABILITY

The potential of the Eco-Design Matrix is huge, as Diana Pet Food sells around 500 products worldwide. “We are currently discussing partnership opportunities with our customers based on our eco-design approach, and are suggesting new product selections that we hope will win over customers.” In addition, Diana Pet Food is working internally to proactively improve the environmental performance of the portfolio and to offer something new to the pet food industry: eco-designed palatability enhancers.

The process is complex, but it’s worth it. Aurélie de Ratuld describes the benefits by saying, “We can demonstrate that we’re change agents, and we can lead the industry with our commitment.” With the Eco-Design Matrix, the company has initiated a process that will permanently increase sustainability. “Ultimately, consumers also appreciate that,” says the expert. In a recent survey of 224 French cat and dog owners that was conducted by the company, 85% said they were interested in having an environmental score on the packaging of the pet food they buy. “In addition to the environmental benefits, this is also a clear argument for us to set ourselves apart from our competitors.”



# Looking for the best solution

**From Holzminden, the Symrise subsidiary Tesium plans new production systems and renovations for all Symrise locations worldwide. In doing so, its planners always aim for sustainable solutions and the greatest possible efficiency. And because no two projects are identical, the wealth of knowledge in the company also grows with each plan.**

Symrise would not have been able to grow the way it has over the past years without Wolfgang Töws and his colleagues. The project engineer from subsidiary Tesium plans production facilities for the Group's global locations from his office in Holzminden. This work is highly complex because it has to be coordinated by numerous specialists; sometimes around 30 colleagues are involved in one plan. This is due to the fact that different technical regulations and laws often apply to international projects. In addition, differing cultural factors can make plans more complex.

But even in day-to-day work, the challenges are great. If the engineers want to expand existing factories, for example, they often have only limited space on which to build. The planners use a 3D CAD program that allows them to zoom in on details. They can also integrate three-dimensional scans of the available construction sites or existing facilities.

For the very special tasks, Wolfgang Töws even travels around the world. "For example, in 2019 we doubled the capacity of the menthol plant in Bushy Park in the USA, and naturally I was on site for a number of weeks," says Wolfgang Töws, who has a degree in process engineering and has been with Symrise since early 2001. "With such big projects, our job is to keep things under control with the colleagues on site, to guide the employees, and to make sure that the technical implementation is perfect."

The experienced engineer is one of 270 employees at Tesium. Over the course of his career, he has supported local colleagues at various Symrise locations around the world. As he does, he draws on the expertise in planning and plant construction that Tesium has developed over decades. The company always considers aspects such as sustainability, energy supply, plant security, maintenance and waste management.

## UNIQUE PROCESSES

Tesium employees mostly get called in for the more complex facilities. "Each segment is responsible for its own plants and can commission its building projects independently," says Carsten Teiwes. Unlike the area of flavors and fragrances, in which raw materials are primarily extracted, spray-dried or mixed, chemical

# 270

employees work at Tesium.



**“With such big projects, our job is to keep things under control with the colleagues on site, to guide the employees, and to make sure that the technical implementation is perfect.”**

Wolfgang Töws,  
Project Engineer at Tesium

**“Thorough preparation is essential for us.”**

Andreas Knebel,  
Process & Plant Engineer at Tesium



**“Each segment is responsible for its own plants and can commission its building projects independently.”**

Carsten Teiwes,  
Managing Director at Tesium



Tesium employees use a 3D CAD program in which, for example, entire plants can be analyzed in a three-dimensional view.

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Capacity at the menthol plant in Bushy Park, USA, doubled in 2019.

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production requires more complex facilities, explains Tesium's Managing Director, who is also responsible for the infrastructure in Holzminden. "The materials that Symrise develops and produces are not in the portfolio of any other company in this form. We want to protect and optimize not only the development itself but also the production processes, so we can maintain this exclusivity," says Teiwes. "This is also the reason we take over certain projects ourselves." Another important point: The costs of planning can be significantly reduced with a well-established process.

Tesium builds the large-scale production facilities based on models of pilot plants that have been tested in the labs. The subsidiary proceeds in three major steps. The process engineers design flow diagrams, providing them with reactors, heaters, pumps and distilleries. "Next, our colleagues implement these 'rough' drafts. They put in the pipe systems, measuring instruments and all other technical equipment," Teiwes explains. In the final step, a technical illustrator adds details so welders can join the pipes on site. It's a big task: In some plants, up to 1,200 different pipelines are planned and installed. All planning steps are implemented on computers. "We create a digital twin that can document the facility and provides all the information down to the smallest detail," says Teiwes, who is working to drive digitalization in the company. Tesium can also simulate processes in the facilities using simulation software.

In addition to engineers, Tesium also sends employees from the workshops abroad to ensure that the complex plans are well implemented. The company simultaneously trains local employees so they can increasingly take on tasks themselves. "Our teamwork is also intercontinental," says Teiwes, who spent twelve years working in Mexico and Venezuela himself. "It wouldn't function otherwise, because we always rely heavily on the colleagues on location. They have the process-specific expertise."

About

# 30

employees can be involved in the planning of a project.



## EACH LOCATION HAS ITS WEALTH OF KNOWLEDGE

It's important to learn from each other: Andreas Knebel, who is in charge of all facilities planning at Tesium, can confirm this. The process engineer, who has been working in the company since 2001, has been to the USA a number of times in recent years. His next task is to optimize a plant on Colonel's Island, Georgia, that Symrise acquired with the purchase of the Pinova company. "We didn't have the process that sustainably extracts an important fragrance from pine wood in our portfolio in this form before. We benefited greatly from the knowledge of the colleagues who have been using this process for years."


The procedure includes looking at and improving the details of the plant together. When extraction, distillation and mixing processes are carried out in succession, a tiny change in temperature or pressure can make a huge difference. "At one of these meetings we changed the procedure together, which makes the entire process more sustainable and increases our yield." It isn't always easy: Other countries use other measurements or even different components, which the colleagues at Tesium have to take into account. "Thorough preparation is essential for us," Knebel emphasizes.

Tesium also transfers this knowledge on behalf of Symrise to facilities at other locations, making the Group as a whole more efficient. For example, the company assisted with building the infrastructure in the plant in Nantong, China, where it installed sustainable solutions for exhaust air and wastewater treatment. "Our expertise was required there, and also in Russia, where Tesium handled the automation and control of a Flavor project."

The excursions into Symrise's global structure are essential for the three Tesium employees. "The company is becoming increasingly international," says Carsten Teiwes. "This means we need to take our know-how to the entire Group and keep up-to-date on what's going on there. And that's best done with the local experts on site."



A partner  
with  
taste



**In the project “Vanilla For Change”, Symrise is working closely with Unilever and a number of non-governmental organizations. Young people in England are now also benefiting from its commitment to sustainable raw materials and vanilla farmers in Madagascar. Here’s a look at one major project that has been a model for partnership-based, socially conscious and environmentally friendly purchasing of raw materials for 15 years.**

Ian Maskell (left) from Unilever and Gérald Delettre from Symrise worked closely together on the Vanilla For Change project.



**“The project makes us proud because we can show our direct influence on the production of a very sustainable raw material.”**

Gérald Delettre,  
Symrise



May 17, 2019, was a special day for Symrise. Its red and white company logo with a dragon and hummingbird could be seen across England in ads for Wall’s ice cream, next to the trademarks of the non-governmental organizations ME to WE and Save The Children. Rarely had Symrise been so directly visible to consumers as a supplier. The reason for the premiere? Wall’s ice cream, a subsidiary of Unilever, uses sustainable vanilla extracts from Madagascar in various varieties sold under the name “Vanilla For Change.” Symrise launched the project together with Unilever and the two NGOs.

“The project makes us proud because we can show our direct influence on the production of a very sustainable raw material. In addition, we can excellently position ourselves in the environment of these brands, with which we share the same values,” says Gérald Delettre, who supports the Symrise customer Unilever and worked with Ian Maskell to drive the project forward. Maskell is Vice President Global Brand Development at Unilever, where he is responsible for ice cream. He shares Delettre’s enthusiasm. “It’s a small revolution for us, too, to introduce one of our suppliers to consumers in this way. But without this fantastic partner, we couldn’t do this kind of work,” says Maskell, who leads a large and diverse business.





Vanilla is always  
among the

**top 3**

flavors worldwide

Total Ice cream market  
is estimated at

**€ 69 bn**

(retail sales value)

Vanilla For Change benefits

**40,000**

people in 76 villages in Madagascar  
receiving lifesaving health insurance,  
financial education and training  
opportunities for young people

Unilever ranks #1 with

**19.1 %**

market share

**“It’s a small revolution for us, too, to introduce one of our suppliers to consumers in this way. But without this fantastic partner, we couldn’t do this kind of work.”**

Ian Maskell,  
Vice President Global Brand Development at Unilever

### THE STARTING SIGNAL

Several years passed before the campaign was launched. The first traces of Vanilla For Change can be found in 2014, when the two companies, supported by the German Society for International Cooperation (GIZ), decided to improve the living conditions of vanilla farmers in Madagascar and their families. Things really got going a year later, when Ian Maskell visited the SAVA region and saw how Symrise is committed to the village communities on the island. The visit was like a catalyst. “We were very impressed with the work Symrise was doing there,” says Maskell. “For me personally, it was the first time working being exposed to a company so committed to a specific ingredient and the people behind it.”

Wall’s decided to support the project. “The people in Madagascar have to struggle with so many problems – with a poor education system, with severe poverty as the twelfth-poorest country in the world, with corruption and poor health care. It’s very touching when you come from a Western country and are used to our life-style.” At the same time, it was obvious to them how proud people were of their product despite all their hardships, for example, when they showed the plantations, which are often far away from the houses.

The children made a particularly strong impression on the Unilever manager. He noticed the conditions in the schools, for example, and the inadequate teaching materials and the lack of classrooms. “All this has shown us where we can start and have a real impact,” Ian Maskell recalls. “We then approached the NGO Save The Children, which had never been active in Madagascar before.” Together, they created a project that now benefits 7,000 farmers and their families – a total of around 40,000 people. “We foster their resilience in the face of many problems so that they can lead a better life,” says Gérald Delettre.

This starts with social security, such as financing a nurse who can visit the farmers even in the most remote areas, and it continues with support for a small hospital or for equipping schools. People are also provided with rice, the main component of their daily diet. In periods when their crops can’t be sold yet, they thus still have enough to eat. In addition, Symrise has developed a system that supports farmers in their work. Young people can attend an agricultural academy, and experts financed by Symrise can help improve cultivation and harvests.



The visit to Madagascar showed Unilever Manager Ian Maskell where the companies should best start with their involvement.

Pilar Pedrinelli from the Rainforest Alliance helped develop Vanilla For Change when she was still working at Unilever. For Gérald Delettre from Symrise, the sustainable project immensely helps all those involved.



#### **STRONG PARTNERS**

“Our teams work very closely with our partners, for example, in fulfilling the requirements for organic certificates,” says Delettre. One of these partners is the Rainforest Alliance, where Pilar Pedrinelli works as Public Engagement Manager. A committed manager early in her career, Pedrinelli had an interesting role at Vanilla For Change, which she helped develop as a Unilever employee. In autumn 2019 she moved to the NGO, a decision that was also connected to her experiences in Madagascar. “In Madagascar, we organized events for Vanilla For Change, such as a soccer tournament between different villages where the players wore the campaign logo on their backs,” she says, remembering. “At the time, this really touched me because I realized what influence we as a company could have.” After Vanilla For Change started, she thought about how she could work more directly on these kinds of projects. The next step was to move to a non-governmental organization. “I can contribute things here that I learned at Unilever, as a globally active company – and continue to work with the Group and other partners.”



**“Our teams work very closely with our partners, for example, in fulfilling the requirements for organic certificates.”**

Gérald Delettre,  
Symrise

For her, partnerships are the key to success, no matter which side you are on. “Success only comes through cooperation,” she says, often referring to the UN Sustainable Development Goal 17, which envisions global cooperation based on partnerships leading to sustainable development. “Our work would not function at all without companies like Symrise. We need their influence, their support for the communities,” says Pilar Pedrinelli. At the Rainforest Alliance, Pedrinelli will, for now, focus on other areas in order to further publicize the work of the NGO. But she’ll keep an eye on vanilla. “Part of the commitment at Symrise is, for example, to support farmers in diversifying their agriculture with new products, thus securing their income and protecting the environment at the same time. That’s a very good approach,” she says. It would be conceivable, for example, to also certify these raw materials or to be involved in the projects right from the start.

#### **FROM MADAGASCAR TO THE WORLD**

For Pilar Pedrinelli, the work being done in Madagascar is a huge step toward helping people improve their living conditions. “But at the time, we also thought about how we could make Vanilla For Change visible around the world and how we could get other people to see the commitment the way we see it,” she recalls. A suitable partner for this goal was the Canadian non-governmental organization ME to WE, which is also active in England. It motivates young people to get involved in their communities; a total of 100,000 young people are already involved. “ME to WE was exactly the right partner to communicate our story. Together we were able to convey a simple message,” says Unilever’s Ian Maskell. “Our commitment is driving a change that will benefit young people in Madagascar and the UK.”

The Unilever manager looks to the future in other ways, too. “We are considering how we can extend Vanilla For Change to other ice cream brands,” continues Maskell. But that’s not all – “The project was a kind of turning point for us as to how we can and want to work together with suppliers. In this way, we will also make the purchasing of other raw materials more sustainable – and here we have learned a lot from Vanilla For Change.”

**“Our work would not function at all without companies like Symrise. We need their influence, their support for the communities.”**

Pilar Pedrinelli,  
Public Engagement Manager,  
Rainforest Alliance

**Fragrances**

*from*

**big  
data**



**In collaboration with IBM, Symrise has developed a method that helps perfumers create fragrances. Algorithms and artificial intelligence are used to analyze and further develop the formulas that are in the fragrance manufacturer's database. The first fruits of the "Philyra" project are here: two perfumes for the Brazilian cosmetics giant O Boticário.**

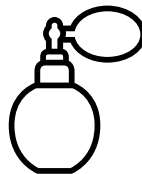
The perfumers at Symrise don't just need to have a refined sense of smell, be particularly creative and know the world of fragrances – they also need to have a great deal of patience. To find the compositions that make the subtle difference, perfumers often run through a number of tests, add ingredients or change their amounts. This means that they are varying the formula while still being aware that some scent molecules can react completely different in a soap than in a detergent or an expensive perfume. Part of this work is now being taken over by Philyra, a digital assistant that will change the future of fragrance development at Symrise.

#### **TREASURE WORTH MILLIONS**

The project is a result of the Future Generation program. In this program, Symrise brings together junior managers from throughout the company. In small teams, they further develop cross-divisional projects that have strategic significance. One area dealt with the topic of big data: How can Symrise better use the abundance of data that could be collected and evaluated in the business units? The young managers discussed this question with different suppliers that the company collaborates with in the area of digitalization. The idea of creating fragrances with the help of artificial intelligence ultimately arose when talking to IBM.

**“We have around two million formulas for fragrant mixtures in our system, and a large number of them have been sold to customers in the past. This data is a true treasure if you know how to use it.”**

Christian Schepers,  
Manager in Global Business Support  
in the Fragrance division at Symrise



At first this sounds simple, but in practice it is highly complex. “We have around two million formulas for fragrant mixtures in our system, and a large number of them have been sold to customers in the past,” says Christian Schepers, describing the scope of the task. The manager in Global Business Support in the Fragrance division at Symrise is in charge of the project. “This data is a true treasure if you know how to use it.”

The fragrance recipes play highly varied roles here. Some of them are “icons in the world of perfume,” as Schepers calls them, which have been sold unchanged again and again since they were first created. Others, however, are more short-lived. Just a couple hundreds of new fragrances are launched each year – from limited-edition Christmas perfumes to seasonal mixtures for detergents or shampoos – for which thousands of test samples must be prepared in order to find the right product. “Our initial approach was that digitalization can help us cover these ever-shorter product cycles and make development more efficient.”

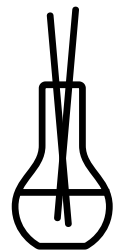
#### **EVEN COMPUTERS HAVE TO LEARN**

The process is based on algorithms that are initially fed by programmers, but which will increasingly be fed and improved by artificial intelligence. IBM was sent all of the recipes in encrypted form, meaning without the real names of the products or their raw materials. “The mixtures are our capital and we don’t want to just give it away,” explains Christian Schepers the reasoning behind this step. The algorithms were then programmed so that they could – very simply put – analyze the structure of a fragrance, the application areas, factor in various markets and sales figures, and ultimately design new fragrances based on this foundation. “For example, we put in a fragrance for a detergent in Latin America for the spring. At the push of a button, the system found between 50,000 to 70,000

formulas and filtered out the ones that have the highest potential for success within a second,” says Schepers. But most of the attempts didn’t run quite so smoothly. “The first tests were miles away from working. After that, we refined the algorithms more and more.” One fragrance, Schepers recalls, smelled good but was created for use in a scented candle. The type of application also has to be factored in, just like dozens of other parameters.

#### **THE FIRST MILESTONES**

The first products to hit the market were two perfumes for the Brazilian manufacturer O Boticário, the world’s number three in the industry. “It was very important for us to attract such a big partner in order to bring more attention to this innovative approach,” says Schepers. With the help of Philyra, the project began in January 2018. The market-ready product was presented at the World Perfumery Congress in Nice in June 2018 and went on sale in Brazil in June 2019. The automated creation is a product of the future, not least in considering the topic of regulatory requirements. If an ingredient is no longer allowed in a part of the world for regulatory reasons, it will be swapped out in the recipe. Most of the time there aren’t 1:1 alternatives, however. “We often have to incorporate multiple ingredients in the formulas to reach the desired result. This is very time-consuming,” explains Schepers. “Artificial intelligence will become part of the perfumers’ toolbox to solve this,” says the manager. “With this tool, they can their use creativity, resourcefulness and inspiration even better than before.”







**50,000** —  
**70,000**

formulas for fragrance mixtures can be calculated by artificial intelligence in one second, which then must be checked for their potential for success.





# Sustainability and responsibility

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 actively contribute to achieving them along our entire value chain, from the generation of raw materials and product development to our customer relationships. The following chapters focus on our sustainable activities throughout these stages of the value chain.

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.

<b>92</b>	Publications on sustainability 2019
<b>93</b>	2019 Highlights
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# Publications on sustainability 2019

## CORPORATE REPORT



### FOCUS

- Integrated corporate strategy
- Central non-financial management key figures
- An overview of sustainability management and material topics
- Contribution to the Sustainable Development Goals (SDGs) along the value chain

## SUSTAINABILITY-RECORD



### FOCUS

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

Available at  
[cr2019.symrise.com/sustainability/sustainability-record](https://cr2019.symrise.com/sustainability/sustainability-record)

# 2019 Highlights

## INCREASE IN ECO-EFFICIENCY\*

**52**      **68**      **51**

% Reduction  
in CO<sub>2</sub> from  
2010 to 2019

% Reduction  
in COD\*\* from  
2010 to 2019

% Reduction in  
sensitive waste from  
2010 to 2019

## OCCUPATIONAL SAFETY

**36**

% Reduction in MAQ\*\*\* from  
2013 to 2019, goal attainment

## SUSTAINABILITY IN THE SUPPLY CHAIN

**100**

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

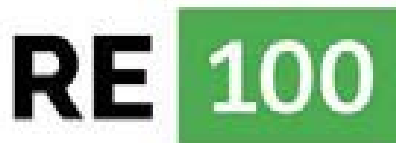
## 2019 PARTNERSHIPS



Entry into the Development and Climate Alliance



One Planet Business for Biodiversity (OP2B)



RE100 initiative

\* All figures in terms of added value of € 1 million

\*\* COD = chemical oxygen demand

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

## Our material topics

### COMPREHENSIVE MATERIALITY ANALYSIS

In the 2019 reporting year, we updated our materiality analysis as part of an extensive online survey in combination with a qualitative survey of our stakeholders based on interviews of experts, ranging from investors and customers to NGOs, scientists and politicians and from our employees to our Executive Board.

Where appropriate, we've revised the names and focus of material topics. For example, what used to be the "compliance" topic is now "good corporate governance and compliance." Once measured separately, the topics "sustainable forestry," "sustainable agriculture and aquaculture" and "biodiversity" have been combined to create "protection of biodiversity" due to overlapping areas of focus. "Excellence in the supply chain" has been integrated into related topics. The climate protection activities of Symrise are now explicitly addressed with the topic of "climate protection and emission reduction," which extends beyond the mere reduction of emissions.

**“Basically, it all comes down to raw materials at Symrise [...]. Efficiency, economy, loss minimization, etc. are better for the environment and promote profitability.”**

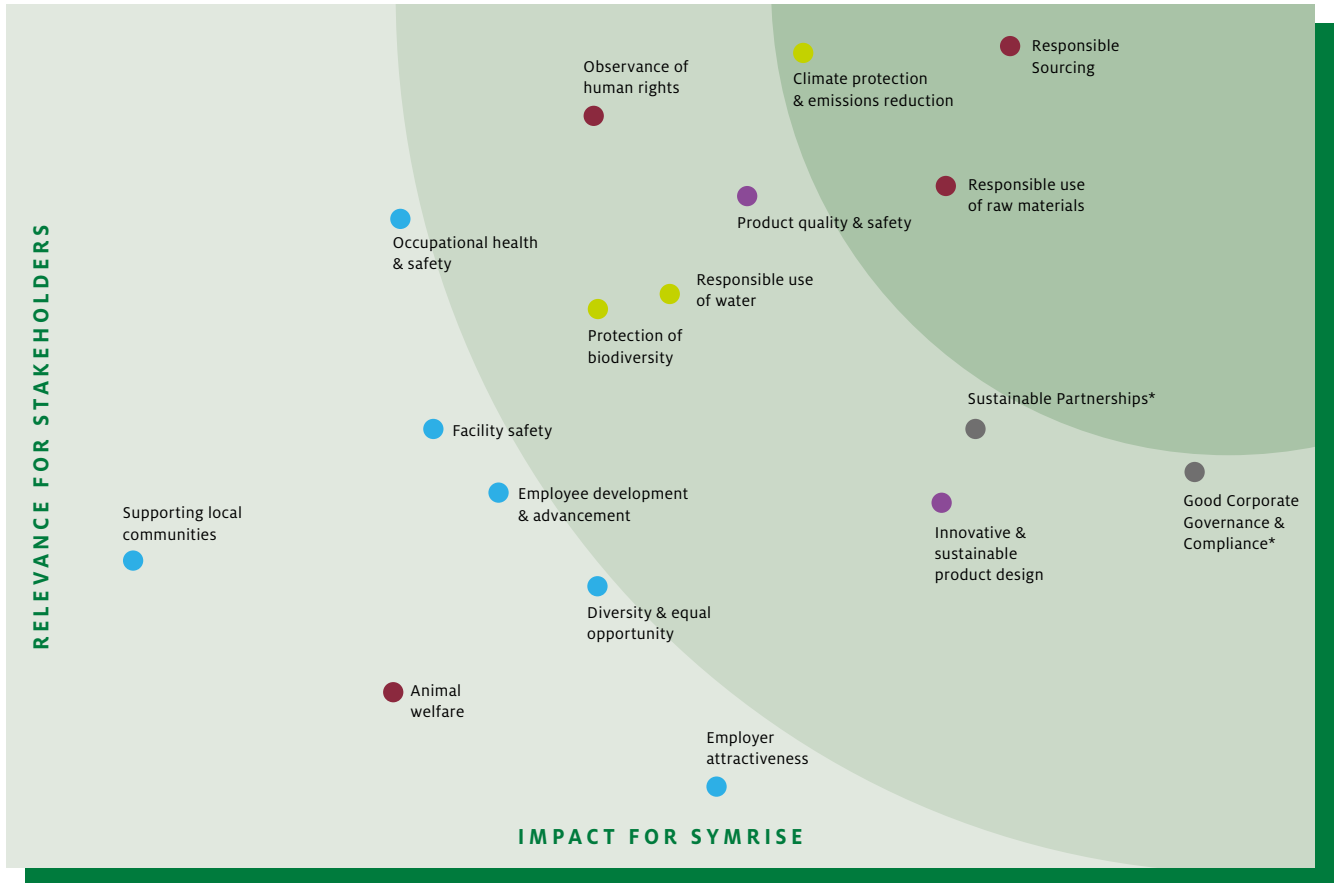
Symrise employee

**“The biggest social and environmental challenges [...] are climate change, supplier management and increasingly complex supply chains.”**

Sustainability expert

The various surveys were conducted between June and August 2019 and have provided us with knowledge about the expectations of our stakeholders, the relevance of sustainability topics for business and the impact that the business activities of Symrise have on people, the environment and society. More than 1,500 fully completed online surveys and just under 30 qualitative expert interviews were evaluated.

The three central topics of focus identified among all of the stakeholders were "responsible sourcing," "climate protection and emission reduction" and "responsible use of raw materials." During the qualitative interviews, external experts also emphasized dependence on natural raw materials in the "race for resources" and the importance of a company's climate protection activities.



Footprint



Innovation



Sourcing



Care

\* Sustainable partnerships, good corporate governance & compliance form the basis of all our material topics, the business activities of Symrise and all our activities.

We provide comprehensive, transparent information on our sustainability activities and key figures in our online sustainability record: [cr2019.symrise.com/sustainability/sustainability-record](https://cr2019.symrise.com/sustainability/sustainability-record)

The highest-ranked topic from the previous year, “compliance with human rights,” continues to be extremely important. But this year it shares the spotlight with other prominently ranked topics associated with the key sustainability issues of “innovation” and “ecological footprint” as well as the overarching strategic, company-wide topics “good corporate governance” and “sustainable partnerships.” Collaboration and transparency were

generally considered to be key drivers for sustainability from both an external and internal perspective.

The results were then discussed and validated by the Sustainability Board. See the summary table on page 96 for an overview of all the material topics, their definitions, goals, goal attainment, and management methods.

# Goals and management of our sustainability topics

TOPIC	DEFINITION	SELECTED GOALS
<b>RESPONSIBLE SOURCING</b>	Transparency in terms of the origin of raw materials as well as supplier auditing in accordance with environmental and social standards to ensure fair working conditions and environmental protection throughout the entire value chain.	Increase the share of main suppliers rated according to sustainability criteria to <b>100%</b> by 2025.
<b>CLIMATE PROTECTION AND EMISSION REDUCTION</b>	Reduction of climate, noise and odor emissions and energy consumption as well as an increase in the use of renewable energies.	Symrise will be <b>climate-positive</b> as of 2030.
<b>RESPONSIBLE USE OF RAW MATERIALS</b>	Efficient, economical use of finite raw materials, focus on renewable raw materials.	Reduction of <b>60%</b> in chemical oxygen demand in the water as well as our sensitive waste compared to 2010 by 2025.
<b>GOOD CORPORATE GOVERNANCE AND COMPLIANCE</b>	Compliance with legislation, guidelines and internal rules, responsible company management, appropriate handling of risks.	By 2025, we are planning for an above-average global tax rate of <b>26 to 28%</b> . Ensure that all Symrise sites are audited in accordance with relevant standards.
<b>SUSTAINABLE PARTNERSHIPS</b>	Establishment of long-term partnerships and knowledge exchange to increase sustainability.	Establish and increase <b>trust, knowledge transfer and synergies</b> between Symrise companies and NGOs, suppliers, political institutions and local partners.
<b>INNOVATIVE &amp; SUSTAINABLE PRODUCT DESIGN</b>	Development of eco-friendly and socially compatible production innovations in fragrances and flavorings.	More than <b>12%</b> of our sales with new product developments by 2025. Systematic integration of the <b>Nagoya Protocol</b> requirements into our research and development activities by 2020.
<b>RESPONSIBLE USE OF WATER</b>	Careful, efficient use of water, particularly in areas with water shortages.	<b>Increased water efficiency</b> at production sites located in regions affected by water stress.
<b>PROTECTION OF BIODIVERSITY</b>	Promotion of biodiversity, minimization of direct and indirect human impact on natural ecosystems, environmental protection measures related to sustainable agriculture and aquaculture.	<b>100%</b> sustainable sourcing of our strategic agricultural and aquacultural raw materials as of 2025.
<b>PRODUCT QUALITY AND SAFETY</b>	Ensuring safe, high-quality products.	Maintaining a high level of product <b>safety management</b> .
<b>COMPLIANCE WITH HUMAN RIGHTS</b>	Obligation to comply with social standards at the company and throughout the entire supply chain as well as measures for fulfilling these standards.	Increase the share of main suppliers rated according to sustainability criteria to <b>100%</b> by 2025.



GOAL ATTAINMENT	MANAGEMENT METHODS
<p><b>All of the main suppliers</b> of Symrise (in terms of procurement volume) rated according to sustainability criteria.</p>	<p>Supplier screening, certifications and audits; involvement in international (industry) initiatives (SAI, FSC, CDP supply chain program, Rainforest Alliance, RSPO, GIZ, Save the Children, IFFO, etc.)</p>
<p>Increase in eco-efficiency based on a reduction of <b>7.2%</b> in greenhouse gas emissions (Scope 1 and 2).</p>	<p>TCFD commitment, CDP climate change</p>
<p>The chemical oxygen demand increased by <b>3.2%</b> in the reporting year, due to a significant increase in production volume.</p> <p>Reduction of <b>3.9%</b> in sensitive waste in comparison to 2018.</p>	<p>Green chemistry approach, recovery through patented SymTrap® process</p>
<p>In 2019, our global tax rate was <b>27.1%</b>.</p> <p><b>100%</b> of Symrise sites audited in accordance with relevant standards.</p>	<p>Further development of the Integrated Management System (IMS), external certifications, internal and external audits</p>
<p>Continuation of <b>long-term project partnerships</b>.</p> <p>Joined <b>new initiatives</b> in 2019, including Development and Climate Alliance and One Planet Business for Biodiversity.</p>	<p>Involvement in a variety of international industry collaborations, partnerships and competitive approaches</p>
<p>With <b>16.4%</b> of sales from new product developments, we have once again exceeded our target value.</p> <p>Operational instructions implemented in accordance with EU Regulation 511/2014 for research and development as well as additional relevant functional areas.</p>	<p>Market and trend research, consideration of regulatory requirements, product sustainability scorecard, green chemistry approach</p> <p>Integrated management system, Nagoya Protocol Committee, Nagoya policy</p>
<p>Water consumption at production sites in water stress regions increased by <b>3.2%</b> in the reporting year, due to an average increase of <b>15%</b> in production in these countries.</p>	<p>Symrise water policy, CDP water</p>
<p><b>Strategic biobased raw materials</b> from agriculture and aquaculture were <b>identified</b> in 2019 and will be sourced from sustainable sources by 2025.</p>	<p>Sustainable supply chain management, raw material certifications, backward integration, CDP forest</p> <p>Involvement in a variety of international (industry) initiatives</p>
<p><b>No significant product safety incidents</b> in 2019.</p>	<p>Internal and external audits; safety certifications</p>
<p><b>All of the main suppliers</b> of Symrise (in terms of procurement volume) rated according to sustainability criteria.</p>	<p>Internal and external audits and certifications; supplier screening (Sedex)</p>

# Goals and management of our sustainability topics

TOPIC	DEFINITION	SELECTED GOALS
<b>OCCUPATIONAL HEALTH AND SAFETY</b>	Compliance with occupational safety provisions, measures to prevent work accidents and work-related ill health, promotion of employee health.	“Zero-accident culture” and reduction in frequency of accidents to <b>MAQ &lt; 1.5 by 2025</b> .
<b>FACILITY SAFETY</b>	Compliance with safety regulations to avoid and minimize harmful impacts on people, the environment and assets at company sites.	Maintain a high level of <b>safety management</b> at the facilities.
<b>EMPLOYEE DEVELOPMENT AND ADVANCEMENT</b>	Personal and professional employee support through active talent management, training courses, long-term planning for training, education and personnel development.	Maintenance and expansion of <b>training courses and employee support</b> at all sites.
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>	Management diversity, the promotion of equal opportunity for all employees, fair remuneration, inclusion, measures to help balance work and family life.	At least <b>25 %</b> women at the first global management level directly below the Executive Board and at least <b>40 %</b> at the second global management level by 2025.
<b>EMPLOYER ATTRACTIVENESS</b>	Internal and external perception as an attractive employer, measures to promote site attractiveness.	Maintain and increase <b>site attractiveness</b> , establish Symrise as an <b>“employer of choice”</b> .
<b>ANIMAL WELFARE</b>	Measures to protect the health and well-being of animals, proper care, compliance with regulations, and voluntary commitments.	Fulfill <b>animal welfare standards</b> in our supply chain. <b>100 %</b> of our chicken-based raw materials procured from sustainable sources in the US by 2023 and in Europe by 2026.
<b>SUPPORT OF LOCAL COMMUNITIES</b>	Active discussion, investment in and support for local communities and stakeholders.	Maintain and expand <b>collaboration</b> with local partners and communities.

You can find a thorough description of our management approaches with goals and measure descriptions for all sustainability topics in our online sustainability record under [cr2019.symrise.com/sustainability/sustainability-record](https://cr2019.symrise.com/sustainability/sustainability-record).

GOAL ATTAINMENT	MANAGEMENT METHODS
Routine <b>management safety visits</b> by global managers.	Management safety visits, ISO 45001 as of 2020, both internal and external audits, continuous safety training courses
<b>No significant facility safety incidents</b> in 2019.	Internal and external audits, certifications and inspections
2019: Symrise <b>acknowledged as a training company</b> that systematically promotes cross-border mobility in vocational training and instruction in Europe.	Talent management, personnel development and employee recruitment
Of the 10,340 employees worldwide in 2019, <b>4,059 were women</b> , which corresponds to a proportion of <b>38.5%</b> . The share of women at the first level of management beneath the Executive Board amounted to <b>24 %</b> in 2019; at the second level of management it amounted to <b>41 %</b> .	Integrated Management System, talent management, employee recruitment
Recognized again in 2019 as <b>one of the best training companies</b> in northern Germany by two respected German business newspapers.	Site activities, employee recruitment
The introduction of our <b>Higher Animal Welfare (HAW) policy</b> in the US had to be shelved due to the sale of a business unit; the impact of the new acquisition of ADF/IDF on the HAW policy can only be assessed in 2020.	Animal welfare policy, commitment to international animal welfare standards with partners, supplier qualification, supplier assessments and audits, traceability
Tailored <b>support for local communities</b> (charitable, social) in areas where Symrise sources its strategic raw materials.	Needs assessments according to site

# Sustainability along the value chain

Sustainability is rooted in our corporate strategy and reflected throughout our entire value chain, including the cultivation and decomposition of our key raw materials, our local partners and suppliers around the world, product development and optimization of our manufacturing processes at the Symrise sites, and sale of our products to our customers and consumers worldwide. We keep an eye on each and every stage of this value chain to ensure a transparent, traceable and sustainable supply chain.



The 17 global sustainability objectives pave the way for sustainable development and provide the framework for what we as a company can and must achieve to guarantee successful operations in the future as well. Due to our broad positioning and our multilayered 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. On the basis of the SDG subgoals, we identified six SDGs (8, 12, 13, 14, 15, 17) in 2018, with which we at Symrise, in collaboration with our partners, can achieve a particularly high impact with regard to our business activities and the effects of our actions on the environment and society – throughout our entire value chain.



Global biodiversity is an indispensable source of inspiration and natural raw materials for Symrise when it comes to creating new flavors, fragrances and other products in customer industries. Protecting biodiversity and thus natural habitats on land and underwater is therefore an essential concern for Symrise. With the sustainable sourcing of our raw materials, the assessment of our main suppliers in accordance with sustainability criteria and our involvement in international initiatives and partnerships for biodiversity and supply chain transparency, we as a global company have an effective lever for helping to achieve SDGs 14 and 15. Throughout the process, we also take into account the working conditions of our employees, partners and suppliers in order to make a direct contribution to humane economic growth in accordance with SDG 8.





Knowledge transfer and synergies between the company, suppliers, political institutions, actors from civil society and local partners form the basis of the business activities of Symrise and thus all of our operations.



The core business of Symrise and its products are closely linked with sustainable production cycles, the efficient use of natural resources, environmentally compatible use of chemicals and waste minimization, thanks to avoidance, reduction, recycling and reuse. We and our partners have a direct impact on SDG 12 particularly in the product development phase. As a production company in a high-energy industry, we also have considerable responsibility and leverage when it comes to SDGs 8 and 13 and implementing humane working conditions, comprehensive climate protection measures and concrete reductions in CO<sub>2</sub> at our production facilities and sites around the world.

The central concern of Symrise is to meet basic human needs for health, nutrition and well-being. Due to our sustainable product solutions in line with SDGs 12 and 13 (see previous stage of the value chain), we thus have the responsibility and leverage – at our own sites and beyond – to both satisfy and initiate/re-initiate the future consumption patterns and behaviors of our customers and consumers.



## Sustainability along the value chain – using vanilla as an example

Sweet, smoky, nutty – natural vanilla is one of the most complex spices in the world, consisting of 400 to 500 individual flavor components that influence the taste and scent of the beans. The global demand for vanilla is increasing every year, with demand for natural vanilla exceeding the supply – both an opportunity and challenge for creating value at Symrise.



RAW  
MATERIALS



Around 80 % of the world's annual demand for vanilla beans is produced in Madagascar, with small-scale farmers harvesting around 2,000 tons of vanilla beans each year. Vanilla orchids still need to be pollinated by hand, which is a laborious process. Vanilla is conventionally sourced through an expansive network of intermediate suppliers, which makes it just about impossible to trace the origin of the beans. Symrise has been doing things differently since 2006: We're the only company in the industry to maintain a local presence in the heart of global vanilla production, the northeastern SAVA region, where we work locally and directly with over 7,000 small-scale farmers in 74 villages. In collaboration with the German Society for International Cooperation (GIZ), Symrise supports the local farmers with training courses in culture diversification and soil management, health services and the development of local co-ops of small-scale farmers. Our work in the region benefits nearly 50,000 people in over 70 villages. This form of direct sourcing creates trust and enables product traceability for a sustainably integrated supply chain.



PRODUCT  
DEVELOPMENT

MANUFACTUR-  
ING PROCESSES

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Global demand for vanilla far exceeds the natural supply, which is why synthetic vanillin is so important. Vanilla flavors are manufactured by combining two or more extracts or mixing extracts with other raw materials such as lemon oil. Symrise produces more than 4,400 tons of vanilla flavors like these each year. Our expertise ranges from the extraction of natural vanilla to the production of synthetic and nature-identical vanillin.

Vanilla is also a key component when it comes to creating the finest fragrance profiles. These days, up to 500 fragrances can be launched every year, compared to just around 20 new fragrances in 1974. Our team of perfumers, valuers and marketing employees updates this comprehensive Symrise genealogy of fragrances every year. These fragrances reach our customers and consumers by means of perfumes and functional fragrance creations for detergents and deodorants.

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CUSTOMERS

CONSUMERS

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Symrise conducts regional insight and trend studies in order to fulfill widely varying consumer desires all over the world. With sales growth of nearly 70% within the past five years, Brazil is the largest perfume market in the world. At a combined 80%, the world's largest markets for vanilla are the US, Germany and France, where the vanilla flavors of Symrise enhance a whole host of beverages and foods, including Wall's ice cream brands Cornetto, Calippo and Solero. Since spring 2019, consumers in the UK have been able to view information about the origin of vanilla via a QR code on these products and support a nonprofit project with their purchase (see page 80).

Recent years have seen a sharp rise in global demand for green and healthy products such as Rainforest Alliance, Fairtrade and organic products for use in fragrances and flavorings and thus an increase in demand for health, well-being, naturalness and sustainability.

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## Raw materials

Natural raw materials form the basis of our products and thus represent a key starting point for our business. When it comes to sourcing our raw materials, we rely on an environment rich in biodiversity as well as the collaboration and trust of local communities and small-scale farmers. We actively promote discussion and dialogue and thus nurture sustainable partnerships.



## Knowledge exchange in the onion ring

As a flavor carrier, base material and spice, onions are used in 95 % of all sauces, ready meals, frozen foods, fish and meat preparations. Symrise has been processing them for nearly 70 years and puts its array of flavors to use in onion juice concentrates, essential onion oils and other flavors in around 8 % of all products. Symrise obtains the majority of its onions from farmers within 50 kilometers of the plants where the vegetables are processed – in Germany, around the company’s headquarters in Holzminden in the Weser Uplands of Lower Saxony. Working with the farmers, Symrise has established the so-called onion ring, where pest control, fertilizers and cultivation of various onion varieties are tested in close collaboration with universities, institutes and chambers of agriculture, with the aim of reducing and optimizing their use over the long term. Symrise also helps the farmers with the technological infrastructure,



which includes an extensive network of weather stations on the fields that prepare scientific climate data in real time, supply information about the right time to implement fertilizer and pest control measures, and develop a system for a robust yield forecast model. Optimized methods for processing the onions also make it possible to reduce food waste by using plant byproducts. This close collaboration also offers options for implementing new projects and income opportunities for farmers. One such example is the recent cultivation of the hemp plant, which is increasingly in demand in the cosmetics and food industries (see page 48).



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## A dialogue between bergamot and mint

Symrise actively encourages farmers to share their proven working methods and experience with each other, even if they cultivate different crops in different regions. For instance, we've connected the family-run company Capua, based in Calabria, which is our partner for sourcing the citrus fruit bergamot, with our partner for mint oils in North

America, Norwest Ingredients, which is also a family-run company. The Italian partners provided the Americans with unique insights into their activities associated with the Sustainable Agriculture Initiative (SAI) and their commitment to biodiversity. With this type of mutual knowledge exchange, Symrise makes an active contribution to the sustainable success of the next generation of farmers and thus ensures access to high-quality natural raw materials.

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## Learning partnerships in the Sustainable Alliance network

With the UN Global Compact's "Bridging the Gap" program in collaboration with GIZ, Unilever, Save the Children and Kellogg's, Symrise enables learning partnerships between suppliers and customers – and thus a unique, direct connection throughout the entire value network. These transparent networks allow Symrise to help design effective intervention programs that improve local conditions for the farmers and offer our customers an uninter-

rupted overview of their extended supply chain. For example, steps will be taken to ensure that, by 2023, more than 70 % of our farmers will be using climate-intelligent farming practices, financial resources will be more accessible, and tailored support will be available locally for young entrepreneurs. Symrise and its project partners will thus be investing € 10 million in the coming four years as well as another € 15,000 through our employees to support Save the Children in Madagascar's SAVA region. This quality-assured chain of custody provides customers with a transparent certificate of origin, which minimizes supply chain risks such as human rights violations and negative environmental impacts locally.

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## Biodiversity coalition across multiple sectors

In collaboration with 17 other international companies, Symrise has founded the coalition One Planet Business for Biodiversity (OP2B). The partners are committed to working together to develop environ-

mentally friendly agricultural methods and to change how they create value. The aim is to preserve biodiversity as the basis for a stable agricultural system in times of global change. The initiative focuses on developing sustainable farming methods to protect the soil, increasing product range diversity for food manufacturers to protect endangered crop varieties and developing strategies to maintain and restore threatened ecosystems. The coalition aims to achieve these three goals by 2030.

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# Product development and manufacturing processes

When it comes to our product development and manufacturing processes, we make every effort to ensure eco-friendly production, use chemicals in a way that's environmentally compatible, conserve resources, minimize waste, reuse byproducts and develop new packaging solutions. Our product sustainability scorecard makes it possible to choose eco-friendly product alternatives.



## From the orange peel to oral care

Our team in Jacksonville has developed and patented its very own eco-friendly process for extracting L-carvone from D-limonene, a byproduct that's isolated from the orange peels disposed of in the orange juice industry. Our unique process produces ultra-pure L-carvone, which is free of chlorides, nitrogen compounds, solvents and toxic reagents, thanks to eco-friendly production methods wherever possible. We've developed a process that, unlike conventional methods, avoids millions and millions of liters of wastewater each year. The end result is an ingredient that provides a variety of everyday oral care products and sweets with a refreshing, cool and minty taste.



## Sustainability as a product decision

With the product sustainability scorecard, Symrise documents the impact of raw materials and products on sustainability on the basis of ten criteria, enabling our customers to select the most eco-friendly solution in a comparison of available alternatives. Using menthol as an example, the scorecard reveals that the synthetic variation produced by Symrise offers sustainable benefits, ranging

from a safe, clearly traceable basis of raw materials to comparably energy-efficient, low-waste production and an end product of outstanding purity and quality. The product sustainability scorecard provides an overview of this information, with synthetic menthol performing better than natural menthol in a variety of categories, including “water”, “traceability”, “land use” and “biodiversity.”



## Sulfacid® technology comes full circle

Symrise began operating a Sulfacid® system at the US production site in Jacksonville in 2019 and is thus a pioneer in the use of this technology in the industry. A thermal oxidizer purifies the sulfurous exhaust air, eliminating more than 99% of the volatile organic compounds. The resulting products are then used in other production processes and therefore support the concept of the

circular economy. The system combines high operating performance and efficiency with maximum safety standards, while reducing maintenance and life cycle costs. The technology is the result of a collaboration between Symrise and technology supplier Carbon Process & Plant Engineering S.A. (CPPE).

## A new take on packaging

Symotion's logistics experts are tasked with ensuring that the approximately 30,000 Symrise products that leave the plant gates in Germany are safely transported from the production sites to customers all over the world. The ingredients of flavors, fragrances and cosmetics are often transported as dangerous goods in steel drums, special canisters or crates, with 60 standard packages and 80 special packages to choose from. In addition to safety, there's also a key focus on package sustainability: To minimize the carbon footprint, the company tries to develop more sustainable packaging solutions such as intermediate bulk containers (IBC) using lighter, recycled and eco-friendly materials. Some IBC types consist of a wire cage with an integrated plastic bladder that holds up to 1,000 liters. These steel cages can be reused.

### CUSTOMER INFORMATION ABOUT PLASTIC PACKAGING

Symrise is familiar with and fulfills all legal regulations for plastic packaging. Considering our production volume, the percentage of plastic packaging we use is very low. Nonetheless, we ensure that all of our business sites actively optimize and recycle packaging without compromising the quality of our products. The safety of our products, the environment and compliance with all legal regulations are always a top priority. We continuously reassess our solutions to reduce the impact of our packaging on the environment, and work with our partner companies to develop innovative, sustainable solutions. Internally, we encourage all of our employees at all of the business sites to replace single-use plastic packaging with eco-friendly alternatives.



30,000

different Symrise products leave the factory gates in Germany and are safely transported by Symotion to their destinations around the world.

## Customers and consumers

Symrise is always interacting and communicating with its customers and consumers – in no small part through trend studies and surveys around the world. We fulfill their individual needs for health, nutrition, well-being, naturalness and sustainability with innovative fragrances and flavorings.



### Biobased ingredient for cosmetics

The demand for natural ingredients in cosmetics is increasing around the world – as is the demand for multifunctional ingredients, since consumers prefer a short, straightforward list of ingredients. Manufactured from a byproduct of the sugar cane, the multifunctional ingredient Hydrolite® 5 green is made from 100 % biobased raw materials and thus offers Symrise customers a sustainable product alternative. The substance moisturizes the skin, strengthens the effectiveness of many ingredients in cosmetic formulations and improves the appearance, consistency and protection of the product itself. The United States Department of Agriculture (USDA) provided the ingredient with a USDA Certified Biobased label in December 2019. Hydrolite® 5 green had been presented to the general public for the first time just under a year before.



## Taste notes of plant-based proteins

Out of conviction and for health reasons, more and more customers and consumers around the world are asking for alternatives to meat and dairy, meaning foods and beverages with alternative proteins. Symrise therefore expanded its range at the end of 2019 to include notes for its own green product categories with plant-based proteins. We thus combine our knowledge of alternative protein sources with our taste expertise as well as our understand-

ing of recipes and our comprehensive consumer data to develop taste solutions for plant-based food and beverages. The integrated Symrise solutions balance out unpleasant aftertastes and make plant-based products taste juicier. Symrise uses natural raw materials from responsible sourcing and relies on pure, natural ingredients from its code of nature® portfolio.




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## Halal fragrances for hijabistas

More and more Muslim women are opting to cover their hair, either as young women or later in life. This global trend is spreading especially fast in Indonesia and can be an expression of religion, culture, confidence and individuality. In 2019, Symrise began developing new fragrances for the unique needs of women who wear hijabs. These fragrances are halal, meaning they're free of any animal-

based ingredients and certain chemicals, and are created in close coordination with the local target group, so-called hijabistas – young, fashion-conscious women who wear hijabs and are active on social media.

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

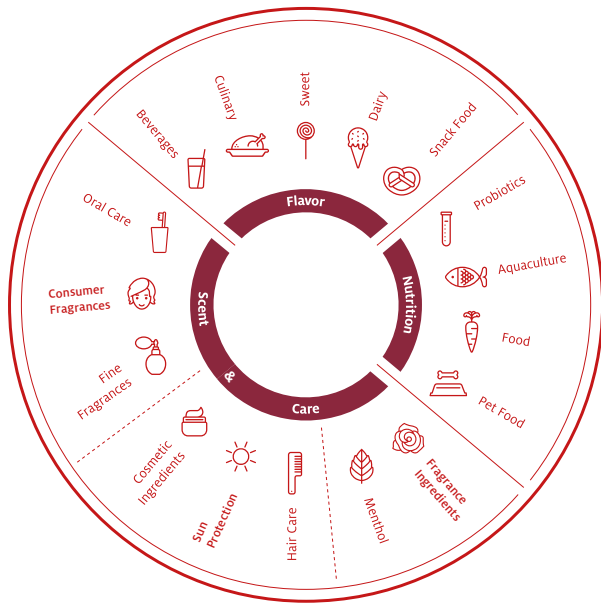
Excerpts from the 2019 Symrise AG Group management report and the consolidated financial statements provide an overview of the economic development and state of the company. The complete Group management report and consolidated financial statements are available in the 2019 Financial Report at <https://www.symrise.com/investors>.

<b>114</b>	<b>Symrise at a glance</b>	<b>132</b>	<b>Economic report</b>
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# Symrise at a glance

always inspiring more ...

## 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.

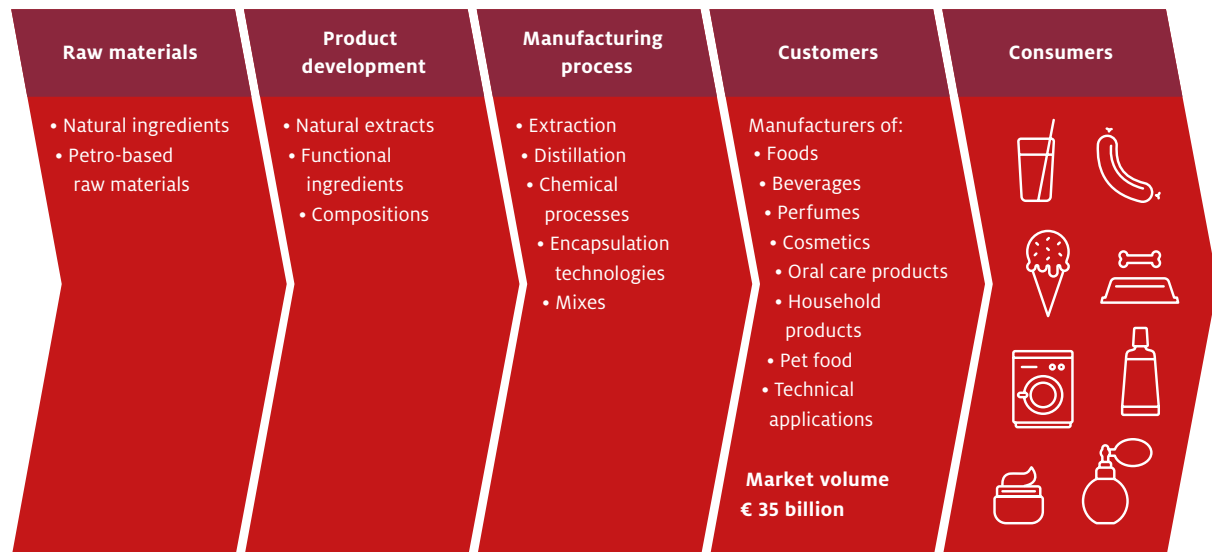
**Dynamic sales growth**  
2006 – 2019 CAGR 8.2%

**Highly profitable**  
EBITDA margin 2006 – 2019  
between 20% and 22%

**Over 10,000 employees**  
in over 40 countries

**Over 6,000 customers**  
in around 160 countries

## SYMRISE'S VALUE CHAIN

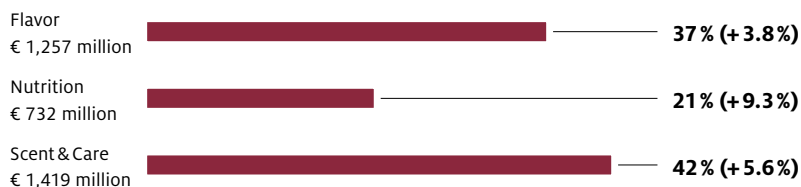


# 2019 Highlights

## Strong organic growth and increased profitability

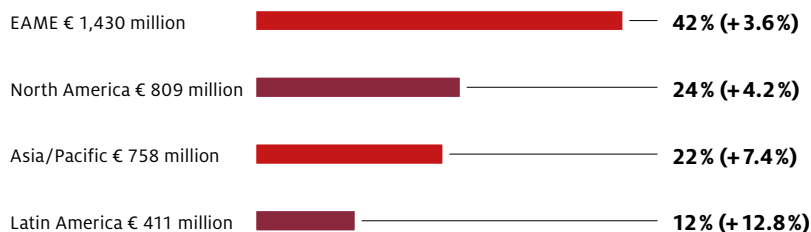
### SALES BY SEGMENT

as % of Group sales and organic growth in %



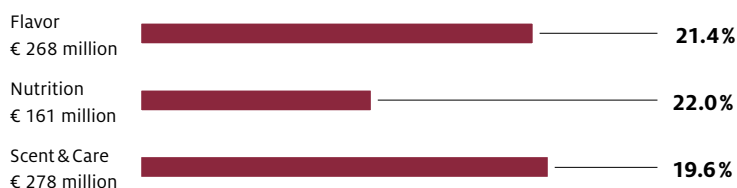
### SALES BY REGION

as % of Group sales and organic growth in %



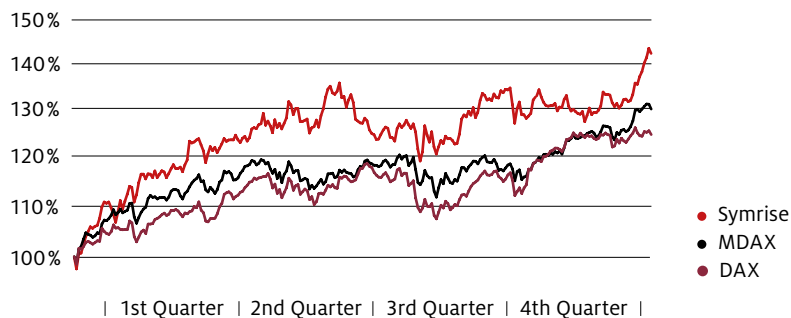
### EBITDA(N) (MARGIN) SEGMENTS

in € million and as % of Group sales



### SHARE PRICE DEVELOPMENT

of the Symrise stock in 2019



Sales  
**€ 3,408 million**  
Organic growth  
5.7%

EBITDA(N)  
**€ 707 million**  
EBITDA(N) margin 20.8%

EBIT(N)  
**€ 481 million**  
EBIT(N) margin 14.1%

Normalized  
net income  
**€ 304 million**

Normalized  
earnings per share  
**€ 2.25**

Proposed dividend  
**€ 0.95**  
per share

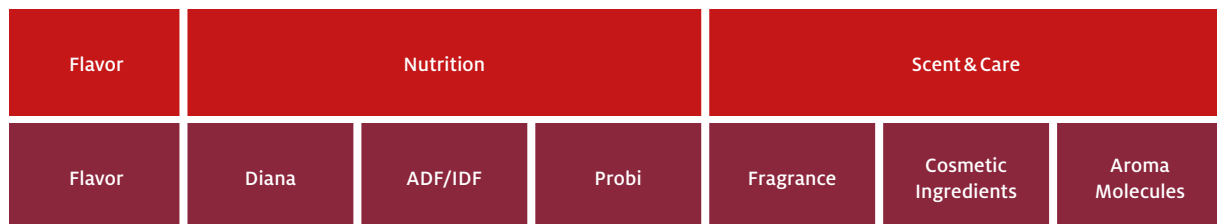
Market capitalization  
**€ 12.7 billion**

at December 31, 2019

# Basic information on the Symrise Group

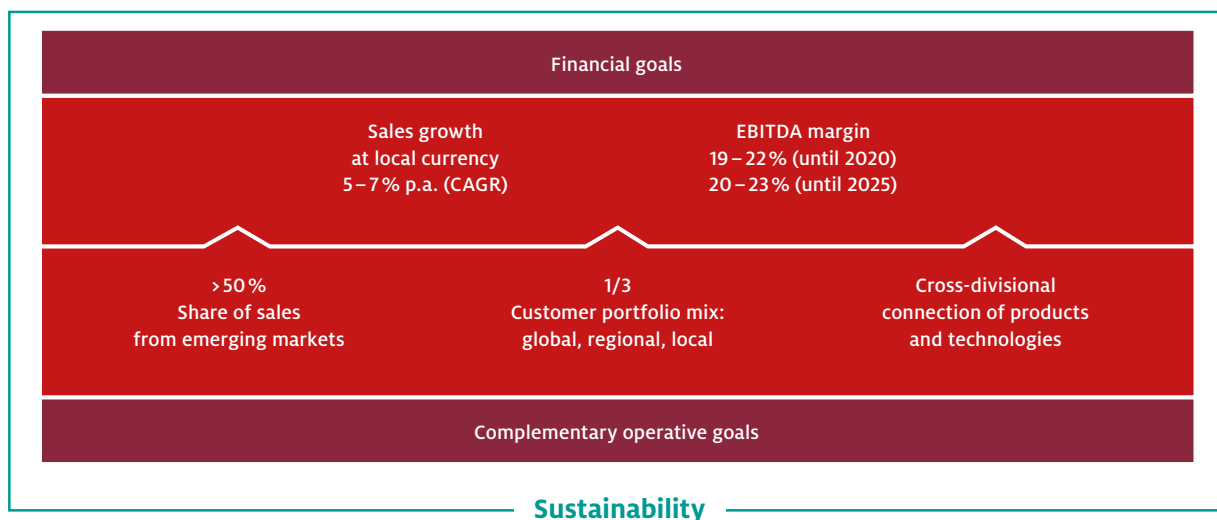
## Sharing values: Strong roots, new paths

### SEGMENTS

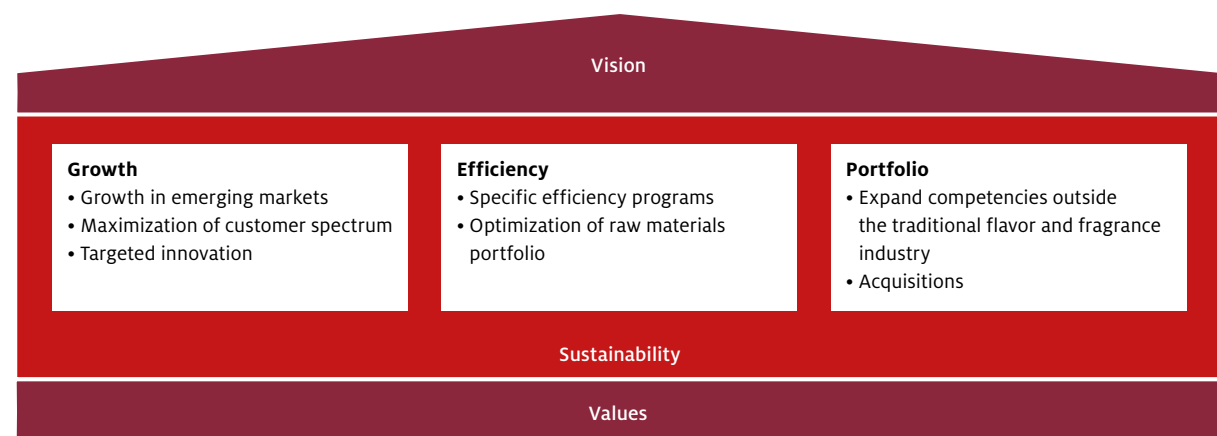


### DIVISIONS

### GOALS



### STRATEGY



## 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 € 3.4 billion in the 2019 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, the Symrise share has been listed in the Prime Standard segment of the German stock exchange, and it had a market capitalization of about € 12.7 billion at the end of 2019. The Symrise share is listed on the MDAX® index. Currently, about 95 % 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.

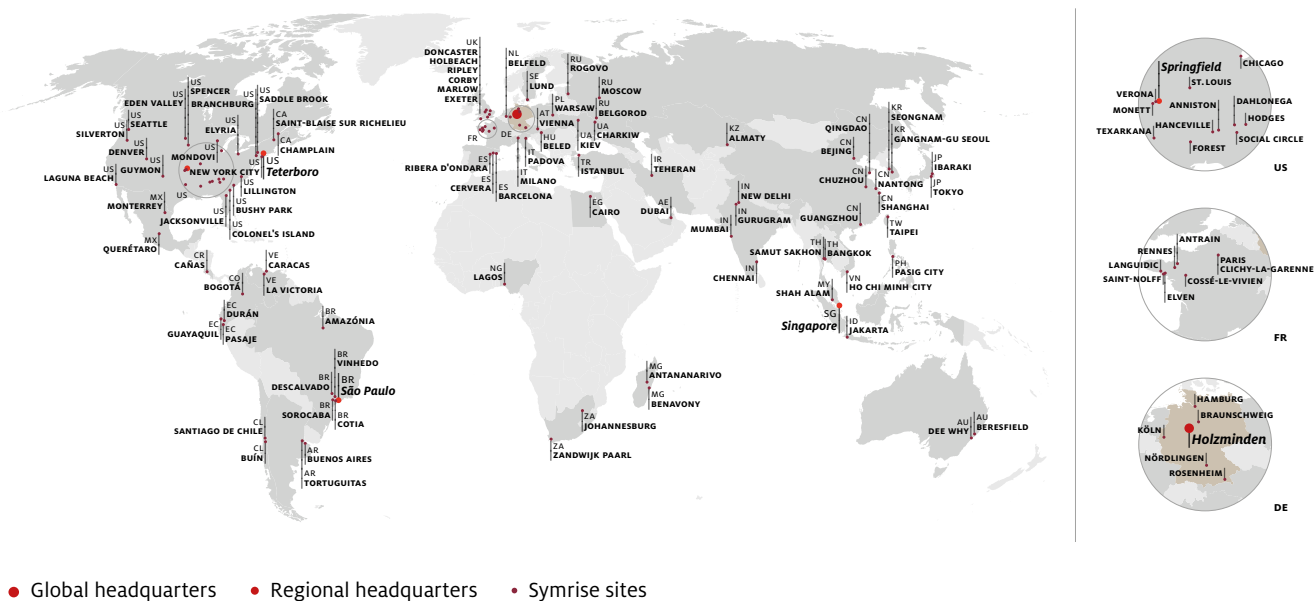
The Flavor segment is made up of the business units Beverages, Savory and Sweet. The Nutrition segment consists of the Diana division with the business units Food, Pet Food, Aqua and Probi as well as the US company ADF/IDF, which was acquired in November 2019. The Scent & Care segment breaks down into 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, Treasury, 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 2,448 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.

Symrise sites 2019



BUSINESS ACTIVITIES AND PRODUCTS

**The value chain of Symrise**

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 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**

The Flavor segment offers more than 13,000 products for authentic taste experiences. The food and beverage industry in 143 countries worldwide uses these products to produce leading consumer products. In close cooperation with food producers, Symrise develops differentiating flavors that meet consumers' need for naturalness and give the respective products individual taste notes. Symrise supplies individual tonalities as well as complete solutions, which, apart from the actual flavor, can contain additional functional ingredients or encapsulated components for taste protection. With sites in more than 40 countries in Europe, Asia, North America, Latin America and Africa, the global presence and proximity of Symrise to its customers ensures that its product range is always up-to-date, even in dynamic markets.

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



**Beverages:** With global competencies in non-alcoholic and alcoholic beverages, Symrise advises and supports the international beverage industry. The authentic and innovative taste solutions of Symrise set new standards for soft drinks, juice-based drinks, tea and coffee products, spirits and fermented beverages including brewery products. The Flavor segment also offers in-house technologies for resource-conserving flavor extraction and responsible sourcing of citrus flavors.

Flavor	Nutrition		Scent & Care			
Flavor	Diana	ADF/IDF	Probi*	Fragrance	Cosmetic Ingredients	Aroma Molecules
Beverages 	Food 	Probiotics 	Fine Fragrances 	Active Ingredients 	Fragrance Ingredients 	
Sweet 	Pet Food 		Consumer Fragrances 	Sun Protection 	Menthol 	
Savory 	Aqua 		Oral Care 	Botanicals 		
	ADF/IDF 			Colors 		

\* Majority shareholder in the Swedish company Probi AB.



**Sweet:** In the Sweet business unit, Symrise creates innovative taste solutions for sweets, chocolates, chewing gum, baked goods, cereals, ice cream and milk products as well as for the health care sector.



**Savory:** Savory flavors made by Symrise are used in two significant categories: in the “Culinary” category for soups, sauces, readymade meals, instant noodles and meat products and in the “Snack Food” category with seasonings for snacks. Both areas translate increasingly demanding consumer desire for authentic taste and naturalness into successful customer concepts. Here, Symrise can rely on its flavor core competencies in meat and vegetables, which is characterized by cutting-edge food technology and research as well as sustainability. Symrise also offers a variety of solutions for products with plant-based proteins.

What all product segments have in common is that the taste solutions are based on a comprehensive understanding of the market and consumers. Trend research is combined with in-house expertise to develop relevant flavors using conserving processes that meet consumer needs, are consistent with brand values and comply with local legal requirements. Interdisciplinary teams advise customer companies through close dialogue. In addition, Symrise distinguishes itself through the sustainable backward integration of its value chain, including vanilla and vegetable extracts. Here, continuous cooperation with over 7,000 small-scale farmers and the German Society for International Cooperation (GIZ) plays a major role. The Flavor segment also makes an important contribution to shaping a sustainable food system: natural flavors make healthy products with low sugar, salt and fat content taste good. Taste solutions from Symrise also make alternative protein products even more delicious for consumers who want to reduce their consumption of meat or milk.

Ever since the company’s founders laid the foundations of the flavor industry in 1874 with their vanillin synthesis, Symrise Flavor has continuously developed its flavor expertise. Comprehensive training, international exchange and extensive investments in the latest technologies continued to be proof of this in 2019. The Flavor area thus offers a diversified product portfolio of consumer-relevant, sustainable taste experiences that is constantly being developed.

#### **Nutrition**

The Nutrition segment has more than 40 sites in 25 countries. With around 3,000 employees, it serves customers in more than 100 countries.

The product range of the Nutrition segment includes natural, sensory product solutions such as taste, texture, color and functionality and is divided into five business units:



**Food:** This unit offers solutions for the well-being of consumers for food and beverage manufacturers and for baby food products. Carefully selected, sustainable raw materials such as vegetables, fruit, meat and seafood are processed in the business unit. These are used to produce high-quality goods with clean-label ingredients as well as standardized food ingredients with defined properties in terms of taste, texture or color, which create end products that are effective and interesting for the senses.



**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.



**ADF/IDF:** With the acquisition of ADF/IDF in 2019, the Nutrition segment has strengthened its position in the North American market and significantly expanded its offering in the fast-growing areas of pet food, flavorings and food. ADF/IDF is a leading supplier of protein specialties based on meat and egg products for customers in the pet food and food industries as well as for producers of nutritional supplements.



**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, produces and markets 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 over 15,000 products in 126 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:** The objective of the Fragrance 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. They combine aromatic raw materials like aroma chemicals and essential oils to make complex fragrances (perfume oils). Our creative and composition business comprises the three global business units Fine Fragrances, Consumer Fragrances and Oral Care:



**Fine Fragrances:** Modern perfumery is designed in the creative centers of the Fine Fragrances business unit in Paris, New York, Mexico City, Shanghai, Dubai, São Paulo, Barcelona, Singapore and Mumbai. Symrise is creating new, exciting fragrance experiences with a rich pipeline of its own fragrances.



**Consumer Fragrances:** The business unit Consumer Fragrances includes products for personal care and the household. Symrise uses state-of-the-art technology to combine functionality and fragrance experience.



**Oral Care:** The business unit Oral Care covers a wide range of products from toothpaste and mouthwashes to chewing gum. For this, Symrise offers the entire range of mint flavors and their intermediate products.

**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 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 33 innovation awards for new substances over the past ten years. During the same period, 99 patent applications were filed, 12 of them in 2019 alone.

**Aroma Molecules:** The division includes the business units Menthols and Fragrance Ingredients. In the Menthols business unit, Symrise manufactures nature-identical menthol, which is primarily used in manufacturing oral care products, chewing gum and shower gels. Fragrance Ingredients manufactures aroma chemicals (intermediate products for perfume oils) of especially high 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. This business unit also includes the activities of the US-based company *Renessenz LLC*, acquired in 2016, with its terpene-based products derived 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 € 27.6 billion in 2019, according to calculations made by the IAL Consultants market research institute (11th Edition, 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 reports of IAL (1st Edition, December 2018), achieved sales of approximately € 7.4 billion in the reporting year. The markets have many trends and characteristics in common. The market relevant for Symrise therefore has a total volume of € 35.0 billion, which is growing according to internal estimates by an average of about 4 % per year in the long term.

More than 500 companies are active in the market worldwide. The four largest providers, which include Symrise, together have a market share of 49 %.

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 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 AFF industry. In relation to the relevant market of € 35.0 billion, the market share of Symrise for 2019 is roughly 10 % in terms of 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 or other cosmetic ingredients, Symrise also stands in competition with companies or product segments of these companies that do not belong to the traditional AFF 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.

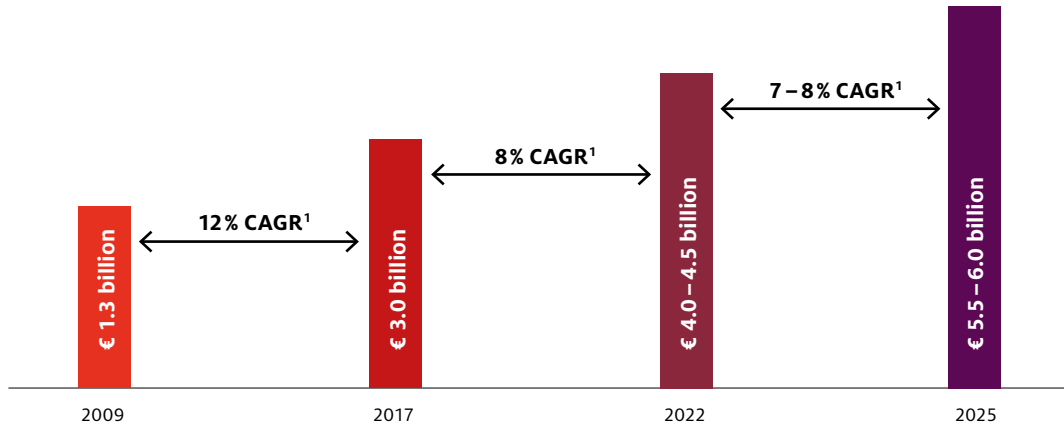
## GOALS AND STRATEGY

### 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.

**Goals by 2025**

Sales in € billion



- **Market position:** With long-term growth of 5 to 7% per year (CAGR)<sup>1</sup>, 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.
- **Value orientation:** We want to consistently be counted among the most profitable companies in the industry. We aim to achieve an 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.

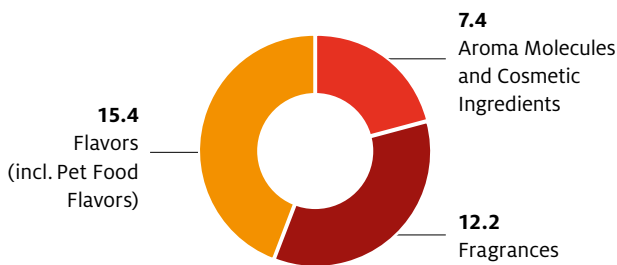
**STRATEGY**

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.

<sup>1</sup> CAGR: Compound Annual Growth Rate

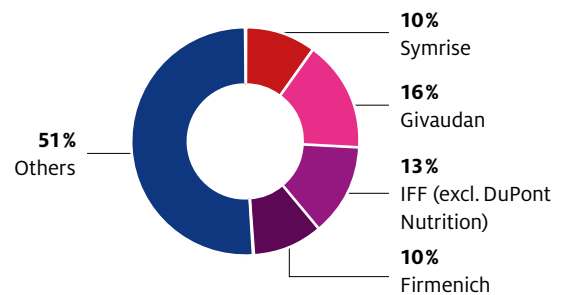
**Relevant AFF Market Size 2019**

in € billion (approx. € 35.0 billion overall)



**AFF market share 2019**

in % (volume approx. € 35.0 billion)



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

Source: corporate data and internal estimates

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 a 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. The focus of corporate management is on these financial benchmarks. Non-financial benchmarks in the areas of environment, sourcing, employees and innovation are covered separately in our Corporate Report. Further information on the non-financial benchmarks can be found in the "Sustain-

ability and Responsibility" chapter and in the separate non-financial report pursuant to Section 289b of the German Commercial Code (HGB), which is published on the website of Symrise AG. The address is <https://cr2019.symrise.com/sustainability/sustainability-record>.

### RESEARCH AND DEVELOPMENT GUIDELINES

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. Strategic fields of research such as taste modulation or optimizing the taste of preparations based on plant protein are safeguarded by stringent IP management, such as intellectual property rights. Furthermore, all R & D activities are geared to the guidelines of megatrends, consumer needs, customer requirements, naturalness & authenticity, sustainability, digitization, innovation and cost efficiency.

### ORGANIZATION

From idea to marketable product, the innovation process at Symrise is organized around a uniform, stage gate process with decision filters, which has been implemented across the company. Here, more and more elements of agile project management are being used. A business plan containing exact project descriptions, including the project's costs and resource usage, is developed for every project. The research and development projects are also regularly evaluated based on criteria from the four pillars of the sustainability strategy (FISC)<sup>1</sup> and prioritized accordingly. As part of this process in 2019, in particular the area of fair use of biodiversity was further developed according to the provisions of the Nagoya Protocol. The three segments at Symrise each manage their own R & D activities due to the varying requirements of their respective markets and customers. At the same time, technologies, processes and findings are made available to all segments in order to achieve synergies. Multiple R & D centers around the world ensure that the regional activities of the segments are optimal-

<sup>1</sup> Further information on the four pillars of the sustainability strategy can be found in the "Sustainability and Responsibility" chapter

ly supported. The research of the Scent & Care and Flavor segments, especially the centers for development and application technologies, are located in Holzminden (Germany), Teterboro (USA), Singapore, Shanghai (China), Tokyo (Japan), Chennai (India), Paris (France), Antananarivo (Madagascar), São Paulo (Brazil) and Cuautitlan (Mexico). In addition, a hair research center was established at the São Paulo site. In addition, the Cosmetic Ingredients division has expanded its core competencies through the acquisition of Cotech, Padua, Italy, with highly innovative skin models for basic skin biology research and for the development of new cosmetic active ingredients. In the Nutrition segment, R & D activities are organized according to the business units Food, Pet Food, Aqua and Probi. Most of the segment's R & D activities are concentrated in France.

## EXTERNAL COOPERATIONS

External cooperations and networks (Open Innovation) bring a considerable number 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.

Symrise participates in numerous scientific research projects that are supported by the German Federal Ministry of Education and Research (BMBF), the German Federal Ministry of Economics (BMWi), via the Research Group of the Food Industry (FEI)/Working Group for Industrial Research (AiF), the European Union (EC, Horizon 2020), the German Federal Ministry

## Significant research cooperations

Partner	Goal of the cooperation
CDL for Taste Research/University of Vienna	Systematic investigation of physicochemical and physiological properties of sweeteners
SweeTea (University of Bonn, Osnabrück University of Applied Sciences, Erfurt University of Applied Sciences)	Cultivation and breeding of plant raw materials for the field of sweet modulating taste and flavor solutions, supported by the BMEL
SimLeap (Charité, Berlin; Bicoll, Munich; University of Vienna)	Identification of new taste modulators by data mining from old Chinese recipes in combination with cell culture and sensory driven taste analysis, funded by the BMBF
SynBio4Flav (various partners, including the University of Greifswald)	Development of co-fermentation processes to obtain flavonoids
RapeQ (various partners, including the Technical University of Munich)	Improvement of the taste of rapeseed protein through breeding, processing and targeted masking (funded by the BMBF)
King's College, London, UK	Research into the regulation of glucose metabolism in humans by the apple extract polyphenol (Applin™) developed by Diana in collaboration with the Institute of Diabetes & Nutritional Sciences at King's College
Leibniz Institute for Catalysis (LIKAT), Rostock	Development of a biobased variant of pentylene glycol (Hydrolite® 5) based on byproducts generated during sugar production from sugar cane
Charles Violette Institute, University of Lille, France	Investigation of the potential of fish hydrolysates for regulating the energetic balance of physiological body functions (homeostasis)
Booster working group (LEMAR, Institut Européen de la Mer, Nutrineuro, INRA, Abyss ingrédients and Chancerelle)	Development of bioactive substances from fish byproducts for the healthy aging of humans and pets
ONIRIS Flaveur	Development of innovative analysis methods for volatile components to improve the acceptance of dog food
Institute for Food and Agricultural Research and Technology (IRTA), Barcelona, Spain	Research into the effect of dietary protein hydrolysates on the energy, fat and protein metabolism of European sea bass
Laval University/Institute of Nutrition & Functional Foods, Quebec, Canada	Study of the probiotic influence of polyphenols from fruits and vegetables, development of synergistic combinations of probiotic polyphenols and bacteria to modulate the biocenosis of the internal organs

of Food and Agriculture (BMEL), the German Society for International Cooperation (GIZ), the French research tax credit (CIR) and other public and private funding institutions. In this context, topics in the following areas play a major role: sustainability, the targeted development of information sources on the effect of plant raw materials, development of cultures and breeding of plants with special taste properties, raw material sourcing and biotechnological processing, improving food ingredients as well as providing added value in terms of health. In addition, Symrise representatives take part in numerous international scientific events and present current research in order to further expand the company's network within the scientific community and learn about the latest scientific ideas and information. For example, researchers from the Flavor segment presented their results at the international Flavor Symposium on data mining and the flavor rebalancing of reduced-sugar products.

#### FOCUS AREAS

The R&D strategy of the Scent & Care segment concentrates on five research platforms in the areas of cosmetic ingredients, encapsulation and release systems for perfumery, green chemistry for sustainable products, malodor management and oral care. Supporting platforms in the areas of sensory and analytical research, raw materials and byproducts from sustainable sources, performance, and receptor research form the basis for our capabilities and constant innovation process. Newly developed technologies support the understanding of perfume oils in terms of long-lasting fragrance experiences and blooming effects. In developing pet care products, we

benefit from the cooperation between the sensor technology within malodor management and the Nutrition segment. The growing population in large cities is causing the issue of anti-pollution to play an increasingly important role. Here, too, we benefit from the close cooperation of various groups in Fragrance and Cosmetic Ingredients research. Certain cultural preferences are making new demands on perfume oils, such as the need for alcohol-free perfume oils for Fine Fragrances. Aroma Molecules Research has developed Canapur® for pharmaceutical applications. The main advantage of the synthetic production of cannabidiol (CBD) is its constant product quality compared to CBD from renewable sources. In the Cosmetic Ingredients division, an interdisciplinary research group consisting of cell, molecular and microbiologists has been newly established, which deals with the human microbiome. This new field of research serves the deeper understanding of the benefits and risks of the interaction between humans and microorganisms and will provide scientific support across all areas in the development of new products, not only for skin and scalp care but also for oral care or nutrition.

In the Flavor segment, a large number of key topics are addressed based on certain technology platforms and with a special focus on sustainability aspects. Examples include the development of new separation technologies and the expansion of raw material sources for sustainable and natural product solutions for the Symrise Code of Nature® platform, which are primarily used for healthy food concepts; natural and sustainable product platforms for taste solutions of sugar-, salt- and fat-reduced food concepts that are preferred by consum-

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#### Core functions of research and development at Symrise



ers because of their sensory qualities; and the development of energy-efficient and low-solvent methods for producing concentrates of natural plant-based extracts. Another focus of research in the Flavor segment is the development and application of modern digital tools for the rapid and targeted development of flavor solutions for selected food applications. Flavor is also working on continuously improving the safety and positive health effects of flavor solutions.

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. 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 colleagues from other Symrise business units, new technologies are being developed and implemented that transform important manufacturing processes.

#### PATENTS AND AWARDS

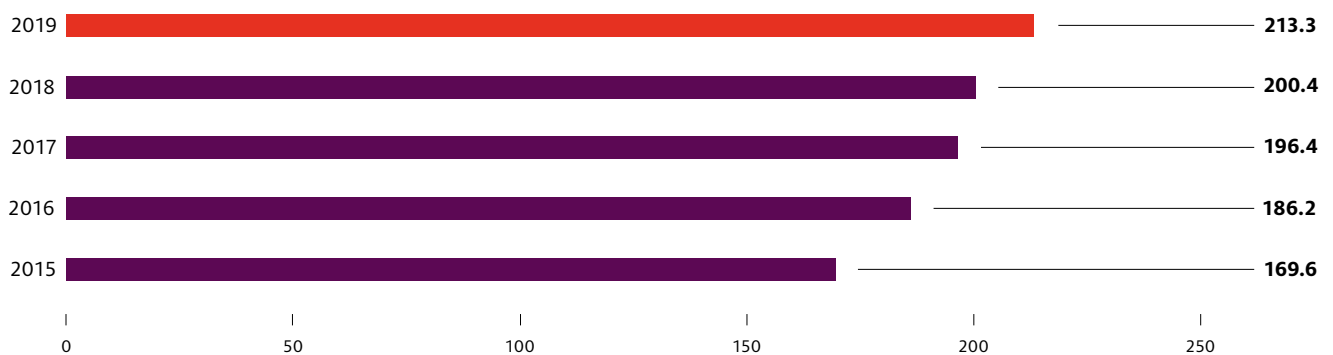
Along with a high number of patent submissions, with 45 new applications in 2019, an external IP (intellectual property) assessment is also included when evaluating the innovation results and quality. The Patent Asset Index™ from PatentSight® evaluates global coverage and competitive impact.

As in the past few years, Symrise research was recognized in 2019 for its high level of innovation with numerous awards from international trade fairs. Symrise received a European BSB Oscar and an innovation award at the Latin American In Cosmetics trade fair in São Paulo, Brazil, for SymReboot™ L19, a new, sustainable, probiotic-based product for the care of sensitive skin that was developed in close cooperation with Probi. In addition, Hydrolite® 5 Green, a sustainably produced, multi-functional ingredient, received an innovation award at this year's PCHi cosmetics trade fair in Guangzhou, China.

#### RESEARCH AND DEVELOPMENT EXPENSES

Total R & D expenditures amounted to € 213 million in the 2019 fiscal year (previous year: € 200 million), comprising 6.3 % of sales (previous year: 6.4 %). The expenses for R & D should remain at this level moving forward in order to further enhance the innovative strength of Symrise.

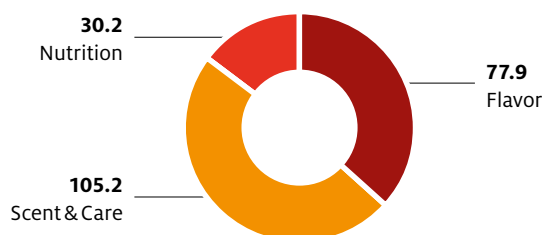
**R&D Expenses 2019** in € million



The capitalization rate for research and development activities remained immaterial in 2019 as in the previous year as the conditions for capitalization 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.

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**R&D Expenses 2019 according to segment** in € million



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## EMPLOYEES

### STRUCTURE OF THE WORKFORCE

As of December 31, 2019, the Symrise Group employed 10,264 people worldwide (not including trainees and apprentices). In comparison to December 31, 2018 (9,647 employees), this represents an additional 617 employees. The increase in the number of employees was largest in the Nutrition segment (+ 488 employees), which was mainly due to the acquisition of ADF/IDF. At 137, the number of apprentices and trainees was slightly below the previous year's figure of 140.

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. 37 % of the Symrise Group's employees have been with the company for at least ten years – at German sites, this group accounts for 60 % of the workforce. Our employee turnover rate remained very low in Germany, totaling 2.2 % in 2019. Globally, the figure was 5.6 %.

## PERSONNEL STRATEGY

With our personnel strategy, we simultaneously support the growth of Symrise, ensure that the required competencies are available for our segments, and reflect the core processes of our HR management on an efficient digital basis worldwide.

### Leadership and manager development

The year 2019 was marked by the introduction of a globally standardized, digital assessment process for results and performance and by preparations to launch our new tool to support the process for career development and succession planning.

### Career development and succession planning

We have defined approximately 370 key positions worldwide that are crucial for continuous business development. In order to be prepared for unexpected events, we carry out succession planning once a year specifically for these positions. We link these with the career development desires of our employees in order to offer them perspectives. Symrise thus follows the principle of filling key positions from within. To implement the process at Symrise in a standardized manner across the Group and worldwide, we are using a suitable software solution, which we redesigned in 2019 and rolled out in a pilot project.

### 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 2019, 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 two 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.

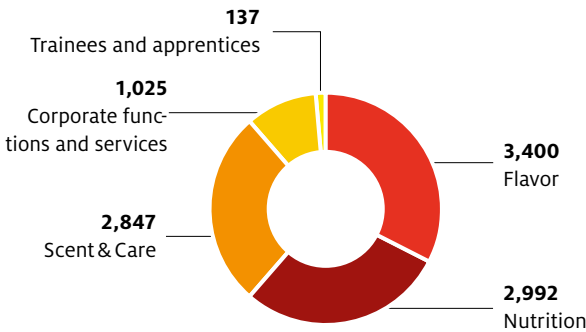


**Training and education**

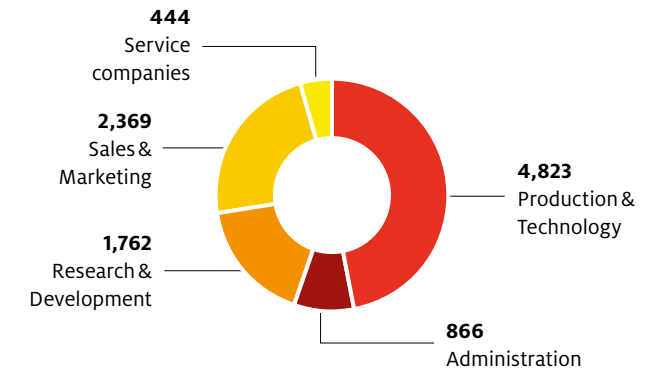
Educating young people is of particular importance at Symrise. For this purpose, we recruit qualified young individuals who we specifically train with our company's needs in mind. And with this approach, we fulfill an obligation that society as a whole holds toward the next generation. As of December 31, 2019, a total of 137 apprentices and trainees were employed at our sites in Germany. This corresponds to a training rate of around 5.0%.

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.

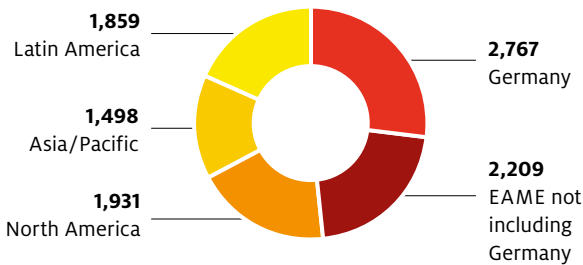
**Number of Employees by Segment**



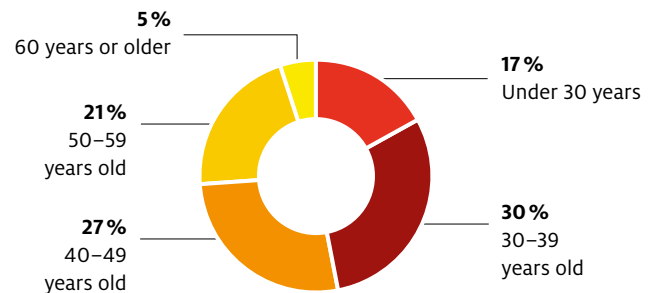
**Number of Employees by Function**



**Number of Employees by Region**



**Age Structure of the Workforce 2019 in %**

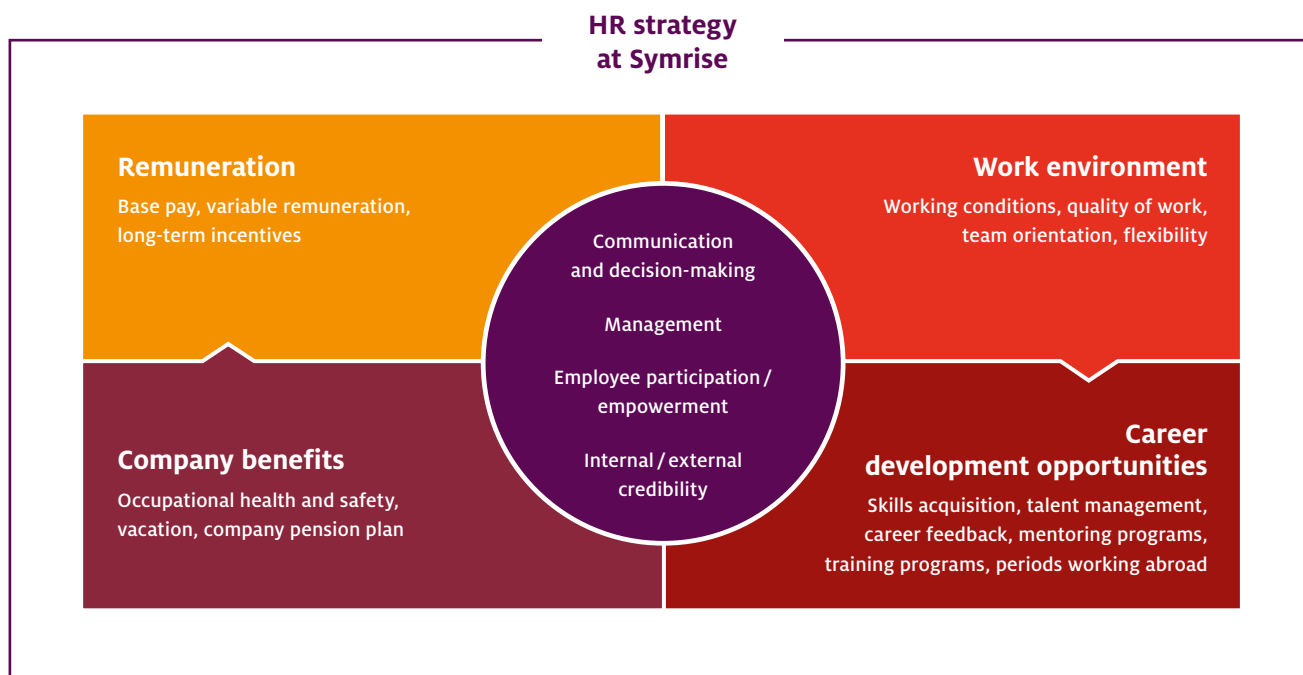


We have structured our training capacity in a way that allows around 46 young people to begin their training at Symrise every year. Of these, 24 are trained for chemical-technical professions, another 10 for technical and logistics occupations and 12 young people for commercial occupations. In addition 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.

Moreover, comprehensive training programs exist in all regions. In 2019, around 7,200 participants took part in internal and external training courses. Globally, the total number of hours for training courses amounted to around 37,400 hours, so that each participant received an average of 5.2 hours of training. In addition to traditional training programs, we also train our employees via international assignments. In 2019, the number of international assignments – 122 employees deployed outside their home country – remained unchanged at a high level.

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 2019, 17 Symrise employees were supported in such qualification measures.

Key data on diversity	2018	2019
Women as a proportion of the total workforce in %	39	39
Female managers as a proportion of total managers in %	42	42
Nationalities	> 60	> 60



## 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 60% 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, our employees will receive their next wage increase in July 2020. In 2019, wages were not adjusted. 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 2019, we were able to grant our employees covered by wage agreements in Germany a profit-sharing option of € 300 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.

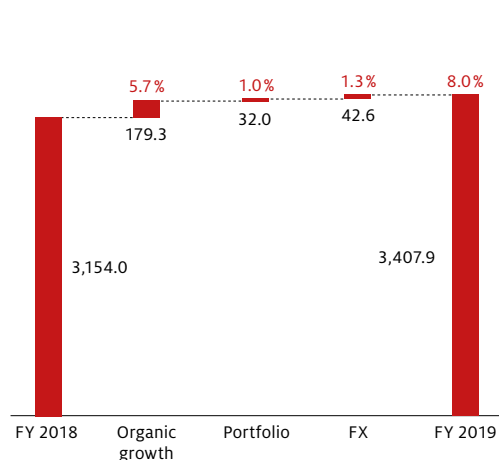
In places where no wage agreements apply, a separate Global Performance Bonus Plan ensuring that company goals are reached by means of variable remuneration geared toward results and performance applies to about 120 managers with global or regional responsibilities. In addition, our creative employees 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.

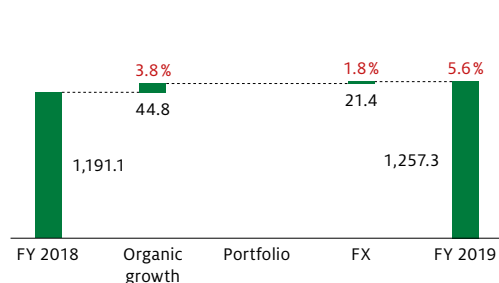
# Economic report

## GROUP sales in € million



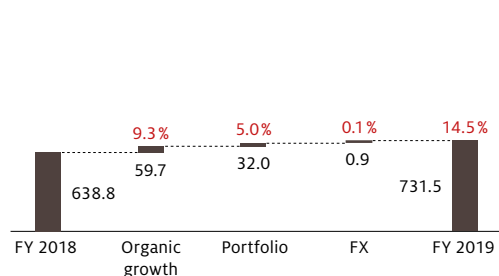
€ million	FY 2018	FY 2019 <sup>1</sup>	FY 2019 normalized <sup>1,2</sup>	Change in %	
Gross profit	1,241.5	1,367.1	1,367.1	10.1	
EBITDA	630.5	690.9	707.2	12.2	
EBITDA margin	in %	20.0	20.8		
EBIT	434.0	464.2	480.5	10.7	
EBIT margin	in %	13.8	14.1		
Depreciation	92.4	123.5	123.5	33.6	
Amortization	104.1	103.2	103.2	-0.9	
Financial result	-44.9	-45.8	-55.7	24.0	
Earnings before income taxes	389.0	418.4	424.8	9.2	
Net income <sup>3</sup>	275.3	298.3	303.5	10.2	
Earnings per share <sup>4</sup>	in €	2.12	2.21	2.25	6.1
R&D expenses	200.4	213.3	213.3	6.4	
Investments <sup>5</sup>	226.1	181.6	181.6	-19.7	
Business Free Cash Flow in % of sales <sup>6</sup>	9.9		14.1		

## FLAVOR sales in € million



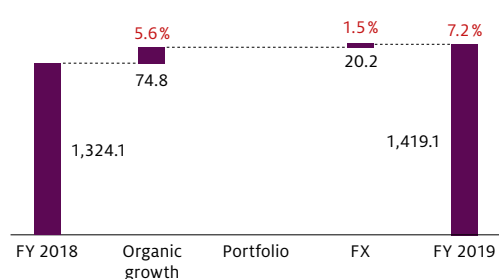
€ million	FY 2018	FY 2019 <sup>1</sup>	FY 2019 normalized <sup>1,2</sup>	Change in %
EBITDA	243.9	268.5		10.1
EBITDA margin	in %	20.5	21.4	
EBIT	193.2	209.4		8.4
EBIT margin	in %	16.2	16.7	

## NUTRITION sales in € million



€ million	FY 2018	FY 2019 <sup>1</sup>	FY 2019 normalized <sup>1,2</sup>	Change in %
EBITDA	132.3	144.4	160.7	21.5
EBITDA margin	in %	20.7	19.7	22.0
EBIT	49.0	51.5	67.7	38.2
EBIT margin	in %	7.7	7.0	9.3

## SCENT & CARE sales in € million



€ million	FY 2018	FY 2019 <sup>1</sup>	FY 2019 normalized <sup>1,2</sup>	Change in %
EBITDA	254.4	278.0		9.3
EBITDA margin	in %	19.2	19.6	
EBIT	191.7	203.3		6.0
EBIT margin	in %	14.5	14.3	

1 2019 numbers including IFRS 16 effect  
2 Adjusted for transaction and integration costs related to business combinations

3 Attributable to shareholders of Symrise AG  
4 Undiluted

5 Without new leasing contracts  
6 Adjusted for acquisition and IFRS 16 effects

## CORPORATE DEVELOPMENT

### IMPORTANT EVENTS

On November 1, 2019 Symrise acquired the ADF/IDF group, headquartered in Springfield, Missouri in the USA. The group is a leading supplier of natural ingredients produced on the basis of poultry and egg products, in particular for food and pet food. With the acquisition, Symrise leverages its leadership position in pet food, extending its palatability know-how toward the Nutrition segment. In the 2019 fiscal year, ADF/IDF contributed about € 32 million to Group sales.

### 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 € 3,408 million in the 2019 fiscal year. Sales increased 8.0% in the reporting currency over the previous year. Excluding portfolio effects, organic sales growth amounted to 5.7%. The share of sales generated in the emerging markets accounted for 44.3% of Group sales and was therefore slightly above last year's mark of 43.2%. At a total of € 707 million, earnings before interest, taxes, depreciation and amortization adjusted for one-time effects from the acquisition of ADF/IDF (EBITDA(N)) were significantly higher than the previous year (2017: € 631 million) (EBITDA). This corresponds to a normalized EBITDA margin of 20.8% (EBITDA margin previous year: 20.0%).

Net income adjusted for one-time effects from the acquisition of ADF/IDF amounted to € 304 million and was therefore € 28 million or 10% higher than the figure from the previous year. Normalized earnings per share rose by € 0.13 to € 2.25 (2018: € 2.12). Net income for 2019 including specific influences totals € 298 million, which corresponds to an earnings per share of € 2.21.

Given this positive development, Symrise AG's Executive Board will, in consultation with the Supervisory Board, propose raising the dividend from € 0.90 in the previous year to € 0.95 per share for the 2019 fiscal year at the Annual General Meeting on May 6, 2020.

### A COMPARISON BETWEEN THE ACTUAL AND FORECAST COURSE OF BUSINESS

At the start of the 2019 fiscal year, we expressed our goal of posting organic sales growth 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 refined our sales expectations to 5% to 7%.

## Achievement of targets in 2019

Sales growth (at local currency)	Target at the beginning of the fiscal year	Notably above market growth rate of 3 to 4 %	Figure achieved	5.7%*
EBITDA margin		About 20.0 %		20.8 %
Net debt (including provisions for pensions and similar obligations as well as lease liabilities)/ EBITDA (excluding acquisitions)		Between 2.5 and 2.8		3.1

\* Organic growth without ADF/IDF

For 2019, we expected an EBITDA margin of around 20 % under the assumption of rising raw material costs and a strong euro against the US Dollar. In the course of the fiscal year, we had adjusted our expectation for the EBITDA margin to approximately 21 %. Our debt, as measured in terms of the key figure net debt (including provisions for pensions and similar obligations as well as lease liabilities from 2019 onward) to EBITDA, should remain between 2.5 and 2.8 without acquisitions. In the medium term, we are aiming for a return to the debt range of 2.0 to 2.5.

With sales growth of 5.7 % (excluding portfolio effects and currency translation effects), we have reached our sales goals. The EBITDA margin of 20.8 % was significantly above the expected value for 2019. At 3.1 times the EBITDA, net debt is higher than our forecast, mainly due to the acquisition of ADF/IDF. The inclusion of lease liabilities has increased the key figure by 0.1.

## DEVELOPMENT IN THE SEGMENTS

### Flavor segment

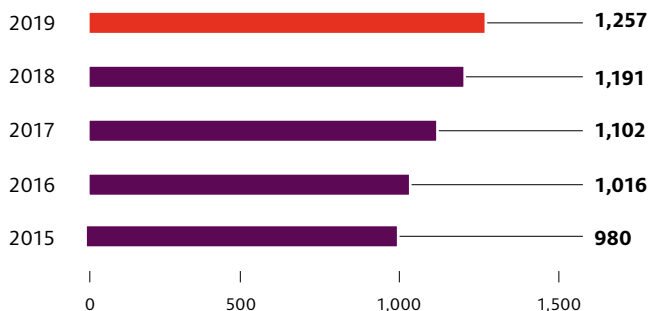
The Flavor segment generated sales of € 1,257 million in the 2019 fiscal year. Compared to the previous year, this represents an increase of 5.6 % in the reporting currency. Adjusted for exchange rate effects, this corresponds to organic growth of 3.8 %. All regions and business units were able to increase sales in the past fiscal year.

Growth was particularly strong in the Asia/Pacific region. Here, the segment achieved high single-digit percentage organic growth, primarily from applications for sweet products and flavorings for beverages. The Indonesia, Malaysia and China markets were particularly expansive.

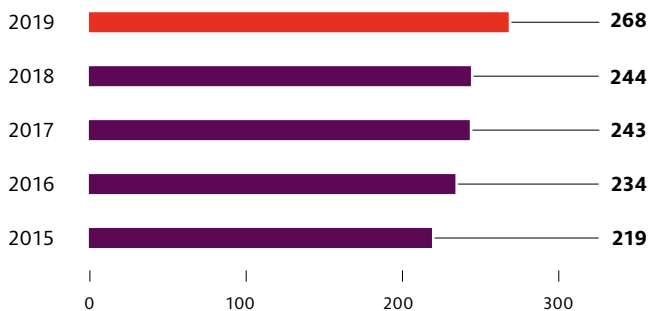
The EAME region achieved solid single-digit percentage organic growth with strong momentum from the Savory and Beverages business units. In particular, the markets of Russia, Germany and the countries of the Middle East showed a high level of momentum with significant, in some cases double-digit percentage growth rates.

Sales development in North America, however, was restrained. At local currency, slight growth was achieved compared to the previous year. In North America, the business units for savory products and beverage flavorings also grew, whereas the business unit for sweet products could not match the high level of the previous year.

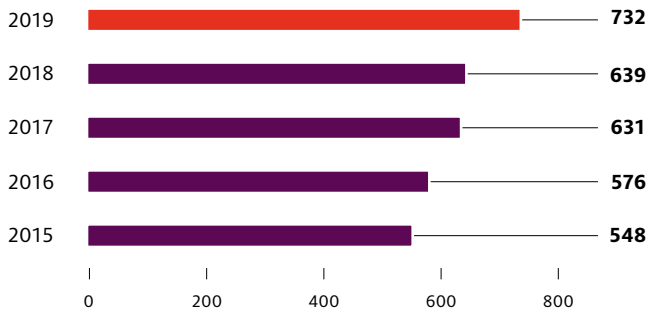
**Flavor sales** in € million



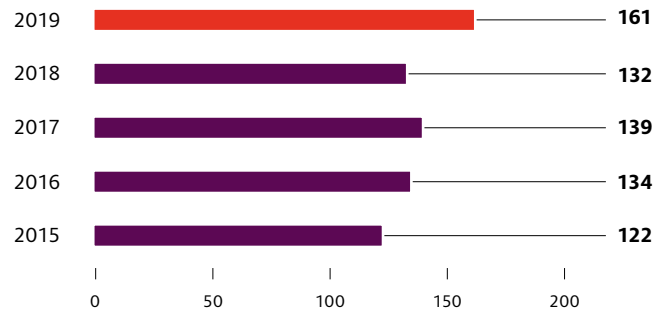
**Flavor EBITDA** in € million



**Nutrition sales** in € million



**Nutrition EBITDA(N)** in € million



Moderate single-digit percentage organic growth was achieved in the Latin America region. The weaker development in this region compared to previous years is mainly due to the decline in volume of a larger business for soft drinks in the Beverages business unit.

By contrast, the Sweet and Savory business units achieved good double-digit percentage organic growth rates. Growth was particularly pronounced in Brazil, Argentina and Mexico.

**EBITDA Flavor:** EBITDA of the Flavor segment amounted to € 268 million in the reporting year and significantly exceeded the figure from the previous year (2018: € 244 million). The EBITDA margin of 21.4 % was significantly higher than in the previous year (2018 EBITDA margin: 20.5 %). Adjusted for the IFRS 16 effect<sup>1</sup>, the EBITDA margin in 2019 amounts to 20.7 %.

**Nutrition segment**

In the 2019 fiscal year, the Nutrition segment generated sales of € 732 million. Compared to the previous year, this represents an increase of 14.5 %. Excluding portfolio and currency translation effects, organic sales growth amounted to 9.3 %.

The acquisition of ADF/IDF contributed € 32 million to segment sales.

The greatest momentum for organic growth came from the Pet Food business unit, which achieved double-digit percentage growth in particular in the regions of North America and Latin America. The main growth drivers here were our global and regional customers.

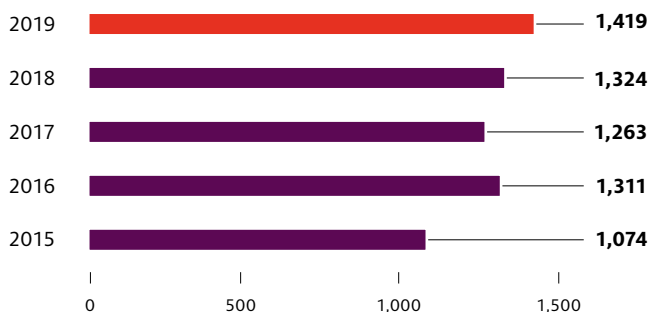
The Aqua business unit also developed positively with double-digit percentage growth rates, mainly driven by a dynamic development in the EAME region.

In the Food and Probi business units, by contrast, we recorded somewhat weaker demand. Here, sales in the 2019 fiscal year roughly corresponded to the previous year's figure.

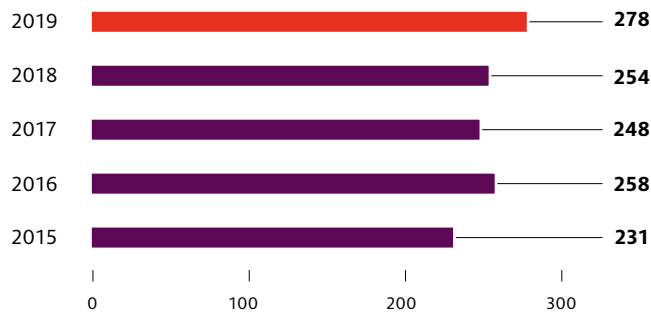
**EBITDA Nutrition:** As part of the acquisition of the ADF/IDF group, one-time acquisition and integration costs of € 16.3 million were incurred in 2019. To simplify comparability with the previous year, the following contains a normalized result (EBITDA(N)) without these one-time effects. The Nutrition segment achieved an EBITDA(N) in 2019 amounting to € 161 million and thus significantly exceeded the value of the previous year (2018 EBITDA: € 132 million). The EBITDA(N) margin of 22.0 % was significantly higher than in the previous year (2018 EBITDA margin: 20.7 %). Adjusted for the IFRS 16 effect<sup>1</sup>, the EBITDA(N) margin in 2019 amounts to 21.3 %.

<sup>1</sup> Further information on the IFRS 16 effect can be found in the "Result of operations" chapter beginning on page 137.

**Scent & Care sales** in € million



**Scent & Care EBITDA** in € million



**Scent & Care segment**

The Scent & Care segment generated sales of € 1,419 million in the 2019 fiscal year. Compared to the previous year, this represents an increase of 7.2 % in the reporting currency. Adjusted for exchange rate effects, the segment experienced organic growth of 5.6 %.

The Fragrance division significantly increased its sales compared with the previous year and generated a high single-digit organic growth rate. The strongest growth was seen in the Fine Fragrances business unit, with double-digit percentage organic growth, primarily in the EAME and Latin America regions. The Consumer Fragrances business unit also made strong gains and achieved high single-digit percentage growth rates, again primarily in the EAME and Latin America regions. The business unit Oral Care was able to achieve solid organic sales growth in the single-digit percentage range. The Asia/Pacific region developed dynamically with high growth rates in China and Vietnam.

The Cosmetic Ingredients division achieved a good, single-digit organic growth rate. The Latin America, Asia/Pacific and North America regions recorded high growth rates. In particular, sales increased significantly in Colombia, China and USA.

The Aroma Molecules division achieved moderate organic growth. Positive growth drivers came above all from the Menthols business unit, which expanded its sales in all regions. By contrast, the Fragrance Ingredients business unit was unable to build on the high level of the previous year. In the previous year, the business unit had benefited from the shortage of perfume raw materials thanks to its backward integration and constant supply availability.

**EBITDA Scent & Care:** Scent & Care generated an EBITDA of € 278 million in 2019, a significant increase in earnings compared to the previous year's figure of € 254 million (+9.3%). The EBITDA margin therefore amounted to 19.6 %, compared to 19.2 % in 2018. Adjusted for the IFRS 16 effect<sup>1</sup>, the EBITDA margin in 2019 amounts to 19.1%.

<sup>1</sup> Further information on the IFRS 16 effect can be found in the "Result of operations" chapter beginning on page 137.



## DEVELOPMENT IN THE REGIONS

Business in the EAME region developed positively, organically increasing by 3.6% compared to the previous year. In North America, organic sales growth was 4.2%. The Asia/Pacific region achieved high organic sales growth of 7.4% compared to the previous year. Sales development in Latin America was dynamic and recorded an organic increase of 12.8% compared to the previous year

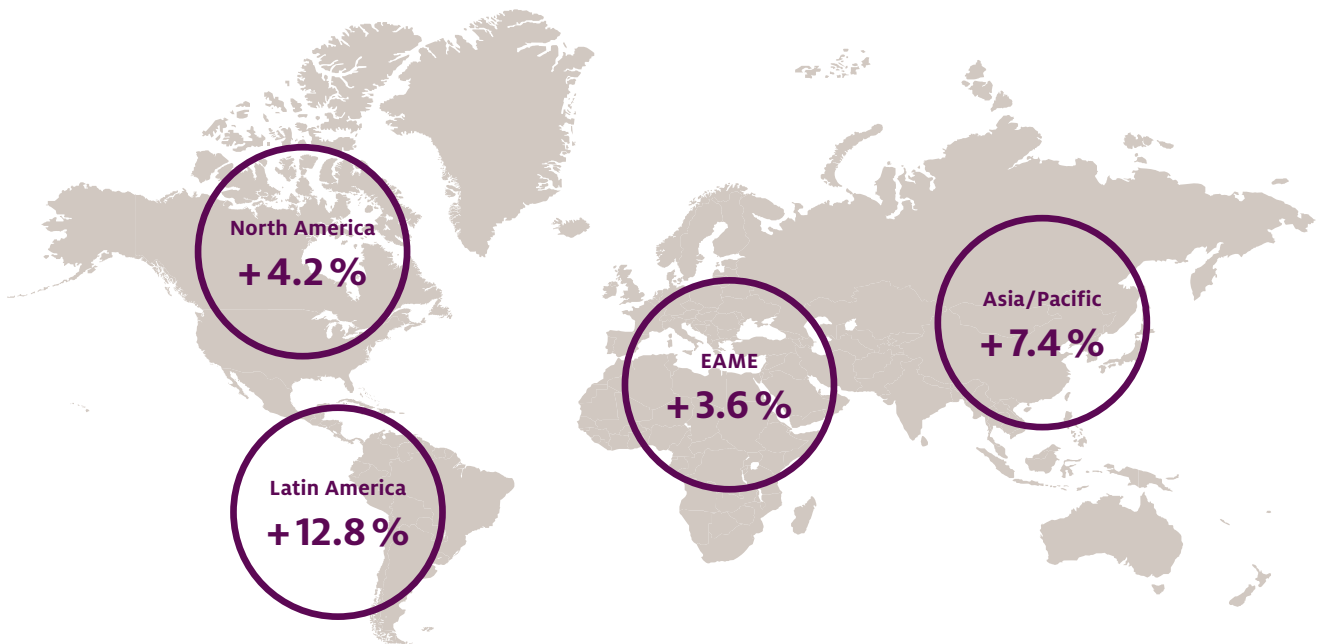
## RESULT OF OPERATIONS

### Development of material line items in the income statement

On the whole, earnings performance was good in the 2019 fiscal year. The cost of goods sold increased disproportionately to sales. The main factor here was a normalizing situation on the raw materials markets. In the previous year, the loss of individual suppliers of key raw materials, especially in the Scent & Care segment, led to a scarcity of raw materials, and, as a consequence, sharply rising raw material costs. The gross margin in the reporting year was 40.1%, which puts it 0.7 percentage points above the previous year (39.4%). The share of selling and marketing expenses in Group sales remained nearly unchanged at 15.6% after 15.5% in the previous year. The R&D rate amounted to 6.3% (previous year: 6.4%) of sales. Administration expenses as a share of Group sales amounted to 5.5%, compared to 5.2% in the previous year. The decrease in other operating income is primarily attributable to a tax refund in Brazil in the previous year and lower subsidies in the reporting year.

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### Development in the regions (organic sales growth)



## Income Statement in Summary

€ million	2018	2019 normalized*	Change in %
Sales	3,154	3,408	8.0
Cost of goods sold	-1,913	-2,041	6.7
<b>Gross profit</b>	<b>1,241</b>	<b>1,367</b>	<b>10.1</b>
Gross margin	in % 39.4	40.1	
Selling and marketing expenses	-490	-530	8.3
Research and development expenses	-200	-213	6.4
Administration expenses	-165	-186	12.8
Other operating income	51	46	-10.3
Other operating expenses	-3	-2	-28.1
<b>Income from operations/EBIT(N)</b>	<b>434</b>	<b>481</b>	<b>10.7</b>
Amortization of intangible assets	104	103	-0.9
Depreciation on property, plant and equipment	92	124	33.6
<b>EBITDA(N)</b>	<b>631</b>	<b>707</b>	<b>12.2</b>

\* Normalized for one-off transaction and integration costs related to the acquisition of ADF/IDF

As part of the acquisition of the ADF/IDF group, one-time acquisition and integration costs of € 16.3 million were incurred in 2019. To simplify comparability with the previous year, we are reporting a normalized result (EBITDA(N)) for 2019 without these one-time effects. As part of the acquisition of ADF/IDF, the US competition authority has requested the sale of the Nutrition site in Banks County, which was newly constructed in 2018/19. The Symrise Group has not incurred any noteworthy

financial profit or loss as a result of the start-up costs incurred until then in 2019 and the transaction in October 2019. The respective effects are not part of the normalization.

The first-time application of IFRS 16 had a positive effect of € 20 million on EBITDA.

## OVERVIEW EBITDA – NORMALIZED AND ADJUSTED FOR IFRS 16 EFFECT

€ million	Group		Flavor		Nutrition		Scent & Care	
	2018	2019	2018	2019	2018	2019	2018	2019
<b>EBITDA</b>	<b>630.5</b>	<b>690.9</b>	<b>243.9</b>	<b>268.5</b>	<b>132.3</b>	<b>144.4</b>	<b>254.4</b>	<b>278.0</b>
One-time acquisition and integration costs		16.3				16.3		
of which consultancy		9.6				9.6		
of which severances		1.1				1.1		
of which other acquisition and integration costs		5.7				5.7		
<b>EBITDA(N)</b>	<b>630.5</b>	<b>707.2</b>	<b>243.9</b>	<b>268.5</b>	<b>132.3</b>	<b>160.7</b>	<b>254.4</b>	<b>278.0</b>
<b>EBITDA(N) margin</b>	<b>20.0%</b>	<b>20.8%</b>	<b>20.5%</b>	<b>21.4%</b>	<b>20.7%</b>	<b>22.0%</b>	<b>19.2%</b>	<b>19.6%</b>
First-time application of IFRS 16		20.0		8.1		4.7		7.2
<b>EBITDA(N) adjusted for IFRS 16 effect</b>	<b>630.5</b>	<b>687.1</b>	<b>243.9</b>	<b>260.4</b>	<b>132.3</b>	<b>155.9</b>	<b>254.4</b>	<b>270.8</b>
<b>EBITDA(N) margin adjusted for IFRS 16 effect</b>	<b>20.0%</b>	<b>20.2%</b>	<b>20.5%</b>	<b>20.7%</b>	<b>20.7%</b>	<b>21.3%</b>	<b>19.2%</b>	<b>19.1%</b>

At 20.8%, the EBITDA(N) margin was significantly higher than in the previous year (EBITDA margin 2018: 20.0%). Without the first-time application effect of IFRS 16, the EBITDA(N) margin would have been 20.2%.

**Financial result:** At € 1 million, the financial result of € – 46 million is slightly lower than the result of € – 45 million from the previous year. A positive special effect of € 10 million from the US dollar purchase hedge in connection with the acquisition of ADF/IDF was partially offset by financial expenses from exchange rate fluctuations, especially in Latin America. In addition, interest expenses of € 3 million for leasing within the scope of IFRS 16 were recognized for the first time. In addition, interest was incurred for the issue of the promissory note loan in the first quarter and for the early refinancing of the Eurobond maturing in July in the amount of € 2 million. Further, the interest expense for pensions increased by € 1 million over the previous year.

**Taxes:** In the 2019 fiscal year, tax expenses amounted to € 113 million (2018: € 109 million). The resulting tax rate of 27.1% is lower than in 2018 (28.1%), due primarily to lower tax rates and changed depreciation rules. An adequate provision for tax risk was made for the Group, as in previous years.

**Net income and earnings per share:** Symrise AG net income attributable to shareholders amounted to € 298 million and therefore was € 23 million, or 8.4%, higher than the previous year. Earnings per share rose by € 0.09 to € 2.21 (2018: € 2.12). Adjusted for the one-time effects from the acquisition of ADF/IDF, normalized net income amounts to € 304 million and normalized earnings per share to € 2.25.

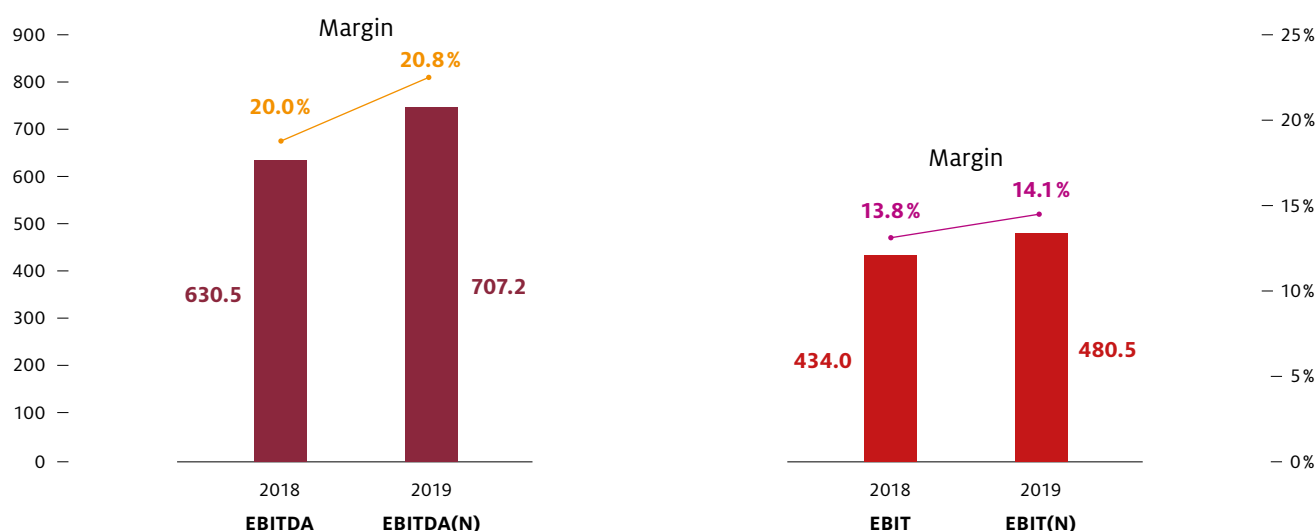
**Dividend proposal for 2019:** The Executive Board and Supervisory Board of Symrise AG will propose the distribution of a dividend of € 0.95 per share for the 2019 fiscal year at the Annual General Meeting on May 6, 2020.

## 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.

### Overview of Earnings in € million / in %



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 where necessary. The Group's financial liabilities are unsecured and in part connected to credit agreements (covenants) that are reviewed half-yearly. 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 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 41.4 % as of December 31, 2019, Symrise has a solid foundation for driving future business development forward in a sustained manner.

**Financing structure:** To finance the acquisition of the ADF/IDF group, Symrise signed a bridge loan agreement with two banks in January 2019. This bridge financing was divided into three tranches, which were successively replaced by long-term financing. On February 8, 2019, Symrise succeeded in plac-

ing a capital increase with a volume of around € 400 million on the capital market within the framework of an accelerated book-building process. In addition, a promissory note with maturities of 5, 7 and 10 years in the amount of € 250 million was successfully issued on March 29, 2019, in which mainly banks and savings banks are invested. The final element of the bridge financing was paid out at the closing of the acquisition on October 30, 2019 in the form of a syndicated term loan of € 200 million with a term of 5 years. In the second quarter of the fiscal year, Symrise successfully placed a Eurobond with institutional investors on the capital market. It has a volume of € 500 million with a maturity of 6.5 years, carries a coupon of 1.25 % and serves to refinance the Eurobond from 2014 that matured in July 2019. Overall, 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 2019 fiscal year.

In addition to the credit facility granted in the amount of € 300 million, bilateral, firmly pledged bank credit lines for € 82 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.

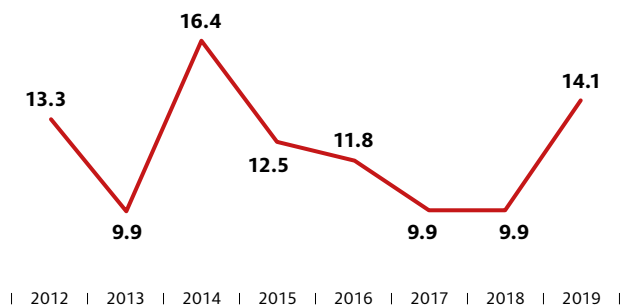
## Cash flow and liquidity analysis

### Overview of Cash Flow

€ million	2018	2019
Cash flow from operating activities	442	547
Cash flow from investing activities	- 239	- 882
Cash flow from financing activities	- 152	498
Cash equivalents (Dec. 31)	280	446
<b>Business free cash flow</b>	<b>312</b>	<b>476</b>

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 that was not utilized as of December 31, 2019.

### Business Free Cash Flow in % of sales



EBITDA(N)  
– Investments  
–/+ Changes in Working Capital  
= Business Free Cash Flow

The cash flow from operating activities was above the level of the previous year. The main reasons for this improvement are a lower increase in working capital and significantly higher net income. In addition, the first-time application of IFRS 16 led to a reclassification of leasing expenses in the amount of € 16 million to cash flow from financing activities. The operating cash flow rate relative to sales was therefore 16.0 %.

Cash outflow from investing activities increased by € 643 million, mainly due to the purchase price payment for the acquisition of ADF/IDF. In the 2019 fiscal year, a cash inflow from financing activities of € 498 million resulted on a net basis. It primarily comprises the capital increase in the amount of € 400 million carried out in 2019 as part of the acquisition financing and the acceptance of the promissory note loan in the amount of € 250 million. Moreover, the dividend paid to shareholders for the 2018 fiscal year in the amount of € 122 million is included in cash flow from financing activities.

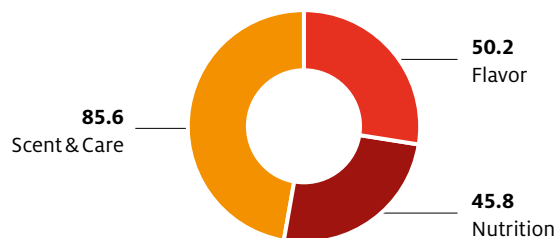
In addition, the company introduced business free cash flow as the primary internal control variable to assess its performance in order to strengthen its cash flow orientation. Business free cash flow, which comprises EBITDA, investments and changes in working capital, amounted to € 476 million<sup>1</sup> in the 2019 fiscal year, an increase of 53 % over the previous year.

### Investments and acquisitions

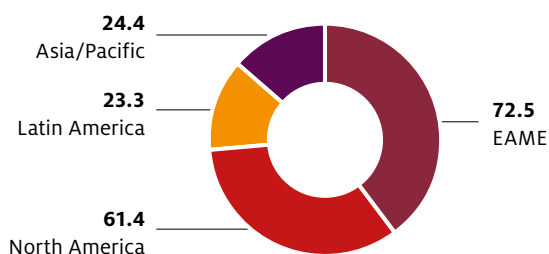
The Symrise Group invested € 182 million in intangible assets and property, plant and equipment in the 2019 fiscal year, after spending € 226 million in the previous year.

€ 26 million were spent on intangible assets (2018: € 15 million). The main focus here was on investments in software, in particular preparations to introduce an ERP software in the Nutrition segment, and patents. Investments in property, plant and equipment amounted to approximately € 156 million (previous year: € 211 million). The largest investment projects included the construction of the new site for the production of fragrances and flavorings in Nantong (China), the expansion of production capacity for menthols in Charleston (USA), the modernization of the production for terpene ingredients in the Aroma Molecules division in Jacksonville (USA), the expansion of flavor spray drying capacity in Branchburg (USA) and the construction of a logistics center in Holzminden.

### Investments by Segments in € million



### Investments by Regions in € million



<sup>1</sup> Adjusted for one-time effects from acquisitions and IFRS 16

All of the projects were funded through operating cash flow. As of December 31, 2019, the Group had obligations to purchase property, plant and equipment amounting to € 41 million (December 31, 2018: € 72 million). This mainly relates to production facilities and laboratory and office equipment. These obligations will mostly come due during the course of 2020.

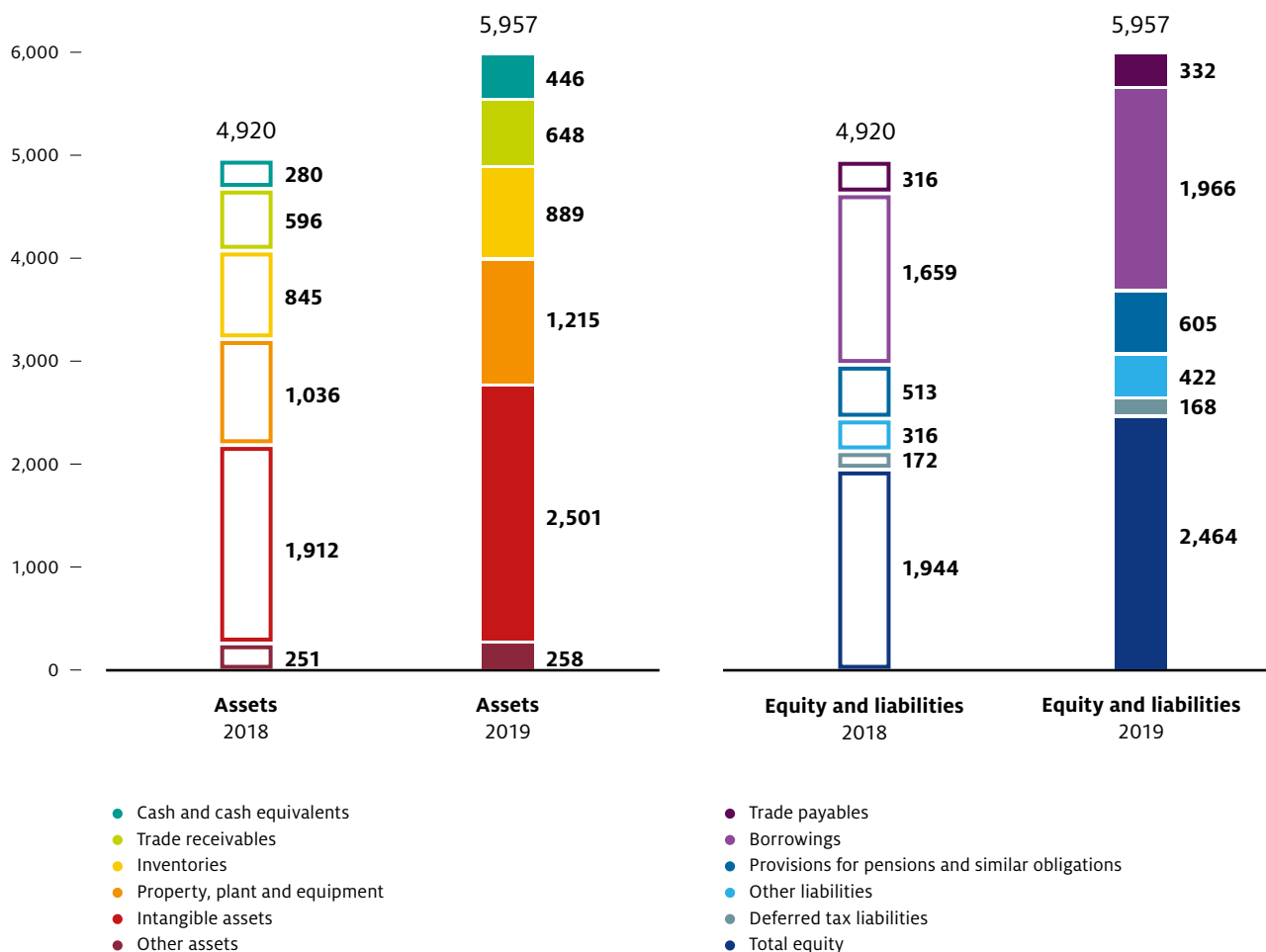
#### NET ASSETS

##### Select line items in the Statement of Financial Position

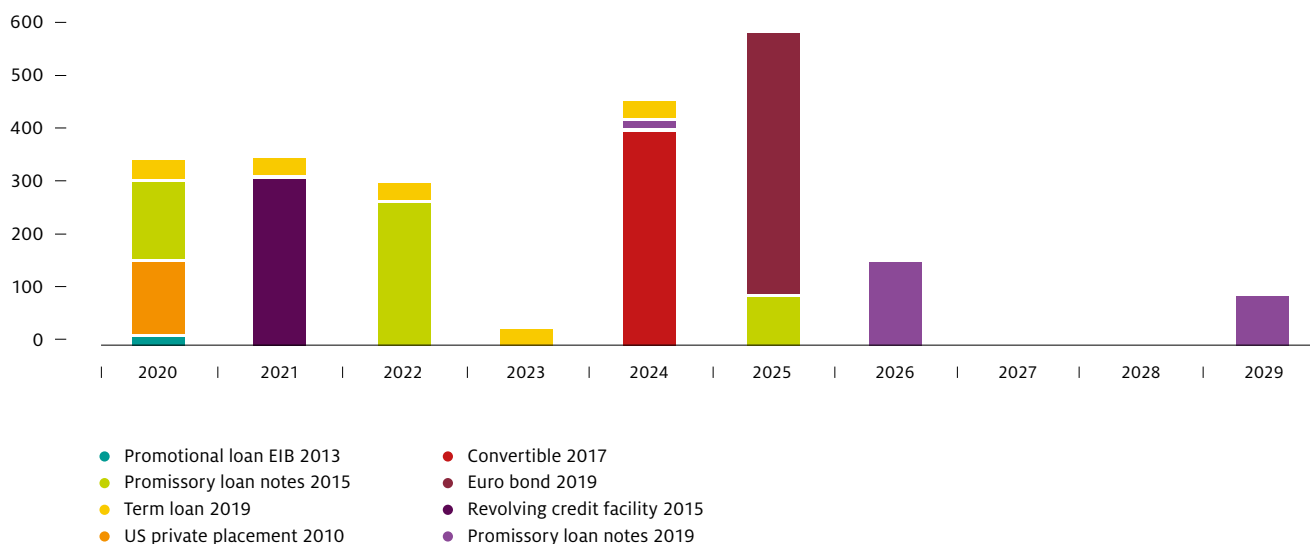
Total assets as of December 31, 2019, increased by € 1,037 million, or 21.1%, to € 5,957 million over the previous year. This is primarily due to the net assets acquired with the acquisition of the ADF/IDF group, including the acquired goodwill. As of the end of the reporting period, the carrying amounts were recognized as provisional fair values due to the temporal proximity of the transaction to the reporting date.

For assets, the increase is mainly due to higher cash, an investment-related increase in property, plant and equipment as well as higher intangible assets in connection with the business combination of the ADF/IDF group.

Overview of the Statement of Financial Position as of December 31, 2019 in € million



## Maturities as of December 31, 2019



The increase in cash is mainly attributable to an improved working capital performance and the inflow of cash from a disinvestment.

The additions to property, plant and equipment include investments in capacity expansions in Nantong (China), Charleston and Branchburg (USA) and in the modernization of production in Jacksonville (USA).

The increase in intangible assets is mainly due to the provisionally determined goodwill from the business combination of the ADF/IDF group. In addition to goodwill, intangible assets include customer bases, brand rights, software, patents and other rights as well as recipes and technologies. These assets resulted almost entirely from business combinations.

For equity and liabilities, the increase of the balance sheet total is due to higher financial liabilities and pension obligations as well as higher equity.

The repayment of the Eurobond from 2014 (€ 500 million) is offset by inflows from the promissory note loan concluded in this fiscal year (€ 250 million) and the bond issued in this fiscal year (€ 500 million).

Provisions for pensions and similar obligations increased due to the 0.8 percentage point decline in the discount rate for pension commitments granted in Germany to 1.2 %.

Equity (including non-controlling interests) amounted to € 2,464 million as of December 31, 2019 (December 31, 2018: € 1,944 million). It increased by € 400 million (before transaction costs), mainly due to the capital increase carried out in the fiscal year. As a result, the equity ratio rose from 39.5 % to 41.4 %. A dividend of € 122 million was paid out in 2019 for the 2018 fiscal year.

## Net debt

€ million	2018	2019
Borrowings	1,659	1,966
Lease liabilities (IFRS 16)	–	96
Cash and cash equivalents	– 280	– 446
<b>Net debt</b>	<b>1,380</b>	<b>1,617</b>
Provisions for pensions and similar obligations	513	605
<b>Net debt including provisions for pensions and similar obligations</b>	<b>1,893</b>	<b>2,222</b>

Overall, financial liabilities increased by € 307 million to € 1,966 million, mainly in connection with the acquisition of ADF/IDF. Together with the increase in cash and cash equivalents as well as the first-time application of lease liabilities in accordance with IFRS 16, this resulted in an increase in net debt by € 237 million to € 1,617 million compared to December 31, 2018. Net debt is calculated by deducting cash and cash equivalents from financial liabilities. As a portfolio-oriented key figure based on figures from the statement of financial position, it provides information on the company's actual debt. To calculate the key figure net debt/EBITDA, the net debt with as well as without provisions for pensions and, since 2019, in each case including lease liabilities is applied to the normalized EBITDA of the past twelve months. This results in a key figure for the net debt/EBITDA ratio of 2.3 (2018: 2.2).

Due to higher provisions for pensions, the ratio of net debt including provisions for pensions and similar obligations/EBITDA(N) increased from 3.0 to 3.1. The inclusion of lease lia-

bilities for the calculation of net debt key figures has increased both key figures by 0.1 each.

Symrise targets a capital structure that allows the company to cover its future potential financing needs at reasonable conditions by way of the capital markets. This provides Symrise with a guaranteed high level of independence, security and financial flexibility. The company will continue its earnings-oriented dividend policy in order to be able to continue to give 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 € 174 million (2018: € 192 million) and obligations regarding the purchase of property, plant and equipment amounting to € 41 million (2018: € 72 million).

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 € 9 million (December 31, 2018: € 25 million), accounting for extraordinary termination rights.

Miscellaneous other financial obligations amounted to € 12 million as of December 31, 2019 (December 31, 2018: € 15 million) and are mostly obligations from consulting, service and cooperation contracts (€ 8 million; December 31, 2018: € 8 million).

## CAPITAL STRUCTURE

€ million	2018		2019		Change in %
		<i>in % of total equity and liabilities</i>		<i>in % of total equity and liabilities</i>	
Equity	1,944	40	2,464	41	+ 26.7
Current liabilities	1,218	25	1,143	19	– 6.2
Non-current liabilities	1,758	35	2,350	39	+ 33.7
Liabilities	2,976	60	3,493	59	+ 17.4
<b>Total assets</b>	<b>4,920</b>	<b>100</b>	<b>5,957</b>	<b>100</b>	<b>+ 21.1</b>



## **General statement on the company's economic situation**

The Executive Board regards the Symrise Group's economic situation as positive. In 2019, 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

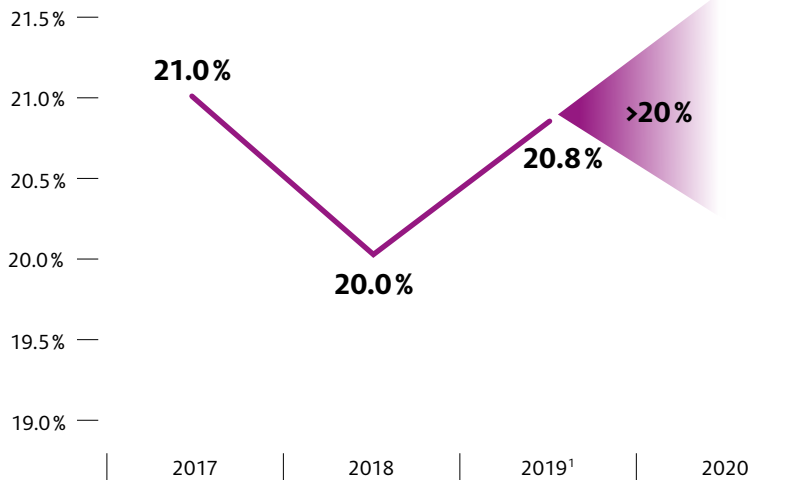
## FRAMEWORK

Global economic growth  
**3.3%**

Market growth  
**4%**

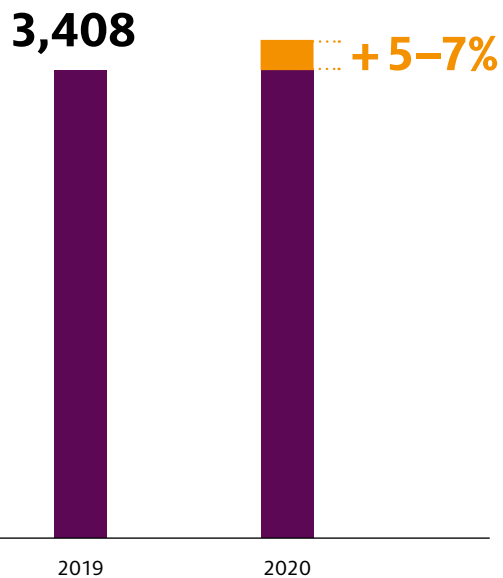
Raw material costs stable at the current level

## EBITDA(N) MARGIN



<sup>1</sup> adjusted for transaction and integration costs related to business combinations

## ORGANIC SALES GROWTH in € million



## EXPECTATIONS

Business Free Cash Flow  
as % of sales  
**> 14%**

Net debt/  
(including pensions and similar obligations  
as well as lease liabilities)  
EBITDA  
**2.5 – 2.7**

Investments  
as % of sales  
**5 – 6%**

### **FUTURE CORPORATE DEVELOPMENT**

For 2020, 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 Group 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 organic sales growth to be notably above the market rate. The long-term growth expectation of 5 – 7 % (CAGR) still applies to the Group.

The disciplined cost management and focus on high-margin business will be continued to further increase earnings. This includes initiatives to reduce the complexity of processes and workflows and the development of innovative, sustainable products and technologies. Assuming raw materials costs at the current level and a constant Euro/US-Dollar relation, the Group expects to achieve an EBITDA margin of over 20 % in all segments in 2020. Without the effects from possible acquisitions, the ratio of net debt (including provisions for pensions and similar obligations as well as lease liabilities) to EBITDA should be somewhere between 2.5 and 2.7 at the end of 2020. 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 and 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, 2019

T€	2018	2019
Sales	3,154,032	3,407,854
Cost of goods sold	– 1,912,558	– 2,040,775
<b>Gross profit</b>	<b>1,241,474</b>	<b>1,367,079</b>
Selling and marketing expenses	– 489,941	– 531,526
Research and development expenses	– 200,441	– 213,349
Administration expenses	– 164,728	– 200,984
Other operating income	50,948	45,587
Other operating expenses	– 3,340	– 2,400
Result of companies accounted for using the equity method	–	– 221
<b>Income from operations/EBIT</b>	<b>433,972</b>	<b>464,186</b>
Financial income	6,324	6,147
Financial expenses	– 51,253	– 51,972
<b>Financial result</b>	<b>– 44,929</b>	<b>– 45,825</b>
<b>Earnings before income taxes</b>	<b>389,043</b>	<b>418,361</b>
Income taxes	– 109,356	– 113,224
<b>Net income</b>	<b>279,687</b>	<b>305,137</b>
of which attributable to shareholders of Symrise AG	275,330	298,308
of which attributable to non-controlling interests	4,357	6,829
<b>Earnings per share (€)</b>		
basic	2.12	2.21
diluted	2.08	2.17

## Consolidated Statement of Financial Position

T€	December 31, 2018	December 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	279,595	445,900
Trade receivables	596,396	647,675
Inventories	844,874	889,239
Other non-financial assets and receivables	81,018	79,445
Other financial assets	7,835	11,919
Income tax assets	25,741	22,480
	<b>1,835,459</b>	<b>2,096,658</b>
<b>Non-current assets</b>		
Intangible assets	1,912,455	2,500,682
Property, plant and equipment	1,036,093	1,215,010
Other non-financial assets and receivables	27,054	17,817
Other financial assets	22,866	12,473
Investments in companies accounted for using the equity method	—	15,396
Deferred tax assets	86,452	99,173
	<b>3,084,920</b>	<b>3,860,551</b>
<b>TOTAL ASSETS</b>	<b>4,920,379</b>	<b>5,957,209</b>

## Consolidated Statement of Financial Position

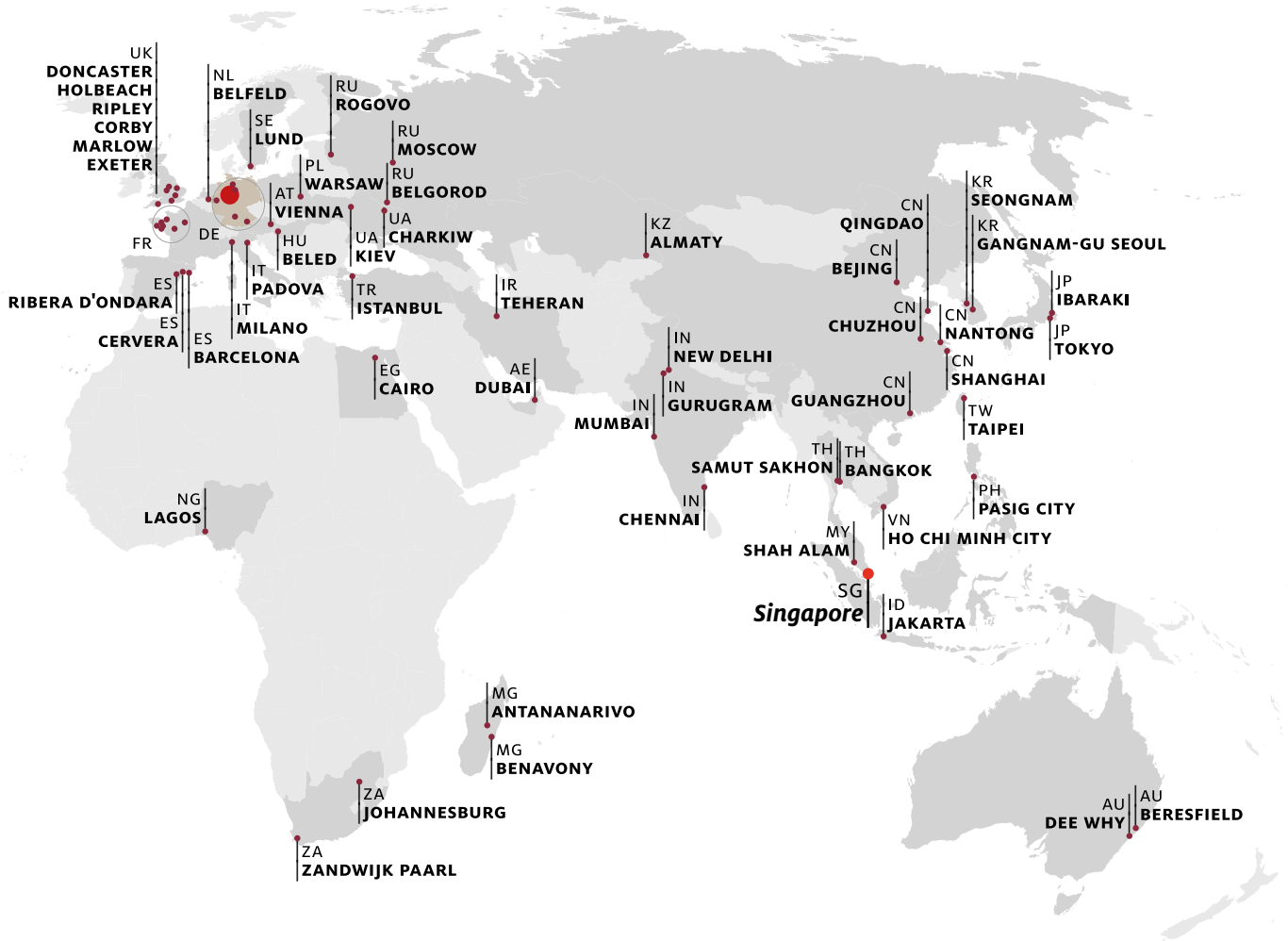
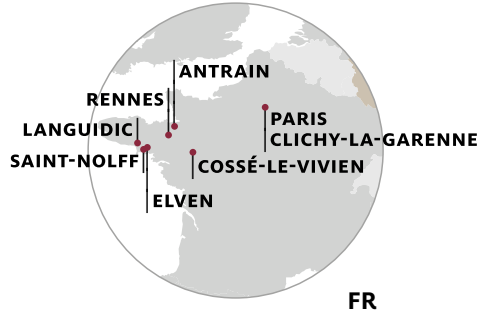
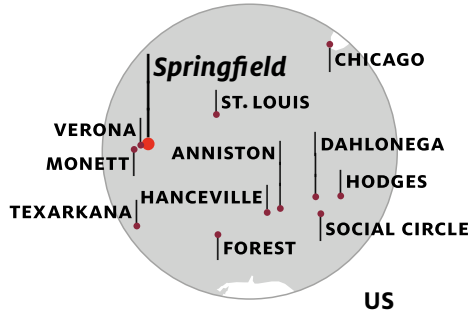
T€	December 31, 2018	December 31, 2019
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables	315,806	332,497
Borrowings	623,341	503,324
Lease liabilities	652	21,058
Other non-financial liabilities	170,073	192,470
Other provisions	9,577	10,857
Other financial liabilities	4,696	3,124
Income tax liabilities	94,232	79,531
	<b>1,218,377</b>	<b>1,142,861</b>
<b>Non-current liabilities</b>		
Borrowings	1,036,018	1,462,833
Lease liabilities	3,658	75,378
Other non-financial liabilities	5,407	5,033
Other provisions	21,427	29,212
Provisions for pensions and similar obligations	513,292	604,851
Other financial liabilities	2,554	1,597
Deferred tax liabilities	171,975	167,748
Income tax liabilities	3,263	3,263
	<b>1,757,594</b>	<b>2,349,915</b>
<b>TOTAL LIABILITIES</b>	<b>2,975,971</b>	<b>3,492,776</b>
<b>EQUITY</b>		
Share capital	129,813	135,427
Capital reserve	1,405,085	1,798,030
Reserve for remeasurements (pensions)	- 161,694	- 217,187
Cumulative translation differences	- 189,413	- 193,991
Accumulated profit	705,668	881,696
Other reserves	2,533	3,197
<b>Symrise AG shareholders' equity</b>	<b>1,891,992</b>	<b>2,407,172</b>
Non-controlling interests	52,416	57,261
<b>TOTAL EQUITY</b>	<b>1,944,408</b>	<b>2,464,433</b>
<b>LIABILITIES AND EQUITY</b>	<b>4,920,379</b>	<b>5,957,209</b>

# Global Locations

- Global Headquarters
- Regional Headquarters
- Symrise Sites







# Financial Calendar 2020

**April 28, 2020**

Trading Statement January – March 2020

**May 6, 2020**

Annual General Meeting, Holzminden

**August 6, 2020**

Interim Group Report January – June 2020

**October 29, 2020**

Trading Statement January – September 2020

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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.

