Givaudan SA

Vernier, Switzerland

1.75% Bonds 2014–2024 of CHF 150,000,000

(with reopening clause)

Issuer:	Givaudan SA, 5, chemin de la parfumerie, 1214 Vernier
Issue Price:	The Joint Lead Managers have purchased the Bonds at the price of 101.156% (before commissions)
Price for Placement:	According to demand
Interest Rate:	1.75%, payable annually in arrear on 19 March; the first interest payment will be on 19 March 2015
Payment Date:	19 March 2014
Redemption Date:	19 March 2024, at par
Duration:	10 years
Reopening:	The Issuer reserves the right to reopen this issue at any time before maturity of the Bonds
Assurances:	Pari-Passu Clause, Negative-Pledge Clause (with exceptions), Cross-Default Clause (with threshold amount), Change of Control Clause
Form of Bonds:	The Bonds are issued as uncertificated securities (*Wertrechte*) in accordance with art. 973c of the Swiss Code of Obligations; investors do not have the right to request the delivery of individually certificated Bonds
Status:	The Bonds constitute direct, unconditional and unsubordinated obligations of the Issuer
Denominations:	CHF 5,000 and multiples thereof
Law and Jurisdiction:	Swiss law, exclusive place of jurisdiction is Zurich
Sales Restrictions:	U.S.A. and U.S. Persons, United Kingdom, European Economic Area
Trading:	First Trading Day at the SIX Swiss Exchange Ltd (the «SIX Swiss Exchange») on 17 March 2014, expected last trading day at the SIX Swiss Exchange on 14 March 2024
Listing:	Will be applied for at the SIX Swiss Exchange

Credit Suisse **Zürcher Kantonalbank**

Deutsche Bank AG London Branch, acting through
Deutsche Bank AG Zurich Branch

Swiss Security No.: 23 755 210 ISIN: CH023 755 210 1 Common Code: 103803268

Prospectus dated 17 March 2014

Selling Restrictions

United States of America and United States Persons

A) The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to or for the account or benefit of United States persons (except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act).

The Issuer and the Joint Lead Managers have not offered or sold, and will not offer or sell, any Bonds constituting part of their allotment within the United States or to or for the account or benefit of United States persons except in accordance with Rule 903 of Regulation S under the Securities Act.

Accordingly, none of the Issuer, the Joint Lead Managers and their affiliates or any persons acting on their behalf have engaged or will engage in any selling efforts directed to the United States with respect to the Bonds.

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

B) The Joint Lead Managers have not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Bonds, except with their affiliates or with the prior written consent of the Issuer.

United Kingdom

Each Joint Lead Manager has represented and agreed that: (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom; and (ii) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorized person, apply to the Issuer.

European Economic Area

In relation to each Member State of the European Economic Area, which has implemented the Prospectus Directive (each, as Relevant Member State), each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Bonds to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Bonds to the public in that Relevant Member State:

(i) in the period beginning on the date of publication of a prospectus in relation to the Bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, and ending on the date which is 12 months after the date of such publication:

(ii) to any legal entity which is a qualified investor as defined in the Prospectus Directive; or

(iii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Manager; or

(iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Bonds referred to in (ii) to (iv) above shall require the Issuer or the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Bonds to the public**" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

General

Neither the Issuer nor any of the Joint Lead Managers represent that Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken in any jurisdiction that would permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required.

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Annex

General Information

In the following, “**Issuer**” and “**Givaudan**” means Givaudan SA and “**Group**” means hereinafter the Issuer, its direct and indirect subsidiaries, and entities under its significant influence. Other words and expressions used herein shall have the same meaning as given to them in the Section “Terms of the Bonds”, except when defined otherwise herein.

No person is authorized to give any information or to make any representation not contained in this Prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by the Issuer or the Joint Lead Managers. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

This Prospectus does not constitute an offer or invitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe for or to purchase any of the Bonds.

Authorization

In accordance with internal authorizations of the Issuer and a Bond Purchase & Paying Agency Agreement dated 14 March 2014, among the Issuer and Credit Suisse AG together with Deutsche Bank AG London Branch, acting through Deutsche Bank AG Zurich Branch and Zürcher Kantonalbank (the “**Joint Lead Managers**”) the Joint Lead Managers have severally but not jointly agreed to purchase the Bonds at an issue price of 101.156% (minus commissions).

Net Proceeds

The net proceeds from the issue of the Bonds, amounting to CHF 150’194’000.00, will be applied by the Issuer for general corporate purposes.

SIX Swiss Exchange Fee, Swiss Federal Withholding Tax

The Issuer will bear the SIX Swiss Exchange Fee. The Issuer will deduct Swiss Federal Withholding Tax of currently 35% on interest payments and remit the tax to the Swiss Federal Tax Administration.

Representation

In accordance with Article 43 of the Listing Rules of the SIX Swiss Exchange Credit Suisse AG has been appointed by the Issuer to lodge the listing application with SIX Exchange Regulation.

Reference to the Annexes

This Prospectus contains certain annexes, including certain excerpts from the Annual & Financial Report 2013 attached as Annexes A and B to this Prospectus. Any references in Annexes A and B to other pages is a reference to pages included in the Issuer’s Annual & Financial Report 2013.

Notice

The financial institutions involved in the issuance and offering of these Bonds are banks, which directly or indirectly have participated, or will participate, in financing transactions and/or other banking business with the Issuer, which are not disclosed herein.

Forward-Looking Statements

This listing prospectus may contain forward looking information. Such information is subject to a variety of significant uncertainties, including scientific, business, economic and financial factors. Therefore, actual results may differ significantly from those presented. Investors must not rely on this information for business decisions.

Court, arbitral and administrative proceedings

Givaudan Group companies are involved in various legal and regulatory preceedings of a nature considered typical of its business, including contractual disputes and employment litigation, which are not material in the context of the issue of the Bonds.

No material changes since the most recent annual financial statements

Save as disclosed herein, there has been no material adverse change, nor any event involving a prospective material adverse change, in the assets and liabilities, financial position and profits and losses of the Issuer since 31 December 2013.

Responsibility Statement

The Issuer confirms that this Prospectus contains all information regarding the Issuer and the Bonds which is (in the context of the issue of the Bonds) material; such information is true and accurate in all material respects and is not misleading; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and reasonable enquiries have been made to ascertain and to verify the foregoing. The Issuer accepts responsibility accordingly.

Vernier, 17 March 2014

Givaudan SA

By: ______________________ By: ______________________

Terms of the Bonds

The following is the text of the Terms and Conditions of the Bonds which will govern the rights and obligations ofthe Issuer and of each Holder. Capitalised terms not otherwise defined in the Terms of the Bonds shall have the meanings ascribed to them in the Definitions section below.

The terms and conditions of the Bonds (each a **Condition**, and together the **Terms of the Bonds**) are as follows:

Terms of the Bonds

The Terms of the Bonds issued by Givaudan SA (the **Issuer**) according to the Bond Purchase & Paying Agency Agreement dated 14 March 2014 (the **Agreement**) between the Issuer on the one hand and Credit Suisse AG (**Credit Suisse**) and Deutsche Bank AG London Branch, acting through Deutsche Bank AG Zurich Branch and Zürcher Kantonalbank, acting together with Credit Suisse as joint lead managers, on the other hand are as follows:

1. Amount and Reopening, Form of the Bonds, Denomination, Custodianship and Transfer of the Bonds

(a) The initial aggregate nominal amount of the Bonds of Swiss francs (**CHF**) CHF 150,000,000 (in words: one hundred and fifty million Swiss francs) (the **Aggregate Nominal Amount**) is divided into bonds (each a **Bond** and collectively the **Bonds**) with denominations of CHF 5,000 (five thousand Swiss francs) per Bond.

The Issuer reserves the right to reopen (the **Reopening**) and increase the Aggregate Nominal Amount at any time and without prior consultation of or permission of the Holders (as defined below) through the issuance of further bonds which will be fungible with the Bonds (i.e. identical especially in respect of the Terms of the Bonds, security number, final maturity and interest rate).

(b) The Bonds are issued as uncertificated securities (*Wertrechte*) in accordance with art. 973c of the Swiss Code of Obligations. Such uncertificated securities will be entered by the Principal Paying Agent into the main register (*Hauptregister*) of SIX SIS as recognized intermediary for such purposes by the SIX Swiss Exchange. The Bonds will remain in the book-entry system of the SIX SIS until their final redemption. So long as the Bonds are Intermediated Securities (*Bucheffekten*), the Bonds may only be transferred by the entry of the transferred Bonds in a securities account of the transferee.

(c) The records of SIX SIS will determine the number of Bonds held through each participant in SIX SIS. In respect of Bonds held in the form of Intermediated Securities (*Bucheffekten*), the holders of such Bonds (the **Holders** and, individually, a **Holder**) will be the persons holding the Bonds in a securities account (*Effektenkonto*) which is in their name, or in case of intermediaries (*Verwahrungsstellen*), the intermediaries (*Verwahrungsstellen*) holding the Bonds for their own account in a securities account (*Effektenkonto*) which is in their name.

(d) The conversion of the uncertificated securities (*Wertrechte*) into a permanent global note (*Global-urkunde*) or individually certificated bonds (*Wertrechte*) is excluded. Neither the Issuer nor the Holders nor the Principal Paying Agent nor any third party shall at any time have the right to effect or demand the conversion of the uncertificated securities (*Wertrechte*) into, or the delivery of a permanent global note (*Globalurkunde*) or individually certificated securities (*Wertpapiere*).

(e) Once the uncertificated securities (*Wertrechte*) are registered in the main register (*Hauptregister*) of SIX SIS, the Bonds will constitute intermediated securities (*Bucheffekten*) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

2. Interest

The Bonds bear interest from (but excluding) 19 March 2014 (the **Payment Date**) to (and including) the Maturity Date (as defined below) at the rate of 1.75% of their Aggregate Nominal Amount per annum, payable annually in arrear on 19 March of each year (the **Interest Payment Date**), for the first time on 19 March 2015.

When interest is required to be calculated for a period of less than one year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

3. Redemption

(a) Redemption at Maturity

Unless previously redeemed, the Issuer undertakes to repay all outstanding Bonds at par, without further notice on 19 March 2024 (the **Maturity Date**).

(b) Redemption at the Option of the Issuer

Subject to a period of not less than thirty (30) nor more than sixty (60) days' prior notice to the Principal Paying Agent, the Issuer may redeem the Bonds at any time after the Payment Date and prior to the Maturity Date, in whole, but not in part only, at par of their Aggregate Nominal Amount plus accrued interest, if any, on the date determined by the Issuer for early redemption, if eighty-five (85) percent or more of the Aggregate Nominal Amount have been redeemed or purchased and cancelled at the time of such notice.

(c) Purchases

The Issuer may, either directly or indirectly, at any time purchase Bonds at any price, for any purpose, in the open market or otherwise. Any purchase shall be made in accordance with applicable laws or regulations, including applicable stock exchange regulations. Such Bonds may be held, resold or, at the option of the Issuer, surrendered to the Principal Paying Agent for cancellation as set out below.

If purchases are made by public tender, such tender must be available to all Holders alike.

(d) Cancellation

All Bonds which are redeemed or surrendered shall forthwith be cancelled. All Bonds so cancelled shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(e) Notice

Where the provisions of this Section 3. provide for the giving of notice by the Issuer to the Principal Paying Agent, such notice shall be deemed to be validly given if made in writing with all required information to the Principal Paying Agent within the prescribed time limit. Such notices shall be announced to the Holders as soon as practicable pursuant to Section 12. Such notices shall be irrevocable.

4. Payments

The amounts required for payments with respect to the Bonds (amounts of interest payments after deduction of the Swiss Withholding Tax of currently 35%) will be made available in good time in freely disposable CHF which will be placed at the free disposal of the Principal Paying Agent on behalf of the Holders. If the due date for any payment by the Issuer does not fall on a Business Day, the Issuer undertakes to effect payment for value the Business Day immediately following such due date and the Holders will not be entitled to any additional sum in relation thereto. All payments with respect to the Bonds will be made to the Holders in CHF without collection costs. No payments with respect to the Bonds shall be made at any office of the Issuer.

The receipt by the Principal Paying Agent of the due and punctual payment of the funds in CHF as above provided shall release the Issuer of its payment obligations under the Bonds to the extent of such payments.

If the Bonds are not redeemed when due, interest shall continue to accrue until (and including) the day when the Bonds are redeemed.

If, at any time during the life of the Bonds, the Principal Paying Agent shall resign or become incapable of acting as Principal Paying Agent or as Holders' Representative (as defined in Section 5. (b)) as contemplated by these Terms of the Bonds or shall be adjudged bankrupt or insolvent, the Principal Paying Agent may be substituted by a duly licensed major Swiss bank or branch of a major foreign bank chosen by the Issuer. In the event of such a replacement of the Principal Paying Agent, all references to the Principal Paying Agent shall be deemed to refer to such replacement.

Notice of such a replacement shall be published in accordance with Section 12.

5. Status of the Bonds and Negative Pledge

(a) Status of the Bonds

The Bonds constitute direct, unconditional, unsubordinated and, subject to Section 5. (b), unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and, subject as aforesaid, at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by statute, all limited by provisions of law that are both mandatory and of general application.

(b) Negative Pledge

So long as any of the Bonds remain outstanding the Issuer will not hereafter secure, by any mortgage, charge, pledge, lien or other encumbrance, on any of its present or future undertaking or assets (i) any Obligation of the Issuer or any other person or (ii) any guarantee or indemnity in respect of any Obligation of the Issuer or any other person without at the choice of the Issuer either at the same time securing the Bonds equally and rateably therewith to the satisfaction of Credit Suisse in its role as Holders' representative (the **Holders' Representative**) or providing other security therefor which the Holders' Representative in its absolute discretion shall deem satisfactory or as shall be approved by an extraordinary resolution of the Holders.

For the purpose of this Section 5., **Obligation** means any present or future indebtedness evidenced by bonds, debentures or other securities which are quoted or traded for the time being on any stock exchange or other organised market for securities which is denominated or contains a right or requirement for any payment in respect thereof to be made in any currency.

6. Sale, Dissolution, Merger and Reorganisation

In the event of

(a) a sale or assignment of all or substantially all of the assets of the Issuer; or

(b) a dissolution or merger involving the Issuer and as a result of which the Issuer is not the subsisting company, unless the successor company takes on all the Issuer's liabilities in respect of the Bonds; or

(c) a reorganisation of the Issuer which gives rise to a reduction of all or substantially all assets or in all or substantially all commercial activities of the Issuer,

and in so far as the relevant action has a material adverse effect on the capacity of the Issuer to meet its obligations under the Terms of the Bonds, the Holders' Representative shall be entitled, but not obliged, to declare on behalf of the Holders that all outstanding Bonds, including accrued interest thereon, if any, shall reach maturity forthwith and shall be redeemable and payable at their par value, unless the Holders' Representative considers the situation of the Holders as being adequately protected based on securities created or other steps taken by the Issuer.

The Issuer shall inform the Holders' Representative in good time and in full of any proceedings which could bring about the events under (a) to (c), so that the Holders' Representative may thereupon make an assessment according to (i) and (ii) above.

Principal and interest accrued shall become due on receipt of a notice in writing sent by the Holders' Representative to the Issuer, unless the reason for giving such notice has previously ceased to exist.

7. Events of Default

The Holders' Representative may on behalf of the Holders give notice to the Issuer that the Bonds are, and they shall accordingly immediately become, due and repayable at their principal amount, including accrued interest thereon, if any, of the following events (each event an **Event of Default**) occurs and is continuing:

(a) if default is made for a period of 14 days or more in the payment of any principal or interest on the Bonds or any of them; or

(b) if:

(i) an order is made for winding-up of the Issuer and is not set aside within 90 days of the date of such order or pursuant to an appeal lodged within 14 days of the date of such order; or

(ii) an effective resolution is passed for the winding-up of the Issuer, except a winding-up of the Issuer the substantive terms of which have previously been approved in writing by the Holders' Representative; or

(c) if the Issuer stops payment of its debts or ceases to carry on its business or a major part thereof unless the cessation is for the purpose of a reconstruction or amalgamation the substantive terms of which have previously been approved in writing by the Holders' Representative; or

(d) if:

(i) an encumbrancer takes possession of, or any administrative or other receiver or any manager is appointed for, the whole or substantially all of the undertaking or assets of the Issuer; or

(ii) a distress or execution is levied or enforced upon or sued out against all or substantially all of the chattels or property of the Issuer, which is not discharged within 90 days; or

(e) if the Issuer is declared in suspension of payments; or

(f) if:

(i) any indebtedness for Moneys Borrowed (as defined below) of the Issuer shall be or be declared due and payable prior to the date on which the same would otherwise become due and payable by reason of the occurrence of a default on the part of the Issuer in relation thereto; or

(ii) the Issuer defaults in the repayment of any indebtedness for Moneys Borrowed at the maturity thereof or at the expiration of any applicable grace period; or

(iii) any guarantee or any indebtedness for Moneys Borrowed given by the Issuer shall not be paid when due and called upon or at the expiry of any applicable grace period,

save (x) in any such case where there is a *bona fide* dispute as to whether payment or repayment is due or (y) where the amount of the indebtedness for Moneys Borrowed in respect of which default is made does not exceed CHF 40,000,000 or its then equivalent in other currencies; or

(g) if default is made by the Issuer in the performance or observance of any material obligation, condition or provision binding on it under the Bonds (other than any obligation for the payment of principal or interest) and, except where such default is not capable of remedy (in which case the Bonds will, if the Holders' Representative has so certified as aforesaid, immediately become due and repayable), such default continues for 60 days after notice thereof by the Holders' Representative to the Issuer requiring the same to be remedied.

The Issuer undertakes to inform the Holders' Representative without delay if any event mentioned under para. (b) through (g) has occurred and to provide the Holders' Representative with all necessary documents and information in connection therewith.

Moneys Borrowed means (a) borrowed moneys and (b) liabilities under any bond, note, bill, debenture, loan stock or other security issued in respect of acceptance credit facilities or as consideration for assets or services but excluding such liabilities incurred in relation to the acquisition of goods or services in the ordinary course of trading.

8. Redemption at the option of Holders (Change of Control)

The Holders shall be entitled during the period beginning on 19 March 2014 and ending on the 180th day (including) prior to 19 March 2024 to require the redemption of the Bonds upon occurrence of a Change of Control Event (as defined below); whereas the Issuer undertakes to duly inquire the occurrence of a Change of Control Event.

If a Change of Control Event is deemed to have occurred, then each Holder is entitled to require the Issuer to redeem the Bonds at the Put Amount (as defined below) on the Put Date (as defined below); the Issuer may instead of redeeming the Bonds choose to purchase (or procure the purchase of) that Bond on the Put Date at the Put Amount.

Promptly upon the occurrence of a Change of Control Event, the Issuer shall give notice (a **Change of Control Notice**) to the Holders in accordance with Section 12. specifying the nature of the Change of Control Event and the procedure for exercising the option pursuant to this Section 8.

In this Section 8. the terms below shall have the following meaning:

A **Change of Control Event** shall be deemed to have occurred if according to publications based on stock exchange or similar requirements any person or any persons acting in concert or any person or persons acting on behalf of any such person(s) (the **Relevant Person**) at any time directly or indirectly own(s) or acquire(s) more than 50% of the voting rights of the Issuer whether exercisable or not (thereafter the **Change of Control**) and if the Issuer, within the Change of Control Period (as defined below), either (i) obtains a debt rating which is below an Investment Grade Rating (as defined below) or (ii) does not obtain an Investment Grade Rating for the Bonds. A Change of Control Event shall be deemed to have occurred as soon as one of the rating actions mentioned under (i) or (ii) above has taken place.

Investment Grade Rating means a credit rating of at least Baa3 by Moody's Investors Services, a division of Moody's Corporation (or any successor entity) or of at least BBB- by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. (or any successor entity).

Change of Control Period means the period ending 90 days after the occurrence of a Change of Control Event;

Put Date means the 30th day after the end of the Put Exercise Period (as defined below).

Put Amount means the nominal amount of the Bonds registered for redemption with the Principal Paying Agent by or on behalf of the Holders multiplied by the Relevant Value (as defined below) of the Bonds, plus any interest (or, where purchased, an amount equal to such interest) accrued up to the Determination Date (as defined below).

Determination Date means 11:00 a.m. (CET) at the 5th Business Day prior to the Put Date.

Mid-Market Price means the arithmetic middle of the bid and offer price of the Reference Bond at the SIX Swiss Exchange on the Determination Date. If a Mid-Market Price is not available the Holders' Representative will determine the Mid-Market Price taking into consideration the last paid price of the Reference Bond at the SIX Swiss Exchange.

Reference Bond means the 1.75% Swiss Government Bond due 11 June 2024 (ISIN: CH0127181177), or if such Reference Bond is no longer in issue such other Swiss Government bond with a maturity date closest to the Maturity Date of the Bonds the Holders' Representative or, after prior consultation and with the consent of the Holders' Representative, a leading investment bank of international standing selected by the Issuer may reasonably determine to be appropriate as a substitute for the Reference Bond.

Relevant Yield means the yield of the Reference Bond based on the Mid-Market Price plus a spread of 0.25% on the Determination Date.

Relevant Value means the value of the Bonds calculated by the Holders' Representative on the Determination Date expressed as a percentage (rounded to four decimal places, 0.00005 being rounded upwards) and based on (i) the Relevant Yield, (ii) the remaining life of the Bonds until the Maturity Date and (iii) the interest rate of the Bonds.

To exercise the option to require redemption of a Bond under this Section 8 the Principal Paying Agent must receive at its Specified Office a duly completed notice of exercise in a form and with a contents acceptable to it (**Put Notice**) by or on behalf of the Holder on any Business Day falling within the period starting at the Change of Control Event and ending on the 30th Day after the Change of Control Event (the **Put Exercise Period**). Any amounts shall be payable against presentation of a Put Notice and surrender of the relevant Bond by book entry in accordance with applicable law and applicable rule of the Clearing System and relevant instructions of the Principal Paying Agent. The Issuer shall redeem or, at the option of the Issuer, purchase (or procure the purchase of) the relevant Bond on the 30th day after the end of the Put Exercise Period.

A Put Notice, once given, shall be irrevocable.

If, at the end of the Put Exercise Period, Holders representing more than two thirds of the nominal amount of the Bonds have exercised their option under this Section 8 the Issuer has the right to redeem the remaining Bonds at the Put Amount within 30 days after the end of the Put Exercise Period provided that the applicable legal requirements are met.

9. Substitution

The Issuer may without the consent of the Holders, at any time substitute itself in respect of all rights and obligations arising under or in connection with the Bonds with any Swiss legal entity of which all shares carrying voting rights are directly or indirectly held by the Issuer (the **New Issuer**), provided that the Issuer has issued an irrevocable and unconditional guarantee as per art. 111 of the Swiss Code of Obligations in respect to the obligations of the New Issuer under the Bonds in form and content reasonably satisfactory to the Holders' Representative.

Any substitution shall be published in accordance with Section 12.

In the event of such substitution, any reference to the Issuer shall be deemed to refer to the New Issuer.

10. Prescription

In accordance with Swiss law, claims for interest payments shall become timebarred after a period of five (5) years and claims for the repayment or redemption of Bonds after a period of ten (10) years, calculated from their respective due dates.

11. Listing

Application will be made for the admission to trading and listing of the Bonds on the SIX Swiss Exchange.

The Issuer will use reasonable endeavors to have the Bonds listed on the SIX Swiss Exchange and to maintain such listing during the whole duration of the Bonds.

12. Notices

All notices regarding the Bonds shall be published by Credit Suisse on behalf and at the expense of the Issuer (i) on the internet site of the SIX Swiss Exchange (where notices are currently published under the address http://www.six-exchange-regulation.com/publications/published_notifications/official_notices_en.html) or (ii) otherwise in accordance with the regulations of the SIX Swiss Exchange.

13. Governing Law and Jurisdiction

The Terms of the Bonds and the Bonds shall be governed by and construed in accordance with the substantive laws of Switzerland (i.e. without regard to the principles of conflict of laws).

Any dispute which might arise based on the Terms of the Bonds and the Bonds shall be settled in accordance with Swiss law and shall fall within the jurisdiction of the Ordinary Courts of the Canton of Zurich, Switzerland, venue being Zurich.

The above-mentioned jurisdiction is also exclusively competent for the declaration of cancellation of Bonds.

The Issuer shall be discharged by and to the extent of any payment made to a Holder recognised as creditor by an enforceable judgement of a Swiss court.

14. Role of Credit Suisse

Credit Suisse has been appointed by the Issuer as the Principal Paying Agent and as the Listing Agent with respect to the Bonds and it will or may also act on behalf of or for the benefit of the Holders as Holders' Representative, but only in such cases stated explicitly in these Terms of the Bonds. In any other cases, the Holders' Representative is not obliged to take or to consider any actions on behalf of or for the benefit of the Holders.

The Holders' Representative may consult with the Holders by way of calling a Holders' meeting pursuant to the Swiss Code of Obligations prior to taking a decision pursuant to Section 6., Section 7. and Section 8.

It is expressly agreed that all actions taken and any agreements or waivers or authorisations made by Credit Suisse in any of its roles under this Section 14. shall be, subject to the Terms of Bonds, be definitive and irrevocable and bind all parties without any necessity to obtain any confirmation or registration whatsoever.

15. Amendment to the Terms of the Bonds

The Terms of the Bonds may be amended by agreement between the Issuer and the Holders' Representative on behalf of the Holders provided that such amendment is of a formal, minor or technical nature, is made to correct a manifest error and is not prejudicial to the interests of the Holders. Notice of any such amendment shall be published in accordance with Section 12.

16. Severability

If at any time one or more of the provisions of the Terms of the Bonds is or becomes unlawful, invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be in any way affected or impaired thereby.

17. Definitions

Business Day means a day (other than a Saturday or a Sunday) on which commercial banks are open the whole day for business in Zurich.

Listing Agent means Credit Suisse, appointed as recognized representative pursuant to art. 43 of the listing rules of the SIX Swiss Exchange to file the listing application (including the application for provisional admission to trading) for the Bonds with the SIX Swiss Exchange.

Principal Paying Agent means Credit Suisse in its function as principal paying agent.

SIX SIS means SIX SIS Ltd, the Swiss clearing and settlement organisation, Baslerstrasse 100, 4600 Olten, or any successor organisation accepted by the SIX Swiss Exchange.

SIX Swiss Exchange means SIX Swiss Exchange Ltd, Selnaustrasse 30, 8001 Zurich (P.O. Box 1758, 8021 Zurich) or any successor regulatory body.

Specified Office means Credit Suisse AG, Dept. TSZA 42, Paradeplatz 8, 8001 Zurich (P.O. Box, 8070 Zurich).

Information on the Issuer

Name, registered office, head office

Givaudan SA (Givaudan AG, Givaudan Ltd) is a stock corporation with limited liability *(Aktiengesellschaft)*, in accordance with art. 620 et seq. of the Swiss Code of Obligations. The Issuer is registered with the commercial register of the Canton of Geneva, Switzerland, under the number CH-660-0028929-4, its registered head office and administrative headquarters being at 5, chemin de la parfumerie, 1214 Vernier, Switzerland.

Legislation, Legal form

Stock corporation with limited liability (Aktiengesellschaft), in accordance with art. 620 et seq. CO. Swiss law.

Articles of Association

The articles of association of Givaudan SA. are dated April 2013. According to article 2 the object is as follows:

1. The purpose of the corporation is to hold interests in enterprises which:
   a. manufacture and trade in fragance and flavour natural and synthetic raw materials or mixtures thereof as well as any other related products;
   b. provide services in connection with the use of such products;
   c. conduct technical and scientific research and development in connection with such products, the manufacture and use thereof and to acquire or file applications for and to exploit any trademarks, patents, licences, manufacturing processes and formulae.

2. The corporation may on incidental basis also conduct such activities itself.

3. The corporation may open branches and subsidiaries in Switzerland and abroad, and may acquire participations in other companies, either in Switzerland or abroad.

4. The corporation may acquire, hold, exploit and sell real estate and intellectual property rights.

5. The corporation may also engage in and carry out any commercial, financial or other activities which are related to the purpose of the corporation.

Group Structure and Principal Activities

Givaudan SA is the parent company of the Givaudan Group.

Givaudan is in a strong position to capitalise on their distinct leading capabilities to continue to outperform the underlying market growth. This strength is underpinned by their long-standing relationships with the leading food, beverage, household, personal care and fine fragrance manufacturers around the world. Their global reach, the diversity and creativity of their teams coupled with their customer-servicing model ensures it have the right people in the local markets to further build, develop and sustain their privileged relationships with global, regional and local customers.

For more information and the structure of the Givaudan Group, please refer to Annex A – Corporate Governance.

Board of Directors

For further information on the Board of Directors please refer to Annex A – Corporate Governance, page 58 ff.

Members of the Executive Committee

For further information on the Members of the Corporate Executive Committee please refer to Annex A – Corporate Governance, page 66 ff.

Business Address

The business address of the member of the board of directors and the executive committee is Givaudan SA, 5, chemin de la parfumerie, 1214 Vernier.

Independent auditors

Deloitte SA
Route de Pré-Bois 20
Case Postale 1808
CH-1215 Genève 15

The auditor's are subject to re-election at the Annual General Meeting every year. Deloitte SA has been the Group's auditor since 2009.

Capital Structure

For information on the capital structure, please refer to Annex A – Corporate Governance, page 57f.

Significant Shareholders

For information on the capital structure, please refer to Annex A – Corporate Governance, page 56.

Taxation

Taxation in Switzerland

The following is a general description of certain Swiss tax considerations relating to the Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Bonds, whether in Switzerland or elsewhere (and does not consider any other taxes than those of Switzerland). Prospective purchasers of Bonds should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Bonds and receiving payments of interest, principal and/or other amounts under the Bonds and the consequences of such actions under the tax laws of those countries. This summary is based upon the Swiss tax laws as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Withholding Tax

Payments of interest on Bonds will be subject to Swiss Federal Withholding Tax at a rate of currently 35%.

The holder of a Bond residing in Switzerland who, at the time the payment of interest is due, is the beneficial owner of the payment of interest and duly reports the gross payment of interest in his or her tax return and, as the case may be, income statement, is entitled to a full refund or a full tax credit for the Swiss Federal Withholding Tax.

A holder of a Bond who is not resident in Switzerland may be able to claim a full or partial refund of the Swiss Federal Withholding Tax by virtue of the provisions of an applicable double taxation treaty.

Transfer Stamp Tax, SIX Swiss Exchange Fee

The issue of Bonds (but not the redemption) will be liable to SIX Swiss Exchange Fee of 0.01%, calculated on the aggregate principal amount of the Bonds.

A transfer or sale of Bonds is subject to Swiss Transfer Stamp Tax, currently at the rate of up to 0.15% of the consideration paid if such transfer or sale is made by or through a bank or securities dealer (as defined in the Swiss Federal Stamp Tax Act) resident in Switzerland or Liechtenstein, unless an exemption from Swiss Transfer Stamp Tax applies.

Income Taxation on Principal or Interest

Under current Swiss law, individuals resident in Switzerland who hold Bonds in their private wealth and who receive payments of interest on Bonds are required to include such payments in their personal income tax return and will be taxable on any net taxable income (including the payments of interest on the Bonds) for the relevant tax period.

Swiss-resident individual taxpayers who hold Bonds as part of Swiss business assets (including individuals, who for income tax purposes, are classified as "professional securities dealers" for reasons of, inter alia, frequent dealing and leveraged investments in securities) and Swiss-resident corporate taxpayers and corporate taxpayers resident abroad holding Bonds as part of a Swiss permanent establishment or a fixed place of business in Switzerland, are required to recognize the payments of interest on Bonds in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period.

Payments of interest and repayment of principal to a holder of a Bond who is a non-resident of Switzerland and who, during the current taxation year, has not engaged in trade or business through a permanent establishment or fixed place within Switzerland to which the Bonds are attributable and who is not subject to income taxation in Switzerland for any other reason will not be subject to any Swiss federal, cantonal or communal income tax.

Income Taxation on Gains on Sales or Redemption

Under current Swiss law, holders of Bonds residing in Switzerland and who hold the Bonds as private assets and who sell or otherwise dispose of the Bonds during the taxation year realize, in general, either a tax-free capital gain or a tax-neutral capital loss.

Swiss-resident individual taxpayers holding Bonds as part of Swiss business assets and Swiss-resident corporate taxpayers and corporate taxpayers resident abroad holding Bonds as part of a Swiss permanent establishment or a fixed place of business within Switzerland are required to recognize capital gains or losses realized on the sale of a Bond in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period. The same taxation treatment also applies to Swiss-resident individuals who, for income tax purposes, are classified as “professional securities dealers” for reasons of, inter alia, frequent dealing and leveraged investments in securities.

A holder of a Bond who is not resident in Switzerland and who, during the taxation year, is not engaged in trade or business through a permanent establishment or fixed place of business within Switzerland to which the Bonds are attributable and who is not subject to income taxation in Switzerland for any other reason will not be subject to any Swiss federal, cantonal or communal income tax on gains realized during that year on the sale or redemption of a Bond.

Corporate Governance

The contents of this Annex A represents an excerpt from pages 55 to 71 of the Issuer's Annual & Financial Report 2013; hence, any references to a page or pages not included in this Annex A will refer to respective page(s) in the Issuer's Annual & Financial Report 2013.

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Governance

Givaudan's corporate governance system is aligned with international standards and practices to ensure proper checks and balances and to safeguard the effective functioning of the governing bodies of the Company.

In this section:

Corporate governance

Givaudan's corporate governance system is aligned with international standards and practices to ensure proper checks and balances and to safeguard the effective functioning of the governing bodies of the Company.

This section has been prepared in accordance with the Swiss Code of Obligations, the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange and the 'Swiss Code of Best Practice for Corporate Governance' issued by economiesuisse. It takes into consideration relevant international governance standards and practices.

The basis of the internal corporate governance framework is included in Givaudan's Articles of Incorporation.

The Company's organisational regulation, which is published on its website: **www.givaudan.com** – [our company] – [corporate governance] – [rules and policies] further clarifies the duties, powers and regulations of the governing bodies of the Company.

Except when otherwise provided by law, the Articles of Incorporation and Givaudan's Board Regulations, all areas of management are fully delegated by the Board of Directors, with the power to sub-delegate to the Chief Executive Officer, the Executive Committee and its members. The Board Regulations of Givaudan also specify the duties and the functioning of its three Board Committees.

The Articles of Incorporation and other documentation regarding Givaudan's principles of corporate governance can be found at: **www.givaudan.com** – [our company] – [corporate governance] – [rules and policies]

Share price development against SMI (CHF '000)

Givaudan Shares are traded at virt-x ticker symbol 1064593

– Givaudan
– SMI

1. Group structure and shareholders

1.1. Group structure

1.1.1. Description of the issuer's operational Group structure

Givaudan SA ('the Company'), 5 Chemin de la Parfumerie, 1214 Vernier, Switzerland, the parent company of the Givaudan Group, is listed on the SIX Swiss Exchange under security number 1064593, ISIN CH0010645932.

Givaudan SA is the global leader in the fragrance and flavour industry, offering its products to global, regional and local food, beverage, consumer goods and fragrance companies. The Company operates around the world and has two principal divisions: Fragrance and Flavour. The Fragrance Division has three business units: Fine Fragrances, Consumer Products and Fragrance Ingredients. The Flavour Division consists of four business units: Beverages, Dairy, Savoury and Sweet Goods.

Both divisions have sales and marketing presence in all major countries and markets and operate separate research and development organisations. Whenever appropriate, the divisions share resources and knowledge in the areas of research, consumer understanding and purchasing.

Corporate functions include Finance, Information Technology, Legal, Compliance and Communications as well as Human Resources.

1.1.2. Listed companies within the scope of consolidation

The Company does not have any subsidiaries that are publicly listed.

1.1.3. Unlisted companies within the scope of consolidation

The list of principal consolidated companies, their domiciles and the shareholding is presented in note 29 to the consolidated financial statements of the 2013 Financial Report.

For more details regarding the structure of the Group, please refer to notes 1 and 5 to the consolidated 2013 financial statements.

The 2013 Financial Report can be accessed at: **www.givaudan.com**

1.2. Significant shareholders

To our knowledge, the following were the only shareholders holding more than 3% of the share capital of Givaudan SA as at 31 December 2013 (or as at the date of their last notification under article 20 of the Stock Exchange Act): William H. Gates III (10.29%), BlackRock Inc (5.46%), Nortrust Nominees Ltd (nominee; 14.95%), and Chase Nominees Ltd (nominee; 10.58%).

The Company has not entered into any shareholder agreements with any of its key shareholders.

1.3. Cross-shareholdings

The Company does not have any cross-shareholdings with any other company.

For further information, please visit the SIX internet site: www.six-swiss-exchange.com – [market data] – [shares] – [company] – [significant shareholders]

2. Capital structure

2.1. Capital on the disclosure deadline

Ordinary share capital

As at 31 December 2013, the Company's ordinary share capital amounted to CHF 92,335,860 fully paid in and divided into 9,233,586 registered shares with a par value of CHF 10.00 each. The market capitalisation of the Company at 31 December 2013 was CHF 11,763,588,564. The Company has also conditional share capital as described below.

2.2. Authorised and conditional capital in particular

Authorised share capital

The Company does not have any authorised share capital.

Conditional share capital

The Company's share capital can be increased:

- by issuing up to 161,820 shares through the exercise of option rights granted to employees and Directors of the Group
- by issuing up to 463,215 shares through the exercise of option or conversion rights granted in connection with bond issues of Givaudan SA or a Group company. The Board of Directors is authorised to exclude the shareholders' preferential right to subscribe to such bonds if the purpose is to finance acquisitions or to issue convertible bonds or warrants on the international capital market. In that case, the bonds or warrants must be offered to the public at market conditions, the deadline for exercising option rights must be not more than six years and the deadline for exercising conversion rights must be not more than 15 years from the issue of the bond or warrants and the exercise or conversion price for new shares must be at a level corresponding at least to the market conditions at the time of issue
- by issuing up to 123,163 shares through the exercise of option rights granted to the shareholders of Givaudan SA.

For the conditional share capital, the subscription rights of the shareholders are excluded.

The acquisition of shares through the exercise of option or conversion rights and the transfer of such shares are subject to restrictions as described below.

2.3. Changes in capital

The information regarding the year 2011 is available in notes 6 and 7 to the statutory financial statements of the 2012 Financial Report. Details of the changes in equity for the years 2012 and 2013 are given in notes 6 and 7 to the statutory financial statements of the 2013 Financial Report.

2.4. Shares and participation certificates

The Company has one class of shares only. All shares are registered shares with a par value of CHF 10.00 each. Subject to the limitations described below, all shares have the same rights in all respects. Every share gives the right to one vote and to an equal dividend.

2.5 Dividend-right certificates

There exist no dividend-right certificates or participation certificates other than the registered shares.

2.6 Limitations on transferability and nominee registrations

2.6.1 Limitations on transferability for each share category; indication of statutory group clauses and rules for granting exceptions

No shareholder will be registered as shareholder with voting rights for more than 10% of the share capital of the Company as entered in the register of commerce. This restriction also applies in the case of shares acquired by entities which are bound by capital, voting power, common management or otherwise or those which act in a coordinated manner to circumvent the 10% rule. It does not apply in the case of acquisitions of undertakings or part of undertakings or in the case of acquisition of shares through succession, division of an estate or marital property law.

2.6.2 Reasons for granting exceptions in the year under review

No exceptions to these rules have been granted during 2013.

2.6.3 Permissibility of nominee registrations; indication of any percent clauses and registration conditions

Subject to the provisions mentioned in the next paragraph, registration with voting rights in the Company's share register is conditional on shareholders declaring that they have acquired the shares in their own name and for their own account.

Based on a regulation of the Board of Directors, nominee shareholders may be entered with voting rights in the share register of the Company for up to 2% of the share capital without further condition, and for more than 2% if they undertake to disclose to the Company the name, address and number of shares held by the beneficial owners.

2.6.4 Procedure and conditions for cancelling statutory privileges and limitations on transferability

The limitations on transferability and nominee registrations may be changed by a positive vote of the absolute majority of the share votes represented at a shareholders' meeting.

2.7 Convertible bonds and warrants/options

There are no bonds or warrants outstanding that are convertible into shares of Givaudan SA.

3. Board of Directors

According to the Articles of Incorporation of Givaudan, the Board of Directors may consist of between seven and nine members.

Givaudan's Board of Directors, currently seven members, has in-depth knowledge of finance, strategy and the fragrance and flavour industry, with long-standing experience in many areas of the Company's business, from research and innovation to marketing and regulatory affairs. The Board's knowledge, diversity and expertise make an important contribution in leading a company of Givaudan's size in a complex and fast-changing environment.

3.1 Members of the Board of Directors

Dr Jürg Witmer

Chairman

Attorney

Swiss national, born 1948

Non-executive

First elected 1999

In 1978, Jürg Witmer joined Hoffmann-La-Roche in Basel and subsequently held a number of positions including Legal Counsel, Assistant to the CEO, General Manager and China Project Manager of Roche Far East based in Hong Kong, Head of Corporate Communications and Public Affairs at Roche headquarters in Basel, Switzerland, and General Manager of Roche Austria. From 1999 to 2005 he acted as Chief Executive Officer of the Givaudan Group in Vernier/Geneva and since then as Chairman of the Board.

Other mandates held by Jürg Witmer are Vice Chairman of the Board of Syngenta AG, Basel, a Director of the Zuellig Group Hong Kong and A. Menarini IFR Florence, Italy. From 2008 to 2012, he was also Chairman of the Board of Directors of Clariant AG, Basel.

Jürg Witmer has a Doctorate in law from the University of Zurich, as well as a degree in international studies from the Graduate Institute of the University of Geneva.

André Hoffmann

Vice-Chairman

Businessman

Swiss national, born 1958

Non-executive

First elected 2000

In 1983, André Hoffmann was the Head of Administration of la Tour du Valat, a research centre for the conservation of Mediterranean wetlands in France. In 1985, he relocated to London and worked several years for James Capel and Co. Corporate Finance Ltd., then for Nestlé UK in corporate finance and business development.

Other mandates held by André Hoffmann are Vice-Chairman of the Board of Roche Holding Ltd., member of the Board of Genentech Inc., INSEAD, Inovalon Inc., Amazentis SA and Glyndebourne Productions Ltd. Furthermore, he is the Chairman of MAVA Foundation, Fondation Internationale du Banc d'Arguin (FIBA), Massellaz SA as well as Vice-President of WWF International and the Tour du Valat Foundation.

André Hoffmann studied economics at the University of St. Gallen and holds a Master of Business Administration from INSEAD.

Irina du Bois

Director

Chemical engineer

Swiss and German national, born 1946

Non-executive

First elected 2010

Irina du Bois started her career at Nestlé as Regulatory Affairs Manager in 1976 and became Head of Regulatory Affairs in 1986, subsequently taking on the additional function of Corporate Environmental Officer in 1990. Before retiring from Nestlé in 2010, she headed the Regulatory and Scientific Affairs department from 2004-2009. Active in a number of organisations and institutions related to the food industry, she has been chairperson of the International Standards Expert Group of the Confederation of the Food and Drink Industries of the EU; member of the International Organisations Committee of the International Life Sciences Institute; member of the Biotechnology Committee of the Swiss Society of Chemical Industries; and member of the Swiss committee of the Codex Alimentarius.

Other mandates held by Irina du Bois are Chairperson of the Fondation Pierre du Bois pour l'histoire du temps présent.

Irina du Bois has a Master of Science (chemical engineering) from the École Polytechnique Fédérale de Lausanne (EPFL).

Dr Nabil Y. Sakkab

Director

Businessman

American national, born 1947

Non-executive

First elected 2008

Dr. Nabil Y. Sakkab joined Procter & Gamble in Cincinnati in 1974 and retired from the same company in 2007 as Senior Vice President, Corporate Research and Development. During this time, he served on P&G's Leadership Council and the Innovation Committee of P&G's Board of Directors. Dr. Nabil Y. Sakkab is the author of several scientific and innovation management publications and co-inventor on more than 27 patents.

Other mandates held by Dr. Nabil Y. Sakkab are Member of the Board of Altria Group Inc., Celltex Therapeutics Corporation, PharNext S.A.S., Chairman BiOWiSH Technologies, Creata Ventures and Deinove SA. Advisory Professor at Tsinghua University, Beijing.

Dr. Nabil Y. Sakkab is a graduate from the American University of Beirut with a BSc in chemistry and from the Illinois Institute of Technology with a PhD in chemistry.

Thomas Rufer

Director

Certified Public Accountant

Swiss national, born 1952

Non-executive

First elected 2009

Thomas Rufer joined Arthur Andersen in 1976 where he held several positions in audit and business consulting (accounting, organisation, internal control and risk management). He was Country Managing Partner for Arthur Andersen Switzerland from 1993 to 2001. Since 2002, he has been an independent consultant in accounting, corporate governance, risk management and internal control.

Other mandates held by Thomas Rufer are Member of various public and private bodies such as Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of the Berner Kantonalbank, Chairman of the Board of Directors of the Federal Audit Oversight Authority and member of the Swiss Takeover Board.

Thomas Rufer has a degree in business administration (économiste d'entreprise HES) and is a Swiss Certified Public Accountant.

Peter Kappeler

Director

Businessman

Swiss national, born 1947

Non-executive

First elected 2005

Peter Kappeler has served in different industrial and banking companies. For 17 years, he was head of BEKB/BCBE (Berner Kantonalbank), from 1992 to 2003 as CEO and until 2008 as Chairman of the Board of Directors. Peter Kappeler acts as owner or co-owner of some small industrial and start-up companies and is also a member of various boards, including the Summer Academy Foundation at the Paul Klee Center.

Other mandates held by Peter Kappeler are Member of the Board of Directors of Cendres et Métaux SA, Schweizerische Mobiliar Holding AG, Schweizerische Mobiliar Genossenschaft.

Peter Kappeler has a Master of Business Administration from INSEAD as well as a degree in engineering from the ETH Zurich.

Lilian Biner

Director

Businesswoman

Swedish national, born 1962

Non-executive

First elected 2011

Lilian Biner has senior management experience from retail and consumer goods companies. These posts have most recently included Chief Financial Officer and Executive Vice President with Axel Johnson AB in 2007 and Head of Strategic Pricing for Electrolux Major Appliances Europe, a company she joined in 2000 as head of HR and Organisational Development.

Other mandates held by Lilian Biner are Member of the Boards of Oriflame Cosmetics SA, Thule Group AB, OJSC Melon Fashion Group, a-connect (group) ag, Nobia AB and Cloetta AB (since April 2013).

Lilian Biner is a Graduate of the Stockholm School of Economics (BA/MBA).

3.2 Other activities and vested interests

Please refer to the biographies of the Board members described in section 3.1 for their other activities and vested interests.

Except for those described in section 3.1, no Board member of Givaudan SA holds any material permanent management or consultancy functions for significant domestic or foreign interest groups nor any significant official functions or political posts. The Board of Directors assesses the independence of its members.

As at 31 December 2013, all members of the Board of Directors were non-executive. None of the Board members has important business connections with Givaudan SA or any of its affiliates. Dr Jürg Witmer, non-executive Chairman, was the Chief Executive Officer of Givaudan until 27 April 2005.

3.3 Cross-involvement

Section 3.3 of the Directive on Information Relating to Corporate Governance of SIX Swiss Exchange has been repealed without replacement.

3.4 Elections and terms of office

3.4.1 Principles of the election procedure (total renewal or staggered renewal) – limits on terms of office

Currently, according to the Articles of Incorporation of Givaudan, the number of Board members is between seven and nine and the term of office of the Board members is between one and three years, subject to prior resignation or removal by the shareholders' meeting. Board members have to resign at the latest at the ordinary general meeting following their 70th birthday.

Elections are by rotation in such a way that the term of office of about one-third of the Board members expires every year. The members of the Board of Directors are elected by the general meeting of shareholders and election is individual. Re-election of Board members is possible.

In order to allow a phased renewal of the Board's composition, the Board has adopted an internal succession plan.

At the 2013 Annual General Meeting, two Board members were re-elected: Ms Irina du Bois for a further term of one year and Mr Peter Kappeler for a further term of three years.

After the entry into force of the Ordinance against Excessive Remuneration with respect to Listed Stock Corporations on 1 January 2014, the Company will propose to amend its Articles of Incorporation at the Annual General Meeting 2014 to align with the new requirements. The term of office for Board members will be changed to one year, being the time between one Annual General Meeting and the next following one.

3.4.2 For each Board member: date of first election to Board and attendance of meetings

For the dates of first election to the Board and attendance of Board and committee meetings, please refer to the table below.

Board Member	Year of first election	Remaining term*	Number of Board meetings attended in 2013	Number of Audit Committee meetings attended in 2013	Number of Compensation Committee meetings attended in 2013	Number of Nomination and Governance Committee meetings attended in 2013
Dr Jürg Witmer	1999	2015	7			2
André Hoffmann	2000	2015	7		4	
Peter Kappeler	2005	2016	7	3	4	
Dr Nabil Y. Sakkab	2008	2014	7			2
Thomas Rufer	2009	2015	7	4		
Irina du Bois	2010	2014	7		4	2
Lilian Biner	2011	2014	7	4		

*prior to the entry into force of the ordinance against Excessive Remuneration with regards to Listed Stock Corporations.

3.5 Internal organisational structure

3.5.1 Allocation of tasks among the Board members

Under current rules, the Board of Directors designates its Chairman and its Vice-Chairman.

The Chairman convenes, prepares and chairs the meetings of the Board of Directors, prepares and supervises the implementation of resolutions of the Board of Directors (to the extent not delegated to a committee), supervises the course of business and the activities of the Executive Committee, proposes succession candidates for appointment to the Board of Directors or to the Executive Committee, proposes the global remuneration of the Chief Executive Officer and other members of the Executive Committee to the Compensation Committee and coordinates the work of the Committees of the Board of Directors.

The Chairman receives all invitations and minutes of Committee meetings and is entitled to attend these meetings. The Chairman further decides in cases which fall under the tasks and powers of the Board of Directors, but in which a timely decision of the Board of Directors cannot be made because of urgency. In such cases, the Chairman informs the members of the Board of Directors as quickly as possible and the corresponding resolution is minuted at the next following Board meeting.

If the Chairman is unable to act, the Vice-Chairman exercises his functions, assuming all his tasks and powers.

3.5.2 For each committee of the Board of Directors: list of members – tasks – areas of responsibility

The Board of Directors has established three Committees: an Audit Committee, a Nomination and Governance Committee and a Compensation Committee.

Each committee is led by a Committee Chairman whose main responsibilities are to organise, lead and minute the meetings. For the participation of the Board members in the committees, please refer to the table below.

Audit Committee

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information, the systems of internal controls and the audit process. It carries out certain preparatory work for the Board of Directors as a whole. The Audit Committee currently consists of three members of the Board.

The Audit Committee ensures that the Company's risk management systems are efficient and effective. It promotes effective communication among the Board, management, the internal audit function and external audit. It reviews and approves the compensation of the external auditors for the annual audit. The Chief Financial Officer attends the meetings of the Audit Committee on the invitation of its chairman.

The Audit Committee met four times in the course of 2013. Each meeting lasted approximately half a day. The Head of Internal Audit and the Corporate Compliance Officer attended all four meetings of the Audit Committee as did the external auditors, apart from certain private sessions.

Compensation Committee

The Compensation Committee reviews and recommends the compensation policies to the Board of Directors. It approves the remuneration of the Chief Executive Officer and the other members of the Executive Committee as well as all performance-related remuneration instruments and pension fund policies. From the entry into force of the Ordinance against Excessive Remuneration in Public Companies, the Committee is to be charged with preparing the Compensation Report for the Annual General Meeting.

The Compensation Committee consists of three members of the Board. The Committee takes advice from external independent compensation specialists and consults with the Chairman and the Chief Executive Officer on specific matters where appropriate. As from the Annual General Meeting 2014 onwards, the members of the Compensation Committee will be elected by the shareholders from amongst the re-elected Board members.

Membership of Committees

Committee of the Board	Dr Jürg Witmer [Chairman]	André Hoffmann	Lilian Biner	Irina du Bois	Peter Kappeler	Thomas Rufer	Dr Nabil Y Sakkab
Audit			Member		Member	Chairman	
Nomination and Governance	Chairman			Member			Member
Compensation		Chairman		Member	Member		

■ Chairman of the Committee
■ Member of the Committee

In 2013, the Compensation Committee met four times and passed one resolution in writing. The average duration of each meeting was between one and a half and two hours. During these meetings and among other things, the Committee reviewed the impact of the Ordinance against Excessive Remuneration in Public Companies on the remuneration policy and compensation principles of the Company. It prepared changes in the compensation policy and a new performance share plan programme (PSP).

Nomination and Governance Committee

The Nomination and Governance Committee assists the Board in applying the principles of good corporate governance. It prepares appointments to the Board of Directors and the Executive Committee and advises on the succession planning process of the Company. It consists of three members of the Board.

The Nomination and Governance Committee met twice during 2013 to prepare changes in the composition of the Board and to establish the process for senior management succession.

More information on the Board of Directors and the roles of the Committees are described in the following sections of Givaudan's website: **www.givaudan.com** – [our company] – [board of directors] and **www.givaudan.com** – [our company] – [board of directors] – [committees of the board]

3.5.3 Work methods of the Board and its Committees

Board meetings are held periodically and also when matters require a meeting or on the written request of one of the members of the Board. The Chairman, after consultation with the Chief Executive Officer, determines the agenda for the Board meetings. Decisions may also be taken by circulation (including telefax and electronic data transmission) or by telecommunication (including telephone and video-conference), provided that none of the Board members requests a formal meeting.

Meetings of Board Committees are usually held directly before or directly following a Board meeting, with additional meetings scheduled as required. The Board of Directors receives regular reports from its Committees and the Chairman, as well as from the Executive Committee.

The minutes of all Committee meetings are circulated to all Board members.

In preparation for Board meetings, Board members receive pertinent information for pre-reading via a secure electronic document sharing system.

In 2013, the Givaudan Board of Directors held seven meetings, including one constitutive meeting directly following the general meeting of shareholders and one meeting by telephone. Regular meetings in Switzerland usually last for one to one and a half days, Board meetings at Givaudan locations outside Switzerland last for two days, including visits to sites and strategic locations and discussion with the management of the visited region. Extraordinary meetings are usually shorter. In October 2013, the Board visited the Company's business in the Middle East.

Apart from the constitutive meeting directly following the general meeting of shareholders, the Company's operational and financial performance was presented by management and reviewed by the Board during each Board meeting. The Board was also informed about and discussed various aspects of the Company's future strategy, all major investment projects, management succession planning and compensation and other major business items as well as the findings of Internal Audit and risk management. Except for the constitutive meeting and certain closed sessions, the members of the Executive Committee were present at all regular meetings apart from the one by telephone, which only the Chief Executive Officer and the Chief Financial Officer attended. Selected members of the management team were regularly invited to address specific projects at regular Board meetings.

In 2013, the Board conducted one annual self-assessment and had continuous discussion of its own succession planning.

In 2013, all Board members attended all Board meetings.

3.6 Definition of areas of responsibility

The Board of Directors is responsible for the ultimate direction, strategic supervision and control of the management of the Company, as well as other matters which, by law, are under its responsibility. This includes the establishment of medium- and long-term strategies and of directives defining Company policies and the giving of the necessary instructions in areas such as acquisitions, major investments and long-term financial commitments exceeding certain thresholds.

In accordance with Swiss law, the Articles of Incorporation and the Board Regulations of Givaudan, the duties of the Board of Directors include the following matters:

- the ultimate management of the Company and, in particular, the establishment of medium- and long-term strategies and of directives defining Company policies and the giving of the necessary instructions;
- the establishment of the organisation;
- the approval of the annual Group budget;
- the structuring of the accounting system and of the financial controlling as well as the financial planning;
- the assessment of the Company's risk management;
- the decision on investments in, or divestments of, fixed and tangible assets of a global amount exceeding the limit set by the corporate investment guidelines established by the Board of Directors;

- the appointment and removal of the persons entrusted with the management and representation of the Company, in particular the Chief Executive Officer and the other members of the Executive Committee;
- the ultimate supervision of the persons entrusted with the management, in particular with respect to compliance with the law, the Articles of Incorporation, regulations and instructions given in any areas relevant to the Company, such as working conditions, environmental protection, trade practices, competition rules, insider dealing, and ad hoc publicity;
- the preparation of the annual business report, as well as the preparation of the Annual General Meeting of shareholders and the implementation of its resolutions;
- the notification of the court in case of insolvency;
- the decisions regarding the subsequent performance of contributions on shares not fully paid in;
- the ascertainment of share capital increases to the extent that these fall under the powers of the Board of Directors and resulting confirmations and modifications to the Articles of Incorporation; and
- the verification of the special professional qualifications of the auditors.

Except as otherwise provided by Swiss law, the Articles of Incorporation and the Board Regulations, all other areas of management are fully delegated by the Board of Directors to the Chief Executive Officer, the Executive Committee and its members.

3.7 Information and control instruments vis-à-vis senior management

The Board recognises that in order to be able to carry out its tasks of ultimate direction of the Company and supervision of the management it needs to be fully informed about all matters that materially impact Givaudan. To ensure this, the Board has at its disposal an information and control system which comprises the following instruments:

Management information system

The Board ensures that it has sufficient information for appropriate decision-making through a management information system with wide-ranging information rights for the Board members:

- The Chairman of the Board receives invitations and minutes of Executive Committee meetings on a regular basis and the Chief Executive Officer and the Chief Financial Officer report regularly to the Chairman of the Board of Directors.
- The Chief Executive Officer and the Chief Financial Officer are present and report at all regular Board meetings and answer all requests for information by the Board members about any matter concerning Givaudan that is transacted. Other members of the Executive Committee and selected senior managers are regularly invited to address specific projects at regular Board meetings. All members of the Executive Committee have a duty to provide information at meetings of the Board of Directors on request.
- The Head of Internal Audit and the Corporate Compliance Officer report to the Board once annually. The Board also receives annual reports on Environment, Health and Safety, Sustainability and Risk Management.
- The Head of Internal Audit is present and reports at each meeting of the Audit Committee. The Chief Financial Officer and the Corporate Compliance Officer are also present at all meetings of the Audit Committee, as are the external auditors. The Head of Human Resources, the Head of Compensation & Benefits and the Chief Executive Officer are present at each Compensation Committee meeting, except when questions of compensation for Executive Committee members are being deliberated. The Chairman also attends regularly the meetings of the Compensation Committee.
- All Board members have access to all Committee meeting minutes.
- The Board of Directors receives summarised monthly reports including performance against key performance indicators from the Executive Committee. All Board members are immediately informed on extraordinary events. They also have direct access to the Givaudan intranet where all internal information on key events, presentations and organisational changes are posted. In addition, the Board members receive relevant information, including press releases and information to investors and financial analysts.
- In preparation for each Board meeting, the Board members receive information and reports from the Executive Committee and other members of senior management via a secure electronic document sharing system and other means of communication.
- The Board of Directors visits at least one Givaudan country operation per year, where it meets members of senior local management. Additionally, Board members are encouraged to visit country operations when travelling and meet with local and regional senior management directly to allow Board members the opportunity of getting first-hand information on local and regional developments and interacting directly with management across the globe.
- The Board has regular access to the Chief Executive Officer, Chief Financial Officer and the other members of the Executive Committee. Any Board member may request from the Chief Executive Officer and other members of the Executive Committee information concerning the course of the business.

Risk Management

Givaudan has established an internal risk management process that is based on the Givaudan Enterprise Risk Management Charter. It focuses on identifying and managing/exploiting risks.

The Board of Directors defines the strategic risk management framework. This process is under the responsibility of the Executive Committee. The risk management process follows a structured assessment, review and reporting cycle that is coordinated by the Corporate Compliance Officer to ensure a harmonised Group-wide approach.

For each identified strategic top-level Company risk a member of the Executive Committee is designated as the risk owner with the responsibility to manage the risk on a Group-wide basis. Once annually the Executive Committee reports to the Board on the risk management process, the strategic risks and the mitigation actions. Corporate Internal Audit provides assurance on the effectiveness of the risk management process.

For further information on risk management please refer to pages 50-52 and 104-111.

Internal Audit

The Corporate Internal Audit function is established as an independent and objective corporate function reporting directly to the Audit Committee.

Its role is to evaluate and contribute to the continuous improvement of the Company's risk management and control systems. This specifically includes the analysis and evaluation of the effectiveness of business processes and recommendations for adjustments where necessary.

Corporate Internal Audit uses a risk-based audit approach aimed at providing assurance on all relevant business processes across Givaudan entities. This approach follows a business process audit methodology that provides value to the local entities and to the Group's management. Givaudan corporate strategy, risk management findings, past audit results, management input, changes in organisation and Corporate Internal Audit experience are the elements taken into account to build the annual internal audit plan. Effective communication and reporting ensure an efficient implementation of the audit recommendations. For specific audits of affiliates, the internal audit function is supported by dedicated staff from Ernst & Young.

The internal audit activity is reported to the full Board of Directors once a year.

4. Executive Committee

The Executive Committee, under the leadership of the Chief Executive Officer, is responsible for all areas of operational management of the Company that are not specifically reserved to the Board of Directors.

The Chief Executive Officer, subject to the powers attributed to him, has the task of achieving the strategic objectives of the Company and determining the operational priorities. In addition, he leads, supervises and coordinates the other members of the Executive Committee, including convening, preparing and chairing the meetings of the Executive Committee.

The members of the Executive Committee are appointed by the Board of Directors on recommendation of the Chief Executive Officer after evaluation by the Nomination Committee. The Executive Committee is responsible for developing the Company's strategic as well as long-term business and financial plans. Key areas of responsibility also include the management and supervision of all areas of the business development on an operational basis, and approving investment decisions.

The tasks and powers of the Executive Committee include the approval of investments, leasing agreements and divestments within the corporate investment guidelines. The Executive Committee approves important business projects, prepares the business plan of the Company and the budgets of the individual divisions and functions. In addition, it plays a key role – together with the Human Resources organisation – in the periodic review of the talent management programme, including succession planning for key positions. Alliances and partnerships with outside institutions, such as universities, think tanks and other business partners, are also monitored by the Executive Committee.

The members of the Executive Committee are individually responsible for the business areas assigned to them.

The Executive Committee meets generally on a monthly basis to discuss general Company business and strategy. In 2013, the Committee held 11 meetings at Company sites around the world, each meeting lasting between one and three days. These meetings are an opportunity to interact with local management and to visit Givaudan locations across the globe. Each major region is visited at least once a year to ensure a close interaction with all the different business areas.

4.1 Members of the Executive Committee

Gilles Andrier

Chief Executive Officer

French national, born 1961. Gilles Andrier graduated with two Masters in Engineering from ENSEEIH Toulouse.

He spent the first part of his career with Accenture in management consulting before joining Givaudan in 1993 as Fragrance Division Controller and Assistant to the Chief Executive Officer. Gilles Andrier later held various positions including Head of Fragrances Operations in the USA and Head of Consumer Products in Europe. In 2001 he was appointed Head of Fine Fragrances, Europe before becoming Global Head of Fine Fragrances in 2003 and then CEO of Givaudan in 2005.

Other mandates held by Gilles Andrier are Member of the Board of the Swiss-American Chamber of Commerce, and Co-Chairman of the Board of the Natural Resources Stewardship Circle.

Mauricio Graber

President Flavour Division

Mexican national, born 1963. Mauricio Graber holds a BSc in Electronic Engineering from Universidad Autónoma Metropolitana and a Masters in Management from the JL Kellogg Graduate School of Management, Northwestern University, USA.

He began his career with Givaudan in 1995 as Managing Director for Latin America with Tastemaker. When Tastemaker was acquired by Givaudan, Mauricio Graber became Managing Director for Mexico, Central America and the Caribbean before becoming Vice-President for Latin America in 2000. He was later appointed President of the Givaudan Flavour Division in 2006.

Other mandates held by Mauricio Graber are President of the International Organisation of the Flavour Industry (IOFI) from October 2010 to October 2012.

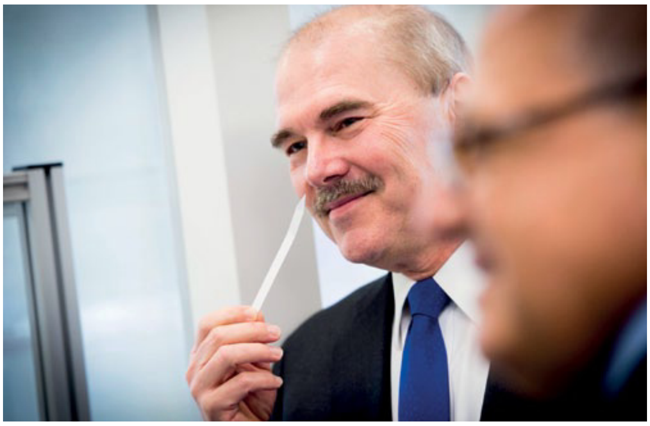
Michael Carlos
President Fragrance Division

French national, born 1950. Michael Carlos holds an MBA from the Indian Institute of Management and a degree in chemical engineering from the Indian Institute of Technology.

He started his career with Givaudan in 1984 as General Manager in Hong Kong. He became Head of the European Creative Centre in Argenteuil in 1992 where he was in charge of integrating the creative resources from Givaudan and Roure. In 1999 Michael Carlos was appointed Global Head of Consumer Products and then President of the Fragrance Division in 2004.

Other mandates held by Michael Carlos are Vice-Chairman of the International Fragrance Association (IFRA), and Chairman of the Research Institute of Fragrance Materials.

Matthias Währen
Chief Financial Officer



Swiss national, born 1953. Matthias Währen is a graduate of the University of Basel.

He started his career in Corporate Audit in 1983 with Roche, and became Finance Director in 1988 of Roche Korea and then Head of Finance and Information Technology in 1990 at Nippon Roche in Tokyo. In 1996 Matthias Währen was appointed Vice President Finance and Information Technology at Roche USA and then Head of Finance and Informatics of the Roche Vitamins Division in 2000. He was involved in the sale of this business to DSM in 2003 before joining Givaudan in 2004.

Other mandates held by Matthias Währen are Member of the Regulatory Board, SIX Exchange Regulation, and Board member of scienceindustries Switzerland.

Adrien Gonckel

Chief Information Officer

French national, born 1952. Adrien Gonckel holds a Masters in IT at the University of Belfort and Lyon, France.

He began his career in 1973 with F. Hoffmann-La Roche Ltd., (Basel) in the IT department. He worked for Roche Belgium, Brussels as Head of IT and with Citrique Belge in charge of systems integration from 1975 to 1978. Adrien Gonckel rejoined F. Hoffmann-La Roche Ltd., Basel in 1978, taking European leadership of its IT coordination, then moving to the Roche subsidiary Roure-Bertrand-Dupont in Argenteuil, France as Head of Group IT in 1982 before becoming Givaudan-Roure's Head of Group IT in 1992.

Joe Fabbri

Head of Global Human Resources, EHS and Chair of Sustainability

Canadian national, born 1958. Joe Fabbri graduated in mechanical engineering technology, and is a licensed Professional Engineer of Ontario, Canada.

He spent the first years of his career in various engineering roles before moving into operations management. Joe Fabbri joined Givaudan in 1989 as Operations Director responsible for commissioning the Canadian manufacturing facility. Moving to the USA in 1996, he was appointed Head of Operations at East Hanover, New Jersey. He later led various regional operations projects in Switzerland before becoming Head of Flavours Operations, EAME in 2001. In 2004 he was appointed Head of Global Flavours Operations, and then Head of Global Human Resources in 2008. In addition to his Human Resources responsibilities he is responsible for Global Sustainability since 2008, and Global Environment, Health and Safety (EHS) since 2010.

4.2 Other activities and vested interests

Please refer to the biographies of the members of the Executive Committee described in section 4.1 for their other activities and vested interests.

Except for those described in section 4.1, no member of the Executive Committee of Givaudan SA holds any material permanent management or consultancy functions for significant domestic or foreign interest groups nor any significant official functions or political posts.

4.3 Key elements of all management contracts between the issuer and companies (or natural persons) not belonging to the Group

The Company has not entered into any management contracts with third parties that fall within the scope of Subsection 4.3 of the SIX Directive on Information Relating to Corporate Governance.

5. Compensation, shareholdings and loans

In accordance with the Swiss Code of Obligations and the SIX Directive on Corporate Governance, Givaudan publishes the details of the remuneration of its Board of Directors and its Executive Committee in the separate chapter 'Compensation Report' in this Annual Report as well as in the 2013 Financial Report.

6. Shareholders' participation

6.1 Voting-rights and representation restrictions

6.1.1 All voting-rights restrictions; indication of any statutory group clauses and rules on granting exceptions, particularly in the case of institutional voting-rights representatives

Under current Company rules, in exercising voting rights, no shareholder may, with his own shares and the shares he represents, accumulate more than 10% of the entire share capital. Entities which are bound by voting power, common management or otherwise or which act in a coordinated manner to circumvent the 10% rule are considered as one shareholder.

This restriction does not apply to the exercise of voting rights through members of a corporate body, independent representatives and holders of deposited shares, to the extent that no avoidance of the said restriction to the voting rights results therefrom.

6.1.2 Reasons for granting exceptions in the year under review

Givaudan has not granted any exception to its voting-rights restrictions during 2013.

6.1.3 Procedure and conditions for abolishing statutory voting-rights restrictions

Any change in the above rules requires a positive vote of the absolute majority of the share votes represented at a shareholders' meeting, as prescribed by Swiss law.

6.1.4 Statutory rules on participation in the general meeting of shareholders if they differ from applicable legal provisions

There are no restrictions of the Swiss legal provisions. Any shareholder who, on the day determined by the Board of Directors, is registered as a shareholder with voting-rights has the right to attend and to vote at the shareholders' meeting. After the entry into force of the Ordinance against Excessive Remuneration in Public Companies, each shareholder may be represented by another shareholder who is authorised by a written proxy, or by a legal representative or an independent person designated by the Company.

6.2 Statutory quorums

The Articles of Incorporation of Givaudan SA follow the majority rules prescribed by Swiss law for decisions of general meetings of shareholders.

6.3 Convocation of the general meeting of shareholders

Shareholders registered with voting rights are convened to general meetings by ordinary mail and by publication in the Swiss official trade journal (SHAB/FOSC) at least 20 days prior to the day of the meeting. Shareholders representing at least 10% of the share capital may demand in writing that a shareholder meeting be convened, setting forth the items to be included on the agenda and proposals.

6.4 Agenda

Shareholders representing shares for a nominal value of at least CHF 1 million may demand in writing at least 45 days before the meeting that an item be included in the agenda, setting forth the item and the proposals.

6.5 Inscriptions into the share register

Shareholders will be registered with a right to vote in the share register of Givaudan SA until the record date set by the Board of Directors. The specified date for the ordinary general meeting is specified in the invitation and is set approximately two weeks before the meeting. Only shareholders who hold shares registered in the share register with a right to vote at a certain date, or their representatives, are entitled to vote.

Givaudan SA has not granted any exceptions from this rule.

7. Change of control and defence measures

7.1 Duty to make an offer

The Articles of Incorporation of Givaudan SA do not contain any rules on opting out or opting up under Swiss law. The Swiss legal provisions apply, by which anyone who acquires more than 33.3% of the voting rights of a listed company is required to make a public offer to acquire all listed securities of the company that are listed for trading on the SIX Swiss Exchange.

7.2 Clauses on changes of control

In the event of a change of control, share options, restricted share units (RSUs) and performance shares granted, as the case may be, by the Company to members of the Board of Directors and to a total of 326 senior management and employees may vest immediately. All other defence measures against change of control situations previously in effect were deleted by the Board of Directors in 2007.

8. Auditors

External auditors

8.1 Duration of the mandate and term of office of the lead auditor

At the Annual General Meeting of shareholders on 26 March 2009, Deloitte SA was first appointed as Group and statutory auditor of Givaudan SA and its affiliates and has held the audit mandate since that time. At the Annual General Meeting of shareholders on 21 March 2013, Deloitte SA was reappointed for the business year 2013. Since March 2009, the responsible principal auditor for the Givaudan audit at Deloitte has been Thierry Aubertin, Partner.

8.2 Auditing fees

The fees of Deloitte for professional services related to the audit of the Group's annual accounts for the year 2013 were CHF 3.2 million. This amount includes fees for the audit of Givaudan, its subsidiaries, and of the consolidated financial statements.

8.3 Additional fees

In addition, for the year 2013, Deloitte rendered other services (mainly tax-related) for CHF 0.1 million.

8.4 Informational instruments pertaining to the external audit

The external auditor presents the outcome of the audit directly to the Audit Committee after the end of each reporting year. The Audit Committee is also responsible for evaluating the performance of Deloitte as external auditors pursuant to a set of defined criteria. In addition, the Committee reviews and approves the compensation and evaluates and approves other services provided by the external auditor. During 2013, Deloitte attended all four meetings of the Board's Audit Committee. The scope of the audit is defined in an engagement letter signed by the Chairman of the Audit Committee and the Chief Financial Officer.

9. Information policy

Givaudan's Principles of Disclosure and Transparency are described in detail at: **www.givaudan.com** – [our company] – [corporate governance] – [rules and policies]

Articles of Incorporation: **www.givaudan.com** – [our company] – [corporate governance] – [rules and policies]

Hard copies of Company publications such as the Annual Report, Half Year Report and Sustainability Report and other corporate documents are available on request.

The Annual Report, the Half Year Report and the Sustainability Report can also be downloaded from Givaudan's website at: **www.givaudan.com** – [investors] – [financial information] – [full & half year reports] and **www.givaudan.com** – [sustainability] – [publications]

Quarterly sales information and other media releases can be found at: **www.givaudan.com** – [media] – [press releases]

The complete calendar of events is available at: **www.givaudan.com** – [investors] – [investor calendar]

For further information please contact:

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Financial Report 2013

The contents of this Annex B represents an excerpt from pages 81 to 149 of the Issuer's Annual & Financial Report 2013; hence, any references to a page or pages not included in this Annex B will refer to respective page(s) in the Issuer's Annual & Financial Report 2013.

Financial report

In this section:

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Financial review

Consolidated financial statements

Notes to the consolidated financial statements

Report of the statutory auditors

Statutory financial statements of Givaudan SA (Group Holding Company)

Notes to the statutory financial statements

Appropriation of available earnings and distribution from the general legal reserve – additional paid-in capital of Givaudan SA

Report of the statutory auditors

Financial review

in millions of Swiss francs, except for per share data	2013	2012[b]
Group Sales	4,369	4,257
Fragrance Sales	2,083	2,021
Flavour Sales	2,286	2,236
Gross profit	1,954	1,806
as % of sales	44.7%	42.4%
EBITDA[a]	970	889
as % of sales	22.2%	20.9%
Operating income	693	626
as % of sales	15.9%	14.7%
Income attributable to equity holders of the parent	490	410
as % of sales	11.2%	9.6%
Earnings per share – basic (CHF)	53.43	45.04
Earnings per share – diluted (CHF)	52.83	44.74
Operating cash flow	888	781
as % of sales	20.3%	18.3%
Free cash flow	662	512
as % of sales	15.2%	12.0%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets.

b) Previous year figures have been restated as a result of changes to accounting policies and presentation (Note 2.1.1).

in millions of Swiss francs, except for employee data	31 December 2013	31 December 2012[a]
Current assets	2,301	2,195
Non-current assets	3,901	4,089
Total assets	6,202	6,284
Current liabilities	1,290	985
Non-current liabilities	1,489	2,033
Equity	3,423	3,266
Total liabilities and equity	6,202	6,284
Number of employees	9,331	9,124

a) Previous year figures have been restated as a result of changes to accounting policies and presentation (Note 2.1.1).

Foreign exchange rates

Foreign currency to Swiss francs exchange rates	ISO code	Units	31 Dec 2013	Average 2013	31 Dec 2012	Average 2012	31 Dec 2011	Average 2011
Dollar	USD	1	0.89	0.93	0.92	0.93	0.94	0.88
Euro	EUR	1	1.23	1.23	1.21	1.20	1.22	1.23
Pound	GBP	1	1.48	1.45	1.49	1.48	1.46	1.42
Yen	JPY	100	0.85	0.95	1.06	1.17	1.22	1.11
Singapore dollar	SGD	1	0.71	0.74	0.75	0.75	0.72	0.70
Real	BRL	1	0.38	0.43	0.45	0.48	0.50	0.53
Renminbi	CNY	1	0.15	0.15	0.15	0.15	0.15	0.14
Mexican peso	MXN	100	6.80	7.21	7.06	7.09	6.72	7.12
Rupiah	IDR	10,000	0.73	0.89	0.95	1.00	1.03	1.00

Sales

In 2013, Givaudan Group full year sales were CHF 4,369 million, an increase of 5.5% on a like-for-like basis and 2.6% in Swiss francs when compared to 2012. Fragrance Division sales were CHF 2,083 million, an increase of 5.1% on a like-for-like basis and 3.0% in Swiss francs. Flavour Division sales were CHF 2,286 million, an increase of 5.8% on a like-for-like basis and 2.3% in Swiss francs.

Operating performance

Gross margin

The gross margin increased to 44.7% from 42.4%, driven by the residual price increases implemented during the last two years to offset increases in raw material costs, and the positive leverage effect from the strong volume gains. In addition, the Company is capitalising on its recently completed ERP project to create supply chain efficiencies. The transfer of products to the new Flavours manufacturing facility in Makó, Hungary continues in line with project timelines.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

The EBITDA increased by 9.1% to CHF 970 million in 2013 from CHF 889 million in 2012. A strong gross profit and a continued focus on internal costs were the main enablers of the improvement. When measured in local currency terms, the EBITDA increased by 10.5%. The EBITDA margin increased to 22.2% in 2013 from 20.9% in 2012.

Operating income

The operating income increased by 10.7% to CHF 693 million, from CHF 626 million for the same period in 2012. When measured in local currency terms, the operating income increased by 12.5%. The operating margin increased to 15.9% in 2013 from 14.7% in 2012.

Financial performance

Financing costs were CHF 85 million in 2013, versus CHF 84 million for the same period in 2012. In 2013, the Group incurred a non-cash charge of CHF 9 million, following the decision to close out an interest rate swap. This charge was offset by lower interest expense on a lower debt level. Other financial expense, net of income, was CHF 28 million in 2013, flat versus the CHF 28 million reported in 2012, despite the currency volatility in certain markets.

The Group's income taxes as a percentage of income before taxes were 16% in 2013 versus 20% in 2012.

Net income

The net income increased to CHF 490 million in 2013 from CHF 410 million in 2012, an increase of 19.5%, driven by an improved operating performance, stable financial expenses and a lower income tax rate. This results in a net profit margin of 11.2%, versus 9.6% in 2012. Basic earnings per share increased to CHF 53.43 versus CHF 45.04 for the same period in 2012.

Cash flow

Givaudan delivered an operating cash flow of CHF 888 million in 2013, compared to CHF 781 million in 2012, driven by a higher EBITDA and a tight control on working capital. As a percentage of sales, working capital decreased, as inventory levels increased at a slower rate than sales and payment terms were improved.
Total net investments in property, plant and equipment were CHF 123 million, down from CHF 148 million incurred in 2012. During 2013 the Group continued its investments to support growth in developing markets, most notably through the initiation of a new flavours savoury facility in Nantong, China and a fragrance creative centre and compounding facility in Singapore. In 2012 the Company was making significant investments in the centralised Flavours facility in Hungary. Intangible asset additions were CHF 51 million in 2013, as the Company implemented the ERP project in new facilities and completed the implementation in smaller affiliates. Total net investments in tangible and intangible assets were 4.0% of sales, compared to 4.5% in 2012.

Operating cash flow after net investments was CHF 714 million in 2013, versus the CHF 588 million recorded in 2012. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 662 million in 2013, versus CHF 512 million for the comparable period in 2012, mainly driven by a higher EBITDA, lower working capital requirements and lower investments than in 2012. As a percentage of sales, free cash flow in 2013 was 15.2%, compared to 12.0% in 2012.

Financial position

Givaudan's financial position remained solid at the end December 2013. Net debt at December 2013 was CHF 816 million, down from CHF 1,153 million at December 2012. At the end of December 2013 the leverage ratio was 18%, compared to 24% at the end of 2012.

Dividend Proposal

At the Annual General Meeting on 20 March 2014, Givaudan's Board of Directors will propose a cash dividend of CHF 47.00 per share for the financial year 2013, an increase of 30% versus 2012. This is the thirteenth consecutive dividend increase following Givaudan's listing at the Swiss stock exchange in 2000. The total amount of this distribution will be made out of reserves for additional paid-in capital which Givaudan shows in equity as at the end of 2013.

Mid-term Guidance

Mid-term, the overall objective is to grow organically between 4.5% and 5.5% per annum, assuming a market growth of 2-3%, and to continue on the path of market share gains. By delivering on the Company's five-pillar growth strategy - developing markets, Health and Wellness, market share gains with targeted customers and segments, research and sustainable sourcing - Givaudan expects to outgrow the underlying market and to continue to achieve its industry-leading EBITDA margin while targeting an annual free cash flow of between 14% and 16% of sales in 2015.

Givaudan confirms its intention to return above 60% of the Company's free cash flow to shareholders while maintaining a medium term leverage ratio target below 25%. The leverage ratio is defined as net debt, divided by net debt plus equity.

For this ratio calculation, the Company has decided to exclude from equity any impact arising from the changes of IAS 19 - Employee Benefits (revised) going forward.

Consolidated financial statements

Consolidated income statement

For the year ended 31 December

in millions of Swiss francs, except for per share data	Note	2013	2012[a]
Sales	5	4,369	4,257
Cost of sales		(2,415)	(2,451)
Gross profit		**1,954**	**1,806**
as % of sales		44.7%	42.4%
Marketing and distribution expenses		(627)	(601)
Research and product development expenses		(406)	(399)
Administration expenses		(157)	(147)
Other operating income	8	11	47
Other operating expense	9	(82)	(80)
Operating income		**693**	**626**
as % of sales		15.9%	14.7%
Financing costs	11	(85)	(84)
Other financial income (expense), net	12	(28)	(28)
Income before taxes		**580**	**514**
Income taxes	13	(90)	(104)
Income for the period		**490**	**410**
Attribution			
Income attributable to equity holders of the parent		490	410
as % of sales		11.2%	9.6%
Earnings per share – basic (CHF)	14	**53.43**	**45.04**
Earnings per share – diluted (CHF)	14	**52.83**	**44.74**

a) Previous year figures have been restated as a result of changes to accounting policies and presentation (see Note 2.1.1).

The notes on pages 91 to 140 form an integral part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December

in millions of Swiss francs	Note	2013	2012[a]
Income for the period		**490**	**410**
Items that may be reclassified to the income statement			
Available-for-sale financial assets			
Movement in fair value for available-for-sale financial assets, net		8	8
(Gain) loss on available-for-sale financial assets removed from equity and recognised in the consolidated income statement		-	-
Cash flow hedges			
Fair value adjustments in year		20	(16)
Removed from equity and recognised in the consolidated income statement		10	11
Exchange differences arising on translation of foreign operations			
Change in currency translation		(146)	(55)
Income tax relating to items that may be reclassified to the income statement	13	3	3
Items that will not be reclassified to the income statement			
Defined benefit pension plans			
Remeasurement gains (losses) on defined benefit pension plans	6	190	(44)
Income tax relating to items that will not be reclassified to the income statement	13	(64)	13
Other comprehensive income for the period		**21**	**(80)**
Total comprehensive income for the period		**511**	**330**
Attribution			
Total comprehensive income attributable to equity holders of the parent		511	330

a) Previous year figures have been restated as a result of changes to accounting policies and presentation (see Note 2.1.1).

The notes on pages 91 to 140 form an integral part of these financial statements.

Consolidated statement of financial position

As at 31 December

in millions of Swiss francs	Note	**31 December 2013**	31 December 2012[a]	1 January 2012[a]
Cash and cash equivalents	15	513	368	545
Derivative financial instruments	4	29	23	53
Derivatives on own equity instruments	23	15	8	10
Available-for-sale financial assets	4, 16	62	57	54
Accounts receivable – trade	4, 17	844	838	795
Inventories	18	692	725	839
Current income tax assets	13	18	29	36
Other current assets	4	128	147	137
Current assets		**2,301**	**2,195**	**2,469**
Derivative financial instruments	4	2		
Property, plant and equipment	19	1,355	1,388	1,366
Intangible assets	20	2,272	2,455	2,563
Deferred income tax assets	13	168	148	230
Post-employment benefits plan assets	6	9	2	
Financial assets at fair value through income statement	4	30	27	24
Other long-term assets	16	65	69	67
Non-current assets		**3,901**	**4,089**	**4,250**
Total assets		**6,202**	**6,284**	**6,719**
Short-term debt	21	420	214	437
Derivative financial instruments	4	22	15	61
Accounts payable – trade and others	4	419	363	351
Accrued payroll & payroll taxes		129	103	88
Current income tax liabilities	13	82	99	69
Financial liability: own equity instruments	23	49	4	4
Provisions	22	16	26	33
Other current liabilities		153	161	149
Current liabilities		**1,290**	**985**	**1,192**
Derivative financial instruments	4	23	46	59
Long-term debt	21	909	1,307	1,561
Provisions	22	32	46	59
Post-employment benefits plan liabilities	6	366	548	515
Deferred income tax liabilities	13	87	34	169
Other non-current liabilities		72	52	53
Non-current liabilities		**1,489**	**2,033**	**2,416**
Total liabilities		**2,779**	**3,018**	**3,608**
Share capital	24	92	92	92
Retained earnings and reserves	24	5,057	4,898	4,688
Own equity instruments	24	(70)	(47)	(72)
Other components of equity	23, 24	(1,656)	(1,677)	(1,597)
Equity attributable to equity holders of the parent		**3,423**	**3,266**	**3,111**
Total equity		**3,423**	**3,266**	**3,111**
Total liabilities and equity		**6,202**	**6,284**	**6,719**

a) Previous year figures have been restated as a result of changes to accounting policies and presentation (see Note 2.1.1).

The notes on pages 91 to 140 form an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December

2013

in millions of Swiss francs	Note	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Available-for-sale financial assets	Currency translation differences	Defined benefit pension plans remeasurement	Total equity
Note		24	24	23, 24					
Balance as at 1 January published		**92**	**4,899**	**(47)**	**(64)**	**12**	**(1,212)**		**3,680**
Balance as at 1 January restated [a]		**92**	**4,898**	**(47)**	**(64)**	**12**	**(1,210)**	**(415)**	**3,266**
Income for the period			490						490
Other comprehensive income for the period					30	8	(143)	126	21
Total comprehensive income for the period			**490**		**30**	**8**	**(143)**	**126**	**511**
Distribution to the shareholders paid	24		(331)						(331)
Movement on own equity instruments, net				(23)					(23)
Net change in other equity items			**(331)**	**(23)**					**(354)**
Balance as at 31 December		**92**	**5,057**	**(70)**	**(34)**	**20**	**(1,353)**	**(289)**	**3,423**

a) Previous year figures have been restated as a result of changes to accounting policies and presentation (see Note 2.1.1).

2012

in millions of Swiss francs	Note	Share Capital	Retained earnings and reserves	Own equity instruments	Cash flow hedges	Available-for-sale financial assets	Currency translation differences	Defined benefit pension plans remeasurement	Total equity
Note		24	24	23, 24					
Balance as at 1 January published		**92**	**4,688**	**(72)**	**(59)**	**4**	**(1,158)**		**3,495**
Balance as at 1 January restated		**92**	**4,688**	**(72)**	**(59)**	**4**	**(1,158)**	**(384)**	**3,111**
Income for the period			410						410
Other comprehensive income for the period					(5)	8	(52)	(31)	(80)
Total comprehensive income for the period			**410**		**(5)**	**8**	**(52)**	**(31)**	**330**
Distribution to the shareholders paid	24		(200)						(200)
Movement on own equity instruments, net				25					25
Net change in other equity items			**(200)**	**25**					**(175)**
Balance as at 31 December		**92**	**4,898**	**(47)**	**(64)**	**12**	**(1,210)**	**(415)**	**3,266**

The notes on pages 91 to 140 form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December

in millions of Swiss francs	Note	2013	2012[a]
Income for the period		490	410
Income tax expense	13	90	104
Interest expense	11	62	72
Non-operating income and expense		51	40
Operating income		**693**	**626**
Depreciation of property, plant and equipment	19	111	108
Amortisation of intangible assets	20	160	155
Impairment of long-lived assets		6	
Other non-cash items			
- share-based payments		21	13
- pension expense		47	45
- additional and unused provisions, net		1	18
- other non-cash items		23	(25)
Adjustments for non-cash items		**369**	**314**
(Increase) decrease in inventories		(5)	90
(Increase) decrease in accounts receivable		(62)	(64)
(Increase) decrease in other current assets		12	(20)
Increase (decrease) in accounts payable		72	13
Increase (decrease) in other current liabilities		(3)	(2)
(Increase) decrease in working capital		**14**	**17**
Income taxes paid		**(93)**	**(84)**
Pension contributions paid	6	(60)	(70)
Provisions used	22	(23)	(27)
Purchase and sale of own equity instruments, net		(4)	14
Impact of financial transactions on operating, net		(8)	(9)
Cash flows from (for) operating activities		**888**	**781**
Increase in long-term debt		230	1
(Decrease) in long-term debt		(200)	(50)
Increase in short-term debt		71	309
(Decrease) in short-term debt		(282)	(732)
Interest paid		(52)	(76)
Distribution to the shareholders paid	24	(331)	(200)
Purchase and sale of derivative financial instruments financing, net		(2)	(17)
Others, net		(3)	(5)
Cash flows from (for) financing activities		**(569)**	**(770)**
Acquisition of property, plant and equipment	19	(125)	(156)
Acquisition of intangible assets	20	(51)	(72)
Proceeds from the disposal of property, plant and equipment	19	2	8
Sale of jointly controlled entity			10
Sale of intangible assets	8		27
Interest received		2	3
Purchase and sale of available-for-sale financial assets, net		-	5
Purchase and sale of derivative financial instruments, net		-	
Others, net		-	(8)
Cash flows from (for) investing activities		**(172)**	**(183)**
Net increase (decrease) in cash and cash equivalents		**147**	**(172)**
Net effect of currency translation on cash and cash equivalents		(2)	(5)
Cash and cash equivalents at the beginning of the period		368	545
Cash and cash equivalents at the end of the period		**513**	**368**

a) Previous year figures have been restated as a result of changes to accounting policies and presentation (see Note 2.1.1).

The notes on pages 91 to 140 form an integral part of these financial statements.

Notes to the consolidated financial statements

1. Group Organisation

Givaudan SA and its subsidiaries (hereafter 'the Group') operate under the name Givaudan. Givaudan SA is a limited liability company incorporated and domiciled in Switzerland. The Group is headquartered in Vernier, near Geneva, Switzerland.

Givaudan is a leading supplier of creative fragrance and flavour products to the consumer goods industry. It operates in over 100 countries and has subsidiaries and branches in more than 40 countries. Worldwide, it employs 9,331 people. A list of the principal Group companies is shown in Note 29 to the consolidated financial statements.

The Group is listed on the SIX Swiss Exchange (GIVN).

2. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and Swiss law. They are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, of financial assets and financial liabilities at fair value through the income statement, and of own equity instruments classified as derivatives.

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Critical accounting estimates and judgments are disclosed in Note 3.

Givaudan SA's Board of Directors appr

2.1.1 Changes in Accounting Policy and Disclosures

Standards, amendments and interpretations effective in 2013

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in the 2012 consolidated financial statements, with the exception of the adoption as of 1 January 2013 of the standards and interpretations described below:

- Amendments to IAS 19: Employee Benefits
- IAS 27 Revised Separate Financial Statements
- IAS 28 Revised Investments in associates and joint ventures
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- Amendments to IAS 1: Presentation of Items of Other Comprehensive Income
- Amendments to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to IFRS 1: Government Loans
- Annual Improvements to IFRSs 2009-2011 Cycle
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The Group assessed that the adoption of the above standards does not result in any change in these annual financial statements, with the exception of the adoption of the amendments to IAS 19 as described below:

Amendments to IAS 19: Employee benefits have a significant impact on the consolidated financial statements. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the “corridor approach” and accelerate the recognition of past service costs. The amendments require the immediate recognition of all actuarial gains and losses in the statement of other comprehensive income in order to reflect the full value of the plan deficit or surplus in the consolidated statement of financial position, the recognition in the income statement of service cost and finance cost not considering an expected return on plan assets, as well as enhanced disclosures.

The impact on the consolidated financial statements is as follows:

Balance as at 1 January 2012 in millions of Swiss francs	Reported	Pension adjustments	Deferred tax adjustments	Restated
Assets				
Post-employment benefits plan assets	129	(129)		
Deferred income tax assets (related to pensions)	24		132	156
Liabilities				
Post-employment benefits plan liabilities	(109)	(411)		(520)
Deferred income tax liabilities (related to pensions)	(24)		24	
Equity				
Remeasurement (gains) losses on defined benefit pension plans		540		540
Income tax relating to items that will not be reclassified			(156)	(156)

Expenses for year ended 2012 in millions of Swiss francs	Reported	Pension adjustments	Deferred tax adjustments	Restated
Current service cost	44	1		45
Interest cost	69	(69)		
Expected return on plan assets	(80)	80		
Net actuarial (gains) losses recognised	31	(31)		
Employee benefit expenses, included in operating expenses	**64**	**(19)**		**45**
Net interest expenses included in financing costs		19		19
Total components of defined benefit cost	**64**			**64**
Deferred tax expenses	-		1	1

Balance as at 31 December 2012 in millions of Swiss francs	Reported	Pension adjustments	Deferred tax adjustments	Restated
Assets				
Post-employment benefits plan assets	143	(141)		2
Deferred income tax assets (related to pensions)	25		141	166
Liabilities				
Post-employment benefits plan liabilities	(114)	(440)		(554)
Deferred income tax liabilities (related to pensions)	(27)		27	
Equity				
Remeasurement (gains) losses on defined benefit pension plans		584		584
Change in currency translation		(3)	1	(2)
Income tax relating to items that will not be reclassified			(169)	(169)

The deferred income tax assets and liabilities shown in the above tables are disclosed gross, however, they are offset where relevant in the consolidated statement of financial position.

A reconciliation showing the impact of the changes on 2012 income statement is shown below:

in millions of Swiss francs	As originally reported	Adjustments	Restated
Cost of Sales	(2,459)	8	(2,451)
Marketing and distribution expenses	(607)	6	(601)
Research and product development expenses	(404)	5	(399)
Financing cost	(65)	(19)	(84)
Income taxes	(103)	(1)	(104)

IFRS and IFRIC issued but not yet effective

New and revised standards and interpretations, issued but not yet effective, have been reviewed to identify the nature of the future changes in accounting policy and to estimate the effect of any necessary changes in the consolidated income statement and financial position upon their adoption.

a) Issued and effective for 2014

- Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities
- Investment Entities: amendments to IFRS 10, IFRS 12 and IAS 27
- Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets
- IFRIC 21 Levies
- Annual Improvements to IFRSs 2010-2012 Cycle. The amendment to IFRS 3 Business combinations will be applied prospectively to business combinations for which the acquisition date is on or after 1 July 2014.

Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities clarify the criterion of offsetting financial assets and liabilities. The offset must be done when an entity (a) currently has a legally enforceable right to set off the recognised amounts, and (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The Group does not enter into netting agreements with counterparties and therefore these amendments are not relevant for the Group.

Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets on the recoverable amount disclosures for non-financial assets. These amendments removed certain disclosures of the recoverable amount of Cash Generating Units which had been included in IAS 36 by the issue of IFRS 13. The Group assessed that the adoption of these amendments does not result in a change in the information currently disclosed.

IFRIC 21 Levies sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives raise to pay a levy and when should a liability be recognised. The Group is not currently subject to significant levies so the impact on the Group is not material.

Annual Improvements to IFRSs 2010-2012: IFRS Business combination provides clarifications regarding the accounting for contingent consideration in a business acquisition. Contingent consideration that is within or out the scope of IFRS 9 shall be measured at fair value and changes in fair value be recognised in profit or loss.

b) Issued and effective for 2015 and after

- IFRS 9 Financial Instruments
- Amendments to IFRS 9 and IFRS 7: Mandatory Effective Date and Transition Disclosures
- Amendments to IAS 19 Employee benefits: Defined Benefit Plans: Employee Contributions
- Annual Improvements to IFRSs 2010-2012 Cycle (except for the amendment to IFRS 3 Business combinations)
- Annual Improvements to IFRSs 2011-2013 Cycle

The Group has not yet evaluated the impact of these revised standards and amendments on its consolidated financial statements.

2.2 Consolidation

The subsidiaries that are consolidated are those companies controlled, directly or indirectly, by Givaudan SA. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Companies acquired during the year are consolidated from the date on which operating control is transferred to the Group, and subsidiaries to be divested are included up to the date on which control passes to the acquirer.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired, shares issued and liabilities undertaken or assumed at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale. The Group recognised any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquirees' identifiable net assets. Acquisition-related costs are expensed as incurred. The excess of the cost of acquisition over the fair value of the Group's share of net assets of the subsidiary acquired is recognised as goodwill. If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, a reassessment of the net identifiable assets and the measurement of the cost is made, and then any excess remaining after the reassessment is recognised immediately in the consolidated income statement.

Where necessary, changes are made to the accounting policies of subsidiaries to bring and ensure consistency with the policies adopted by the Group.

Balances and income and expenses resulting from inter-company transactions are eliminated.

2.3 Foreign currency valuation

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the functional currency of that entity. The functional currency is normally the one in which the entity primarily generates and expends cash. The consolidated financial statements are presented in millions of Swiss francs (CHF), the Swiss franc being the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions, or using a rate that approximates the exchange rates on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in other financial income (expense), net, except for:

- Exchange differences deferred in equity as qualifying cash flow hedges on certain foreign currency risks and qualifying net investment hedges
- Exchange differences on monetary items to a foreign operation for which settlement is neither planned nor likely to occur, therefore forming part of the net investment in the foreign operation, which are recognised initially in other comprehensive income and reclassified from equity to the income statement on disposal of the net investment or on partial disposal when there is a loss of control of subsidiary.
- Exchange differences on foreign currency borrowings relating to assets under construction which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated. Translation differences on non-monetary financial assets carried at fair value such as equity securities classified as available-for-sale are included in the available-for-sale reserve in equity, and reclassified upon settlement in the income statement as part of the fair value gain or loss.

Translation of the financial statements of foreign subsidiaries

For the purpose of presenting consolidated financial statements, the assets and liabilities of Group companies reporting in currencies other than Swiss francs (foreign operations) are translated into Swiss francs using exchange rates prevailing at the end of the reporting period. Cash flows, income and expenses items of Group companies are translated each month independently at the average exchange rates for the period when it is considered a reasonable approximation of the underlying transaction rate. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity.

2.4 Segment reporting

The operating segments are identified on the basis of internal reports that are regularly reviewed by the Executive Committee, the members of the Executive Committee being the chief operating decision makers, in order to allocate resources to the segments and to assess their performance. The internal financial reporting is consistently prepared along the lines of the two operating Divisions: Fragrances and Flavours.

The business units of each Division, respectively Fine Fragrances, Consumer Products and Fragrance Ingredients for the Fragrance Division and Beverages, Dairy, Savoury and Sweet Goods for the Flavour Division, are not considered as separately reportable operating segments as decision making about the allocation of resources and the assessment of performance are not made at this level.

Inter-segment transfers or transactions are set on an arm's length basis.

Information about geographical areas are determined based on the Group's operations; Switzerland, Europe, Africa & Middle-East, North America, Latin America, and Asia Pacific. Revenues from external customers are shown by destination. Non-current assets consist of property, plant and equipment, and intangible assets.

2.5 Sales

Revenue from sale of goods is measured at the fair value of the consideration received or receivable in the ordinary course of the Group's activities. Sale of goods is reduced for estimated volume discounts, rebates, and sales taxes. The Group recognises revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity and when significant risks and rewards of ownership of the goods are transferred to the buyer.

2.6 Research and product development costs

The Group is active in research and in formulas, technologies and product developments. In addition to its internal scientific efforts, the Group collaborates with outside partners.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Internal developments or developments obtained through agreements on formulas, technologies and products costs are capitalised as intangible assets and amortised over their estimated useful lives, only when there is an identifiable asset that will generate probable economic benefits and when the cost can be measured reliably. When the conditions for recognition of an intangible asset are not met, development expenditure is recognised in the income statement in the period in which it is incurred.

2.7 Employee benefit costs

Wages, salaries, social security contributions, annual leave and paid sick leave, bonuses and non-monetary benefits are expensed in the year in which the associated services are rendered by the Group's employees.

Pension obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, principally dependent on an employee's years of service and remuneration at retirement. Plans are usually funded by payments from the Group

ecognised in the statement of financial position is the aggregate of the present value of the defined benefits obligation at the statement of financial position date less the fair value of plan assets. Where a plan is unfunded, only a liability representing the present value of the defined benefits obligation is recognised in the statement of financial position. The present value of the defined benefits obligation is calculated by independent actuaries using the projected unit credit method twice a year at interim and annual publication. This reflects the discounted expected future payment required to settle the obligation resulting from employee service in the current and prior periods. The future cash outflows incorporate actuarial assumptions primarily regarding the projected rates of remuneration growth, and long-term indexation rates. Discount rates, used to determine the present value of the defined benefit obligation, are based on the market yields of high-quality corporate bonds in the country concerned. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive

e recognised immediately in the income statement. Pension assets and liabilities in different defined benefit schemes are not offset unless the Group has a legally enforceable right to use the surplus in one plan to settle obligations in the other plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into publicly or privately administrated funds. The Group has no further payment obligations once the contributions have been made. The contributions are charged to the income statement in the year to which they relate.

Other post-retirement obligations

Some Group companies provide certain post-retirement healthcare and life insurance benefits to their retirees, the entitlement to which is usually based on the employee remaining in service up to retirement age and completing a minimum service period. The expected costs of these benefits are accrued over the periods in which employees render service to the Group.

2.8 Share-based payments

The Group has established share option plans and a performance share plan to align the long-term interests of key executives and members of the Board of Directors with the interests of the shareholders. Key executives are awarded a portion of their performance-related compensation either in equity-settled or cash-settled share-based payment transactions. The costs are recorded in each relevant functions part of the employees' remuneration as personnel expenses with a corresponding entry in equity in own equity instruments for equity-settled share-based payment transactions and in the statement of financial position as accrued payroll & payroll taxes for the cash-settled share-based payment transactions. The different share-based payments are described in the below table:

Share-based payment transactions		Equity-settled	Cash-settled
Share options plans	Call options	A	C
	Restricted shares	B	D
Performance share plan	Shares	E	n/a

Share Options Plans

The *equity-settled share-based payment transactions* are established with call options, which have Givaudan registered shares as underlying securities, or with restricted shares. At the time of grant, key executives can select the portion, with no influence on the total economic value granted, of call options or restricted shares of the plan to be received.

A. Call options are set generally with a vesting period of two years, during which the options cannot be exercised or transferred. The Group has at its disposal either treasury shares or conditional share capital when the options are exercised. The cost of these equity-settled instruments to be expensed, together with a corresponding increase in equity, over the vesting period, is determined by reference to the market value of the options granted at the date of the grant. Service conditions are included in the assumptions about the number of options that are expected to become exercisable. No performance conditions are included. At each statement of financial position date, the Group revises its estimates of the number of options that are expected to become exercisable. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation.

B. Restricted shares are set generally with a vesting period of three years, during which the restricted shares cannot be settled or transferred. The Group has at its disposal treasury shares for the delivery of the restricted shares. The cost of these equity-settled instruments to be expensed, together with a corresponding increase in equity, over the vesting period, is determined by reference to the fair value of the restricted shares granted at the date of the grant. The fair value is determined as the market price at grant date reduced by the present value of dividends expected or any other expected distribution to the shareholders to be paid during the vesting period, as participants are not entitled to receive dividends or any other distribution to the shareholders during the vesting period. Services conditions are included in the assumptions about the number of restricted shares that are expected to become deliverable. No performance conditions are included. At each statement of financial position date, the Group revises its estimates of the number of restricted shares that are expected to be delivered. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation.

The *cash-settled share-based payment transactions* are established with options right units which provide a right to an executive to participate in the value development of Givaudan call options or in the value development of Givaudan shares. At the time of grant, key executives can select the portion, with no influence on the total economic value granted, of call options or restricted shares of the plan to be received in equivalent of cash.

C. Options right units related to call options, which can only be settled in cash, are set generally with a vesting period of two years, during which the right cannot be exercised or transferred. The liability of the cash-settled instruments, together with a corresponding adjustment in expenses is measured during the vesting period using market values. The market value is based on market prices of similar observable instruments available on the financial market, as a rule the market price of the equity-settled instruments with identical terms and conditions upon which those equity instruments were granted.

D. Options right units related to restricted shares, which can only be settled in cash, are set generally with a vesting period of three years, during which the right cannot be exercised or transferred. The liability of the cash-settled instruments, together with a corresponding adjustment in expenses is measured during the vesting period using market values. The market value is the closing share price as quoted on the market the last day of the period.

Performance share plan

With the performance share plan, key executives are awarded a portion of their performance-related compensation in *equity-settled share-based payment transactions*.

E. The performance share plan is established with Givaudan registered shares and a vesting period of three years. The Group has at its disposal either treasury shares or conditional share capital. The cost of equity-settled instruments is expensed over the vesting period, together with a corresponding increase in equity, and is determined by reference to the fair value of the shares expected to be delivered at the date of vesting. Performance conditions are included in the assumptions in which the number of shares varies. No market conditions are involved. The fair value is determined as the market price at grant date reduced by the present value of dividends expected or any other expected distribution to the shareholders to be paid during the vesting period, as participants are not entitled to receive dividends or any other distribution to the shareholders during the vesting period. At each statement of financial position date, the Group revises its estimates of the number of shares that are expected to be delivered. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation.

2.9 Taxation

Income taxes include all taxes based upon the taxable profits of the Group, including withholding taxes payable on the distribution of retained earnings within the Group. Other taxes not based on income, such as property and capital taxes, are included either in operating expenses or in financial expenses according to their nature. The Group's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are provided based on the full liability method, under which deferred tax consequences are recognised for temporary differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor the taxable income. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and interests in jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available.

Current tax assets and liabilities are offset and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them. Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items that are recognised outside the income statement, in which case the tax is also recognised outside the income statement.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks and similar institutions. Cash equivalents are held for the purpose of meeting short-term cash commitments (maturity of three months or less from the date of acquisition) and are subject to an insignificant risk of changes in value.

2.11 Financial assets

Financial assets are classified either as financial assets at fair value through the income statement, loans and receivables, held-to maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at inception. All regular way purchases and sales of financial assets are recognised at the settlement date i.e. the date that the asset is delivered to or by the Group. Financial assets are classified as current assets, unless they are expected to be realised beyond twelve months of the statement of financial position date. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Dividends and interest earned are included in the line "other financial income (expense), net".

a) Financial assets at fair value through the income statement
Financial assets at fair value through income statement are financial assets held for trading. A financial asset is classified in this category if acquired for the purpose of selling in the near term or when the classification provides more relevant information. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. When initially recognised, they are measured at fair value, and transaction costs are expensed in the income statement. Gains or losses on held for trading investments are recognised in the income statement.

b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest method. Gains or losses on loans and receivables are recognised in the income statement when derecognised, impaired, or through the amortisation process. Loans and receivables are classified as other current assets and accounts receivable – trade (see Note 2.13) in the statement of financial position.

c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as such or not classified in any of the other categories. They are initially measured at fair value, including directly attributable transaction costs. At the end of each period, the book value is adjusted to the fair value with a corresponding entry in a separate component of equity until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement. When denominated in a foreign currency, any monetary item is adjusted for the effect of any change in exchange rates with the unrealised gain or loss recognised in the income statement.

For quoted equity instruments, the fair value is the market value, being calculated by reference to share exchange quoted selling prices at close of business on the statement of financial position date. Non-quoted financial assets are valued at fair value based on observable market transactions or if not available based on prices given by reputable financial institutions or on the price of the latest transaction.

In management's opinion an available-for-sale instrument is impaired when there is objective evidence that the estimated future recoverable amount is less than the carrying amount or when its market value is 20% or more below its original cost for a six-month period. When an impairment loss has previously been recognised, further declines in value are recognised as an impairment loss in the income statement. The charge is recognised in other financial income (expense), net. Impairment losses recognised on equity instruments are not reversed in the income statement. Impairment losses recognised on debt instruments are reversed through the income statement if the increase of the fair value of available-for-sale debt instrument objectively relates to an event occurring after the impairment charge.

2.12 Derivative financial instruments and hedging activities

Most derivative instruments are entered into to provide economic hedges. They are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as cash flow hedges for the interest risk associated with highly probable forecast transactions.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, as to whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve in shareholders' equity are shown in the statement of changes in equity. These derivatives are presented as current or non-current on the basis of their settlement dates.

a) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity, while the gain or loss relating to the ineffective portion is immediately recognised in financing costs in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects income, such as when hedged financial income (expense), net is recognised or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

When the hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the ultimate forecast transaction occurs. If the forecast transaction is no longer expected to occur, any cumulative gain or loss existing in equity is immediately taken to the income statement.

b) Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading “cumulative translation differences”. The gain or loss relating to the ineffective portion is recognised immediately in income statement, and is included in the line item “other financial (income) expense, net”.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the line item “cumulative translation differences” are reclassified to income statement on the disposal of the foreign operation or on partial disposal when there is a loss of control of subsidiary.

c) Derivatives at fair value through the income statement
Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through the income statement. At each statement of financial position date, these derivative instruments are valued at fair value based on quoted market prices, with the unrealised gain or loss recognised in the income statement. They are derecognised when the Group has lost control of the contractual rights of the derivatives, at which time a realised gain or loss is recognised in the income statement.

2.13 Accounts receivable – trade

Trade receivables are carried at amortised cost less provisions for impairment. A provision for impairment is made for potentially impaired receivables during the year in which they are identified based on a periodic review of all outstanding amounts. Any charges for impairment are recognised within marketing and distribution expenses of the income statement. Accounts receivable - trade are deemed as impaired when there is an indication of significant financial difficulties of the debtor (delinquency in or default on payments occurs, probability of bankruptcy or need for financial reorganisation).

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average cost formula. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads but exclude borrowing costs. Cost of sales includes the corresponding direct production costs of goods manufactured and services rendered as well as related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.15 Property, plant and equipment

Property, plant and equipment are initially recognised at cost of purchase or construction and subsequently less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes expenditure that is attributable to the pur owing costs in accordance with the Group’s accounting policy (see Note 2.19), and cost of its dismantlement, removal or restoration, related to the obligation for which an entity incurs as a consequence of installing the asset.

The assets are depreciated on a straight-line basis, except for land, which is not depreciated. Estimated useful lives of major classes of depreciable assets are as follows:

- Buildings and land improvements 40 years
- Machinery and equipment 5-15 years
- Office equipment 3 years
- Motor vehicles 5 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

The carrying values of plant and equipment are written down to their recoverable amount when the carrying value is greater than their estimated recoverable amount (see Note 2.18).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount with gains being recognised within other operating income and losses being recognised within other operating expense within the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent costs such as repairs and maintenance are recognised as expenses as incurred.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.16 Leases

Leases of assets are classified as operating leases when substantially all the risks and rewards of ownership of the assets are retained by the lessor. Operating lease payments are charged to the income statement on a straight-line basis over the term of the lease. The Group holds only operating leases.

2.17 Intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions is recognised in the statement of financial position as an intangible asset. Goodwill is tested annually for impairment or more frequently when there are indications of impairment, and carried at cost less accumulated impairment losses. Any goodwill or fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are recognised in the local currency at the effective date of the transaction and translated at year-end exchange rates. For the purpose of impairment testing, goodwill is allocated to the cash-generating unit being the Group's reportable operating segments; Fragrance Division and Flavour Division.

Internally generated intangible assets that are directly associated with the development of identifiable software products and systems controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include system licences, external consultancies, and employee costs incurred as a result of developing software as well as overhead expenditure directly attributable to preparing the asset for use. Such intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is on a straight-line basis over the estimated economic useful life of the asset. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the income statement in the period in which it is incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Such intangible assets are recognised at cost, being their fair value at the acquisition date, and are classified as intangible assets with finite useful lives. They are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is on a straight-line basis over the estimated economic useful life of the asset.

Other intangible assets such as intellectual property rights (consisting predominantly of know-how being inseparable processes, formulas and recipes) and process-oriented technology are initially recognised at cost and classified as intangible assets with finite useful lives. They are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is on a straight-line basis over the estimated economic useful life of the asset. Internally generated intangible assets, other than those related to software products and systems, are not capitalised. Estimated useful lives of major classes of amortisable assets are as follows:

- Software/ERP system 3-7 years
- Intellectual property rights 5-20 years
- Process-oriented technology 5-15 years
- Client relationships 15 years

An impairment charge against intangible assets is recognised when the current carrying amount is higher than its recoverable amount, being the higher of the value in use and fair value less costs to sell. An impairment charge against intangible assets is reversed when the current carrying amount is lower than its recoverable amount. Impairment charges on goodwill are not reversed. Gains or losses arising on the disposal of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount with gains being recognised within other operating income and losses being recognised in other operating expense within the income statement.

2.18 Impairment of long-lived assets

Non-financial assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When the recoverable amount of a non-financial asset, being the higher of its fair value less cost to sell and its value in use, is less than its carrying amount, then the carrying amount is reduced to the asset's recoverable value. This reduction is recognised as an impairment loss within other operating expense within the income statement. Value in use is determined by using pre-tax-cash flow projections over a five-year period and a terminal value. These are discounted using a pre-tax discount rate that reflects curr
specific to the asset.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

An impairment loss is reversed if there has been a change in the circumstances used to determine the recoverable amount. A previously recognised impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

2.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

2.20 Accounts payable – trade and others

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are carried at amortised cost.

2.21 Debt

The proceeds of straight bonds, of private placements and of debt issued are recognised as the proceeds received, net of transaction costs incurred. Any discount arising from the coupon rate, represented by the difference between the net proceeds and the redemption value, is amortised using the effective interest rate method and charged to interest expense over the life of the bonds or the private placements. Debt is derecognised at redemption date.

Debt is classified within current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and for which a reliable estimate of the amount of the obligation can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation.

Restructuring provisions comprise lease termination penalties, employee termination payments and 'make good' provisions. They are recognised in the period in which the Group becomes legally or constructively committed to payment.

2.23 Own equity instruments

Own equity instruments are own shares and derivatives on own shares. Purchases and sales are accounted for at the settlement date.

Purchases of own shares are recognised at acquisition cost including transaction costs as a deduction from equity. The original cost of acquisition, results from resale and other movements are recognised as changes in equity, net. Treasury shares bought back for the purpose of cancellation are deducted from equity until the shares are cancelled. Treasury shares acquired by the execution of own equity derivatives are recognised at the execution date market price.

The settlement and the contract for derivatives on own shares determine the categorisation of each instrument. When the contract assumes the settlement is made by exchanging a fixed amount of cash for a fixed number of treasury shares, the contract is recognised in equity except for a forward contract to buy and write puts which is recognised as a financial liability. When the contract assumes the settlement either net in cash or net in treasury shares or in the case of option of settlement, the contract is recognised as a derivative. Instruments recognised in equity are recognised at acquisition cost including transaction costs. Instruments recognised as financial liabilities are recognised at the net present value of the strike price of the derivative on own shares with the interest charge recognised over the life of the derivative in the line “financing costs” of the income statement. They are derecognised when the Group has lost control of the contractual rights of the derivative, with the realised gain or loss recognised in equity. At each statement of financial position date, instruments recognised as derivatives used to hedge the cash-settled share option plans are valued at fair value based on quoted market prices, with any unrealised gain or loss recognised in each relevant line of the operating expenses. They are derecognised when the Group has lost control of the contractual rights of the derivatives, with any realised gain or loss recognised in each relevant line of the operating expenses. Similar treatment is applied to instruments recognised as derivatives that are not used to hedge the cash-settled share option plans apart from the unrealised and realised gain or loss which are recognised in the line “other financial income (expense), net” in the income statement.

2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.25 Distribution to the shareholders

Dividend distributions or distributions out of reserves for additional paid-in capital are recognised in the period in which they are approved by the Group’s shareholders.

3. Critical accounting estimates and judgments

The estimates and underlying assumptions are reviewed on an on-going basis and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are for the most part related to:

1) The impairment of goodwill requiring estimations of the value in use of the cash-generating units to which goodwill is allocated (see Note 20)
2) The impairment of property, plant and equipment requiring estimations to measure the recoverable amount of an asset or group of assets (see Note 19)
3) The calculation of the present value of defined benefit obligations requiring financial and demographic assumptions (see Note 6)
4) The determination and provision for income taxes requiring estimated calculations for which the ultimate tax determination is uncertain (see Note 13)
5) The provisions requiring assumptions to determine reliable best estimates (see Note 22)
6) The contingent liabilities assessment (see Note 26)

If, in the future, estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

3.2 Critical judgments in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- *Computer software and Enterprise Resource Planning:* Computer software is internally developed programmes or modifications that result in new or in substantial improvements of existing IT systems and applications. Enterprise Resource Planning relates to the implementation of an ERP system that is changing the way the business is done in the areas of Finance, Supply Chain and Compliance. The Group has determined that the development phase of internally developed software and the ERP business transformations will provide future economic benefits to the Group and meet the criterion of intangible assets (see Note 20).
- *Internal developments on formulas, technologies and products:* The outcome of these developments depends on their final assemblage and application, which varies to meet customer needs, and consequently the future economic benefits of these developments are not certain. Thus the criteria for the recognition as an asset of the internal developments on formulas, technologies and products are generally not met. The expenditures on these activities are recognised as expense in the period in which they are incurred.
- *Available-for-sale financial assets:* In addition to the duration and extent (see accounting policy in Note 2.11) to which the fair value of an investment is less than its cost, the Group evaluates the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance. This judgment may result in impairment charges (see Note 2.18).

4. Financial risk management

4.1 Capital management

The objective of the Group when managing capital is to maintain the ability to continue as a going concern whilst maximising shareholder value through an optimal balance of debt and equity.

In order to maintain or adjust the capital structure, management may increase or decrease leverage by issuing or reimbursing debt, and may propose to adjust the amounts distributed to the shareholders, return capital to shareholders, issue new shares and cancel shares through share buyback programmes.

The Group monitors its capital structure on the basis of a leverage ratio, defined as net debt divided by the equity plus net debt. Net debt is calculated as the total of the consolidated short-term and long-term debt, less cash and cash equivalents. Equity is calculated as the total equity attributable to equity holders of the parent excluding the defined benefit pension plans remeasurement elements.

The Group has entered into several private placements which contain various covenants with externally imposed capital requirements. The Group was in compliance with these requirements as at 31 December 2013.

The leverage ratio as at 31 December was as follows:

in millions of Swiss francs	Note	2013	2012[a]
Short-term debt	21	420	214
Long-term debt	21	909	1,307
Less: cash and cash equivalents	15	(513)	(368)
Net Debt		**816**	**1,153**
Total equity attributable to equity holders of the parent		3,423	3,266
Total defined benefit pension plans remeasurement		289	415
Equity		**3,712**	**3,681**
Net Debt and Equity		**4,528**	**4,834**
Leverage ratio		**18%**	**24%**

a) Previous year figures have been restated as a result of changes to accounting policies and presentation (see Note 2.1.1).

The leverage ratio decreased to 18% in 2013 from 24% in 2012. The decrease in the ratio was driven by a stronger cash flow, as a result of the improved operational performance and lower working capital requirements. Net debt at 31 December 2013 was CHF 816 million, down from CHF 1,153 million at 31 December 2012. The Group intends to maintain its medium term leverage ratio below 25%.

4.2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group generally enters into financial derivative transactions to hedge underlying business related exposures.

Risk management is carried out by a team within the central treasury department (hereafter "Group Treasury") under the risk management policies approved by the Board of Directors. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Group Treasury monitors and manages financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risk. To manage the interest rate and currency risk arising from the Group's operations and its sources of finance, the Group enters into derivative transactions, primarily interest rate swaps, forward currency contracts and options. Compliance with policies and exposure limits is reviewed by the treasury controlling on a continuous basis. Group Treasury reports monthly to the Chief Financial Officer and quarterly to the Audit Committee.

Categories of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

2013 in millions of Swiss francs	Note	Loans and receivables	At fair value through the income statement	Derivatives used for hedge accounting	Available-for-sale	Other financial liabilities	Total
Current assets							
Cash and cash equivalents	15	513					513
Derivative financial instruments	4.3		29				29
Available-for-sale financial assets	16				62		62
Accounts receivable – trade	17	844					844
Other current assets [a]		32					32
Non-current assets							
Available-for-sale financial assets	16				39		39
Derivative financial instruments [b]	4.3			2			2
Financial assets at fair value through income statement			30				30
Total assets as at 31 December		**1,389**	**59**	**2**	**101**		**1,551**
Current liabilities							
Short-term debt	21					420	420
Derivative financial instruments	4.3		22				22
Accounts payable						419	419
Non-current liabilities							
Derivative financial instruments [b]	4.3		12	11			23
Long-term debt	21					909	909
Total liabilities as at 31 December			**34**	**11**		**1,748**	**1,793**

a) Other current assets consist of other receivables non trade

b) Derivatives qualified as hedge accounting on non-current transactions are classified and presented as non-current assets or liabilities (see Note 2.12)

2012 in millions of Swiss francs	Note	Loans and receivables	At fair value through the income statement	Derivatives used for hedge accounting	Available-for-sale	Other financial liabilities	Total
Current assets							
Cash and cash equivalents	15	368					368
Derivative financial instruments	4.3		23				23
Available-for-sale financial assets	16				57		57
Accounts receivable – trade	17	838					838
Other current assets [a]		56					56
Non-current assets							
Available-for-sale financial assets	16				36		36
Financial assets at fair value through income statement			27				27
Total assets as at 31 December		**1,262**	**50**		**93**		**1,405**
Current liabilities							
Short-term debt	21					214	214
Derivative financial instruments	4.3		15				15
Accounts payable						286	286
Non-current liabilities							
Derivative financial instruments [b]	4.3		17	29			46
Long-term debt	21					1,307	1,307
Total liabilities as at 31 December			**32**	**29**		**1,807**	**1,868**

a) Other current assets consist of other receivables non trade

b) Derivatives qualified as hedge accounting on non-current transactions are classified and presented as non-current assets or liabilities (see Note 2.12)

The carrying amount of each class of financial assets and liabilities disclosed in the above tables approximates the fair value. The fair value of each class of financial assets and liabilities, except loans and receivables, are determined by reference to published price quotations and are estimated based on valuation techniques using the quoted market prices. Given the nature of the Group's accounts receivable trade items, the carrying value is considered as equivalent to the fair value.

4.2.1 Market risk

The Group's activities primarily expose it to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices. The Group enters into a number of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

- Currency derivatives including forward foreign exchange contracts and options to hedge the exchange rate risk arising from recorded transactions, forecasted transactions or the translation risk associated with net investments in foreign operations.
- Interest rate swaps and other instruments to mitigate the risk of interest rate increases and/or to optimally manage interest rate costs depending on the prevailing interest rate environment.

Market risk exposures are measured using sensitivity analysis. There has been no change during the year in the structure of the Group's exposure to market risks or the manner in which these risks are managed.

4.2.1.1 Foreign exchange risk

The Group operates across the world and is exposed to movements in foreign currencies affecting its net income and financial position. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

It is the Group's policy to enter into derivative transactions to hedge current, forecasted foreign currency transactions, and translation risk arising from certain investments in foreign operations with a functional currency different from the Group's presentation currency.

While these are hedges related to underlying business transactions, the Group generally does not apply hedge accounting on transactions related to the management of its foreign exchange risk.

Group Treasury centrally manages foreign exchange risk management activities against the functional currency of each subsidiary, and is required to hedge, whenever cost-effective, their largest exposures.

The measurement of the foreign currency risk expresses the total exposure by currency, which is in the opinion of Group Treasury a representative manner to monitor the risk. It measures the cumulative foreign exchange risk of all subsidiaries of recognised assets and liabilities that are denominated in a currency (e.g. USD) that is not the subsidiary's functional currency (e.g. other than USD).

The following table summarises the significant exposures to the foreign currency risk at the date of the consolidated statement of financial position:

Currency exposure 2013

in millions of Swiss francs	USD	EUR	CHF	GBP
Currency exposure without hedge [a]	-	-18	47	-117
Hedged amount	-12	15	-33	117
Currency exposure including hedge	-12 [b]	-3	14	-

a) + long position; - short position

b) Mainly due to unhedged positions in countries where hedging is not cost-effective

Currency exposure 2012

in millions of Swiss francs	USD	EUR	CHF	GBP
Currency exposure without hedge [a]	+154	+9	-171	-96
Hedged amount	-181	-16	+166	+97
Currency exposure including hedge	-27 [b]	-7	-5	+1

a) + long position; - short position

b) Mainly due to unhedged positions in countries where hedging is not cost-effective

In the exposure calculations the intra Group positions, except those related to net investments in foreign operations, are included.

The following table summarises the sensitivity to transactional currency exposures of the main currencies at 31 December. The sensitivity analysis is disclosed for each currency representing significant exposure:

Currency risks 2013 in millions of Swiss francs	USD	EUR	CHF	GBP
Reasonable shift	6%	5%	3%	7%
Impact on income statement if the currency strengthens against all other currencies	1	-	-	-
Impact on income statement if the currency weakens against all other currencies	(1)	-	-	-

Currency risks 2012 in millions of Swiss francs	USD	EUR	CHF	GBP
Reasonable shift	5%	8%	4%	5%
Impact on income statement if the currency strengthens against all other currencies	(1)	(1)	-	-
Impact on income statement if the currency weakens against all other currencies	1	1	-	-

The sensitivity is based on the exposure at the date of the consolidated statement of financial position and based on assumptions deemed reasonable by management, showing the impact on income before tax. The management uses historical volatilities of the significant currencies contributing to the exposure to determine the reasonable change.

The Group has certain investments in foreign operations, including inter-company loans considered as part of their net investments, whose net assets are exposed to foreign currency translation. In 2011, the Group entered into CHF/USD forward contracts totalling USD 158 million with one year duration to hedge the foreign exchange translation risk associated with the movements in the spot rate relating to the investment in the US subsidiaries, with a US dollar functional currency, and the consolidated financial statements, with a Swiss franc presentation currency. At the expiry date in September 2012, a cumulative loss of CHF 6 million has been recognised in the other comprehensive income in the line item "exchange differences arising on translation of foreign operations". In 2013, there was no transaction to hedge the foreign exchange translation risk.

4.2.1.2 Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates, and invests in debt financial instruments. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially counterbalanced by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Group Treasury centrally manages interest rate risk by simulating various scenarios on liabilities taking into consideration refinancing, r e applied by either positioning the liabilities or protecting interest expense through different interest cycles. Hedging activities are regularly evaluated to align interest rate views and defined risk limits. Group Treasury manages interest rate risk mainly by the use of interest rate swap contracts, forward interest rate contracts.

The following table shows the sensitivity to interest rate changes:

As at 31 December 2013 in millions of Swiss francs	150 basis points increase	50 basis points decrease
Impact on income statement	7	(2)
Impact on equity	32	(11)

As at 31 December 2012 in millions of Swiss francs	150 basis points increase	50 basis points decrease
Impact on income statement	9	(3)
Impact on equity	40	(13)

The sensitivity is based on exposure on liabilities at the date of the consolidated statement of financial position using assumptions which have been deemed reasonable by management showing the impact on the income before tax.

Cash flow hedges

Inception date	Hedged items	Hedge instruments	Objectives	Comments
2009	Highly probable future debt issuances in 2011.	Several forward starting interest rate swaps commencing in 2011, totalling CHF 200 million with an average rate of 2.69% and a five-year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	In June 2011, the Group issued a 2.5% 7 year public bond (maturity 15 June 2018) with a nominal value of CHF 300 million. Correspondingly, hedge positions assigned to this bond issuance of CHF 200 million have been closed. The amortisation of the realised loss of CHF 14 million will be recognised in Financing costs over the next five years.
2009	Highly probable future debt issuances in 2012.	Several forward starting interest rate swaps commencing in 2012, totalling CHF 250 million with an average rate of 2.70% and a five-year maturity and CHF 50 million with an average rate of 2.45% and a three-year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	In December 2011, the Group issued a dual tranche public bond, totalling CHF 300 million, respectively of CHF 150 million at a rate of 1.250% for 5 years and CHF 150 million at the rate of 2.125% for 10 years. Correspondingly, hedge positions assigned to this bond issuance have been closed. The amortisation of the realised loss of CHF 28 million and CHF 4 million will be recognised in Financing costs over the next five years and three years respectively.
2011	Highly probable future debt issuances in 2013.	Several forward starting interest rate swaps commencing in 2013, totalling CHF 100 million with an average rate of 2.33% and a five-year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective until June 2013. In July 2013, the IRSs were closed and fully derecognised because the forecast transaction was not highly probable anymore. This resulted in a loss of CHF 9 million recognised as financing costs.
2011/ 2012	Highly probable future debt issuances in 2014.	Several forward starting interest rate swaps commencing in 2014, totalling CHF 250 million with an average rate of 1.54% and a five-year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year
2012	Highly probable future debt issuances in 2016.	Several forward starting interest rate swaps commencing in 2016, totalling CHF 75 million with an average rate of 1.63% and a five-year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year
2012	Highly probable future debt issuances in 2018.	Several forward starting interest rate swaps commencing in 2018, totalling CHF 100 million with an average rate of 1.88% and a five-year maturity.	Protection against future increases in CHF interest rates and to fix the interest rates.	The cash flow hedges were effective during the year
2012	Highly probable future private placements issuance in the USA in 2013.	Several derivatives instruments fixing the interest rate at 1.80% on average for a total amount of USD 100 million.	Protection against short-term increases in USD interest rates and to fix the interest rates.	The cash flow hedges were effective during the period. The amount of USD 1 million (equivalent to CHF 1 million) deferred in hedging reserve in other comprehensive income is recycled over the next 10 years as financing cost from 6 February 2013, the date when the proceeds was received.

4.2.1.3 Price risk

The Group is exposed to equity price risk arising from equity investments held either classified as available-for-sale or at fair value through profit or loss. The Group manages its price risk through a diversification of portfolios within the limits approved by the Board of Directors.

The Group holds its own shares to meet future expected obligations under the various share-based payment schemes.

Sensitivity analysis

The Group's equity portfolio is composed primarily of Swiss, European and US shares. The benchmark for the reasonable change is the SMI (17% for the last three years), the STOXX Europe 600 index historical volatility (18% for the last three years) and an average of historical volatility of US indexes (17% for the last three years).

The sensitivity analysis has been determined based on the exposure to equity price risks at the end of the reporting period and based on the shifts in the respective market:

2013 – reasonable shifts: 17% CH, 18% EU , 17% US in millions of Swiss francs	Equity price increase	Equity price decrease
Impact on income statement	4	(4)
Impact on equity	9	(9)

2012 – reasonable shifts: 20% CH, 25% EU , 25% US in millions of Swiss francs	Equity price increase	Equity price decrease
Impact on income statement	4	(4)
Impact on equity	8	(8)

4.2.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk is managed by the Group's subsidiaries and monitored on a Group basis.

Trade receivables are subject to a policy of active risk management which focuses on the assessment of country risk, credit limits, on-going credit evaluation and account monitoring procedures. Generally, there is no significant concentration of trade receivables or commercial counter-party credit risk, due to the large number of customers that the Group deals with and their wide geographical spread with the exception of one single external customer that generates revenues, mainly attributable to the Fragrance Division, of approximately CHF 523 million (2012: CHF 500 million). Countries and credit limits and exposures are continuously monitored.

The credit risk on liquid funds, derivatives and other monetary financial assets is limited because the counterparties are financial institutions with investment grade.

The following table presents the credit risk exposure to individual financial institutions:

	2013			2012		
	Total in Mio CHF	Max. with any individual bank in Mio CHF	Number of banks	Total in Mio CHF	Max. with any individual bank in Mio CHF	Number of banks
AAA – range	13	9	1	-	-	-
AA – range	160	100	3	93	63	3
A – range	316	70	9	246	67	9

The carrying amount of financial assets recognised in the consolidated financial statements which is net of impairment losses, represents the Group's maximum exposure to credit risk.

4.2.3 Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash, marketable securities, availability of funds through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed and uncommitted credit lines.

Group Treasury monitors and manages cash at the Group level and defines the maximum cash level at subsidiary level. Cash surpluses held by subsidiaries over and above amounts required for working capital management are transferred to the central treasury centre.

The surplus of cash is generally invested in interest bearing current accounts, time deposits and money market deposits. When necessary, inter-company loans are granted by the Group to subsidiaries to meet their non-recurrent payment obligations.

The following table analyses the Group's remaining contractual maturity for financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is obliged to pay. The table includes both interest and principal cash flows:

2013 in millions of Swiss francs	Up to 6 months	6 – 12 months	1 – 5 years	Over 5 years	Total
Short-term debt (excluding bank overdraft)	(435)				(435)
Accounts payable	(419)				(419)
Net settled derivative financial instruments	(3)	(4)	(17)	3	(21)
Gross settled derivative financial instruments – outflows	(854)	(220)			(1,074)
Gross settled derivative financial instruments – inflows	861	221			1,082
Long-term debt	(20)	(5)	(626)	(427)	(1,078)
Balance as at 31 December	**(870)**	**(8)**	**(643)**	**(424)**	**(1,945)**

2012 in millions of Swiss francs	Up to 6 months	6 – 12 months	1 – 5 years	Over 5 years	Total
Short-term debt (excluding bank overdraft)	(106)	(103)			(209)
Accounts payable	(286)				(286)
Net settled derivative financial instruments	(2)	(3)	(35)	(6)	(46)
Gross settled derivative financial instruments – outflows	(1,039)	(7)			(1,046)
Gross settled derivative financial instruments – inflows	1,047	7			1,054
Long-term debt	(31)	(6)	(948)	(470)	(1,455)
Balance as at 31 December	**(417)**	**(112)**	**(983)**	**(476)**	**(1,988)**

4.3 Fair value measurements recognised in the statement of financial position

The following tables present the Group's assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is measured:

- *Level 1 inputs* to measure fair value are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- *Level 2 inputs* to measure fair value are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- *Level 3 inputs* to measure fair value are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2013 in millions of Swiss francs	Note	Level 1	Level 2	Level 3	Total
Financial assets at fair value through income statement					
Forward foreign exchange contracts			29		29
Corporate owned life insurance			30		30
Swaps (hedge accounting)			2		2
Available-for-sale financial assets					
Equity securities	16	46	19		65
Debt securities	16	16	20		36
Total assets		**62**	**100**		**162**
Financial liabilities at fair value through income statement					
Forward foreign exchange contracts			22		22
Swaps (hedge accounting)			11		11
Swaps (no hedge accounting)			12		12
Total liabilities			**45**		**45**

2012 in millions of Swiss francs	Note	Level 1	Level 2	Level 3	Total
Financial assets at fair value through income statement					
Forward foreign exchange contracts			23		23
Corporate owned life insurance			27		27
Available-for-sale financial assets					
Equity securities	16	41	16		57
Debt securities	16	15	20		35
Total assets		**56**	**86**		**142**
Financial liabilities at fair value through income statement					
Forward foreign exchange contracts			15		15
Swaps (hedge accounting)			29		29
Swaps (no hedge accounting)			17		17
Total liabilities			**61**		**61**

Financial assets and liabilities at fair value through income statement are measured with Level 2 inputs. They consist of forward foreign exchange contracts that are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts, of interest swaps that are measured using quoted interest rates and yield curves derived from quoted interest rates matching maturities of the contracts, and of company-owned life insurance (COLI) that are measured on quoted instruments with similar credit ratings and terms in a mix of money market, fixed income and equity funds managed by unrelated fund managers.

There was no transfer between Level 1 and 2 in the period. The Group did not carry out any transactions on level 3 type assets during 2013 and 2012, nor did it have any assets in this category at 31 December 2013 and 2012.

5. Segment information

eports reviewed by the Executive Committee that are used to allocate resources to the segments and to assess their performance. The Executive Committee considers the business from a divisional perspective:

Fragrances
Manufacture and sale of fragrances into three global business units: Fine Fragrances, Consumer Products and Fragrance Ingredients; and

Flavours
Manufacture and sale of flavours into four business units: Beverages, Dairy, Savoury and Sweet Goods.

The performance of the operating segments is based on a measure of the EBITDA at comparable basis where applicable. This measure is computed as the EBITDA adjusted for non-recurring items.

Business segments

		Fragrances		Flavours		Group	
in millions of Swiss francs	Note	**2013**	2012 [a]	**2013**	2012 [a]	**2013**	2012 [a]
Segment sales		2,084	2,022	2,295	2,242	4,379	4,264
Less inter segment sales [b]		(1)	(1)	(9)	(6)	(10)	(7)
Segment sales to third parties	2.5	**2,083**	**2,021**	**2,286**	**2,236**	**4,369**	**4,257**
EBITDA		**503**	**435**	**467**	**454**	**970**	**889**
as % of sales		24.2%	21.5%	20.4%	20.3%	22.2%	20.9%
Depreciation	19	(52)	(50)	(59)	(58)	(111)	(108)
Amortisation	20	(71)	(70)	(89)	(85)	(160)	(155)
Impairment of long-lived assets	19		-	(6)	-	(6)	-
Acquisition of property, plant and equipment	19	52	54	73	102	125	156
Acquisition of intangible assets	20	22	32	29	40	51	72
Capital expenditure		**74**	**86**	**102**	**142**	**176**	**228**

a) Previous year figures have been updated as a result of changes to accounting policies and presentation (see Note 2.1.1).

b) Transfer prices for inter-divisional sales are set on an arm's length basis.

The amounts by division provided to the Executive Committee are measured in a consistent manner in terms of accounting policies with the consolidated financial statements.

Reconciliation table to Group's operating income

	Fragrances		Flavours		Group	
in millions of Swiss francs	**2013**	2012[a]	**2013**	2012[a]	**2013**	2012[a]
EBITDA	**503**	**435**	**467**	**454**	**970**	**889**
Depreciation	(52)	(50)	(59)	(58)	(111)	(108)
Amortisation	(71)	(70)	(89)	(85)	(160)	(155)
Impairment of long-lived assets			(6)		(6)	
Operating income	**380**	**315**	**313**	**311**	**693**	**626**
as % of sales	18.3%	15.6%	13.7%	13.9%	15.9%	14.7%
Financing costs					(85)	(84)
Other financial income (expense), net					(28)	(28)
Income before taxes					**580**	**514**
as % of sales					13.3%	12.1%

a) Previous year figures have been updated as a result of changes to accounting policies and presentation (see Note 2.1.1).

Entity-wide disclosures

The breakdown of revenues from the major group of similar products is as follows:

in millions of Swiss francs	**2013**	2012
Fragrance Division		
Fragrance Compounds	1,847	1,781
Fragrance Ingredients	236	240
Flavour Division		
Flavour Compounds	2,286	2,236
Total revenues	**4,369**	**4,257**

The Group operates in five geographical areas: Switzerland (country of domicile); Europe, Africa & Middle-East; North America; Latin America; and Asia Pacific.

	Segment sales[a]		Non-current assets[b]	
in millions of Swiss francs	**2013**	2012	**2013**	2012
Switzerland	52	48	790	871
Europe	1,271	1,230	1,395	1,439
Africa, Middle-East	330	310	63	75
North America	958	952	866	898
Latin America	578	570	148	167
Asia Pacific	1,180	1,147	365	393
Total geographical segments	**4,369**	**4,257**	**3,627**	**3,843**

a) Segment sales are revenues from external customers and are shown by destination.

b) Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets. They consist of property, plant and equipment, intangible assets and investments in jointly controlled entities.

Revenues of approximately CHF 523 million (2012: CHF 500 million) are derived from a single external customer. These revenues are mainly attributable to the Fragrance Division.

6. Employee benefits

The following amounts related to employee remuneration and benefits are included in determining operating income:

in millions of Swiss francs	2013	2012 Restated
Wages and salaries	723	711
Social security costs	98	93
Post-employment benefits: defined benefit plans	47	45
Post-employment benefits: defined contribution plans	14	13
Equity-settled instruments	22	12
Cash-settled instruments	25	8
Change in fair value on own equity instruments	(16)	1
Other employee benefits	86	80
Total employees' remuneration	**999**	**963**

Defined Benefit Plans

The Group operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking account of the recommendations of independent qualified actuaries. The most significant plans are held in Switzerland, United States of America, the Netherlands and United Kingdom (further information by country is disclosed at the end of this note).

Non-pension plans consist primarily of post-retirement healthcare and life insurance schemes, principally in the United States of America.

The amounts recognised in the consolidated income statement are as follows:

			2013			2012 Restated
in millions of Swiss francs	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
Current service cost	45	2	47	42	3	45
Total included in employees' remuneration	**45**	**2**	**47**	**42**	**3**	**45**
Net interest expense included in financing costs	14	3	17	16	3	19
Total components of defined benefit cost	**59**	**5**	**64**	**58**	**6**	**64**
Of which arising from:						
Funded obligations	55	5	60	54	6	60
Unfunded obligations	4		4	4		4

The amounts recognised in other comprehensive income are as follows:

			2013			2012 Restated
in millions of Swiss francs	Pension Plans	Non-pension Plans	Total	Pension Plans	Non-pension Plans	Total
(Gains) losses from change in demographic assumptions				25		25
(Gains) losses from change in financial assumptions	(112)	(7)	(119)	116	6	122
Experience (gains) losses	3	(1)	2	(6)	(3)	(9)
Return on plan assets less interest on plan assets	(73)	-	(73)	(94)		(94)
Remeasurement (gains) losses on defined benefit pension plans	**(182)**	**(8)**	**(190)**	**41**	**3**	**44**
Of which arising from:						
Funded obligations	(177)	(8)	(185)	35	2	37
Unfunded obligations	(5)	-	(5)	6	1	7

The amounts recognised in the statement of financial position are as follows:

in millions of Swiss francs	2013 Pension Plans	2013 Non-pension Plans	2013 Total	2012 Restated Pension Plans	2012 Restated Non-pension Plans	2012 Restated Total
Funded obligations						
Present value of funded obligations	(1,891)	(61)	(1,952)	(1,955)	(69)	(2,024)
Fair value of plan assets	1,655	1	1,656	1,542	1	1,543
Recognised asset (liability) for funded obligations, net	**(236)**	**(60)**	**(296)**	**(413)**	**(68)**	**(481)**
Unfunded obligations						
Present value of unfunded obligations	(54)	(12)	(66)	(61)	(10)	(71)
Recognised (liability) for unfunded obligations	**(54)**	**(12)**	**(66)**	**(61)**	**(10)**	**(71)**
Total defined benefit asset (liability)	**(290)**	**(72)**	**(362)**	**(474)**	**(78)**	**(552)**
Deficit recognised as liabilities for post-employment benefits	(299)	(72)	(371)	(476)	(78)	(554)
Surplus recognised as part of other long-term assets	9		9	2		2
Total net asset (liability) recognised	**(290)**	**(72)**	**(362)**	**(474)**	**(78)**	**(552)**

Amounts recognised in the statement of financial position for post-employment defined benefit plans are predominantly non-current. The non-current portion is reported as non-current assets and non-current liabilities. The current portion is reported as current liabilities within other current liabilities.

Changes in the present value of the defined benefit obligation are as follows:

in millions of Swiss francs	2013 Pension Plans	2013 Non-pension Plans	2013 Total	2012 Restated Pension Plans	2012 Restated Non-pension Plans	2012 Restated Total
Balance as at 1 January	**2,016**	**79**	**2,095**	**1,836**	**74**	**1,910**
Amounts recognised in the income statement						
Net current service cost	45	2	47	42	3	45
Net interest expense	59	3	62	66	3	69
Amounts recognised in the other comprehensive income						
(Gains) losses from change in demographic assumptions				25		25
(Gains) losses from change in financial assumptions	(112)	(7)	(119)	116	6	122
Experience (gains) losses	3	(1)	2	(6)	(3)	(9)
Employee contributions	11		11	10		10
Benefit payments	(64)	(3)	(67)	(64)	(4)	(68)
Currency translation effects	(13)	-	(13)	(9)	-	(9)
Balance as at 31 December	**1,945**	**73**	**2,018**	**2,016**	**79**	**2,095**

Changes in the fair value of the plan assets are as follows:

in millions of Swiss francs	2013 Pension Plans	2013 Non-pension Plans	2013 Total	2012 Restated Pension Plans	2012 Restated Non-pension Plans	2012 Restated Total
Balance as at 1 January	**1,542**	**1**	**1,543**	**1,389**	**1**	**1,390**
Amounts recognised in the income statement						
Interest cost	45		45	50	-	50
Amounts recognised in the other comprehensive income						
Return on plan assets less interest on plan assets	73		73	94	-	94
Employer contributions	57	3	60	68	4	72
Employee contributions	11		11	10		10
Benefit payments	(64)	(3)	(67)	(64)	(4)	(68)
Currency translation effects	(9)		(9)	(5)	-	(5)
Balance as at 31 December	**1,655**	**1**	**1,656**	**1,542**	**1**	**1,543**

Plan assets are comprised as follows:

in millions of Swiss francs		2013		2012
Debt	658	40%	577	37%
Equity	604	36%	582	38%
Property	201	12%	200	13%
Insurances policies and other	193	12%	184	12%
Total	**1,656**	**100%**	**1,543**	**100%**

The investment strategies are diversified within the respective statutory requirements of each country providing long-term returns with an acceptable level of risk. The plan assets ar operty and insurance policies.

The plan assets do not include Givaudan registered shares. They do not include any property occupied by, or other assets used by, the Group.

The Group operates defined benefit plans in many countries for which the actuarial assumptions vary based on local economic and social conditions. The assumptions used in the actuarial valuations of the most significant defined benefit plans, in countries with stable currencies and interest rates, were as follows:

Weighted percentage	2013	2012
Discount rates	3.4%	3.0%
Projected rates of remuneration growth	2.9%	2.8%
Future pension increases	1.0%	0.8%
Healthcare cost trend rate	5.0%	5.5%

The overall discount rate and the overall projected rates of remuneration growth are calculated by weighting the individual rates in accordance with the defined benefit obligation of the plans.

Sensitivity analysis

The defined benefits obligations are calculated on the basis of various financial and demographic assumptions. The below information

The effects of the change in assumptions are as follows:

in millions of Swiss francs	Change in assumption	Effects of the change	Increase in assumption	Decrease in assumption
Discount rate	0.5%	on the current service cost	(6)	6
		on the defined benefit obligation	(151)	166
Salary increases	0.5%	on the current service cost	2	(2)
		on the defined benefit obligation	20	(19)
Pension increases	0.5%	on the current service cost	3	(1)
		on the defined benefit obligation	108	(53)
Medical cost trend	1.0%	on the current service cost	-	-
		on the defined benefit obligation	4	(3)
Life expectancy	1 year	on the current service cost	1	(1)
		on the defined benefit obligation	54	(56)

Information by country

Switzerland

According Swiss Federal Law on Occupational Retirement, Survivors and Disability (LPP/BVG), the pension plan is managed by an independent, legally autonomous entity which has the legal structure of a foundation.

The Board of Trustees of the foundation is composed of equal numbers of employee and employer representatives. Each year the Board of Trustees decides the level of interest, if any, to apply to the retirement accounts in accordance with the pension policy. It is also responsible for the investment of the assets defining the investment strategy for long-term returns with an acceptable level of risk. The foundation provides benefits on a defined contribution basis.

The majority of the employees are participants to the plan and are insured against the financial consequences of old age, disability and death. The employer and employees pay contributions to the pension plan at rates set out in the foundation rules based on a percentage of salary. The amount of the retirement account can be taken by the employee at retirement in the form of pension or capital.

Under IAS19 employee benefits, the pension plan is classified as defined benefit plan due to the promises and underlying benefits guarantees. Consequently the pension obligation is calculated by using the projected unit credit method.

The Group expects to contribute CHF 17 million to these plans during 2014 (2013: CHF 17 million).

United States of America

The main US pension plan is qualified under and is managed in accordance with the requirements of US federal law. In accordance with federal law the assets of the plan are legally separate from the employer and are held in a pension trust.

The law requires minimum and maximum amounts that can be contributed to the trust, together with limitations on the amount of benefits that may be provided under the plan. There are named fiduciaries that are responsible for ensuring the plan is managed in accordance with the law. The fiduciaries are responsible for the investment of the assets defining the investment strategy for long-term returns with an acceptable level of risk. The employees do not contribute to the plan and the employer contributes to the plan amounts which are at least equal to the minimum required by the law and not more than the maximum that would limit the tax deductibility of the contributions. The plan provides benefits on a defined benefit basis, and is closed to new employees.

The closed group of participants to the defined benefit plan continue to accrue benefits which are payable at retirement and on death in service. With exceptions for optional lump sum amounts for certain sections of the plan, the benefits are paid out as annuities.

Under IAS19 employee benefits, the pension obligations are calculated by using the projected unit credit method.

The Group expects to contribute CHF 23 million to this plan in 2014 (2013: CHF 23 million).

Netherlands

The Pension Plan is a corporate pension plan for a single employer under Dutch pension law, and legally independent from the company. The plan's management and administration is in the responsibility of the Trustee Board.

The Board of Trustees is composed of equal numbers of employee and employer representatives. The Board of Trustees is responsible for the investment of the assets defining the investment strategy for long-term returns with an acceptable level of risk. The Pension Plan provides benefits on a defined benefits basis up to a capped pensionable salary, and on a defined contribution basis above the cap.

The majority of the employees are participants to the plan and are insured against the financial consequences of old age, disability and death. The disability benefits are reinsured with an insurance company. The employees pay contributions to the Pension Plan at rates set out in the Plan rules based on a percentage of salary, and the employer finances the difference with the required funding level. The benefits are paid out as annuities. The annuities are adjusted to inflation, under conditions and subject to pre-defined limits.

Under IAS19 employee benefits, the pension obligations up to the cap of pensionable salary are calculated by using the projected unit credit method.

The Group expects to contribute CHF 8 million to this plan in 2014 (2013: CHF 10 million).

United Kingdom

The two occupational pension schemes (Quest UK Pension Scheme and Givaudan UK Pension Plan) are arranged under the applicable UK Pension Schemes and Pensions Acts and managed as legally autonomous pension trusts by the Boards of Trustees.

The Boards of Trustees are composed of two employee representatives and four employer representatives, for the Quest UK Pension Scheme, and three employee representatives, three employer representatives plus two pensioner representatives for the Givaudan UK Pension Plan. The Boards of Trustees are responsible for the investment of the assets defining the investment strategy for long-term returns with an acceptable level of risk. In their respective sections, both trusts provide benefits on a defined benefit basis. These defined benefit sections are closed to new members.

The closed groups of participants to the defined benefit sections of both the Quest UK Pension Scheme or the Givaudan UK Pension Plan continue to accrue benefits for the events of retirement and death in service. The employer and the members pay contributions to the trusts at rates set out in the trust rules and the contribution schedule. The regular contributions are based on a percentage of pensionable salary. With exceptions for trivial amounts, transfer values, lump sum death benefits and tax free lump sums, the benefits are paid out as annuities.

Under IAS19 employee benefits, the pension obligations in the defined benefit sections of both the Quest UK Pension Scheme and the Givaudan UK Pension Plan are calculated by using the projected unit credit method.

The Group expects to contribute CHF 15 million to this plan in 2014 (2013: CHF 15 million).

Rest of the world

The Group operates other retirement plans classified either as defined benefit or defined contribution plans in some other countries. ed material to the Group.

The Group expects to contribute CHF 3 million to these plans in 2014 (2013: CHF 2 million).

The funding position of the funded defined benefits plans are as follows:

As at 31 December 2013 in millions of Swiss francs	Switzerland	United States of America	United Kingdom	Netherlands	Other countries	Total
Present value of defined benefit obligation	881	339	308	294	69	1,891
Fair value of plan asset	763	314	271	267	40	1,655
Deficit / (surplus)	**118**	**25**	**37**	**27**	**29**	**236**
In percentage	86.6%	92.6%	88.0%	90.8%	58.0%	87.5%

As at 31 December 2012 in millions of Swiss francs	Switzerland	United States of America	United Kingdom	Netherlands	Other countries	Total
Present value of defined benefit obligation	897	382	292	307	77	1,955
Fair value of plan asset	719	277	241	263	42	1,542
Deficit / (surplus)	**178**	**105**	**51**	**44**	**35**	**413**
In percentage	80.2%	72.5%	82.5%	85.7%	54.5%	78.9%

Key assumptions

2013 in percentage	Switzerland	United States of America	United Kingdom	Netherlands
Discount rate	2.25	5.05	4.40	3.50
Future salary increases	2.00	4.00	4.00	2.50
Future pension increases	0.00	n/a	3.30	1.00
Future average life expectancy for a pensioner retiring at age 65	21.8	20.2	24.3	22.9

2012 in percentage	Switzerland	United States of America	United Kingdom	Netherlands
Discount rate	2.00	4.25	4.00	3.00
Future salary increases	2.00	4.00	3.50	2.50
Future pension increases	0.00	n/a	2.83	1.00
Future average life expectancy for a pensioner retiring at age 65	21.7	20.2	24.2	22.8

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for the most important countries are based on the following mortality tables:

(i) Switzerland: BVG2010

(ii) United States of America: RP2000

(iii) United Kingdom: S1PAL

(iv) Netherlands: AG2012

Allowance for future improvements in mortality have been allowed for as appropriate in each country. In Switzerland and Netherlands the generational rates have been employed. In the United States of America the published rates have been projected in accordance with the AA scale as required by local funding rules. In the United Kingdom the rates reflect the latest CMI projections with a 1% long term rate of improvement.

7. Share-based payments

Performance share plan

The performance share plan shown in the table below is the first plan of a series that will be granted on a yearly basis. The performance shares are converted into tradable and transferable shares of Givaudan S.A. after the vesting period, subject to performance conditions. owth of selected peer companies and the cumulative free cash flow margin. There is no market vesting conditions involved and participation in this plan is mandatory.

Year of grant	Commencing date	Vesting date	Number of shares expected to be delivered at vesting date on 31 Dec 2013	Weighted average fair value (CHF)
2013	29 Mar 2013	29 Mar 2016	52,797	1,041.4

The cost of the equity-settled instruments of CHF 14 million has been expensed in the consolidated income statement.

Equity-settled instruments related to share options

Share options shown in the table below have been granted on a yearly basis. These options are tradable and transferable after the vesting period. Participation in these plans is mandatory.

Share options outstanding at the end of the year have the following terms:

Year of grant	Maturity date	Vesting date	Strike price[a] (CHF)	Ratio[a] (option: share)	Option value at grant date (CHF)	Number of options 2013	Number of options 2012
2008	4 Mar 2013	4 Mar 2010	1,113.6	12.5:1	14.23		163,300
2009	3 Mar 2014	3 Mar 2011	700.5	8.6:1	14.98	7,950	50,550
2010	3 Mar 2015	3 Mar 2012	925.0	9.5:1	15.16	34,450	259,950
2011	25 Feb 2016	25 Feb 2013	975.0	8.5:1	15.57	112,050	254,500
2012	1 Mar 2017	1 Mar 2014	915.0	7.0:1	15.41	280,500	280,500

a) Strike price and ratios of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held in 2009, to distribute extraordinary dividends, subsequent to the share capital increase related to the rights issue.

The cost of these equity-settled instruments of CHF 2 million (2012: CHF 4 million) has been expensed in the consolidated income statement.

Movements in the number of share options outstanding, expressed in equivalent shares, are as follows:

Number of options expressed in equivalent shares	2013	Weighted average exercised price (CHF)	2012	Weighted average exercised price (CHF)
As at 1 January	**116,319**	**954.0**	**139,350**	**1,001.0**
Granted			41,130	916.9
Sold	(57,770)	972.4	(32,494)	904.3
Lapsed/cancelled	(748)	1,093.4	(31,667)	1,177.6
As at 31 December	**57,801**	**927.3**	**116,319**	**954.0**

Of the 57,801 outstanding options expressed in equivalent shares (2012: 116,319), 17,729 options (2012: 46,306) were exercisable. For these plans, the Group has at its disposal either treasury shares or conditional share capital up to an amount of CHF 1,618,200, representing 161,820 registered shares with a par value of CHF 10 per share. When held or sold, an option does not give right to receive a dividend or to vote.

Equity-settled instruments related to restricted shares

Restricted shares shown in the table below have been granted on a yearly basis. These shares are tradable and transferable after the vesting period. Participation in these plans is mandatory.

Restricted shares outstanding at the end of the year have the following terms:

Year of grant	Maturity date	Vesting date	Restricted share at grant date (CHF)	Number of restricted share 2013	Number of restricted share 2012
2010	3 Mar 2015	3 Mar 2013	806.2		3,840
2011	25 Feb 2016	25 Feb 2014	866.3	9,907	9,953
2012	1 Mar 2017	1 Mar 2015	810.3	10,409	10,519
2013	1 Mar 2018	1 Mar 2016	970.4	1,125	

Of the 21,441 outstanding restricted shares (2012: 24,312), no share (2012: none) were deliverable. The cost of these equity-settled instruments of CHF 6 million (2012: CHF 6 million) has been expensed in the consolidated income statement.

Movements in the number of restricted shares outstanding are as follows:

Number of restricted shares	2013	2012
As at 1 January	**24,312**	**20,314**
Granted	1,125	10,519
Sold	(3,840)	(6,290)
Lapsed/cancelled	(156)	(231)
As at 31 December	**21,441**	**24,312**

For these plans, the Group has at its disposal treasury shares.

Cash-settled instruments related to share options

Option rights shown in the table below have been granted on a yearly basis. These rights are not tradable and transferable after the vesting period. Participation in these plans is mandatory.

Year of grant	Maturity date	Vesting date	Strike price[a] (CHF)	Ratio[a] (option: share)	Option value at grant date (CHF)	Number of options 2013	Number of options 2012
2008	4 Mar 2013	4 Mar 2010	1,113.6	12.5:1	14.23		223,400
2009	3 Mar 2014	3 Mar 2011	700.5	8.6:1	14.98	16,350	41,550
2010	3 Mar 2015	3 Mar 2012	925.0	9.5:1	15.16	70,300	223,600
2011	25 Feb 2016	25 Feb 2013	975.0	8.5:1	15.57	80,815	196,750
2012	1 Mar 2017	1 Mar 2014	915.0	7.0:1	15.41	197,875	197,875

a) Strike price and ratios of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held in 2009, to distribute extraordinary dividends, subsequent to the share capital increase related to the rights issue.

The change of the fair value and the execution of these cash-settled instruments resulted to a charge of CHF 17 million (2012: income of CHF 4 million) in the consolidated income statement. The liability element of the cash-settled instruments of CHF 18 million (2012: CHF 7 million) has been recognised in the statement of financial position.

Movements in the number of options rights outstanding, expressed in equivalent shares, are as follows:

Number of options expressed in equivalent shares	2013	Weighted average exercised price (CHF)	2012	Weighted average exercised price (CHF)
As at 1 January	**97,670**	**970.9**	**144,837**	**1,016.6**
Granted			28,625	915.0
Exercised	(49,318)	1,003.0	(39,681)	912.3
Lapsed/cancelled	(1,283)	1,113.2	(36,111)	1,190.1
As at 31 December	**47,069**	**920.6**	**97,670**	**970.9**

Of the 47,069 outstanding options expressed in equivalent shares (2012: 97,670), 18,801 options (2012: 46,256) were exercisable. The Group has at its disposal treasury shares to finance these plans. When held or sold, an option right does not give rights to receive a dividend nor to vote.

Cash-settled instruments related to restricted shares

Option rights shown in the table below have been granted on a yearly basis. These rights are not tradable and transferable after the vesting period. Participation in these plans is mandatory.

Year of grant	Maturity date	Vesting date	Option value at grant date (CHF)	Number of options 2013	Number of options 2012
2010	3 Mar 2015	3 Mar 2013	806.2		1,632
2011	25 Feb 2016	25 Feb 2014	866.3	4,535	4,535
2012	1 Mar 2017	1 Mar 2015	810.3	4,783	4,783
2013	1 Mar 2018	1 Mar 2016	970.4	125	

The change of the fair value and the execution of these cash-settled instruments resulted to a charge of CHF 8 million (2012: charge of CHF 4 million) in the consolidated income statement. The liability element of these cash-settled instruments of CHF 10 million (2012: CHF 6 million) has been recognised in the statement of financial position.

Movements in the number of restricted shares outstanding are as follows:

Number of restricted shares	2013	2012
As at 1 January	**10,950**	**9,458**
Granted	125	4,793
Exercised	(1,592)	(2,836)
Lapsed/cancelled	(40)	(465)
As at 31 December	**9,443**	**10,950**

The Group has at its disposal treasury shares to finance these plans. When held or sold, an option right does not give rights to receive a dividend nor to vote.

8. Other operating income

in millions of Swiss francs	2013	2012
Gains on sale of intangible assets		27
Gains on sale of jointly controlled entity		9
Gains on fixed assets disposal	1	1
Other income	10	10
Total other operating income	**11**	**47**

In the year ended 31 December 2012, a one time income of CHF 9 million was recognised as a result of a gain on sale of the joint venture Pacific Pure-Aid.

In the year ended 31 December 2012, a one time income of CHF 27 million was recognised as a result of a gain on sale of intangible assets.

9. Other operating expense

in millions of Swiss francs	2013	2012
Amortisation of intangible assets	66	55
Impairment of long-lived assets	6	
Losses on fixed assets disposals	2	2
Business related information management project costs	-	3
Other expenses	8	20
Total other operating expense	**82**	**80**

In the year ended 31 December 2012, a provision related to the liquidation of the joint venture TecnoScent has been provided for an amount of CHF 2 million and was reported in other expenses.

10. Expenses by nature

in millions of Swiss francs	Note	2013	2012[a]
Raw materials and consumables used		1,619	1,768
Total employee remuneration	6	999	963
Depreciation, amortisation and impairment charges	19, 20	277	263
Transportation expenses		50	50
Freight expenses		97	97
Consulting and service expenses		118	100
Other expenses		516	390
Total operating expenses by nature		**3,676**	**3,631**

a) Previous year figures have been restated as a result of changes to accounting policies and presentation (see Note 2.1.1).

In 2012, Other Expenses of CHF 390 million included income of CHF 27 million as a result of a gain on the sale of intangible assets, as well as a transfer to intangible costs for internally incurred costs which were capitalised as part of the Group's ERP project. In 2013 these items did not recur.

11. Financing costs

in millions of Swiss francs	2013	2012[a]
Interest expense	62	72
Net interest related to defined benefits pension plan	17	19
Derivative interest (gains) losses	4	(9)
Amortisation of debt discounts	2	2
Total financing costs	**85**	**84**

a) Previous year figures have been restated as a result of changes to accounting policies and presentation (see Note 2.1.1).

12. Other financial (income) expense, net

in millions of Swiss francs	2013	2012
Fair value and realised (gains) losses from derivatives instruments, net (at fair value through income statement)	(24)	(10)
Exchange (gains) losses, net	38	28
Gains from available-for-sale financial assets	(1)	(1)
Realised gains from available-for-sale financial assets removed from equity	-	-
Unrealised (gains)/losses from fair value through income statement financial instruments	(4)	(3)
Interest income	(2)	(3)
Capital taxes and other non business taxes	10	10
Other (income) expense, net	11	7
Total other financial (income) expense, net	**28**	**28**

13. Income taxes

Amounts charged (credited) in the consolidated income statement are as follows:

	2013			2012[a]		
in millions of Swiss francs	Income statement	Other comprehensive income	Total	Income statement	Other comprehensive income	Total
Current income taxes	142	(3)	139	153	(3)	150
Adjustments of current tax of prior years	(19)		(19)	(8)		(8)
Deferred income taxes						
- adjustments of deferred tax of prior year	1		1	1		1
- origination and reversal of temporary differences	(32)	64	32	(38)	(13)	(51)
- changes in tax rates	(2)		(2)	(4)		(4)
- reclassified from equity to income statement	-	-	-	-	-	-
Total income tax expense	90	61	151	104	(16)	88

a) Previous year figures have been restated as a result of changes to accounting policies and presentation (see Note 2.1.1).

Since the Group operates globally, it is liable for income taxes in many different tax jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Differences between the final tax outcome and the amounts that were initially recorded impact the current and deferred taxes in the period in which such determinations are made.

The Group calculates on the basis of the income statement its average applicable tax rate as a weighted average of the tax rates in the tax jurisdictions in which the Group operates, including research tax credits and withholding tax on dividends, interest and royalties.

The Group's effective tax rate differs from the Group's average expected tax rate as follows:

	2013	2012
Group's average applicable tax rate	19%	23%
Tax effect of		
Income not taxable	(1)%	(1)%
Expenses not deductible	1%	1%
Other adjustments of income taxes of prior years	(3)%	(2)%
Other differences	0%	(1)%
Group's effective tax rate	16%	20%

The variation in the Group's average applicable tax rate is caused by changes in volumes, product mix and profitability of the Group's subsidiaries in the various jurisdictions, as well as changes in local statutory tax rates.

Income tax assets and liabilities

Amounts recognised in the statement of financial position related to income taxes are as follows:

As at 31 December in millions of Swiss francs	2013	2012
Current income tax assets	18	29
Current income tax liabilities	(82)	(99)
Total net current income tax asset (liability)	(64)	(70)

As at 31 December in millions of Swiss francs	2013	31 December 2012[a]	1 January 2012[a]
Deferred income tax assets	168	148	230
Deferred income tax liabilities	(87)	(34)	(169)
Total net deferred income tax asset (liability)	81	114	61

a) Previous year figures have been restated as a result of changes to accounting policies and presentation (see Note 2.1.1).

Amounts recognised in the statement of financial position for deferred taxes are reported as non-current assets and non-current liabilities, a portion of which are current and will be charged or credited to the consolidated income statement during 2014.

Deferred income tax assets are recognised for deductible temporary differences only to the extent that the realisation of the related tax benefit is probable. Of the deferred income tax assets of CHF 168 million, deferred tax assets of CHF 10 million have been recognised on loss carry forwards (2012: CHF 11 million). To the extent that the utilisation of these deferred tax assets is dependent on future taxable profits in excess of the reversal of existing temporary differences, management considers it is probable that these deductible temporary differences can be used against additional future taxable profits based on its business projections for these entities. The Group has no material unrecognised deductible temporary differences.

Deferred income tax liabilities have not been established for withholding tax and other taxes that would be payable on the unremitted earnings of certain foreign subsidiaries, as such amounts are currently regarded as permanently reinvested. The related temporary differences amount to CHF 290 million at 31 December 2013 (2012: CHF 216 million).

Deferred income tax assets and liabilities and the related deferred income tax charges are attributable to the following items:

2013 in millions of Swiss francs	Property, plant & equipment	Intangible assets	Pension plans	Tax loss carry forward	Other temporary differences	Total
Net deferred income tax asset (liability) as at 1 January	(92)	(56)	166	11	85	114
(Credited) charged to consolidated income statement	2	12	(3)	1	21	33
(Credited) debited to other comprehensive income			(64)			(64)
Currency translation effects	2	(1)	(1)	(2)		(2)
Net deferred income tax asset (liability) as at 31 December	(88)	(45)	98	10	106	81

2012 in millions of Swiss francs	Property, plant & equipment	Intangible assets	Pension plans	Tax loss carry forward	Other temporary differences	Total
Net deferred income tax asset (liability) as at 1 January	(95)	(70)	(1)	12	59	(95)
Net deferred income tax asset (liability) as at 1 January restated	(95)	(70)	156	12	58	61
(Credited) charged to consolidated income statement	1	13	(1)	-	29	42
(Credited) debited to other comprehensive income			11		-	11
Currency translation effects	2	1	-	(1)	(2)	-
Net deferred income tax asset (liability) as at 31 December restated	(92)	(56)	166	11	85	114

14. Earnings per share

Basic earnings per share

Basic earnings per shar eholders by the weighted average number of shares outstanding:

	2013	2012[a]
Income attributable to equity holder of the parent (CHF million)	**490**	**410**
Weighted average number of shares outstanding		
Ordinary shares	9,233,586	9,233,586
Treasury shares	(62,567)	(130,434)
Net weighted average number of shares outstanding	**9,171,019**	**9,103,152**
Basic earnings per share (CHF)	**53.43**	**45.04**

a) 2012 income has been restated by the changes to accounting policies (see Note 2.1.1) and consequently changed the basic earnings per share from CHF 45.15 to CHF 45.04.

Diluted earnings per share

For the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted to assume conversion of all potentially dilutive shares:

	2013	2012[a]
Income attributable to equity holder of the parent (CHF million)	**490**	**410**
Weighted average number of shares outstanding for diluted earnings per share of 103,654 (2012: 61,451)	**9,274,673**	**9,164,603**
Diluted earnings per share (CHF)	**52.83**	**44.74**

a) 2012 income has been restated by the changes to accounting policies (see Note 2.1.1) and consequently changed the basic earnings per share from CHF 44.85 to CHF 44.74.

15. Cash and cash equivalents

in millions of Swiss francs	2013	2012
Cash on hand and balances with banks	306	218
Short-term investments	207	150
Balance as at 31 December	**513**	**368**

16. Available-for-sale financial assets

in millions of Swiss francs	2013	2012
Equity securities [a]	65	57
Bonds and debentures	36	36
Balance as at 31 December	**101**	**93**
Current assets	62	57
Non-current assets [b]	39	36
Balance as at 31 December	**101**	**93**

a) In 2013 and 2012 no equity securities were restricted for sale.

b) Available-for-sale financial assets are included in Other long-term assets in the Statement of Financial Position.

17. Accounts receivable – trade

in millions of Swiss francs	2013	2012
Accounts receivable	852	844
Notes receivable	-	1
Less: provision for impairment	(8)	(7)
Balance as at 31 December	**844**	**838**

Ageing list:

in millions of Swiss francs	2013	2012
Neither past due nor impaired	775	752
Less than 30 days	53	66
30 – 60 days	11	10
60 – 90 days	4	6
Above 90 days	9	11
Less: provision for impairment	(8)	(7)
Balance as at 31 December	**844**	**838**

Movement in the provision for impairment of accounts receivable – trade:

in millions of Swiss francs	2013	2012
Balance as at 1 January	(7)	(9)
Increase in provision for impairment recognised in consolidated income statement	(3)	(6)
Amounts written off as uncollectible	-	1
Reversal of provision for impairment	2	7
Currency translation effects	-	-
Balance as at 31 December	(8)	(7)

No significant impairment charge has been recognised in the consolidated income statement in 2013 or 2012. Past due and impaired receivables are still considered recoverable. The carrying amount of accounts receivable trade is considered to correspond to the fair value.

18. Inventories

in millions of Swiss francs	2013	2012
Raw materials and supplies	264	306
Work in process	23	21
Intermediate and finished goods	436	434
Less: allowance for slow moving and obsolete inventories	(31)	(36)
Balance as at 31 December	**692**	**725**

In 2013, the amount of write-down of inventories was CHF 33 million (2012: CHF 40 million). At 31 December 2013 and 2012 no significant inventory was valued at net realisable value.

19. Property, plant and equipment

2013 in millions of Swiss francs	Land	Buildings and land improvements	Machinery, equipment and vehicles	Construction in progress	Total
Net book value					
Balance as at 1 January	**100**	**661**	**534**	**93**	**1,388**
Additions		2	7	116	125
Disposals		(1)	(3)		(4)
Transfers	1	34	85	(120)	
Impairment		(4)	(2)		(6)
Depreciation		(28)	(83)		(111)
Reclassified as inventories		(1)	(1)		(2)
Currency translation effects	(3)	(15)	(11)	(6)	(35)
Balance as at 31 December	**98**	**648**	**526**	**83**	**1,355**
Cost	98	1,084	1,625	83	2,890
Accumulated depreciation		(410)	(1,087)		(1,497)
Accumulated impairment		(26)	(12)		(38)
Balance as at 31 December	**98**	**648**	**526**	**83**	**1,355**

2012 in millions of Swiss francs	Land	Buildings and land improvements	Machinery, equipment and vehicles	Construction in progress	Total
Net book value					
Balance as at 1 January	**105**	**580**	**491**	**190**	**1,366**
Additions		1	9	146	156
Disposals		(1)	(2)		(3)
Transfers		118	122	(240)	
Depreciation		(27)	(81)		(108)
Reclassified as intangible assets	(3)				(3)
Currency translation effects	(2)	(10)	(5)	(3)	(20)
Balance as at 31 December	**100**	**661**	**534**	**93**	**1,388**
Cost	100	1,076	1,609	93	2,878
Accumulated depreciation		(392)	(1,064)		(1,456)
Accumulated impairment		(23)	(11)		(34)
Balance as at 31 December	**100**	**661**	**534**	**93**	**1,388**

Qualifying assets related to the investment in Hungary and Singapore for which borrowing costs directly attributable to its acquisition or construction were recognised. At 31 December 2013 the capitalised borrowing costs amounted to CHF 3.5 million (2012: CHF 3 million).

Fire insurance value of property, plant and equipment amounted to CHF 4,259 million in 2013 (2012: CHF 3,961 million).

20. Intangible assets

2013 in millions of Swiss francs	Goodwill	Intellectual property rights	Process-oriented technology and other	Software/ ERP system	Clients relationships	Total
Net book value						
Balance as at 1 January	**1,688**	**158**	**116**	**296**	**197**	**2,455**
Additions			2	49		51
Disposals						
Impairment						
Amortisation		(17)	(44)	(78)	(21)	(160)
Currency translation effects	(72)		(1)		(1)	(74)
Balance as at 31 December	**1,616**	**141**	**73**	**267**	**175**	**2,272**
Cost	1,616	339	379	492	321	3,147
Accumulated amortisation		(198)	(306)	(225)	(146)	(875)
Balance as at 31 December	**1,616**	**141**	**73**	**267**	**175**	**2,272**

2012 in millions of Swiss francs	Goodwill	Intellectual property rights	Process-oriented technology and other	Software/ ERP system	Clients relationships	Total
Net book value						
Balance as at 1 January	**1,716**	**175**	**170**	**284**	**218**	**2,563**
Additions				72		72
Disposals						
Impairment						
Amortisation		(17)	(58)	(59)	(21)	(155)
Reclassified from property, plant and equipment			3			3
Currency translation effects	(28)		1	(1)		(28)
Balance as at 31 December	**1,688**	**158**	**116**	**296**	**197**	**2,455**
Cost	1,688	339	381	442	322	3,172
Accumulated amortisation		(181)	(265)	(146)	(125)	(717)
Balance as at 31 December	**1,688**	**158**	**116**	**296**	**197**	**2,455**

Classification of amortisation expenses is as follows:

			2013			2012
in millions of Swiss francs	Fragrances	Flavours	Total	Fragrances	Flavours	Total
Cost of sales	1	1	2	-	1	1
Marketing and distribution expenses	15	15	30	13	11	24
Research and product development expenses	23	39	62	30	45	75
Other operating expense	33	33	66	27	28	55
Total	**72**	**88**	**160**	**70**	**85**	**155**

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) which are defined as the Fragrance Division and the Flavour Division. Goodwill allocated to these two CGUs was CHF 447 million (2012: CHF 466 million) to the Fragrance Division and CHF 1,169 million (2012: CHF 1,222 million) to the Flavour Division.

The recoverable amount of each CGU has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial business plans and budgets approved by management covering a five-year period, as well as a terminal value. The basis of the key assumptions is market growth adjusted for estimated market share gains. The discount rate used to discount the estimated future cash flows has a number of components which are derived from capital market information where the cost of equity corresponds to the return expected by the shareholders by benchmarking with comparable companies in the fragrance and flavour industry, and where the cost of debt is based on the conditions on which companies with similar credit rating can obtain financing.

ojections of the Fragrance Division and to cash flow projections of the Flavour Division. Cash flows of both divisions beyond the five-year period have not been extrapolated using a growth rate per annum. These discount rates are pre-tax.

No impairment loss in either division resulted from the impairment tests for goodwill. The outcome of the impairment test was not sensitive to reasonable changes in the cash flows and in the discount rate in the periods presented.

Intellectual property rights

As part of the acquisition of Food Ingredients Specialties (FIS), the Group acquired intellectual property rights, predominantly consisting of know-how being inseparable processes, formulas and recipes.

Process-oriented technology and other

This consists mainly of process-oriented technology, formulas, molecules and delivery systems acquired when the Group purchased IBF and Quest International.

Software/ERP system

This consists of Group ERP system development costs and computer software costs.

Client relationships

As part of the acquisition of Quest International, the Group acquired client relationships in the Flavour and Fragrance Divisions, mainly consisting of client relationships with key customers.

The residual useful lives of the acquired intangible assets carried at cost, being their fair value at acquisition date, are determined in accordance with the principles set out in Note 2.17.

Remaining useful lives of major classes of amortisable intangible assets are as follows:

- Software/ERP system 2.6 years
- Process-oriented technology 2.3 years
- Client relationships 8.2 years
- Intellectual property rights 8.3 years

21. Debt

2013 in millions of Swiss francs	Within 1 to 3 years	Within 3 to 5 years	Thereafter	Total long-term	Short-term within 1 year	Total
Floating rate debt						
Bank facility						
Bank overdrafts					3	3
Total floating rate debt					**3**	**3**
Fixed rate debt						
Bank borrowings						
Straight bonds	149	298	147	594	300	894
Private placements	94		221	315	117	432
Total fixed rate debt	**243**	**298**	**368**	**909**	**417**	**1,326**
Balance as at 31 December	**243**	**298**	**368**	**909**	**420**	**1,329**

2012 in millions of Swiss francs	Within 1 to 3 years	Within 3 to 5 years	Thereafter	Total long-term	Short-term within 1 year	Total
Floating rate debt						
Bank facility		200		200		200
Bank overdrafts					5	5
Total floating rate debt		**200**		**200**	**5**	**205**
Fixed rate debt						
Bank borrowings					8	8
Straight bonds	299	149	444	892		892
Private placements	165	50		215	201	416
Total fixed rate debt	**464**	**199**	**444**	**1,107**	**209**	**1,316**
Balance as at 31 December	**464**	**399**	**444**	**1,307**	**214**	**1,521**

On 28 May 2003, the Group entered into a private placement for a total amount of USD 220 million. The private placement was made by Givaudan United States, Inc. It is redeemable by instalments at various times beginning on May 2008 through May 2015 with annual interest rates ranging from 3.65% to 5.00%. There are various covenants contained in the transaction covering conditions on net worth, indebtedness and disposition of assets of Givaudan United States, Inc. Givaudan United States, Inc has always been in full compliance with the covenants set. On 28 May 2013, Givaudan United States, Inc reimbursed USD 110 million (CHF 103 million) of private placement. The total outstanding at 31 December 2013 is USD 50 million (equivalent to CHF 45 million).

On 9 July 2003, the Group entered into a private placement for a total amount of CHF 100 million with an annual interest rate of 3.3%. The private placement was made by Givaudan SA. In July 2013, the CHF 100 million has been reimbursed.

On 16 April 2004, the Group entered into a private placement for a total amount of USD 200 million. The private placement was made by Givaudan United States, Inc. It matures at various times in instalments beginning May 2009 through April 2016 with annual interest rates ranging from 4.16% to 5.49%. There are various covenants contained in the transaction covering conditions on net worth, indebtedness and disposition of assets of Givaudan United States, Inc. Until now, Givaudan United States, Inc has been in full compliance with the covenants set. Givaudan United States, Inc. redeemed USD 35 million of this placement in 2011, the total outstanding at 31 December 2013 being USD 130 million (equivalent to CHF 116 million).

On 11 May 2005, the Group issued a 2.25% straight bond 2005-2012 with a nominal value of CHF 300 million. The bond was redeemed on 1 June 2012.

In the frame of the Quest acquisition, the Group entered on 2 March 2007 into a syndicated loan agreement for a total amount of CHF 1.9 billion through its holding company, Givaudan SA. In July 2011 the Group entirely reimbursed the outstanding balance of CHF 826 million of the syndicated loan and refinanced it by entering into a 5-year CHF 500 million revolving bank facility, with an initial withdraw of CHF 250 million. In August 2012, a tranche of CHF 400 million of the multilateral facility has been extended by one year to July 2017. In November 2012, a repayment of CHF 50 million of the multilateral facility has been made. In 2013, CHF 200 million of the multilateral facility has been reimbursed.

On 23 May 2007, the Group entered into a private placement for a total amount of CHF 50 million with maturity 21 May 2014, with an annual interest rate of 3.125%. The private placement was made by Givaudan SA.

On 19 March 2009, the Group issued a 4.25% 5-year public bond (maturity 19 March 2014) with a nominal value of CHF 300 million. The bond was issued by Givaudan SA. The proceeds of CHF 297 million were mainly used to repay private placements at maturity for a total amount of CHF 90 million and to repay a portion of the syndicated loan for a total amount of CHF 174 million.

On 15 June 2011, the Group issued a 2.5% 7 year public bond (maturity 15 June 2018) with a nominal value of CHF 300 million. The bond was issued by Givaudan SA. The proceeds were mainly used to repay the 3.375% 4-year public bond redeemed on 18 October 2011.

On 7 December 2011, the Group issued a dual tranche public bond transaction of CHF 150 million each, totalling CHF 300 million, respectively of 1.250% for 5 years and of 2.125% for 10 years. The bond was issued by Givaudan SA.

In November 2012, Givaudan United States, Inc entered into three private placements for a total amount of USD 250 million (CHF 228 million) respectively USD 40 million redeemable in February 2020 with an annual interest rate of 2.74%, USD 150 million redeemable in February 2023 with an annual interest rate of 3.30% and USD 60 million redeemable in February 2025 with an annual interest rate of 3.45%. The proceeds of these transactions have been received on 6 February 2013. There are various covenants contained in these transactions covering conditions on net worth, indebtedness and EBITDA ratio to net interest expense of Givaudan United States, Inc. The company is and has been in full compliance with the covenant set.

The carrying amounts of the Group's debt are denominated in the following currencies:

in millions of Swiss francs	2013	2012
Swiss Franc	944	1,242
US Dollars	382	267
Other currencies	3	12
Total debt as at 31 December	**1,329**	**1,521**

The weighted average effective interest rates at the statement of financial position date were as follows:

	2013	2012
Amounts due to banks and other financial institutions		0.6%
Private placements	4.0%	4.5%
Straight bond	3.0%	3.0%

22. Provisions

2013 in millions of Swiss francs	Restructuring	Claims and litigation	Environmental	Others	Total
Balance as at 1 January	**27**	**5**	**15**	**25**	**72**
Additional provisions	3	1	1	2	7
Unused amounts reversed	(2)	(3)	-	(1)	(6)
Utilised during the year	(15)	(1)	(4)	(3)	(23)
Currency translation effects	(1)	-	-	(1)	(2)
Balance as at 31 December	**12**	**2**	**12**	**22**	**48**
Current liabilities	11	-	4	1	16
Non-current liabilities	1	2	8	21	32
Balance as at 31 December	**12**	**2**	**12**	**22**	**48**

2012 in millions of Swiss francs	Restructuring from Quest acquisition	Other restructuring	Claims and litigation	Environmental	Others	Total
Balance as at 1 January	**7**	**30**	**13**	**17**	**25**	**92**
Additional provisions	1	8	2	4	8	23
Unused amounts reversed	-	(3)	(9)	(2)	(1)	(15)
Utilised during the year	(7)	(10)	-	(3)	(7)	(27)
Currency translation effects	-	1	(1)	(1)	-	(1)
Balance as at 31 December	**1**	**26**	**5**	**15**	**25**	**72**
Current liabilities	1	16	1	5	3	26
Non-current liabilities		10	4	10	22	46
Balance as at 31 December	**1**	**26**	**5**	**15**	**25**	**72**

Significant judgment is required in determining the various provisions. A range of possible outcomes is determined to make reliable estimates of the obligation that is sufficient for the recognition of a provision. Differences between the final obligations and the amounts that were initially recognised impact the income statement in the period which such determination is made.

Restructuring provisions

Restructuring provisions arise from re-organisations of the Group operations and management structure.

Other restructuring provisions correspond to former Quest International restructuring programmes, as well as Givaudan restructuring provisions which are not considered directly linked to the Quest International acquisition.

Claims and litigation

These provisions are made in respect of legal claims brought against the Group and potential litigations. Related estimated legal fees are also included in these provisions.

Environmental

The material components of the environmental provisions consist of costs to sufficiently clean and refurbish contaminated sites and to treat where necessary.

Other provisions

These consist largely of provisions related to 'make good' on leased facilities and similar matters.

23. Own equity instruments

Details of own equity instruments are as follows:

2013 As at 31 December	Settlement	Category	Maturity	Strike price[a] (CHF)	in equivalent shares	Fair value in millions CHF
Registered shares		Equity			45,020	57
Written calls	Gross shares	Equity	2014 – 2016	700.5 – 975	119,495	42
Purchased calls	Net cash	Derivative	2014 – 2016	700.5 – 975	41,163	15
Purchased calls	Gross shares	Equity	2014 – 2016	1197.6 – 1222	44,000	6
Written puts	Gross shares	Financial liability	2014 – 2016	1108 – 1200	44,000	4

a) Strike price of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held in 2009, to distribute extraordinary dividends subsequent to the share capital increase related to the rights issue.

2012 As at 31 December	Settlement	Category	Maturity	Strike price[a] (CHF)	in equivalent shares	Fair value in millions CHF
Registered shares		Equity			128,363	124
Written calls	Gross shares	Equity	2013 – 2016	700.5 – 1,113.2	413,727	46
Purchased calls	Net cash	Derivative	2013 – 2016	700.5 – 1,113.2	94,727	8
Purchased calls	Gross shares	Equity	2013	748.4	5,000	1
Written puts	Gross shares	Financial liability	2013	748.4	5,000	-

a) Strike price of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held in 2009, to distribute extraordinary dividends subsequent to the share capital increase related to the rights issue.

24. Equity

Share capital

As at 31 December 2013, the share capital amounts to CHF 92,335,860, divided into 9,233,586 fully paid-up registered shares, with a nominal value of CHF 10.00 each. Every share gives the right to one vote.

The Board of Directors has at its disposal conditional capital of a maximum aggregate amount of CHF 7,481,980 that may be issued through a maximum of 748,198 registered shares, of which a maximum of CHF 1,618,200 can be used for executive share option plans.

At the Annual General Meeting held on 21 March 2013 a distribution to the shareholders of CHF 36.00 per share (2012: CHF 22.00 per share) was approved. The payment has been made out of general legal reserve – additional paid-in capital, according to the Swiss tax legislation.

Movements in own equity instruments are as follows:

2013	Number	Price in Swiss francs High	Average	Low	Total in millions of Swiss francs
Balance as at 1 January	**128,363**				**47**
Purchases at cost					
Sales and transfers	(83,343)	999,3	999,3	999,3	(83)
Issuance of shares					
(Gain) loss, net recognised in equity					9
Movement on registered shares, net					**(74)**
Movement on derivatives on own shares, net					**97**
Balance as at 31 December	**45,020**				**70**

2012	Number	Price in Swiss francs High	Average	Low	Total in millions of Swiss francs
Balance as at 1 January	**144,346**				**72**
Purchases at cost					
Sales and transfers	(15,983)	999.3	999.3	999.3	(15)
Issuance of shares					
(Gain) loss, net recognised in equity					(3)
Movement on registered shares, net					**(18)**
Movement on derivatives on own shares, net					**(7)**
Balance as at 31 December	**128,363**				**47**

25. Commitments

At 31 December, the Group had operating lease commitments mainly related to buildings. Future minimum payments under non-cancellable operating leases are as follows:

in millions of Swiss francs	2013	2012
Within one year	22	23
Within two to five years	50	57
Thereafter	39	49
Total minimum payments	**111**	**129**

The 2013 charge in the consolidated income statement for all operating leases was CHF 33 million (2012: CHF 44 million).

The Group has capital commitments for the purchase or construction of property, plant and equipment totalling CHF 38 million (2012: CHF 18 million).

26. Contingent liabilities

From time to time and in varying degrees, Group operations and earnings continue to be affected by political, legislative, fiscal and regulatory developments, including those relating to environmental protection, in the countries in which it operates.

The activities in which the Group is engaged are also subject to physical risks of various kinds. The nature and frequency of these developments and events, not all of which are covered by insurance, as well as their effect on the future operations and earnings are not predictable.

Givaudan Group companies are involved in various legal and regulatory proceedings of a nature considered typical of its business, including contractual disputes and employment litigation.

One of our US affiliates, Givaudan Flavors Corporation was named as a defendant in several lawsuits brought against it and other flavour and raw chemical supply companies. The plaintiffs alleged that they sustained pulmonary injuries due to diacetyl-containing butter flavours manufactured by one or more of the flavour and raw chemical supply company defendants. The majority of the cases filed against Givaudan Flavors Corporation have been settled. The Group has already recovered or is pursuing the recovery of amounts it is entitled to under the terms of its insurance policies.

27. Related parties

Transactions between Givaudan SA and its subsidiaries, which are related parties of Givaudan SA, have been eliminated on consolidation and are not disclosed in this note.

Compensation of key management personnel

The compensation of the Board of Directors and the Executive Committee during the year was as follows:

in millions of Swiss francs	2013	2012
Salaries and other short-term benefits	10	9
Post-employment benefits	1	-
Share-based payments	11	4
Total compensation	**22**	**13**

No other related party transactions have taken place during 2013 (2012: nil) between the Group and the key management personnel.

Reconciliation table to the Swiss code of obligations

in millions of Swiss francs	IFRS 2013	IFRS 2012	Adjustments[a] 2013	Adjustments[a] 2012	Swiss CO (Art. 663b[bis]) 2013	Swiss CO (Art. 663b[bis]) 2012
Salaries and other short-term benefits	10	9	(2)	(2)	8	7
Post-employment benefits	1	-	1	2	2	2
Share-based payments	11	4	(2)	2	9	6
Total compensation	**22**	**13**	**(3)**	**2**	**19**	**15**

a) IFRS information is adjusted mainly by the underlying assumptions, accrual basis versus cash basis, and to the recognition of the share-base payments, IFRS 2 versus economic value at grant date. IFRS information also includes security costs.

There are no other significant related party transactions.

28. Board of Directors and Executive Committee compensation

Compensation of members of the Board of Directors

Compensation of Board members consists of Director fees and Committee fees. These fees are paid shortly after the Annual General Meeting for year in office completed. In addition, each Board member is entitled to participate in the stock option plan of the company. As of 2011, Board members received only restricted shares and are no longer granted options. With the exception of the Chairman, each Board member receives an amount for out-of-pocket expenses. This amount of CHF 10,000 is paid for the coming year in office. The restricted shares are also granted for the same period.

The compensation of the Board of Directors during the year was as follows:

2013 in Swiss francs	Jürg Witmer Chairman	André Hoffmann	Lilian Biner	Irina du Bois	Peter Kappeler	Thomas Rufer	Nabil Sakkab	Total compensation 2013	Total compensation 2012
Director fees	400,000	100,000	100,000	100,000	100,000	100,000	100,000	**1,000,000**	990,000
Committee fees	40,000	40,000	25,000	50,000	50,000	55,000	25,000	**285,000**	305,000
Total fixed (cash)	440,000	140,000	125,000	150,000	150,000	155,000	125,000	**1,285,000**	1,295,000
Number of RSUs granted[a]	500	125	125	125	125	125	125	**1,250**	1,260
Value at grant[b]	485,200	121,300	121,300	121,300	121,300	121,300	121,300	**1,213,000**	1,020,980
Total compensation	**925,200**	**261,300**	**246,300**	**271,300**	**271,300**	**276,300**	**246,300**	**2,498,000**	**2,315,980**

Payment to Board members for out-of-pocket expenses amounted to CHF 60,000.

a) RSUs (Restricted Shares Unit) vest on 1 March 2016.

b) Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.

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

No additional compensation or fees were paid to any member of the Board.
No Board member had any loan outstanding as at 31 December 2013.

Special compensation of members of the Board who left the company during the reporting period

No such compensation was incurred during the reporting period.

The compensation of the Executive Committee during the year was as follows:

2013 in Swiss francs	Gilles Andrier CEO	Executive Committee members (excluding CEO)[a]	Total compensation 2013	Total compensation 2012
Base salary	1,009,600	2,478,029	3,487,629	3,448,446
Pension benefits[b]	137,140	729,050	866,190	570,084
Other benefits[c]	152,499	649,773	802,272	967,694
Total fixed compensation	**1,299,239**	**3,856,852**	**5,156,091**	**4,986,224**
Annual incentive[d]	1,083,907	1,902,116	2,986,023	2,276,282
Number of 2013 performance shares granted[e]	*2,000*	*6,250*	*8,250*	
Value at grant[f]	2,082,800	6,508,750	8,591,550	
Number of options granted[g]				*90,000*
Value at grant[h]				1,386,900
Number of RSUs granted[i]				*3,000*
Value at grant[j]				2,430,900
Number of 2008-2012 performance shares granted[k]				*9,900*
Annualised value at grant[l]				1,760,814
Total variable compensation	**3,166,707**	**8,410,866**	**11,577,573**	**7,854,896**
Total compensation	**4,465,946**	**12,267,718**	**16,733,664**	**12,841,120**

a) Represents full year compensation of five Executive Committee members.

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

c) Represents annualised value of health and welfare plans, international assignment benefits and other benefits in kind. Contributions to compulsory social security schemes are excluded.

d) Annual incentive accrued in reporting period based on 2013 performance.

e) Performance shares vest in March 2016.

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

g) Options vest on 1 March 2014.

h) Economic value at grant based on a Black & Scholes model, with no discount applied for the vesting period.

i) Restricted Share Units vest on 1 March 2015.

j) Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.

k) Performance shares were granted in March 2008 for the five-year period 2008-2012 and vested on 1 March 2013.

l) Annualised value at grant calculated according to IFRS methodology and based on 100% achievement of performance target; actual payout percentage was 50%.

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

No other compensation or fees were accrued for or paid to any member or former member of the Executive Committee during the reporting period.

No member or former member of the Executive Committee had any loan outstanding as at 31 December 2013.

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

No such compensation was incurred during the reporting period.

Ownership of shares

Details on the Givaudan share based payment plans are described in Note 7.

The following share options or option rights were granted during the corresponding periods and are still owned by the members of the Board of Directors, the CEO and members of the Executive Committee as at 31 December 2013:

2013 in numbers	Shares	RSUs	Share options/Option rights Maturity 2014	Maturity 2015
Jürg Witmer, Chairman	1,400	1,509	–	–
André Hoffmann[a]	86,929	377	6,700	6,700
Lilian Biner		377	–	–
Irina du Bois	173	377	–	–
Peter Kappeler	171	377	–	–
Thomas Rufer	213	377	–	–
Nabil Sakkab		377	–	1,675
Total Board of Directors	**88,886**	**3,771**	**6,700**	**8,375**

a) The following Givaudan derivatives were also held by Mr Hoffmann as at 31 December 2013: - 30,000 call warrants UBS – Givaudan 15.08.2016 (ISIN value no. CH 022 483 99 82).

2013 in numbers	Shares	Unvested share rights*	Share options/Option rights Maturity 2014	Maturity 2015	Maturity 2016	Maturity 2017
Gilles Andrier, CEO	1,050	4,332	–	–	–	–
Matthias Währen	750	2,404	–	–	–	20,000
Mauricio Graber	350	2,027	–	–	–	20,000
Michael Carlos	750	3,004	–	–	–	20,000
Joe Fabbri[a]	729	1,533	–	–	5,000	15,000
Adrien Gonckel	620	1,533	–	–	15,000	15,000
Total Executive Committee	**4,249**	**14,833**	**0**	**0**	**20,000**	**90,000**

*Includes unvested performance shares and/or restricted shares.

a) Mr Fabbri also held 4,133 Givaudan American depositary receipts (Symbol: GIVDN.Y; 50:1 ratio) as at 31 December 2013.

The company is not aware of any ownership of shares, share options, option rights or restricted shares as at 31 December 2013 by persons closely connected to the Board of Directors.

Three people closely connected to members of the Executive Committee owned Givaudan securities as per 31 December 2013:

- One person owned 109 shares
- One person owned 500 Givaudan American depository receipts
- One person owned 206 unvested share rights

The company is not aware of any other ownership of shares, share options, option rights, restricted shares or performance shares as at 31 December 2013 by persons closely connected to the Executive Committee.

There are no other significant related party transactions.

Ownership of share options

Givaudan's share options are fully tradable after vesting. Details on the Givaudan share-based payment plans are described in Note 7.

The following share options were granted to members of the Board during the corresponding periods and are still owned by them as at 31 December 2013:

Year of grant	Maturity date	Vesting date	Ticker	Strike price (CHF)	Ratio (option: share)	Option value at grant date (CHF)	Number of options held
2009 [a]	3 Mar 2014	3 Mar 2011	GIVLM	700.5	8.6:1	14.98	6,700
2010	3 Mar 2015	3 Mar 2012	GIVNT	925.0	9.5:1	15.16	8,375

a) Strike price and ratio of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meeting held in 2009, to distribute extraordinary dividends subsequent to the share capital increase related to the rights issue.

The following share options are owned by the CEO, the other members of the Executive Committee and by persons closely connected to them as at 31 December 2013:

Year of grant	Maturity date	Vesting date	Ticker	Strike price (CHF)	Ratio (option: share)	Option value at grant date (CHF)	Number of options held
2009 [a]	3 Mar 2014	3 Mar 2011	GIVLM	700.5	8.6:1	14.98	0
2010	3 Mar 2015	3 Mar 2012	GIVNT	925.0	9.5:1	15.16	0
2011	25 Feb 2016	25 Feb 2013	GIVYX	975.0	8.5:1	15.57	20,000
2012	1 Mar 2017	1 Mar 2014	GIVFV	915.0	7.0:1	15.41	90,000

a) Strike price and ratio of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meeting held in 2009, to distribute extraordinary dividends subsequent to the share capital increase related to the rights issue.

29. List of principal group companies

The following are the principal companies of the Group. The companies are wholly-owned unless otherwise indicated (percentage of voting rights). Share capital is shown in thousands of currency units:

Switzerland	Givaudan SA	CHF	92,336
	Givaudan Suisse SA	CHF	4,000
	Givaudan Finance SA	CHF	100,000
	Givaudan International SA	CHF	100
Argentina	Givaudan Argentina SA	ARS	3,010
	Givaudan Argentina Servicios SA	ARS	5,000
Australia	Givaudan Australia Pty Ltd	AUD	21,012
Austria	Givaudan Austria GmbH	EUR	40
Bermuda	FF Holdings (Bermuda) Ltd	USD	12
	Givaudan International Ltd	USD	12
	FF Insurance Ltd	CHF	170
Brazil	Givaudan do Brasil Ltda	BRL	133,512
Canada	Givaudan Canada Co	CAD	12,901
Chile	Givaudan Chile Ltda	CLP	5,000
China	Givaudan Fragrances (Shanghai) Ltd	USD	7,750
	Givaudan Flavors (Shanghai) Ltd	USD	10,783
	Givaudan Specialty Products (Shanghai) Ltd	USD	12,000
	Givaudan Hong Kong Ltd	HKD	7,374
	Givaudan Flavors (Nantong) Ltd	USD	12,501
Colombia	Givaudan Colombia SA	COP	6,965,925
Czech Republic	Givaudan CR, s.r.o.	CZK	200
Egypt	Givaudan Egypt SAE	USD	2,000
	Givaudan Egypt Fragrances LLC	EGP	50
France	Givaudan France SAS	EUR	4,696
Germany	Givaudan Deutschland GmbH	EUR	4,100
Hungary	Givaudan Hungary Kft	EUR	2
	Givaudan Finance Services Kft	EUR	2
India	Givaudan (India) Private Ltd	INR	87,330
Indonesia	P.T. Givaudan Indonesia	IDR	2,608,000
Italy	Givaudan Italia SpA	EUR	520
Japan	Givaudan Japan K.K.	JPY	1,000,000
Korea	Givaudan Korea Ltd	KRW	550,020
Malaysia	Givaudan Malaysia Sdn.Bhd	MYR	200
Mexico	Givaudan de Mexico SA de CV	MXN	53,611
Netherlands	Givaudan Nederland B.V.	EUR	402
	Givaudan Nederland Services B.V.	EUR	18
	Givaudan Treasury International B.V.	EUR	18
New Zealand	Givaudan NZ Ltd	NZD	71
Peru	Givaudan Peru SAC	PEN	25
Poland	Givaudan Polska Sp. Z.o.o.	PLN	50
Russia	Givaudan Rus LLC	RUB	9,000
Singapore	Givaudan Singapore Pte Ltd	SGD	24,000
South Africa	Givaudan South Africa (Pty) Ltd	ZAR	360,002
Spain	Givaudan Iberica, SA	EUR	8,020
Sweden	Givaudan North Europe AB	SEK	120
Thailand	Givaudan (Thailand) Ltd	THB	100,000
Turkey	Givaudan Aroma v Esans Sanayi ve Ticaret Limited Sirketi	TRY	34
United Kingdom	Givaudan UK Ltd	GBP	70
	Givaudan Holdings UK Ltd	GBP	317,348
United States of America	Givaudan United States, Inc.	USD	0.05
	Givaudan Flavors Corporation	USD	0.1
	Givaudan Fragrances Corporation	USD	0.1
	Givaudan Flavors and Fragrances, Inc.	USD	0.1
Venezuela	Givaudan Venezuela SA	VEF	4.5

30. Disclosure of the process of risk assessment

Risk management in Givaudan is an integral part of the business. It is a structured and continuous process of identifying, assessing and deciding on responses to risks. The reporting of the opportunities and threats that these risks create and how they might hinder the business in achieving its objectives is also part of managing risks.

Risk management is the responsibility of the Board of Directors, which empowers the Executive Committee to manage the overall company risk management process. The Group actively promotes the continuous monitoring and management of risks at the operational management level.

The Givaudan Enterprise Risk Management Charter describes the principles, framework and process of the Givaudan Enterprise Risk Management, which ensure that material risks are identified, managed and reported. It defines the associated roles and responsibilities which are reflected in the delegated authorities. Enterprise Risk Management encompasses both the Fragrance and Flavours businesses, as well as Givaudan Group functions. It includes all types of risks in terms of their nature, their source or their consequences.

The process aims to be comprehensive, organised and documented in order to improve compliance with corporate governance regulations, guidelines and good practices; better understand the risk profile of the business; and provide additional risk-based management information for decision making.

The objectives of the Risk Management process are to continuously ensure and improve compliance with good corporate governance guidelines and practices as well as laws and regulations, where applicable; facilitate disclosure to key stakeholders of potential risks and the company's philosophy for dealing with them. At the same time, the process creates the awareness of all key executives of the magnitude of risks; provides risk-based management information for effective decision-making; and safeguard the values of the company and its assets, and protect the interests of shareholders.

Givaudan's management, at all levels, is accountable for ensuring the appropriateness, timeliness and adequacy of the risk analysis. Mitigation decisions are taken at individual and combined levels. This management is also responsible for implementing, tracking and reporting the risk mitigation directives of the Executive Committee, including periodic reporting to the Board.

The assessment is performed in collaboration between the Executive Committee, divisional and functional management teams and the Corporate Compliance Officer.

The Board of Director's Audit Committee also promotes the effective communication between the Board, Givaudan's Executive Committee, other senior corporate functions and Corporate Internal Audit in order to foster openness and accountability.

Givaudan has carried out its annual review of internal controls over accounting and financial reporting. A risk assessment is performed throughout the Internal Control System for those identified risks which may arise from the accounting and financial reporting. Then, relevant financial reporting controls are defined for each risk.

Report of the statutory auditors

On the consolidated financial statements

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Report of the statutory auditor
to the General Meeting of
Givaudan SA, Vernier

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Givaudan SA presented on pages 86 to 140, which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes for the year ended December 31, 2013.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and International Standards on Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte SA

Thierry Aubertin	Annik Jaton Hüni
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Geneva, January 28, 2014
THA/AJH/rja

Audit. Tax. Consulting. Corporate Finance.

Member of Deloitte Touche Tohmatsu

Statutory financial statements of Givaudan SA (Group Holding Company)

Income statement

For the year ended 31 December

in millions of Swiss francs	Note	2013	2012
Income from investments in Group companies	8	273	103
Royalties from Group companies		780	672
Interest income from Group companies		2	
Other income		72	66
Total income		**1,127**	**841**
Research and development expenses to Group companies		(274)	(236)
Interest expense to Group companies		(1)	
Amortisation of intangible assets		(104)	(87)
Other financial expenses		(138)	(109)
Other expenses	8	(85)	(90)
Withholding taxes and capital taxes		(26)	(24)
Total expenses		**(628)**	**(546)**
Income before taxes		**499**	**295**
Income taxes		(17)	(15)
Net income		**482**	**280**

Statement of financial position

As at 31 December

in millions of Swiss francs	Note	2013	2012
Cash and cash equivalents	3	1	160
Marketable securities		37	106
Accounts receivable from Group companies		148	84
Other current assets		7	8
Current assets		**193**	**358**
Investments in Group companies	8	3,971	4,097
Loans to Group companies	8	150	
Intangible assets		430	485
Other long-term assets		21	10
Non-current assets		**4,572**	**4,592**
Total assets		**4,765**	**4,950**
Short-term debt	3, 4	515	100
Accounts payable to Group companies		63	57
Other payables and accrued liabilities		55	58
Current liabilities		**633**	**215**
Long-term debt	4	594	1,142
Loans from Group companies		-	180
Other non-current liabilities		68	94
Non-current liabilities		**662**	**1,416**
Total liabilities		**1,295**	**1,631**
Share capital	6, 7	92	92
General legal reserve - first attribution	6, 7	18	17
- additional paid-in capital	6, 7	1,296	1,627
Reserve for own equity instruments	6, 7	66	135
Free reserve	6, 7	1,176	907
Retained earnings			
Balance brought forward from previous year		340	261
Net profit for the year		482	280
Equity		**3,470**	**3,319**
Total liabilities and equity		**4,765**	**4,950**

Notes to the statutory financial statements

1. General

The financial statements of Givaudan SA, Vernier near Geneva in Switzerland, are prepared in accordance with the provisions of Swiss Code of Obligations and accepted business principles.

2. Valuation methods and translation of foreign currencies

Investments in, and loan to, Group companies are stated respectively at cost and nominal value less appropriate write-downs. Marketable securities are shown at the lower of cost and market value. Derivatives are re-valued at fair value.

In the statement of financial position, foreign currency assets and liabilities are re-measured at year-end exchange rates with the exception of investments in Group companies which are valued at historical exchange rates. Foreign currency gains and losses are recognised in the income statement.

3. Cash and cash equivalents, short term debt

Cash and cash equivalents includes an amount of CHF -165 million (2012: CHF 157 million) related to the cash pooling agreements with a Group company that has been reclassified in the short term debt.

4. Debt

On 9 July 2003, Givaudan SA entered into a private placement for a total amount of CHF 100 million with an annual interest rate of 3.3%. In July 2013, the CHF 100 million has been reimbursed.

In the frame of the Quest acquisition, Givaudan SA entered on 2 March 2007 into a syndicated loan agreement for a total amount of CHF 1.9 billion. In July 2011 Givaudan SA entirely reimbursed the outstanding balance of CHF 826 million of the syndicated loan and refinanced it by entering into a 5-year CHF 500 million revolving bank facility, with an initial withdraw of CHF 250 million. In August 2012, a tranche of CHF 400 million of the multilateral facility has been extended by one year to July 2017. In November 2012, a repayment of CHF 50 million of the multilateral facility been made. In 2013, CHF 200 million of the multilateral facility has been reimbursed.

On 23 May 2007, Givaudan SA entered into a private placement for a total amount of CHF 50 million with maturity 21 May 2014, with an annual interest rate of 3.125%.

On 19 March 2009, Givaudan SA issued a 4.25% 5-year public bond (maturity 19 March 2014) with a nominal value of CHF 300 million. The proceeds of CHF 297 million were mainly used to repay private placements at maturity for a total amount of CHF 90 million and to repay a portion of the syndicated loan for a total amount of CHF 174 million.

On 15 June 2011, Givaudan SA issued a 2.5% 7 year public bond (maturity 15 June 2018) with a nominal value of CHF 300 million. The proceeds were mainly used to repay the 3.375% 4-year public bond redeemed on 18 October 2011.

On 7 December 2011, Givaudan SA issued a dual tranche public bond transaction of CHF 150 million each, totalling CHF 300 million, respectively of 1.250% for 5 years and of 2.125% for 10 years.

5. Taxes

The company is part of a Group for VAT purposes with two other affiliates of the Group in Switzerland. The company is jointly and severably liable towards tax authorities for current and future VAT payables of the VAT group to which it belongs.

6. Equity

As at 31 December 2013, the share capital amounts to CHF 92,335,860, divided into 9,233,586 fully paid-up registered shares, with a nominal value of CHF 10.00 each. Every share gives the right to one vote.

The Board of Directors has at its disposal conditional capital of a maximum aggregate amount of CHF 7,481,980 that may be issued through a maximum of 748,198 registered shares, of which a maximum of CHF 1,618,200 can be used for executive share option plans.

At the Annual General Meeting held on 21 March 2013 a distribution to the shareholders of CHF 36.00 per share (2012 CHF 22.00 per share) was approved. The payment has been made out of general legal reserve – additional paid-in capital, according to the Swiss tax legislation

Movements in reserve for own shares are as follows:

2013		Price in Swiss francs			Total
	Number	High	Average	Low	in millions of Swiss francs
Balance as at 1 January	**128,363**				**135**
Purchases at cost					
Sales and transfers at cost	(83,343)	827.4	827.4	827.4	(69)
Issuance of shares					
Balance as at 31 December	**45,020**				**66**

2012		Price in Swiss francs			Total
	Number	High	Average	Low	in millions of Swiss francs
Balance as at 1 January	**144,346**				**148**
Purchases at cost					
Sales and transfers at cost	(15,983)	827.4	827.4	827.4	(13)
Issuance of shares					
Balance as at 31 December	**128,363**				**135**

As at 31 December 2013, there are no other companies controlled by Givaudan SA that held Givaudan SA shares.

On 31 December 2013, William H. Gates III, Blackrock Inc., Nortrust Nominee Ltd and Chase Nominees Ltd were the only shareholders holding more than 5% of total voting rights.

7. Movements in equity

2013 in millions of Swiss francs	Share Capital	General legal reserve First attribution	General legal reserve Additional paid-in capital	Reserve for own equity instruments	Free reserve	Retained earnings	Total
Balance as at 1 January	**92**	**17**	**1,627**	**135**	**907**	**541**	**3,319**
Registered shares							
Issuance of shares							
Appropriation of available earnings							
Transfer to the free reserve					200	(200)	
Transfer to the general legal reserve		1				(1)	
Distribution to the shareholders paid relating to 2012			(331)				(331)
Transfer to/from the reserve for own equity instruments				(69)	69		
Net profit for the year						482	482
Balance as at 31 December	**92**	**18**	**1,296**	**66**	**1,176**	**822**	**3,470**

2012 in millions of Swiss francs	Share Capital	General legal reserve First attribution	General legal reserve Additional paid-in capital	Reserve for own equity instruments	Free reserve	Retained earnings	Total
Balance as at 1 January	92	17	1,827	148	694	461	3,239
Registered shares							
Issuance of shares							
Appropriation of available earnings							
Transfer to the free reserve					200	(200)	
Distribution to the shareholders paid relating to 2011			(200)				(200)
Transfer to/from the reserve for own equity instruments				(13)	13		
Net profit for the year						280	280
Balance as at 31 December	92	17	1,627	135	907	541	3,319

In compliance with the Swiss tax legislation, reserves from additional paid-in capital are presented separately in equity. Any payment made out of these reserves are not subject to Swiss withholding tax, nor subject to income tax on individual shareholders who are resident in Switzerland. This change in presentation has been included in the above tables. All distributions of reserves are subject to the requirements of the Swiss Code of Obligations.

8. List of principal direct subsidiaries

The following are the principal direct subsidiaries of the company, which are wholly-owned unless otherwise indicated (percentage of voting rights):

Switzerland	Givaudan Suisse SA Givaudan Finance SA Givaudan International SA
Argentina	Givaudan Argentina SA Givaudan Argentina Servicios SA
Australia	Givaudan Australia Pty Ltd
Austria	Givaudan Austria GmbH
Brazil	Givaudan do Brasil Ltda
Canada	Givaudan Canada Co
Chile	Givaudan Chile Ltda
China	Givaudan Fragrances (Shanghai) Givaudan Ltd Givaudan Flavors (Shanghai) Ltd Givaudan Specialty Products (Shanghai) Ltd Givaudan Hong Kong Ltd Givaudan Flavors (Nantong) Ltd

Colombia	Givaudan Colombia SA
Czech Republic	Givaudan CR, s.r.o.
Egypt	Givaudan Egypt SAE
	Givaudan Egypt Fragrances LLC
Germany	Givaudan Deutschland GmbH
Hungary	Givaudan Hungary Kft
	Givaudan Finance Services Kft
India	Givaudan (India) Private Ltd
Indonesia	P.T Givaudan Indonesia
Italy	Givaudan Italia SpA
Japan	Givaudan Japan K.K.
Korea	Givaudan Korea Ltd
Malaysia	Givaudan Malaysia Sdn.Bhd
Mexico	Givaudan de Mexico SA de CV
Netherland	Givaudan Nederland Services B.V.
	Givaudan Treasury International B.V.
Peru	Givaudan Peru SAC
Poland	Givaudan Polska Sp. Z.o.o.
Russia	Givaudan Rus LLC
Singapore	Givaudan Singapore Pte Ltd
South Africa	Givaudan South Africa (Pty) Ltd
Spain	Givaudan Iberica, SA
Sweden	Givaudan North Europe AB
Thailand	Givaudan (Thailand) Ltd
Turkey	Givaudan Aroma ve Esans Sanayi ve Ticaret Limited Sirketi
United States of America	Givaudan United States, Inc.
Venezuela	Givaudan Venezuela SA

In 2013, Givaudan SA increased its investments in Givaudan Nantong Ltd, Givaudan Hungary Kft, Givaudan Australia Pty Ltd, Givaudan Argentina Servicios SA and Givaudan India Private Ltd. Givaudan Trading SA has been liquidated.

In 2013, the share capital of Givaudan Finance SA was reduced by CHF 200 million in order to maintain an appropriate capital structure.

9. Board of Directors and Executive Committee compensation

Information required by Swiss law, as per art. 663b bis CO, on the Board of Directors and Executive Committee compensation are disclosed in the Givaudan consolidated financial statements, Note 28.

10. Disclosure of the process of risk assessment

Givaudan SA is fully integrated into the risk management framework of the Givaudan Group. This risk management framework also addresses the nature and scope of business activities and the specific risks of Givaudan SA (refer to Note 30 in the consolidated financial statements of this financial report).

Appropriation of available earnings and distribution from the general legal reserve – additional paid-in capital of Givaudan SA

Proposal of the Board of Directors to the general meeting of shareholders

Available earnings

in Swiss francs	2013	2012
Net profit for the year	481,890,228	280,326,383
Balance brought forward from previous year	339,939,663	260,829,199
Total available earnings	**821,829,891**	**541,155,582**
Transfer to free reserve	400,000,000	200,000,000
Transfer to the general reserve – first attribution		1,215,919
Total appropriation of available earnings	**400,000,000**	**201,215,919**
Amount to be carried forward	**421,829,891**	**339,939,663**

General legal reserve – additional paid-in capital

in Swiss francs	2013	2012
Additional paid-in capital from issuance of shares		
Balance brought forward from previous year	1,296,222,230	1,627,010,606
General legal reserve – additional paid-in capital	**1,296,222,230**	**1,627,010,606**
2012 distribution of CHF 36.00 gross per share [a]		332,409,096
Total appropriation of general legal reserve – additional paid-in capital		**332,409,096**
2013 distribution proposal of CHF 47.00 gross per share [a]	433,978,542	
Total appropriation of general legal reserve – additional paid-in capital	**433,978,542**	
Distribution not paid on Treasury shares held by the Group		**1,620,720**
Amount to be carried forward	**862,243,688**	**1,296,222,230**

a) All distributions of reserves are subject to the requirements of the Swiss Code of Obligations.

Report of the statutory auditors

On the statutory financial statements

Deloitte.

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Report of the statutory auditor
to the General Meeting of
Givaudan SA, Vernier

Report of the statutory auditor on the financial statements
As statutory auditor, we have audited the accompanying financial statements of Givaudan SA presented on pages 142 to 147, which comprise the income statement, the statement of financial position and the notes for the year ended December 31, 2013.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation.

This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2013 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings and distribution from the general legal reserve – additional paid-in capital complies with Swiss law and the company's articles of incorporation.

We r oved.

Deloitte SA

Thierry Aubertin Licensed Audit Expert Auditor in Charge	Annik Jaton Hüni Licensed Audit Expert

Geneva, January 28, 2014
THA/AJH/rja

Audit. Tax. Consulting. Corporate Finance.
Member of Deloitte Touche Tohmatsu

Givaudan