

always  
inspiring more...

symrise 



SHARING VALUES

# Unfolding Strengths

CORPORATE REPORT

2017

## UNFOLDING STRENGTHS

Symrise is one of the world's most successful manufacturers of fragrances and flavors. Because we deploy our strengths in a targeted manner and because our scientific curiosity and desire to innovate carry us soaring to new markets. Because we collaborate with our clients to get ideas off the ground, ideas that inspire people – ideas that stay true to our motto “always inspiring more...” And because we take the interests of all stakeholders to heart, think long-term and do business sustainably. After all, economic success and corporate responsibility are inextricably linked at Symrise.

2,996

€ MILLION SALES

630

€ MILLION EBITDA

9,387

EMPLOYEES

30,000

PRODUCTS

196

€ MILLION SPENT ON  
RESEARCH AND DEVELOPMENT

9,297

€ MILLION  
MARKET CAPITALIZATION

# Key Figures of the Group

		2013	2014	2015	2016 <sup>1</sup>	2017
<b>Business</b>						
Sales	€ million	1,830.4	2,120.1	2,601.7	2,903.2	2,996.3
EBITDA <sup>2</sup>	€ million	373.1	464.5	572.2	625.2	630.3
EBIT <sup>2</sup>	€ million	283.1	337.9	395.2	422.3	431.6
EBIT margin <sup>2</sup>	in %	15.5	15.9	15.2	14.5	14.4
Net income <sup>2</sup>	€ million	172.3	211.6	246.8	265.5	270.3
Balance sheet total (as of December 31)	€ million	2,210.4	3,999.8	4,183.8	4,752.7	4,674.6
Capital ratio (as of December 31)	in %	43.0	35.8	38.0	36.4	37.8
Investments (without M & A)	€ million	70.7	101.3	147.2	168.4	204.9
Net debt (incl. pension provisions and similar obligations) / EBITDA (as of December 31) <sup>2</sup>	ratio	2.0	3.2	2.8	3.1	3.0
Research and development expenses <sup>2</sup>	€ million	127.0	138.9	169.6	186.0	196.4
Operating cash flow	€ million	274.8	343.2	375.2	338.8	396.2
<b>Capital Market</b>						
Shares issued as of reporting date	millions	118.2	129.8	129.8	129.8	129.8
Share price at end of fiscal year (Xetra® closing price)	in €	33.50	50.13	61.33	57.83	71.62
Market capitalization at end of fiscal year	€ million	3,958.8	6,507.5	7,961.4	7,507.1	9,297.2
Earnings per share <sup>2</sup>	in €	1.46	1.69	1.90	2.05	2.08
Dividend per share	in €	0.70	0.75	0.80	0.85	0.88 <sup>3</sup>

## OUR FIVE GOAL DIMENSIONS

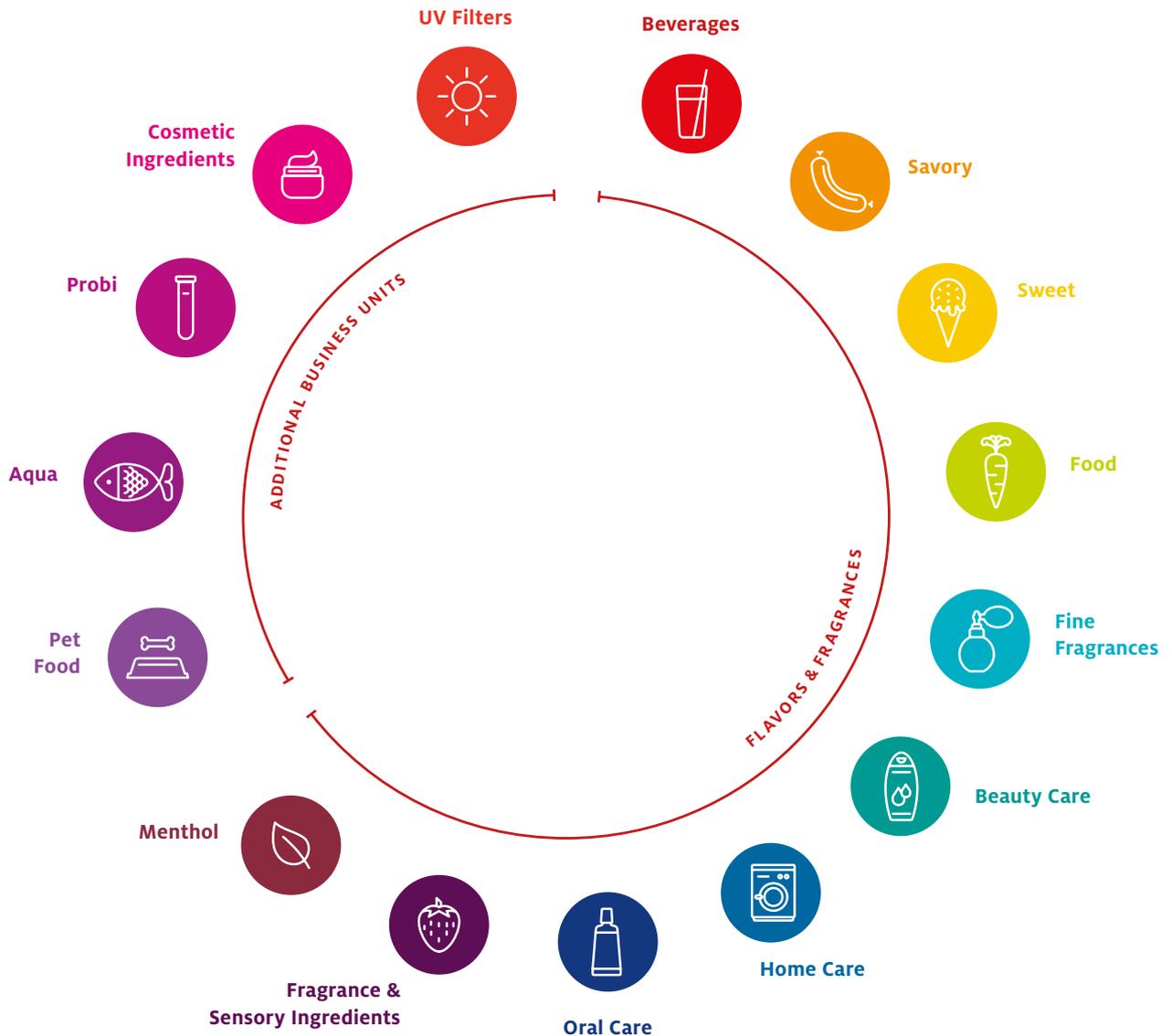
		2016	2017	Goals
<b>Business</b>				
Organic sales growth	in %	8	6	5–7 CAGR by 2020
EBITDA margin	in %	21.5	21.0	19–22 by 2020
Share of sales for emerging markets	in %	43	44	>50 2020
<b>Footprint<sup>4</sup></b>				
Reduction in greenhouse gas emissions (Scope 1+2)	in %	-5.4	-7.8	-5 p.a. by 2020
Reduction in chemical oxygen demand in wastewater	in %	-17.3	-15.3	-4 p.a. by 2020
Reduction in sensitive waste	in %	+0.9	-9.7	-4 p.a. by 2020
<b>Innovation</b>				
Sales from new product developments <sup>5</sup>	in %	15.5	15.9	>10
<b>Sourcing</b>				
Main suppliers rated according to sustainability criteria <sup>6</sup>	in %	86	80	100 by 2020
Traceability of strategic raw materials	in %	-	95	100 by 2020
Primary palm oil derivatives from certified sustainable sources <sup>7</sup>	in %	-	63	100 by 2020
<b>Care</b>				
Women in the first management level	in %	15	21	17 by 2020
Women in the second management level	in %	19	44	22 by 2020
Accident frequency	MAQ <sup>8</sup>	3.8	4.7	<2.0 by 2020

1 2016 restated for finalized Nutraceutix Purchase Price Allocation  
2 Figures for 2014 and 2016 normalized for transaction and integration costs as well as one-off valuation effects related to business combinations  
3 proposal

4 All figures relative to the value created  
5 Market launch in the past three years  
6 Based on procurement volume

7 Primary raw materials and derivatives from palm oil sourced according to Symrise's "Palm Oil Policy"  
8 MAQ = Number of accidents (> 1 lost day) x 1 million/number of working hours

# Our Product World



Symrise has always created exciting taste and fragrance experiences – this is at the heart of our daily operations. With commitment and dedication, we develop the best possible concepts for our customers' products. We do this so consumers around the world can take pleasure in the most common experiences of everyday life and also benefit from healthy or nurturing properties.

Using entrepreneurial energy and creativity, Symrise opens up further potential above and beyond our core work. A third of our business is already generated with cosmetic active ingredients and raw materials, functional ingredients, pet food, aquacultures and probiotics. Our wide range of activities offers new chances for growth, stabilizes performance and provides Symrise with an unmistakable profile.

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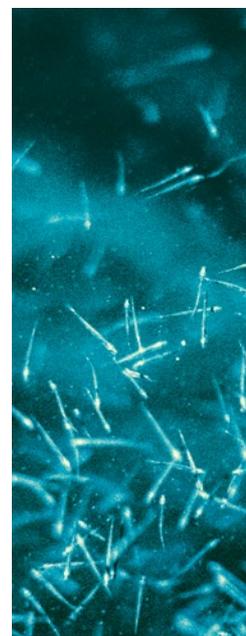
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# Our Company

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# Dear readers and friends of Symrise,

Symrise is an exciting company that inspires. We want to make this enthusiasm for what we do – this “spirit” – tangible for you with our Corporate Report 2017. Why are alternating winds in Calabria so important for the quality of bergamot? How do entrepreneurial spirit and innovation go hand in hand? What health-promoting effects do cranberries have? And, what role do aquacultures play in global food supplies? With firsthand reports, profiles about interesting people and plenty of facts, we answer these and other questions in our magazine.

Enthusiasm for our work is one of Symrise's strengths. Another can be found in the detailed and always up-to-date knowledge about the needs and desires of consumers around the world – and in the well-mastered management of the value chain all the way back to the growers of the raw materials on which our products are ultimately based. Symrise is always applying this backward integration to new areas, which ensures the supply of raw materials with consistently high quality and allows us to implement our ideas about sustainable cultivation and resource-efficient processing. As a signatory of the United Nations Global Compact, we actively support the principles of responsible business outlined therein.

Symrise is also at the forefront when it comes to innovation and tapping into new markets. No other supplier in our competitive environment has a business portfolio as diverse as ours. And we pursue both organic growth and targeted acquisitions. That explains the main focus of this Corporate Report: we invest, acquire and integrate with success. We thus create advantages for our portfolio that will benefit us now and in the future. In other words, our guiding principle is: unfolding strengths.

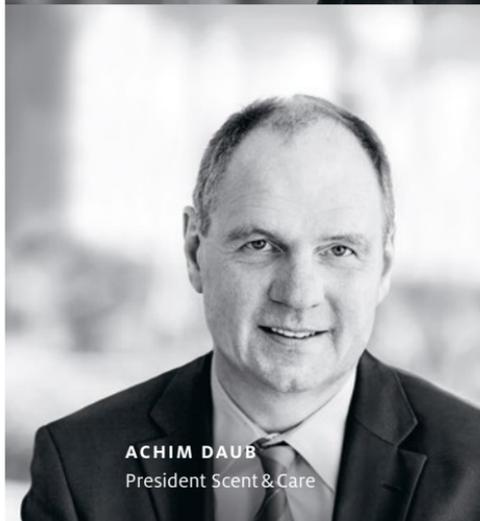
The 2017 fiscal year has seamlessly continued our company's success story. In addition to exceeding our goals, we've now also achieved exceptional growth for the twelfth consecutive year. Sales increased to around € 3 billion and grew organically by 6 %. And with an EBITDA margin of 21 %, we're once again one of the most profitable companies in our sector. We want to continue on this course and achieve high growth and yields in the coming years. And we're confident our strengths will help us do just that.

We hope you enjoy reading the Symrise Corporate Report for 2017.

Your Global Management Committee



**DR. HEINZ-JÜRGEN BERTRAM**  
CEO



**ACHIM DAUB**  
President Scent & Care



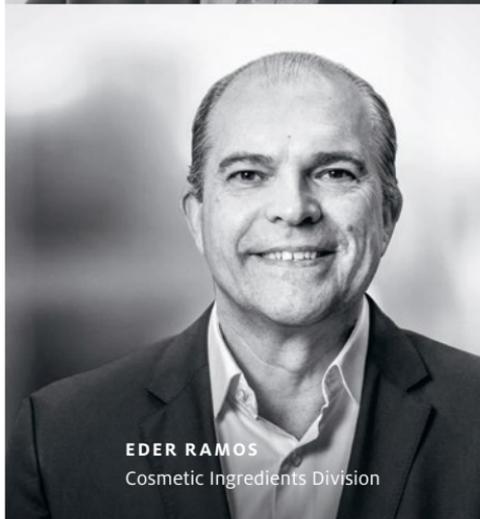
**OLAF KLINGER**  
CFO



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



**HEINRICH SCHAPER**  
President Flavor



**EDER RAMOS**  
Cosmetic Ingredients Division



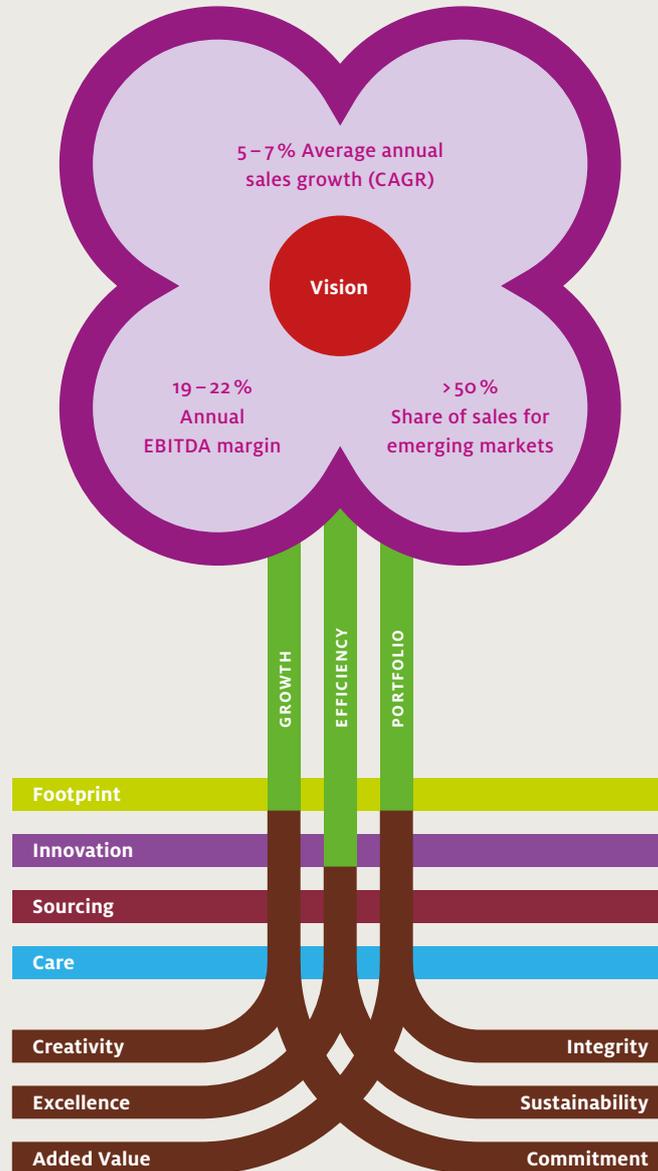
**DR. NORBERT RICHTER**  
Aroma Molecules Division

SYMRISE'S GLOBAL MANAGEMENT  
COMMITTEE



**»We have invested,  
acquired and suc-  
cessfully integrated.  
Now we're gradually  
displaying the bene-  
fits of our innovative  
business portfolio.  
In other words: un-  
folding strengths.«**

# Our Values, Goals, Responsibility



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

**Our mission: What is our mission?**

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

**Our vision: What drives us forward?**

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

**Our strategy: What makes us successful?**

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

**Sustainability: How do we implement it?**

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

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

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

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

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

Symrise is one of the world's leading suppliers of custom fragrance and taste solutions – many of which offer health-promoting or nurturing characteristics. We want to further secure and expand this position by constantly being among the most profitable companies in the industry. Above-average sales growth, steady increases in efficiency and the continual optimization of the product portfolio are key levers for achieving this goal.

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

# Our Company

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

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

Our company's origins go back to the year 1874. Symrise has since grown to achieve a current market share of 11 % – making it one of the leading suppliers of flavors and fragrances in the global market. A high level of innovation and creativity, an exact knowledge of customer needs and various regional consumer preferences as well as targeted expansion into new and promising market segments contribute to our

company's above-average growth rate. Today, Symrise has almost 9,400 employees working at sites in more than 40 countries, serving over 6,000 customers in roughly 160 countries.

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

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

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

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

# Our Resources



## BUSINESS

Equity

**1,769**

€ million

Debt capital

**1,628**

€ million

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

**205**

€ million



## FOOTPRINT

Energy consumption:

**4,938**

terajoules

Water consumption:

**5,072,897**

m<sup>3</sup>

**38%**

of the production sites are ISO 14001-certified



## INNOVATION

**196**

€ million spent on research and development

Number of employees in research and development:

**1,659**

**10**

€ million in state research grants



## SOURCING

**1,264**

€ million procurement volume

Around

**10,000**

natural and synthetic raw materials from over 100 countries

**80%**

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



## CARE

Number of employees:

**9,387**

(including trainees and apprentices)

Proportion of women:

**21%** in the first management level

**44%** in the second management level

Employees from

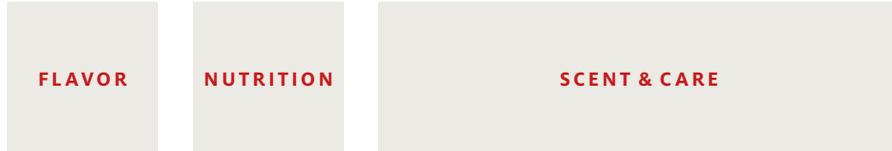
**56**

nations make up the Symrise team

# Our Business Model

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## Segments



## Divisions

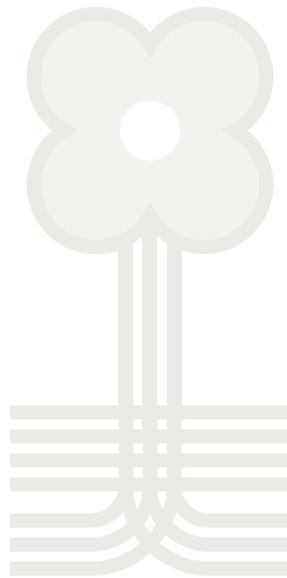


## Business units



# Sharing values

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

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

# Our Results

## BUSINESS



Sales:

# 2,996

€ million

EBITDA:

# 630

€ million

Net income:

# 270

€ million

## FOOTPRINT



Carbon dioxide emissions:

# 204,369

tons – Scope 1

# 116,066

tons – Scope 2

# 2,383,146

tons – Scope 3

Wastewater:

# 3,294,890

m<sup>3</sup> total wastewater volume

# 5,962

tons chemical oxygen demand\*

Sensitive waste:

# 15,691

tons

## INNOVATION



# 33.8 %

Share of the IP Index in the industry with 11 % market share

Number of patents submitted:

# 42

# 15.9 %

of sales are from new product developments

## PRODUCTS AND PRODUCT SOLUTIONS



Around

# 30,000

products for 6,000 customers in 160 countries

# CDP leading position

(climate, water, forests)

# EcoVadis Gold Standard

# 100 %

of production facilities verified according to sustainability criteria

## CARE



# 44 %

of all promotions go to women

# 39 %

of our employees have been with Symrise for ten years or longer

# 125

employees posted abroad ensure the global transfer of our expertise

\* 2016 adjusted: 6,584 tons

# Track Record, Goals and Measures



Symrise developed its strengths again in 2017, with sales growing faster than the relevant markets. We remain one of the most profitable companies in the industry. Thanks to our high level of innovation, we were able to expand our market position while boosting our sustainability performance. Our five goal dimensions also cover the new requirements for non-financial corporate reporting in accordance with the CSR Directive Implementation Act (see “Sustainability & Responsibility” chapter, page 80).

We have our sights firmly set on our goals for 2020. We’ve established and are consistently implementing concrete measures across all areas of our corporate activities. Symrise will continue to be one of the world’s most successful manufacturers of fragrances and flavorings in 2020 and beyond.

## DIMENSIONS



**BUSINESS**



**FOOTPRINT<sup>1</sup>**



**INNOVATION**



**SOURCING**



**CARE**

## 2017 TRACK RECORD

## GOALS FOR 2020

## MEASURES FOR 2018 – 2020

6.3% organic sales growth

▶ CAGR 5–7%

▶ Selective expansion of the product portfolio and bundling of expertise

21.0% EBITDA margin

▶ 19–22% annual EBITDA margin

▶ Optimization of the base of raw materials by expanding the internal supply of fragrance and flavoring substances

44% share of sales for emerging markets

▶ &gt; 50%

▶ Expansion of presence in Asia, particularly in China, India, Vietnam and Indonesia

–7.8% reduction in greenhouse gas emissions (Scope 1+2)

▶ Reduction of 5% per year

▶ Continuation of the Symrise Climate Strategy 2030

–15.3% reduction in chemical oxygen demand in wastewater

▶ Reduction of 4% per year

▶ We are increasing the yield of our products

–9.7% reduction in sensitive waste

▶ Reduction of 4% per year

▶ We are increasing our resource efficiency

15.9% of sales from new product developments<sup>2</sup>

▶ &gt; 10%

▶ Networking the highly diverse areas of expertise of Diana, Flavor and Scent &amp; Care

80% of the main suppliers rated according to sustainability criteria<sup>3</sup>

▶ 100%

▶ Expressly encouraging our suppliers to disclose sustainability information in accordance with SEDEX/SMETA 4 Pillar

95% traceability of strategic raw materials

▶ 100%

▶ Based on our sourcing policy, we can trace our strategic raw materials back to their country of cultivation

63% of primary palm oil derivatives from certified sustainable sources

▶ 100%

▶ Implementation of fully sustainable sourcing of primary and secondary palm oil derivatives in accordance with Symrise's Palm Oil Policy. Palm oil derivatives are mass balance-certified at the very least

21% women in the first management level

▶ 17%

▶ Regional management training (future generation) with a focus on the advancement of women

44% women in the second management level

▶ 22%

▶ Improved compatibility of family and working life through flexible working time models and childcare programs

4.7 MAQ<sup>4</sup> accident frequency

▶ MAQ &lt; 2.0

▶ Intensified implementation of a zero-accident culture

1 All figures relative to the value created

2 Market launch in the past three years  
3 Based on procurement volume

4 MAQ = work accidents (&gt; 1 lost day) x 1 million / working hours

# Climate Change: at the Top of Our Agenda

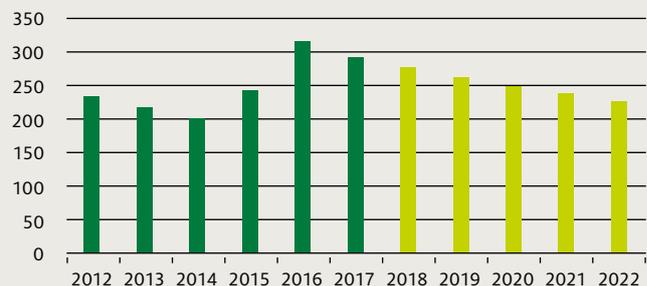
Symrise is committed to the goals of the Paris Agreement on climate change. The key element of this 2015 agreement, which was signed by 197 states, is limiting the global rise in temperature to well below 2° Celsius in comparison to pre-industrial levels. By the second half of the century, global net zero emissions should be achieved. Global warming affects both the whole world's economy as well as every individual company and can cause significant risks – though potentially also opportunities. The Task Force on Climate-related Financial Disclosures (TCFD) laid out a framework for voluntary climate reporting by companies in June 2017. Climate-related corporate reporting allows investors and the financial markets in particular to measure the risks and opportunities of global warming for companies' business models and activities, and allows them to take this into account in their decision to invest. In addition, companies that follow the recommendations of the TCFD give an account of the goals, concepts and measures with which they aim to reduce greenhouse gas emissions in order to foster climate protection.

Symrise supports the recommendations of the TCFD and will continue to expand its climate-based corporate reporting. Since 2006, we have systematically documented the greenhouse gas emissions connected to our business activities. We have reached our goal of reducing our CO<sub>2</sub> emissions by one third from the 2010 level by 2020 ahead of time and have exceeded it. Sustainability is an integral component of our corporate strategy. Information on Symrise's commitment to sustainability can be found in the chapter "Sustainability and Responsibility" in the 2017 Corporate Report and under [cr2017.symrise.com/sustainability/sustainability-and-responsibility](http://cr2017.symrise.com/sustainability/sustainability-and-responsibility).

Symrise takes the challenges of global climate change seriously. Potential effects of climate change on our business activities are reflected in our strategic planning and decision-making. The Symrise Sustainability Board, founded in 2009, is made up of representatives from all divisions and the relevant staff departments. The Chief Sustainability Officer reports directly to the CEO of Symrise AG. Symrise documents the risks and opportunities that

arise from climate change in a Group-wide risk management system. Significant risks for Symrise result from an increase in prices, especially for natural raw materials, a decrease in raw materials supplies, higher energy costs, a reduction of the volume of business and potential harm to the reputation of the company. Opportunities, on the other hand, result from new technologies and products that could lead to a growth in sales, savings effects in transitioning to an energy production method with lower emissions and an additionally improved competitive position and perception of the company in the public eye.

The corporate strategy of Symrise aims to limit or avoid the risks of climate change and to consistently capitalize on the opportunities that arise from it. The 2017 Corporate Report presents a wealth of topics, measures and facts regarding Symrise's commitment to sustainability. We want to make a palpable contribution to climate protection while simultaneously positioning Symrise as a sustainable, responsible and forward-thinking company.



Years 2012 - 2014: tons CO<sub>2</sub> emission / € million value added for Symrise legacy (no data available for Diana and Renessenz)

Year 2015: tons CO<sub>2</sub> emission / € million value added for Symrise legacy + Diana (no data available for Renessenz)

Year 2016: tons CO<sub>2</sub> emission / € million value added for Symrise legacy + Diana + Renessenz

Year 2016: base year for Science Based Target ("By 2030, Symrise will have reduced scope 1+2 CO<sub>2</sub> eq emissions per € million value added by 50%").

# Our Highlights 2017

## 02/17

### BIODIVERSITY IN GOOD COMPANY

Symrise has joined the “Biodiversity in Good Company” Initiative and signed the “Leadership Declaration” of the company network. The initiative is a network of companies from various industries united in their shared commitment to the protection and sustainable use of biodiversity. Global biodiversity is an invaluable source of innovation and inspiration for Symrise for the development of new fragrances and flavorings as well as cosmetic active ingredients and raw materials. For this reason, Symrise is intensifying its Group-wide commitment to biodiversity and has set ambitious goals for 2020.



## 03/17

### GOOD MARKS ONCE AGAIN IN FTSE4GOOD SUSTAINABILITY INDEX

The FTSE4Good index includes the securities of companies that are particularly committed to corporate social responsibility (CSR). The Symrise share has been included in the index, which is closely watched by investors, since the end of 2015. At a regular audit in March 2017, Symrise received top marks in the Corporate Governance category and very good ratings in the areas of anti-corruption, climate change and working standards.



## 04/17

### NEW LOGISTICS CENTER AT THE PORT OF HAMBURG

Symrise celebrated the topping out of a new logistics center in Hamburg in April 2017 together with the real estate services company Goodman. Symrise will use a 7,100 m<sup>2</sup> unit for the international sale of its products as well as inbound logistics for raw materials. With the logistics center in the Port of Hamburg, Symrise and its subsidiary Symotion, which also provides logistics services for third-parties, will further optimize their international services in 160 countries.



**SYMRISE JOINS WBCSD** Symrise has joined the World Business Council for Sustainable Development (WBCSD), to which roughly 200 future-oriented companies belong. They work together to promote the principles of sustainable development, for example in the “Food Reform for Sustainability and Health (FReSH)” program, which is focused on sustainable and healthy nutrition.



## 05/17

**NEW INNOVATION AND TECHNOLOGY CENTER IN THE ASIA/PACIFIC REGION** In May 2017, Symrise opened its new innovation and technology center for aromas, concluding the first phase of expansion for the regional center in Singapore. Around SGD 30 million (€ 20 million) has been invested into the project. Through the innovation and technology center, Symrise aims to enhance the potential of regional and local food manufacturers and support Singapore's vision of becoming Asia's hub for regional food and nutrition. As part of the next stage of development, a new center for consumer research in fragrances and care will be established, which will develop economically successful brand campaigns.



## 06/17

### CREATIVE AND DEVELOPMENT CENTER OPENED IN MUMBAI

Symrise opened a second creative and development center in India in June 2017. It houses a modern development laboratory for fragrances and cosmetic ingredients with the most advanced technologies for analyzing and evaluating market research data. With this strategic investment, Symrise can strengthen its relationships with local partners, consumers and customers while benefiting from the dynamic development of the Indian economy.



### CONVERTIBLE BOND OF OVER

**€ 400 MILLION** On June 20, 2017, Symrise successfully placed an unsecured convertible bond of € 400 million with a maturity of seven years without subscription rights with institutional investors. The ordinary shares backing the bond amount to 3.4 % of the currently outstanding share capital. In placing this bond, Symrise took advantage of the positive market conditions by refinancing via the capital market while also diversifying its investor base.

## 07/17

**-17.5 % CO<sub>2</sub> BY 2030** After Symrise achieved its previous climate protection goals for 2016 ahead of schedule, the company is taking things a step further. Symrise aims to reduce its absolute greenhouse gas emissions by 17.5 % by 2030. These goals are in accordance with the "Science Based Targets Initiative" of the Carbon Disclosure Project (CDP), UN Global Compact, World Resources Institute (WRI) and WWF. In doing so, Symrise is a role model in terms of climate protection in Germany and is acting in accordance with the resolutions of the climate conferences in Paris and in Marrakesh.

### ECONOMIC AMBASSADOR TO SINGAPORE

Singapore has been an important location for Symrise in terms of research, development and production for over 20 years. Dr. Heinz-Jürgen Bertram, CEO of Symrise AG, received a special honor as a result of this long-term corporate dedication. The Singapore Economic Development Board (EDB) appointed him as an economic ambassador to Singapore for small and medium-sized companies. Small to medium-sized high-tech companies looking to gain a foothold in the Asian market in particular can now make use of the new ambassador's expertise.

### AWARD FOR SUSTAINABLE CONSTRUCTION

Singapore greatly values environmentally friendly and sustainable construction. Symrise received a gold medal in the city-state's Green Mark program for the "Rejuvenate" project – the renovation and expansion of the regional headquarters in Singapore. With this, the Building & Construction Authority (BCA) acknowledged the energy-saving and emission-reducing reconception of the building complex at Pandan Loop 226 and 228, for example, the energy-efficient air-conditioning, the lighting design and the water conservation measures.

## 10/17

### SUSTAINABLE COSMETICS FROM THE RAINFOREST

Symrise has started a three-year project that helps farmers in the Amazon region improve their products, more effectively farm their land and increase their income. It has partnered with the Brazilian cosmetics manufacturer Natura and the German Society for International Cooperation (GIZ) to do so. Sustainably produced raw materials from the Amazon region are ideally suited for use in scent and care products.



## 11/17

**TOP 500 AWARD** The newspaper “Die Welt” and the corporate consulting firm Accenture honored Symrise and two other German companies with the Top 500 Award. For this award, the selection committee put special emphasis on continuous growth, high innovative power, a solid business model, successful globalization strategies and the ability to sustainably integrate acquired companies.



### COMMITMENT TO DIVERSITY

Diversity is an essential element of Symrise’s corporate culture and strategy. Creativity, commitment and sustainability, three of the company’s core values, benefit from diversity and inclusion. Successful corporate development would not be possible without the diversity of our employees. This foundation is the only way we can meet the needs, expectations and wishes of our customers around the globe. Accordingly, Symrise categorically rejects any form of discrimination. The Executive Board of Symrise set out these beliefs in a “Diversity Statement” as a binding guideline for the entire Group.

## 12/17

### EXPANDING MARKET POSITION IN BRAZIL

Symrise acquired all shares in Citratus Fragrâncias, a manufacturer of perfume oils primarily for small and medium-sized customers. The company has a modern development and production facility in Vinhedo near São Paulo and distribution centers throughout Brazil. Symrise benefits from access to new customer groups, additional production capacities and a broader supply of raw materials. This strengthens Symrise’s presence and position in a strategically important emerging market.



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# Un- folding Strengths

The 2017 fiscal year was the twelfth consecutive year in which Symrise grew profitably. CEO Dr. Heinz-Jürgen Bertram continues to look to the future with optimism. The foundations have been laid for long-term, profitable and sustainable growth.



Dr. Bertram, this corporate report is entitled “Unfolding Strengths.” What does that mean for you?

In addition to diversifying our portfolio, over the years we’ve also significantly expanded our access to key raw materials and markets around the world. We’ve also developed additional know-how with new business units and thus established a significant focus on sustainability. In this way, we’ve created a blueprint for our industry: Symrise is a company that knows exactly where its raw materials come from and develops innovations that increase customer benefits and cover even more market segments. We serve the entire family, from small children to adults, with our products. Not to mention pets. Through our work in recent years, we’ve generated strengths that are already bearing fruit today and we want to develop them more effectively in the future.

Is this also reflected in the figures?

Absolutely. Since the IPO in 2006, we’ve experienced growth for the twelfth year in a row – our organic growth alone was 6% in 2017. At around € 3 billion, sales are at an all-time high. EBITDA increased to € 630 million, which is equivalent to a profit margin of 21%. Our objective is and will continue to be growth above the market level along with high profitability.

Symrise achieved  
sales of €

3

billion in 2017 – a company record.

»Through our work in recent years, we've generated strengths that are already bearing fruit today and we want to develop them more effectively in the future.«

Speaking of growth, what does long-term success mean to you in this context?

Our strategy is to serve an extensive range of customers, with one-third of our focus going to each of the following: global, regional and local customers. In addition to making us more independent, this also allows us to accelerate growth in individual areas. Take Cobell, for example, the British manufacturer of juice bases for beverages, which we acquired for the exceptional access it would afford us to the attractive British beverage market and the many different customer groups. Diversification not only applies to our portfolio, but also our customer base. It is a prerequisite for long-term success.

Does this mean you will continue to acquire companies?

Yes, but not only that. Organic growth is our top priority. We also turn to acquisitions whenever we can increase organic growth, whether it's through new technologies, market access or areas of expertise. But acquisitions need to be a very good fit for our strategy and portfolio and truly move us forward. It's always an issue of expanding existing strengths in an intelligent way.

### Do you have any other examples of this?

Take for example our most recent acquisition, the manufacturer of perfume oils Citratus, which will allow us to strengthen our position in the important Brazilian market. We want to continue expanding there. The Pinova Group is another good example. Thanks to Pinova's Renaissance division, we've developed into the market leader in natural fragrance components and cooling substances. This primarily allows us to secure and process our own raw material base. In times of volatile and scarce commodity markets, this is an immensely important strategic advantage which will pay off.

### Are natural products on the rise?

Yes. We want to obtain 100% of our strategic raw materials from sustainable sources by 2020 and thereby promote backward integration. We have provided a best practice example here in the magazine: the purchase of bergamot essential oils. Our employees not only pay attention to fair prices, high quality and reliable availability, but also to an ecological and sustainable value chain.



### Let's look at the portfolio. What has changed here?

Our goal was and is diversification in order to occupy new fields. We now generate one-third of our sales outside of our traditional areas of business, i.e., flavors and fragrances. Among other things, our Diana division develops nutritional solutions for aquacultures – and this market has enormous potential. Another example is our cranberry business. Here, we have processed a component of the fruit in such a way that it can be used in nutritional supplements that are intended to prevent urinary tract infections.

### The third pillar of the strategy is efficiency. Where does Symrise currently stand and how is it preparing for the future?

Efficiency requires continuous improvement of our processes; this report illustrates a few examples of how we do this. However, there are also areas where we clearly still have some catching up to do. We are currently working hard to implement the UN climate targets. We achieved our own goals and have accordingly set ourselves new ones.

### Symrise has acquired companies, grown organically, developed a large number of product areas and conquered new markets: Won't this broad diversification eventually become unmanageable?

No, because we're always focused on a very clear goal and implementing it with a tried-and-tested strategy. We want to be the partner of choice for our customers, by supplying them with unique product solutions and innovations. We're therefore only investing in areas that expand or complement our existing area of product expertise.



# Bergamot

*à la*

# Symrise



**For Symrise, responsible operations and business success go hand in hand. To achieve its sustainability objectives, the company has first turned its attention to its more than 10,000 raw materials sourced from all over the world, among other things. The Group promotes high environmental and social standards, efficient production, sustainable raw materials and the protection of biodiversity. Just how that works can be seen using, as an example, bergamot essential oil from Calabria, which the company utilizes in a variety of applications such as fragrances and tea flavors.**

Symrise has developed a system for sustainable raw material procurement that ensures the supply of materials and their terrific quality. It also enables farmers to manufacture their products in a way that is both environmentally conscious and socially responsible over the long term. To realize these objectives, Symrise relies on good agricultural practice, social and educational projects, collaboration with local scientists and long-term partnerships with nongovernmental organizations dedicated to protecting nature and the environment.

The company applies these principles at more and more locations around the world. Take, for instance, the sustainable and

completely integrated vanilla supply chain: For this purpose, Symrise has been working with some 7,000 small-scale farmers in Madagascar for years. Similarly, Symrise sources raw materials for sustainably produced cosmetics ingredients from the Amazon region. In October 2017, the Group launched a three-year project in this region

with the Brazilian cosmetics manufacturer Natura and the German Society for International Cooperation (GIZ). The partners work together to protect biodiversity in the rainforest; along with scientific partners from the region, Symrise also identifies new raw materials for scent and care products. More diversity also ensures greater economic security: Around 1,000 farmers should be able to boost their sales by 20%. With this support, their products should then be able to apply for the Union for Ethical BiTrade's (UEBT) renowned UTZ certification.

Based in Amsterdam, the nongovernmental organization is also an important partner when it comes to purchasing bergamot in Calabria, southern Italy, where Symrise sources the citrus essential oils from the long-standing company Capua 1880. Working with agricultural experts from Mediterranean University of Reggio Calabria and with the support of Symrise, a UEBT team has examined the value chain in the region, surveying around 350 farmers. "We discovered that the risks associated with bergamot cultivation are



»Our project has brought about a new awareness of sustainability issues among all participants.«

**RIK KUTSCH LOJENGA**  
Executive Director of UEBT

not that significant – however, there are many forward-looking opportunities when it comes to protecting the environment, biodiversity and social conditions for farmers. But we need to take certain factors into account – for example, the changes in rainfall patterns due to climate change,” explains Rik Kutsch Lojenga, Executive Director of UEBT, who believes in collaborative learning. “Our project has brought about a new awareness of sustainability issues among all participants.”

One example is field irrigation, which Capua 1880 initiated for farmers following the analysis. “The company has hired an agronomist who ensures that more sustainable cultivation methods and good agricultural practices are implemented and will install a monitoring system,” explains Rik Kutsch Lojenga. In the future, the plants could possibly even be irrigated underground. “This would allow farmers to use resources more efficiently, conserve water and protect trees from disease caused by mold and fungus.” Capua 1880 has also purchased 30 hectares of land to be used for experimenting with cultivation and fruit innovations. The cultivation of old bergamot varieties is also in the pipeline in order to retain the species’ genetic diversity, which will ensure higher resilience for future plants.

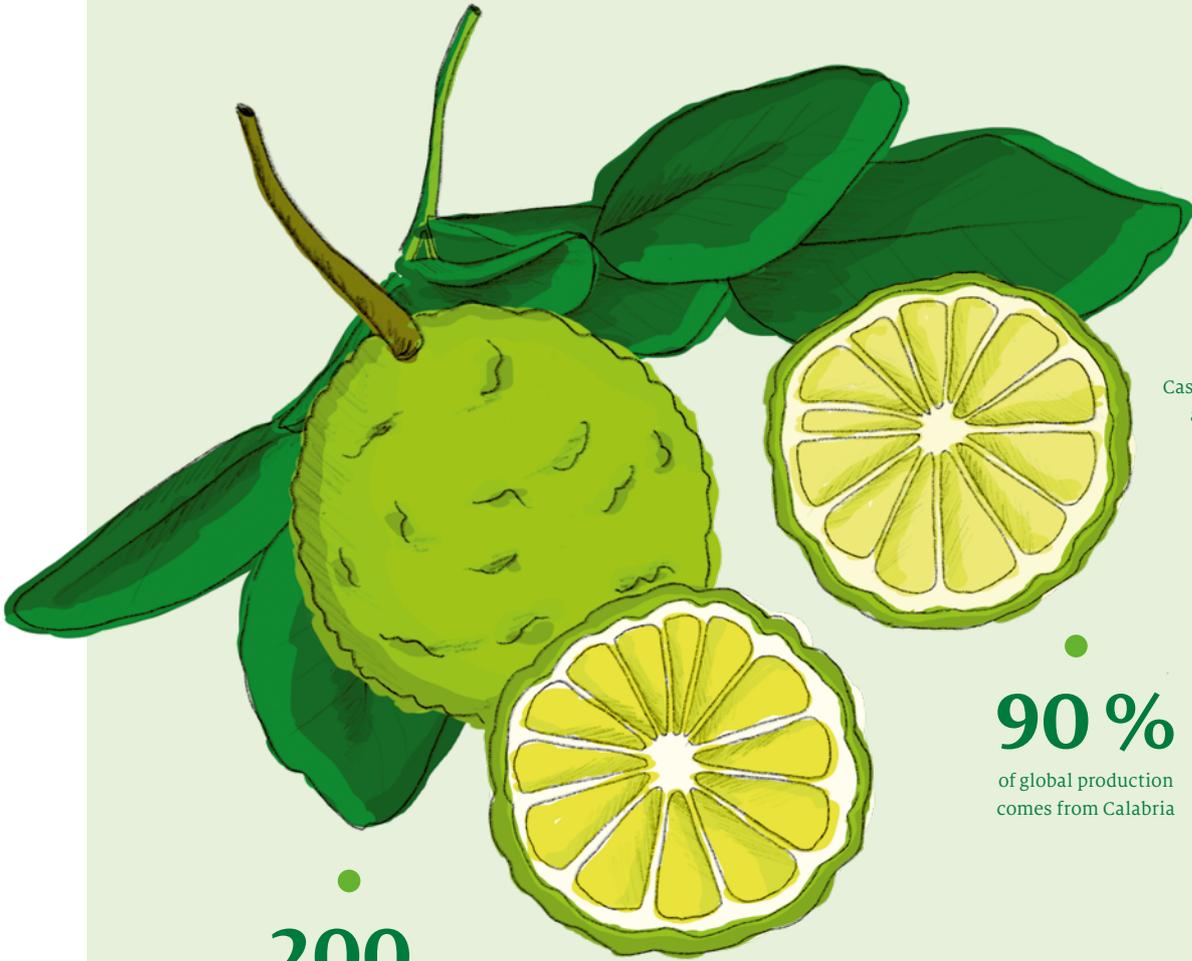
At the same time, the aim is to boost biodiversity in the Reggio Calabria region, which contains three microclimates. The close proximity to the Ionian and Tyrrhenian Seas supplies salty air and a variety of winds, while the different locations of the plantations – at the seaside, on flatlands and in the mountains – ensure variations in temperature. The result of this is a special climate that supports the fruit throughout its growth cycles. “We need to make sure that we maintain this diversity,” says Rik Kutsch Lojenga. This also includes reinforcing the typical landscape by cultivating certain trees, plants and herbs around the plantations that, for example, prevent erosion.

Social aspects were a further part of the analysis that Symrise initiated with the environmental organization. “Bergamot represents Calabria, where many small-scale farmers are responsible for cultivation. It provides a whole host of opportunities to earn a living in a region with a weak structure,” explains the UEBT director. Capua 1880 supports farmers by paying on a weekly basis, following harvest, and negotiating prices for a period of ten years with Unionberg, the largest cultivation cooperative. Farmers benefit from reliable, predictable incomes, says Rik Kutsch Lojenga. “As a result, structures that enable sustainable cultivation over the long term can grow or establish themselves.”

With its activities in Calabria, Symrise has made a key contribution to enabling the company to obtain citrus fruit from a sustainable source in the future. The classics – orange, lemon and lime – will follow. Bergamot from Calabria has long been a versatile complement to the product portfolio. For instance, its oil provides perfumes and shower gels with invigorating, fresh and long-lasting scents, Earl Grey teas with their special character and many other foods and beverages with their unique twist – and will one day also be used by Symrise perfumers and flavorists in countless fragrance and flavor compositions at production and development sites around the world.

## BERGAMOT

A cross between lemon  
and bitter orange



3

varieties:  
Castagnaro, Fantastico  
and Femminello

90%

of global production  
comes from Calabria

200

kilograms of fruit  
are required to produce  
one kilogram of oil

Annual production:

100

tons of bergamot  
essential oils



Scan this QR code to  
view a video about the  
sustainable cultivation  
of bergamot in Calabria.



# Farmers

COMMITTED TO ORGANIC CULTIVATION

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Capua 1880 works with around 480 suppliers in Calabria, some of whom have been cultivating bergamot on their fields for decades. Most of them belong to the Unionberg cooperative, while others, such as Luigi Framatino, supply the company directly. The citrus farmer, who also plants and harvests mandarins, grapefruits and lemons, has cultivated his six hectares with bergamot trees, in accordance with certified organic standards. The 74-year-old says that he wants to show Mother Nature the respect she deserves, so that she will supply healthy food in return.

Framatino is convinced that environmentally friendly methods are the best way to do just that. He participated in the first survey of the joint project of Symrise and the Union for Ethical BioTrade, which examined the bergamot value chain. The result for him: Like many other farmers, he wants to switch to underground irrigation, for example, to conserve resources and to make his operations even more eco-friendly.

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# 480

farmers supply Capua 1880  
in Calabria with bergamot.

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# Production

## CUTTING-EDGE EQUIPMENT

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The Capua 1880 factory is located in an industrial area in Campo Calabro. The company invested a lot of money to develop a production facility that meets the latest standards. It is divided into fragrance and flavor areas. In addition to bergamot, the company's 70 employees also process other fruits such as oranges, lemons and mandarins. The essential oils can be stored in shiny silver tanks for up to twelve months. And that is not easy – citrus oils in particular are prone to oxidation and therefore need to be stored under a "lid" of nitrogen. Through a system of pipes, the oils flow out of the storage containers and into evaporators, separators and distillation columns for processing. Finally, employees combine the oils to create finished mixtures. Depending on ripeness and harvest time, the products have different fragrance profiles, which the company standardizes in accordance with customer specifications. As an important buyer, Symrise has very clear ideas about bergamot oils – after all, the company wants to use them in very special fragrance and aroma compositions around the world.

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Capua 1880 employs

# 70

people.

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# Family

BERGAMOT IN THEIR DNA

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Capua 1880, which has been supplying Symrise for years, is the perfect example of a family business. Gianfranco Capua has been managing the company for 40 years, now accompanied by his twin sons, Giandomenico and Rocco; they represent the fifth generation to successfully lead the company, established in 1880, into the future. Based in Campo Calabro, Capua 1880 has been producing bergamot and other citrus oils since the very beginning. Back then, employees extracted the valuable oil using sponges, which were pressed against the peels and then wrung out. What was once an entirely manual process is now a high-tech production chain.

The family invested heavily in the modern production facilities at which the oil is refined, mixed and decanted into containers. At this site, the company produces around 60% of the world's demand for bergamot essential oil and has increased its sales from € 9 million to € 50 million over the past 20 years. Its high-tech production ensures superior quality that Symrise has come to rely on. Despite all the technological finesse, the family business and passion for bergamot are still the top priority for the family. The three Capuas know every detail when it comes to their raw materials, the necessary climate, working the fields, production and markets around the world.

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## 40 years

Gianfranco Capua (middle) has been managing the Capua 1880 company for 40 years – now with his twin sons Giandomenico (left) and Rocco (right).

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# Processing

COLD-PRESSED PREMIUM OILS

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In San Gregorio, not far from Reggio Calabria, Capua 1880 manages one of the largest citrus extraction operations in Europe. The company purchased the production facility, which was built in 1934, nine years ago. The bright, sun-drenched hall contains green transportation boxes filled with thousands of bergamots. One after the other, they are washed, sent up rattling conveyor belts and dropped into silver drums, where they are continuously spun while rubbing against sharp graters. Using centrifuges, employees extract the green or yellow oil – depending on the harvest and the time of year – from the grated peel, which ultimately flows through a filter and into a bucket: The aromatic raw material, which serves as a basis for a great deal of Symrise compositions, is now finished. The highly sustainable production process uses as much of the raw materials as possible. The juice generated through the process is sold, and the remaining peel is passed on and used as a fertilizer.

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The production site was built in

# 1934

and purchased by Capua 1880  
nine years ago.

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# Bergamot Oil

A CLASSIC PERFUME INGREDIENT

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Just about everyone is familiar with the scent, without knowing exactly what it is: Clear, fresh and invigorating bergamot essential oil is used as a top note in many eau de colognes and eau de toilettes – in a third of all men's and half of all women's fragrances. Cosmetics manufacturers incorporate the product into soaps, deodorants, toothpastes and shower gels. The oil is also used to flavor tea varieties such as Earl Grey and Lady Grey. Bergamot is rarely used in foods, though there are jams and liqueurs made from the fruit, particularly in Calabria. In the field of alternative medicine, the juice is also believed to be a natural way of lowering cholesterol.

The raw material is derived from the fruit of the bergamot tree, which stands around four meters tall and is harvested between November and March. The round / pear-shaped fruit weighs between 100 and 200 grams and has a diameter ranging from 5 to 7 centimeters, though some can grow much larger. The fruit grows almost exclusively along an approximately 120-kilometer-long strip of coastline between the Ionian and Tyrrhenian Seas in Calabria, southern Italy. In fact, 90% of global production comes from this region.

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The average bergamot orange weighs between

# 100 and 200 g

with a diameter of 5 to 7 centimeters.

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# Quality

A WIDE RANGE OF TESTS

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The Capua 1880 laboratory is jam-packed with testing equipment and small pilot factories. The team has a variety of tasks designed to ensure the excellent quality of the product. Using gas chromatographs, they assess the composition of the oil, which later provides the complex citrus notes in perfumes. Around 350 molecules in bergamot, such as linalool, bergapten, nerol, limonene, citropten and bergamottin are responsible for the fragrances. All of the raw materials and the finished products are thoroughly tested to determine their purity and toxicological characteristics, as well as to identify any potential residue, e.g. from pesticides or fungicides. In the pilot facilities, employees are experimenting with new compositions that better meet the customers' needs. Capua 1880 also fulfills all the important ISO certifications, as well as organic, kosher and halal standards. And the final result is always an authentic, natural product.

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# 350

different molecules have been  
identified in bergamot and are responsible  
for the complex citrus notes.

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# Entrepreneurial Spirit and Innovation

**Symrise bought the British company Cobell because it fits perfectly into the corporate strategy. The fruit and vegetable juice supplier has excellent access to and vast knowledge about natural raw materials. At the same time, the purchase strengthens the Group's position on the UK market, where Cobell is number one in the industry – both in terms of sales and unusual concepts and innovative ideas. This combination is the culmination of an entrepreneurial spirit, dedicated employees, creativity and technological know-how.**

Nick Sprague is an entrepreneur at heart. This can be seen in his previous career: He finished school at the age of 16 and joined the army, where he learned a lot about teamwork and self-discipline, as he tells it. After six years, he left the military and started his first operation – printing catalogs for supermarkets and delivering on order. He then opened a shoe polishing stand in the London subway, which he soon expanded to several stations with employees. Finally he returned to the food industry, worked as a salesman for frozen vegetables and at another company for fruit. He traveled around the world, visiting farmers and production companies in South America, the Middle East, Eastern Europe and Scandinavia. Finally, with his knowledge of the raw materials and the market, he founded the company Cobell together with his wife Ali in 1999. The company name stems from the names of his two children: Jacob and Gabriella.

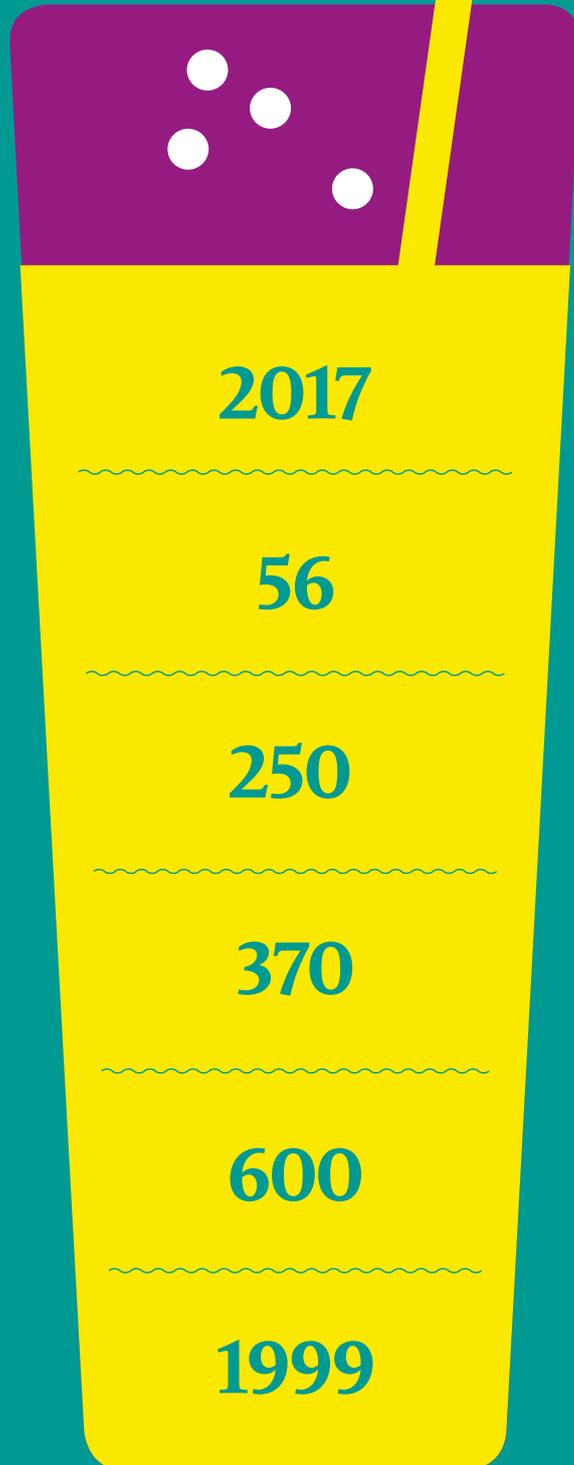
“It all sounds a bit jumbled, but every step of the way has helped me to understand the business in all its facets,” says Nick Sprague, sitting in the Cobell meeting room in Exeter (southwest England) with a ginger soda. He looks at the bottle and thinks briefly. “And you can’t argue with success,” he says with a laugh. The 50-year-old has played a key role in Cobell’s success. In just 18 years, he built up the company – without any missteps or declines – from GBP 1.75 million in annual sales in the first year to about GBP 60 million today with nearly 60 employees. He has accomplished this together with his colleagues and friends David Pearce, Graham Holland and Ian Taylor, who joined the company as equal partners over the years. In the early years, they could be found doing tasks like cleaning the beverage mixing tanks.

**»We always delivered exactly what the client needed, in every conceivable mixture, right on time.«**

**NICK SPRAGUE**  
Founder Cobell



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Symrise acquires Cobell, which achieved sales of GBP 58 million in the previous year.

Cobell has grown organically over the years. 56 highly dedicated employees work at sites in Exeter and Bishop's Stortford.

Cobell sources fruit and vegetable juices as well as purees and syrups from 250 suppliers all over the world – suppliers with whom the company has built up close relationships over the past decades.

Cobell's portfolio is broad: The company offers 370 different vegetable and fruit products.

The beverage landscape in Great Britain is very diverse. Cobell supplies around 600 customers, and the number is rising.

Nick Sprague founds Cobell together with his wife Ali. In the first year, the company generates sales of GBP 1.75 million.



»We come from a market share of under 1% and are now all of a sudden the market leader in juices and purees.«

**NICK RUSSELL**  
Head of Symrise UK

This dedication to the job is a key to the company's success along with several other factors: innovation, in-depth knowledge of the raw materials and good access to the UK markets. Right from the start, the company stood out with a clever idea that raised the level of service in the industry to new heights. Sprague had observed that expensive products would regularly be wasted at his old company, which imported juices from all over the world. Why? "For instance, some customers needed exactly 177 liters of lemon juice for their recipes. But the juice was only available in containers of 200 liters. These customers did not want the excess juice, nor did they want to pay for it."

#### **Entrepreneurship and a Love of Experimentation**

Sprague had the idea, with Cobell, of calculating and supplying the exact quantities of juices and purees that were needed. He would then sell the remaining materials in smaller containers. "We always delivered exactly what the client needed, in every conceivable mixture, right on time." On top of that, Cobell produced customized containers or bags for its clients. "We always tried to be flexible and versatile in producing the perfect product for the requirements." This also included delivering on weekends or carrying specialties, which no one else offered. "This allowed us to occupy a niche," recalls Sprague.

Another clever aspect of the fast-growing company: "We regularly challenged our customers to try out new compositions and recipes. This brought us very close to them." And thereby supplied a strong reason for Symrise to purchase Cobell. "We are a good match because we share the same mindset on entrepreneurship and a love of experimentation," explains Nick Sprague.

Sitting across from him is Nick Russell. "That's true, and this was a key reason why we were always happy to work with Cobell," says the Head of Symrise UK, who can name a number of reasons why the acquisition makes sense. The sales potential for the beverage ingredients that Cobell and Symrise can jointly supply – including vegetable and fruit juices, concentrates, extracts, flavors, colors and taste-balance solutions – is vast. "Symrise has a lot of room for growth here," says Nick Russell. "We come from a market share of under 1% and are now all of a sudden the market leader in juices and purees." But the numbers alone are not the only thing for the manager, who has been working in the industry for 30 years. "Consumers expect natural ingredients more and more, for example in their soft drinks. With Cobell, we have access to a whole range of sustainable suppliers around the world whose products we can purchase transparently and with high traceability."

»With the help of Cobell, we intend to sell more valuable products such as natural flavors, food colorings and extracts in the UK and thereby also strengthen our market position.«

**DIRK BENNWITZ**  
Head of Flavors EAME

The same applies to the other end of the value chain. “Cobell has very good customer relationships in the UK, which we can now share,” says Russell.

Dirk Bennwitz is similarly pleased with the move. As Head of Flavors EAME (which also includes the UK) at Symrise, he points to the synergy effects arising from the acquisition. “In Purchasing, for example, we have already been able to save a significant amount of money within three months simply by utilizing each other’s contacts. As we merge the two companies, we are forming a new team out of all the colleagues that will be even more effective than before.”

However, one of the main benefits for him is the innovative synergy between the two companies, which have become stronger together. “The deep production and composition know-how as well as the raw material expertise that both companies possess will lead to even better products that we can present to our customers,” says Bennwitz. Higher sales are not the only priority here: “With the help of Cobell, we intend to sell more valuable products such as natural flavors, food colorings and extracts in the UK and thereby also strengthen our market position.”

#### **Innovations That Fit the Market**

Raw material procurement, development and sales are bundled at Cobell, explains Bennwitz. “Symrise will contribute production technologies and the entire flavor and taste balance portfolio. In this way, we can address topics like sugar reduction, which is becoming increasingly important in the UK.” Additionally, some standardized complete solutions should be implemented – for example, for flavored water, fruit-based soft drinks, colas, instant drinks, smoothies and alcoholic beverages.





The highly diversified British market is occupied by 20 groups and 500 smaller companies...



...These are regularly joined by start-ups with new beverage concepts.

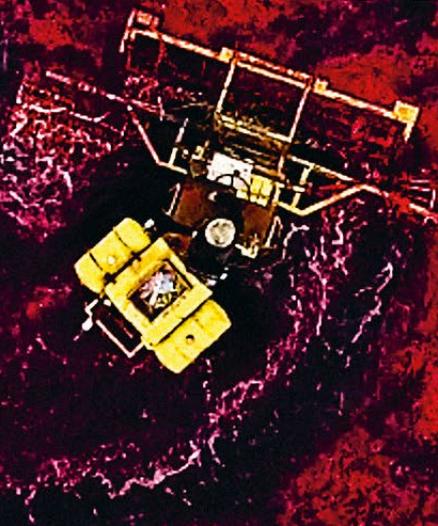


Speed is key when it comes to launching new beverage concepts.

Innovations that fit the market are a guarantee for success anywhere in the world. On the island, however, they are particularly important. In the UK, major supermarket chains and bottlers are the main market drivers. They have their own departments that develop products and therefore help shape trends. "Speed is crucial here. Sometimes we have less than three days to introduce a new beverage concept," says Nick Russell. "Together with Cobell, we can take a new step forward in the market with all the beverage concepts that Symrise can offer and that satisfy the tastes of the British."

Nick Sprague knows these tastes well. That's why he tries to impress beverage manufacturers with as many good ideas as possible. "We don't wait for anyone to approach us. We take action on our own initiative," explains Sprague, while walking across the parking lot to a colorfully decorated van. The slogan "Decoding drinks, crafting desire" stands alongside the Cobell and Symrise logos as well as drawings of various fruits. "We have been presenting the shared ideas of Symrise and Cobell this way since the first day of our collaboration," says Sprague. "It has been very well received and places our know-how right where it belongs: With the customer, who can try our innovations directly."

# ALL ABOUT THE BERRIES





Cranberries have been known to be beneficial for one's health for centuries. They are said to provide cell protection as antioxidants and to help preventing urinary tract and bladder infections. Diana Food produces high-quality standardized cranberry extracts and powders that retain the fruit active molecules. But what is the story behind these products? Where do the berries come from? How are they grown and processed? And how do their active ingredients work? Answers to these questions can be found on Nantucket Island (Massachusetts, USA) and in Champlain, Canada.



Tom Larrabee (left) and his son Nick are passionate cranberry farmers. Together, they supply Diana Food with this red fruit.





Once the berries are separated from the plants, employees collect the fruit using a long plastic hose they call the “cranbarrier.”



Maxime Gravel (middle) purchases the cranberries for Diana Food on Nantucket Island.

“I’m pretty sure my father had cranberry juice in his veins instead of blood,” says Tom Larrabee. The gray-blond man with a wine-red sweatshirt and a gray baseball cap smiles while he says this, but he’s serious. “My family has been cultivating these vines for over 60 years – and there is simply nothing better than bringing in a harvest.” The whole process clearly fills the 59-year-old with pride and joy. “When the plants grow, the fruits ripen and I can finally harvest them – there’s just something very satisfying about that.” Tom Larrabee is employed by the Nantucket Conservation Foundation and is responsible for the 100 hectares of cranberry fields on Nantucket Island. The island is located on the east coast of the United States, just a few dozen kilometers from Cape Cod and Martha’s Vineyard. The vines there grow in two large tracts of land. They belong to the Foundation, which owns almost one-third of the land, manages farms like the cranberry farm and invests all its profits back into the protection of nature. For Tom Larrabee, agriculture is much more than just a job: It’s his passion. It’s also a family assignment. Starting in the 1950s, his father worked as a cranberry farmer on Nantucket Island practically every day until his passing in 2016. Tom Larrabee needed some time and space, though, before he was ready to take on the family business. After high school, he wanted to get off the island and see the world. He joined the army and traveled to all continents as a Marine. After his military service, he finally settled down with a car workshop, house and summerhouse on the South Carolina coast. He met his wife, who is also from the east coast, and became the father of two children.

Everything seemed to be settled. But after the terrorist attacks on September 11, 2001, the family decided to move back to Nantucket. “We wanted to be closer to our relatives and my father needed my help. I’ve been here ever since, and I can’t imagine doing anything else.”

### Conversion to Organic Farming

Over the past few years, Larrabee and his team have invested in sustainable agriculture and made the switch from conventional farming to organic farming. His son Nick played a key role in this transition as a foreman for the Foundation. It’s evident he is just as enthusiastic as his father. The 23-year-old combs through the cranberries in one of the fields. The vines meander over the ground, creating a tangled weave. With a quick movement, he gets up. “Look, there are four berries on this upright branch, which is very rare,” he shouts with a glow in his eyes.

The young man studied sustainable agriculture at the University of Massachusetts in Amherst and knows exactly how to produce organic cranberries. He explains in detail why pesticides aren’t necessary and how he uses ecological fertilizers in the spring and summer. His father nods. Organic farming was a logical next step in his endeavors to protect the natural beauty of his childhood home. Each hectare of farm land helps keep four to five nearby hectares in good shape. “We’ve seen many more plant species and animals here since we switched,” says Tom Larrabee. He regularly observes white-tailed deer, snapping and ornamental turtles, tree frogs and water snakes as well as birds such as osprey, Canada geese and mallards. Even the bees, which pollinate the cranberry blossoms, now appear in greater numbers once again. There is also a financial incentive for the farmer in planting organic fruit. He doesn’t harvest as much as when using conventional methods, but the fruit does sell at a higher price. And in time, when the fields are in full operation, he is confident that the yield will also adapt.

**»I’m pretty sure my father had cranberry juice in his veins instead of blood.«**

**TOM LARRABEE**  
Cranberry farmer

### Unique Harvesting Process

Larrabee uses specially developed equipment for the harvest, which lasts about five weeks. First, he marks the irrigation channels on the dry field with yellow flags. They indicate where he will have to drive the harvester. Then he floods the field with water. With a kind of small combine harvester, he crisscrosses the area in overlapping circles. The machine separates the berries from the vine so that they rise to the surface – air chambers in the fruit make them lighter than water. Two employees wade through the water with a long plastic hose, known as a “cranbarrier”, and gather the cranberries into a ring. From there, they are pumped onto a vibrating conveyor and loaded into a truck. The truck brings the berries to a washing station on the mainland, where they are cleaned, sorted and packed into wooden crates.

**»To obtain the best products, we need the smaller, dark red and somewhat bitter berries.«**

### GUY DURAND

General Manager

Overnight, the berries (around 10,000 pounds per truck) are transported to the Diana Food plant and processed. The plant is located in Champlain, about an hour drive from Quebec City. Here, the vast forests glow in hues of red and yellow in fall. Diana Food processes the fresh fruit, which was harvested one or two days in advance, over the course of about eight weeks. In the remaining months, the company uses frozen fruit or fruit concentrates. “To obtain the best products, we need the smaller, dark red and somewhat bitter berries,” says General Manager Guy Durand. “As a result, we are not competing with the food market because it is the larger and sweeter cranberries that are in demand there.” The process that Durand quickly highlights seems quite simple: The molecules are extracted from the berries, which are then sold as concentrates or spray-dried powders. However, the steps that the company has developed to achieve this are highly complex and precisely coordinated.



After harvesting, the cranberries are pumped onto a vibrating conveyor and loaded onto a truck.



On the mainland, the cranberries are washed, presorted and packed into wooden containers.



Overnight, the berries (around 10,000 pounds per truck) are transported to the Diana Food plant and processed.



As General Manager, Guy Durand is in charge of the Diana Food plant in Champlain.



# »I'm a firm believer in the benefits of cranberries.«

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## Mrs. Dodin, why are you doing research on urinary tract and bladder infections?

First of all, because these infections are very common worldwide. 50 to 60% of all women worldwide will experience one of these infections at least once in their lifetime – often with very unpleasant symptoms such as a frequent urge to urinate, pain when urinating and an increased number of red blood cells in the urine. This alone is worth intensive research, but we also need much more research beyond the conventional treatment of these infections.

## Why is that?

Many women take antibiotics for a few days as treatment. The problem is that these infections are often recurring, meaning that they occur more than twice in six months or more than three times in a year. If always treated with medication, this can lead to antibiotic-resistant strains. At some point, there would be no more suitable medication. That is why we must find strategies to prevent and treat these infections differently.

### How are urinary tract infections triggered?

They are caused by bacteria from the intestinal tract entering the urinary tract. Escherichia coli bacteria are responsible for 90% of the infections. The bacteria settle in the mucous membranes. There they find sustenance and stay alive.

### And what can the cranberry do about it?

The idea actually originated in the laboratory. Cranberries contain a high proportion of proanthocyanidins (PACs). These bioactive substances make it difficult for germs to settle in the mucous membrane. They envelop the bacteria and effectively remove them from the membrane. Several studies have shown that a dose of at least 36 milligrams of PACs per day should help. There are also other effects that we are currently researching. We suspect that the microbial climate in the intestine is also partly responsible for such infections. And we believe that cranberries can have a positive influence here, too.

### When talking about the effects of these PACs in cranberries, you seem to take a cautious stance. Why is that?

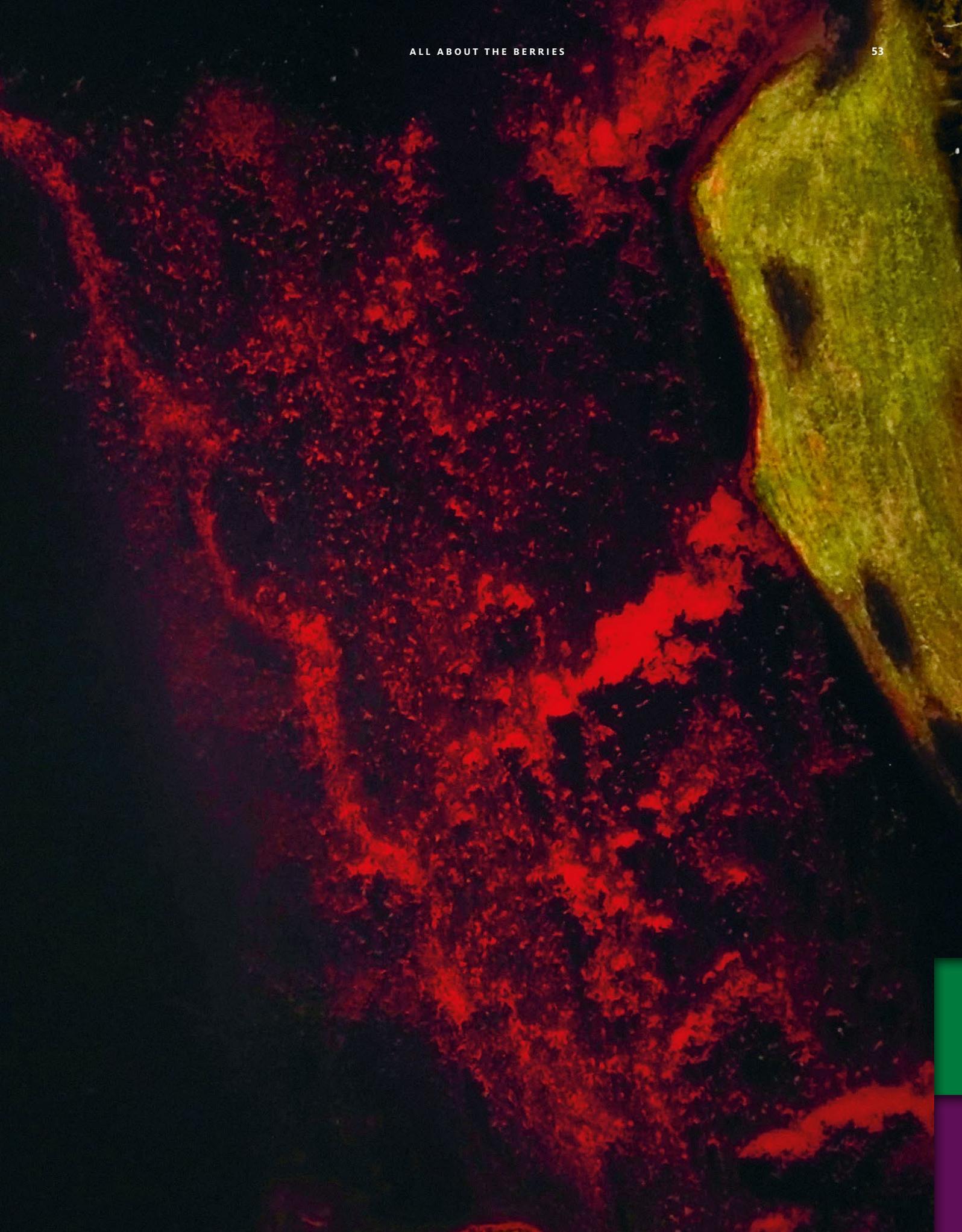
I am convinced of the effect because I have been able to observe it over all the years I have worked as a gynecologist as well as in research. It has also been proven in dozens of studies. But it must also be said that other studies exist that call this effectiveness into question. Here, it seems that the concentrations of PACs used were often too low, which we believe can lead to ineffectiveness. That is why we have started a new study. We are examining a group of 148 women. Half of them will receive a dose of 37 milligrams of PACs per day, which Diana Food will supply us with, and the control group will only take two milligrams.

### How will you measure success?

We will track the number of times the infection reoccurs over a period of six months. At the same time, we are assessing how well the women metabolize the PACs. The molecules can only work if they have been metabolized to a sufficient extent. In the end, I am sure that we will be able to prove the prophylactic and healing effect of cranberries, which have been used this way for a very long time.

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Sylvie Dodin is a gynecologist with 30 years of professional experience and a professor in the Department of Obstetrics and Gynecology at Laval University in Quebec.





As product manager, Nathalie Richer is responsible for the global health and nutrition portfolio.

For instance, following a quality control check in the laboratory, the fruits have to be heated and juiced in several steps. “We then separate the remaining solids from the liquid components. The liquid is extracted, purified, concentrated and finally standardized,” says Guy Durand. “This is very important for ensuring that we always have the optimal product to sell to our customers.”

### Good for Your Health

For the manufacturers of nutritional supplements, “optimal” means something very specific for cranberries. “The concentration of proanthocyanidins (PACs) in the extract has to remain constant,” says Nathalie Richer. The product manager, who is responsible for the global health and nutrition portfolio, is also in charge of the Urophenol<sup>®</sup> extract. It is used in the prevention and treatment of urinary tract and bladder infections. 15% of the purified extract consists of PACs, which are thought to have a particular effect on these ailments (see interview with Sylvie Dodin). “To do this, we have to process the cranberries as efficiently and gently as possible to keep the special functionalities of these molecules intact.”

To learn more about the berries’ capabilities, the company works closely with research institutions such as the Institute of Nutrition and Functional Foods at Laval University in Quebec or the National Research Council of Canada. “Diana Food is currently partnering in four clinical studies that are investigating the health benefits of polyphenols from different locally sourced fruit, such as strawberries or blueberries,” says Nathalie Richer. “Of course, cranberry remains at the heart of our scientific work and we will be completing soon a major clinical study on its mechanism of action on urinary health.”



Scan this QR code to view a video about the sustainable cultivation of cranberries.



## CARDIO-VASCULAR SYSTEM

In addition to having a positive effect on urinary infections, cranberries are also said to prevent cardiovascular diseases.

95%

of the cranberries are processed into juices, sauces, dried fruit or food supplements.

5%

are sold on the fresh market.

80%

Diana Food's plant in Champlain, Canada, is committed to environmental friendliness. Four-fifths of the gas required for the steam generation in production comes from a nearby biogas plant.

100%

All organic waste generated during production in Champlain is processed into biogas.

100%

The electricity used by Diana Food in Champlain is exclusively hydroelectric power.



F I N E  
F I S H  
F O O D

Fish is popular, and stocks are dwindling. As an alternative to wild-caught fish, more and more of the animals in the market are from aquaculture. To ensure the animals' nutrition and health, Diana Aqua is developing products that make their feed particularly digestible, appealing and nutritious. The company uses coproducts from the fish industry to manufacture the finished products. Insight into a sustainable concept and unique business model.

Humans consume roughly 90 to 95 million tons of fresh-caught fish each year. Larger catches will not be possible in the near future because fish stocks are at their extreme limits. The demand for salmon, tuna, sea bass and cod is increasing with the growing global population, though. These fish are also being presented more and more often as a healthier alternative to meat. For this reason, freshwater and saltwater fish and seafood such as shrimp have been raised in aquaculture since the 1950s, with the trend growing. The industry, which is primarily located in Asia, South America and Europe, is one of the most rapidly expanding in the food industry, with growth rates of 5 to 6% p.a. and a total production of 73 million tons of fish. The aquaculture industry is providing more and more fish and seafood – but it also presents huge challenges, from the proper nutrition and health of the animals to environmental impact of farming. As an example, sourcing new sustainable raw materials to support aquaculture growth is one of the main challenges of aquaculture. Aquaculture feeds are formulated mostly with vegetable raw materials sources, but fish meal remains an indispensable ingredient guaranteeing good feed palatability and nutritional value for most of the farmed species. Fish meal is manufactured from fresh fish – about 15 million tons of wild-caught fish is used for this. However, its worldwide production has remained stable for many years while the aquaculture industry, and consequently the demand of fish meal, is growing. This model cannot work in the long term, and many experts agree that new raw material alternatives must be found.



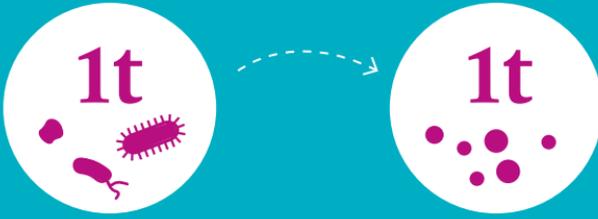
#### Developing standardized methods

Diana Pet Food therefore founded a small business unit in 2003 to address this issue. Vincent Fournier, Head of Research and Development at Diana Aqua, has been there from the very beginning. The business unit develops and produces feed ingredients for aquaculture and now has 140 employees at sites in Europe, Asia and Latin America. The scientist, who has a doctorate in fish biology and nutrition, started the first attempts at

creating the perfect fish feed 14 years ago. “We had a number of tasks right from the start: reducing the amount of fishmeal in fish feed, making it both palatable and nutritious while supporting fish health,” he says during a tour through the company’s test center in Brest, France. It is on the outskirts of the capital of Brittany, just a stone’s throw from the Atlantic.

The 44-year-old established the facility on the grounds of a French research institute and then developed the testing protocols, allowing him and his team to assess various feed supplements in European sea bass. “Among other things, we experiment the palatability of our products here – in accordance with strict standardized methods – by measuring feed intake and by observing the growth of the fish.” Another emphasis is on how healthy the animals are when they are fed with diets containing no or low fish meal and the Diana Aqua products on a long term (8-12 weeks). Diana Aqua has developed similar testing centers in Ecuador and Vietnam in order to validate product performance in different species and in different breeding conditions.

CONSISTENT UTILIZATION:



Diana Food processes one ton of tuna innards into one ton of food supplements.



Humans consume roughly

**90 to 95  
MILLION TONS**

of fresh-caught fish each year.

**140**

employees work for Diana Aqua at its locations in Europe, Asia and Latin America.

The feed market has grown by 6 to 7 % annually for the past 15 years.

## PRIMARY PRODUCTS FROM AQUACULTURES



### SALMON

Two million tons are farmed in aquacultures every year, mainly in Norway, but also in Chile, Canada, Scotland, Ireland and Australia (Tasmania) – with growth rates of 5–7 % per year. The market volume amounts to around USD 23 billion.



### TILAPIA

With a growth rate of 8–10 %, production of this fish – five million tons per year – shows the strongest level of growth. It now generates around USD 10 billion a year. The aquacultures can mainly be found in South America, Africa and Asia.



### SALTWATER FISH

Gilthead bream and sea bass are the primary products among saltwater fish. The market volume amounts to USD 2 billion. Half a million tons are produced every year, and this figure is growing by 6 % per year. The fish is mostly produced in Mediterranean countries.



### SHRIMP

The main generator of aquaculture sales is shrimp. Producers make more than USD 25 billion from their operations that lie mainly in China, Southeast Asia and Ecuador. They produce around five million tons, with volumes growing by 3 % per year.

# 73

MILLION TONS

of fish are produced in aquacultures.



A number of years of intense research passed before Vincent Fournier was ready to test his first products. “We had to find out what makes feed particularly attractive, nutritious and healthy for aquaculture fish. The key to this is the peptide content in the marine raw materials,” says Fournier. In order to produce and concentrate these, the researcher fine-tuned a hydrolysis process. In this process, peptides are released with the help of enzymes, special pH values and clearly defined pressure and temperature levels. The process is a bit like a predigestion process that makes it easier for the fish in the aquaculture to consume the feed. “This hydrolyzed raw material is digested at 99%, while most of the fishmeal are only digested at 90-92% or even lower.” The second key point of the research is the raw materials. Vincent used leftovers from food production that would otherwise go to waste, such as tuna viscera, tilapia frames and shrimp heads, to yield the most value possible from them.

It was a lengthy path to creating the first product. “There were no known standardized methods for assessing product palatability performance,” says Vincent Fournier, who set an as-yet-unsurpassed milestone for the industry. Building on the foundation of his first product, AP31, 13 more have been created, which are sold as liquids or powders. And there are more each year. For example, a special product increases the immunity and resistance of fish to pathogens, which means they need less medication. Another product improves the gut health of the fish – the food is absorbed better and the fish are more resistant to diseases.

#### Researching new sales markets

What’s the next step? Vincent Percier has the answer. The engineer with an emphasis on agriculture is the Europe General Manager at Diana Aqua. He is on the lookout for new sales markets based on the research. “For example, we saw that some larger peptides also have bioactive effects and activate processes in the animals’ bodies.” One product, for example, helps the aquaculture fish be less stressed in changing water temperatures and fish continue to eat normally despite strong water temperature changes. Another product is a feed ingredient that is intended to increase the feed intake of a particular fish. “The quicker the animals grow to full size, the less they are affected by diseases,” says Vincent Percier. A third project is focused on how the peptides of different fish types function after hydrolysis. “Tilapia hydrolysates can be used as a raw material for raising gilthead seabream because the peptides support their digestion and thus also their growth especially well.”

Vincent Percier is also in contact with suppliers. “We work together with the largest tuna processor in Thailand, for example. We buy the innards, which are left over after filleting, from them.” The process is so finely tuned that the byproducts are used in Diana Aqua production just two hours after processing.

Another key issue for Vincent Percier is sustainability. The Diana Aqua products mean that there is less competition for wild-caught fish between fishmeal production and food production for humans. “We can really make an impact there,” says Percier. “For example, if a feed is made with a 20 % fish meal inclusion for nutrition and palatability, we can keep the same level of feed performance with only 10 % fish meal inclusion by adding 3 % of our hydrolyzed product in the formulation. Another effect: Because the feed is digested so well, the fish also excrete less. This, conversely, is good for the environment because there is less sediment in the water.”

»We saw that some larger peptides also have bioactive effects and activate processes in the animals’ bodies.«

VINCENT PERCIER

Europe General Manager at Diana Aqua





The Diana Aqua  
team has developed

# 14

hydrolyzed products so far.

“We have to understand fish and their metabolisms better in order to develop the ideal feed ingredients for the hundreds of types of fish that are raised in aquaculture,” Vincent Fournier adds. To do so, Diana Aqua is working together with Jeju National University in South Korea and the University of Caen in Normandy, among others. The scientist is confident: “The applications are almost endless. And with each innovative product, we are helping to make a contribution to more sustainable fish farming.”



**HELP FOR  
LEARNING  
AND LIFE**

**The Symrise subsidiary at the Indian site in Chennai has been supporting the Government Higher Secondary School Sholinganallur for the past 2 years. Working with United Way Chennai (UWC), an Indian nongovernmental organization and the State government, Symrise has constructed sanitary facilities for the Water, Sanitation & Hygiene (“WASH”) project.**

India has a population of 1.3 billion and is still growing – it has one youngest populations in the world. As part of its Corporate Social Responsibility (CSR) initiative, Symrise decided to invest in infrastructure and health care for a school close to its office. Symrise began with one of the most important foundations for a healthy school day, choosing to construct the sanitary facilities of the Government Higher Secondary School Sholinganallur as part of the “WASH” project.

The water tank has a

# 14,000-liter

capacity and is easy to clean thanks to its brick and tile construction.

Symrise initially provided funding for building toilets, hand washing stations and sewage systems for approximately 1,600 students. This included 100 modern toilets for the girl students. This was followed by additional toilet facilities for the approximately 50 teaching staff. The existing facilities were upgraded and connected to the school buildings with a new concrete path measuring about 350 meters.

With Symrise's help, a small library was set up for the school.



Symrise also provided a drinking water facility by installing a reverse osmosis system. The waste water from spillage is used to water all the plants in the school. The company also ensured an adequate supply of clean water with a 14,000-liter water tank, which is easy to clean thanks to its brick and tile construction. After completing the above activities, the office and science laboratory were renovated. New electrical wiring was secured inside the classrooms, and ceiling fans were installed to make hot days a little more bearable. The windows were also repaired in all the classrooms. What at first glance appeared to be nothing more than a decorative measure actually fulfilled a much more important purpose: The school buildings were given several new layers of paint in order to prevent the development of moisture and mold in the classrooms. The special paint used prevents lung issues that could otherwise affect the children.

The existing library was completely overhauled and given a new face lift. Symrise employees were actively involved to ensure intellectual nourishment on a voluntary basis, by regularly collecting books and dropping them off at the library. In terms of learning, the Group also makes a very long-term contribution by participating in the “Endrum Punnagai” (“always laugh”) program, which is designed to boost the self-confidence and social skills of children with problematic family situations. They also offer everyday help when it comes to hygiene, nutrition and health.

# Responsible Diversity

**The finest perfumes and household cleaners require fragrances that smell as good as possible for as long as possible. In addition to being safe for people and the environment, they should be sustainable and increasingly manufactured using green chemistry methods. They should also come from renewable raw materials. Symrise has committed to updating and expanding the fragrance portfolio in precisely this way over the long term. Development of the three fragrances Lilybelle®, Pearadise® and Spicatanate® demonstrates how this can be done.**

The world smells good. Thanks in part to Symrise. The company offers around 3,000 fragrances, which manufacturers of perfumes, cosmetics, detergents and cleaners use in thousands upon thousands of products. They range from delicate floral nuances that make perfumes extraordinary to more prominent notes that give bathroom cleaners a kick – from everyday fragrances that can be found in just about any soap to special compositions that Symrise produces exclusively for selected fragrance brands. The portfolio is extensive and continues to grow. For many reasons: Consumers are always looking for new experiences and perfumers are very creative when it comes to developing new fragrances. And the topic of environmental protection becomes of more and more importance. Scent molecules should be biodegradable, as cleaner and shower gel residues find their way into groundwater via waste water. And regulations are very stringent when it comes to our health, as they should be.

Another aspect is sustainability in the use of raw materials. It's increasingly important to obtain basic materials from natural sources, but not at the expense of food production. The byproducts of food production often offer an alternative. Symrise also uses renewable raw materials. The results speak for themselves: 25% of materials now come from these sources. The company also utilizes green chemistry to make processes more sustainable. Catalyses, for example, significantly reduce the amount of energy required for production, while solvents are used very rarely or not at all. The process of turning the raw material into a product is also better.

So, Symrise developers who also work intensively with external researchers in innovation projects find themselves in a complicated situation: They need to fulfill the requirements brought to them by legislators, environmental organizations, customers and end consumers. At the same time, products always need to be better and more effective, which is why Symrise employs more than 1,600 people around the world in research and development. The interdisciplinary and global team of developers, application technologists, perfumers, production and regulation experts experiment with several hundred substances each year. One to three of these make it to the market – a pretty good success rate when you consider the many parameters and complicated procedures that lead up to a product release.

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Symrise offers

**3,000**

fragrances.

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**25%**

of the materials  
are sourced from renewable  
raw materials.

Scent molecules should be biodegradable, as cleaner and shower gel residues find **their way into groundwater via waste water.**

---

**1,659**

people work in research and development at Symrise sites around the world.

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# L I L Y B E L L E ®

One of the most popular fragrances is the lily of the valley. The floral note is used everywhere, from simple household cleaners to high-end perfumes. Over the decades, the industry has developed many synthetic aromatic substances that bring the fresh floral fragrance to life in many applications. Many scent molecules were reputed to have skin sensitizing characteristics and no longer conform with today's regulatory requirements.

Symrise researchers went in search of alternatives in 2009. Rather than reinventing the wheel, they explored the company's database, which has been maintained for many decades and contains some 20,000 molecules. Many had made it onto the market, while research on others had been discontinued due to a lack of opportunity for commercialization at that time.

This also applied to one substance that has now been sold under the brand name Lilybelle® since 2017. Symrise researchers first tested the lily of the valley aromatic substance 35 years ago, but didn't pursue it – partly because the five-stage synthesis process didn't make much technical sense on a large scale. Several teams have now completed the product, having optimized the entire process in line with the principles of green chemistry: There are no chemical sensitizers and very little solvent or water, while some reagents are used repeatedly in a catalytic amount.

A strategic decision made by the company played into the researchers' hands. The raw material basis changed with the acquisition of US company Renessenz, which Symrise had already worked with in the past. Based in Florida, the subsidiary has good access to a strategic raw material, which is transformed into an important intermediate substance: D-limonene is a waste product extracted from the peel during orange juice production. The result is Lilybelle®, a biodegradable fragrance that Symrise now sells in perfume compositions.









# P E A R A D I S E ®

What does a pear smell like? Sweet, natural and ... pear-y. The smell of the fruit, which grows just about everywhere in the world, is difficult to describe. And yet everyone's familiar with it. Many perfumes and household products feature the scent, carefully added in small amounts, giving fragrances that certain something.

A few years ago, Symrise began developing a new aromatic pear substance with exactly this unique character. The molecule needed to be very clean and transparent, with a scent that is delicate and sweet, but not sugary or sticky, so that accents of pear could very selectively be incorporated into fragrance compositions. The new Pearadise® molecule made this possible – and there's a great research story behind it.



The starting point: Symrise has many aromatic pear substances in its portfolio that tend to have higher prices. So, the task was to develop a molecule to replace these costly products. At the same time, researchers wanted to select a raw material that is as sustainable as possible. It would have to come from a 100 % renewable source, but not compete with food production.

The team of researchers looked at dozens of substances and experimented with a variety of green chemistry processes with the aim of utilizing known waste products generated in the food industry. The goal was to produce the desired aromatic substance by changing the molecule's carbons. At the same time, they had special computer programs calculate their results in order to predict biodegradability – another criterion for the new fragrance.

The team happened upon itaconic acid, which can be extracted, for example, from byproducts generated in the sugar industry, using it as a basis for the aromatic substance. Following a series of processes, including esterification with ethanol from renewable sources, a product was created: Pearadise® is a fragrance whose name itself is reminiscent of the full, well-rounded scent of a fresh pear.

# S P I C A T A N A T E ®

They're called Miel Essentiel, Cuir Velours, Ambre 84, Noir Prunol and Rouge Groseille. Alone the names of these five DeLaire bases sound like poetry. Symrise has had the predecessors of these perfume raw materials, which serve as a basis for luxury perfumes, in its portfolio for more than 100 years. The perfume bases are made from fragrances that, in their pure form, have scents that are much too strong. That's why Symrise perfumers mix them with selected essential oils and other substances that highlight the various notes. The company has now launched the DeLaire bases in new compositions, which smell like sweet honey or toffee, supple leather and powdery iris, red berries, rhubarb and elegant spices.

The unique fragrance comes from the fine raw materials used, which makes many other ingredients all the more surprising. In addition to Osmanthus, which is a wonderfully fragrant flower, and essential davana oil, Symrise also uses Spicatanate® in the Rouge Groseille base. And, surprisingly, this captive, an aromatic substance patented by Symrise and sold exclusively by Symrise in perfume oils, doesn't have a strong floral scent. It's more reminiscent of garlic or onion, but develops its strength in the combination, giving Rouge Groseille its truly unique fullness, freshness and fruity character.

We focused on several goals as we developed Spicatanate®: The molecule would need to have a high degree of efficiency, allowing perfumers to achieve the same effect as with comparable substances, using less aromatic substance. In this way, Symrise can reduce the volume of fragrances that find their way into the environment. The raw material would also need to come from a natural source.

Researchers identified a structure that achieved the desired fragrance effect: the *Mentha spicata* mint variety. To ensure sustainable production, Symrise doesn't use the mint plant, but rather waste materials generated in the orange juice industry. D-limonene is extracted from the peel of the fruit, which in turn is used to produce Spicatanate®. The molecule fulfills the requirements with ease: It accounts for just 0.001% of the perfume oil, allowing its powerful effect to blossom.





# SUSTAIN- ABLE HR WORK

**Over the years, Symrise HR employees at all of the sites around the world have increasingly aligned their work with the company's sustainability strategy. At the same time, they have played an important role in developing the framework for responsible business and growth.**

Symrise is reducing the environmental footprint of its products and processes, uses sustainability as a driver of innovation and relies on backward integration to minimize the environmental and social impact of the supply of raw materials. Sustainability is therefore one of the foundations of the business activities that are established throughout our entire value chain.

After footprint, innovation and sourcing, care is the fourth pillar of the sustainability strategy: Symrise wants to generate lasting value for its employees and society, particularly people who live near and work at the various company sites around the world.

The company's HR department has a major impact on an important part of the care pillar. It makes employees the focus of its work and, in its various regions, presents Symrise as an attractive, preferred employer that engages its staff in a sustainable, responsible way. This also includes projects with which the company demonstrates that it takes its local responsibilities seriously.

Internally, some 85 HR employees at 20 sites ensure that the working conditions are as good as possible and as standardized as possible around the world – i.e. with the same technical equipment in the laboratories and production lines. The challenges associated with demographic change and diversity management are equally important and differ depending on the country. With various programs for junior staff and managers as well as a real commitment to training, the company is very active in professional development, too. At the same time, it depends on operational health management including work safety being taken very seriously. It is only when employees work in a healthy atmosphere and are motivated by their entire environment that they can perform at peak levels over the long term.

Symrise is also currently focusing on digitizing company processes, with special attention on digital recruiting, as Dr. Iñigo Natzel, Head of Human Resources, explains in detail in the interview on page 70. Finally, all the activities of the company and its employees are based on a foundation of company values (see page 10) as this is the only way to ensure responsible, sustainable company success over the long term.

Symrise HR employees are not only responsible for seamless HR work and development. They're also a part of the teams around the world committed to sustainable business. They launch or support dozens of projects that allow the Group to assume responsibility for social and environmental issues in the regions surrounding its sites. A few examples of the global ambassador network's activities.



## Singapore

The Children's Cancer Foundation aims to brighten the lives of children with cancer. The nonprofit organization provides emotional, social and medical support for those affected and their families. Symrise supports the organization in a number of ways; for example, 37 employees volunteered to take a group of girls and boys and their parents to the Singapore Zoo.

## Brazil

The Instituto Germinare in São Paulo provides free education for adolescents in order to prepare them for their futures. The training, which is also intended to foster the managers and executives of tomorrow, is partly geared toward developing practical job-related skills. For example, in one project Symrise employees took part in, perfumes were created, including their concept, packaging and campaign.



## Philippines

Symrise supports education for underprivileged children in the Philippines. For example, the company provides financial support for the nonprofit organizations Educational Research and Development Assistance (ERDA) and Lihuk Panaghiusa. Additionally, employees help to package donated school supplies and distribute these to students, among other things.



# GO DIGITAL

Symrise is investing € 1.5 million in the digitization of its HR work. The new system supports and organizes the selection process, from initial contact with candidates to when they start at the company, and also provides an electronic personnel file that's always up to date. Dr. Iñigo Natzel, Head of Human Resources, explains in an interview how this benefits the company as well as current and potential employees.

## »We receive around 6,000 applications each year, 70 % of which are unsolicited.«

### Dr. Natzel, how important is it to digitize HR work at Symrise?

As a responsible employer, we want to be at the forefront in this arena. We have set ourselves a clear goal: Every position advertised at Symrise must be filled within 60 days, from initial search and evaluation of candidates to the employment contract being signed. To achieve this goal, we have begun digitizing our HR work. We'll be investing approximately € 1.5 million in the project over a period of around five years. The project goals range from the introduction of a fully digitized selection process, which we launched at the beginning of 2018, to the harmonization of the HR management on a single platform.

### Is it worth all the effort?

Financially speaking, it will pay for itself within two years. Once the process is up and running, costs will be much lower for the company. Take, for example, the selection process: The application process has always required a great deal of time and paper, for both the applicant and us. We are represented by HR teams at 22 sites around the world and work in a lot of different languages. We receive around 6,000 applications each year, 70 % of which are unsolicited. By digitizing our application process across the board, we have significantly reduced the amount of processing required. We can also recommend interested candidates for whom there might not be an appropriate job at the one site to other company sites, or save their information for the future, provided we have the applicant's permission. We'll also require fewer HR consultants and thus save a lot of money.

### Can you describe the digitized selection process in detail?

If a university graduate, for example, is sitting on a subway train and comes across a Symrise job ad on their smartphone – maybe on an online job portal, on our website or via social media – they

can apply with just a few clicks. They'll land directly at our jobs@Symrise online portal. There they can directly submit relevant information from career profiles such as LinkedIn and XING, rather than having to complete a lengthy form. Or they can submit their résumé as a Word or PDF file.

### Do you also use the data you collect for preselection?

While our software does offer algorithms that allow us to search for certain criteria, we also know that a résumé is not everything. We always take a closer look and invite our more promising candidates to an interview. One exception is education: If high school students apply, they should have an average grade of at least 2.5 in Math, English, German and Chemistry.

### How does digitization help further along the process of selecting candidates?

We help supervisors identify occupational expertise by offering tests that address math, language and strategic skills. The system also makes it easier to arrange appointments and documents the entire process, from the first job interview and supervisor feedback to all the communication that has taken place. Once an employee has been hired by Symrise, they're given a user ID, under which their entire career path is documented, from the moment they're hired to when they retire or leave the company.

### Do existing employees also benefit from digitization?

We have overhauled our internal career market, where all job vacancies are published two weeks before they're advertised externally. We have also created function-specific talent pools that include people who already work at Symrise. In the future there may be a job that's a better fit for someone or that might give them the opportunity to develop their skills. Every employee can set up reminders that focus specifically on their interests. We will also be introducing an electronic personnel file in 2018. One important aspect will be self-service: Employees can take time off in lieu of overtime, request and plan vacation days, or print out reports such as payroll accounting or sick days themselves. The aim is to increase services for employees across all levels.

## Small Ideas, Huge Effects

**Symrise achieved the ambitious climate goals it had set itself for 2020 four years ahead of schedule. The company isn't resting on these laurels, though, as is evident from the many awards and certifications. Three profiles of employees from around the world who make a contribution to the greater good are also an example of extraordinary dedication.**

Sustainability is becoming an increasingly important success factor for global industrial companies – including Symrise. At the same time, the company also fulfills customer and consumer expectations with its sustainable and economic activities. How important this is to the company is evident in the position of the Corporate Sustainability Officer. It is held by experienced manager Hans Holger Gliewe.

**»Our efforts are not random, they are in keeping with Agenda 2030 and the 17 goals connected to that for sustainable development that were laid out by the United Nations.«**

**HANS HOLGER GLIEWE**  
Corporate Sustainability Officer

His work is part of a clearly defined, integrated sustainability strategy. "Our efforts are not random, they are in keeping with Agenda 2030 and the 17 goals connected to that for sustainable development that were laid out by the United Nations," explains Gliewe, who has been with the company since 1980. "We apply them to our four pillars of sustainability: to our carbon footprint, to our innovative power with which we improve products and processes, to our raw materials procurement and to our responsibilities to our stakeholders. By doing so, we are becoming a global leading company in terms of sustainable business activity." Symrise aims to reduce its total greenhouse gas emissions by 17.5 % by 2030 based on these pillars. An ambitious but attainable goal: The company achieved its 2020 climate goals four years ahead of schedule, after all. The entire climate strategy was also approved by the "Science-Based Targets Initiative." This initiative aims to drive climate protection while also making it easier to assess.

Symrise's commitment in 2017 is also evident in many areas. For example, the Carbon Disclosure Project (CDP) certified that Symrise is on a leading global level in the categories of climate, water and forests. The company is in the top 25 in the world in terms of reducing greenhouse gas emissions, using water responsibly and protecting forests in its own production sites as well as along the supply chains. Symrise received a good evaluation once again from the British sustainability index FTSE4Good and was certified as a "green company" by DQS CFS GmbH, the German Society for Sustainability.



# CHRISTOPH SCHLÜTER

SYMRISE USA



Synthetic menthols are one of Symrise's primary products. The company sells them to roughly 500 customers, who use the biodegradable material in toothpaste and mouthwash, in pharmaceuticals or, in its spray-dried form, in sweets and chewing gums. It is extracted using a complex multi-step process at the Holzminden location and in Bushy Park, South Carolina in the USA. The nature-identical aromatic substance has many advantages to natural menthol: It is purer, availability and prices fluctuate less, manufacturing is less dependent on harvests or climate effects. And it is more sustainable: It would take vast swaths of cultivation space to cover global demand for menthol. It would also require massive amounts of fertilizer, water and energy to grow and process the plants.

Symrise has systematically updated and expanded its production in Holzminden over the past years in order to produce synthetic menthol even more sustainably. An expansion and modernization project is also underway in the USA, where Christoph Schlüter is responsible for the design and dimensioning of the individual machines and process development. He also coordinates the various players involved in the projects, such as architects or construction and pipe assembly companies. Once the process steps are up-to-date, then the process will be significantly more efficient. At the same time, Symrise will be saving a great deal of energy with the new plant because the menthol cycle is now closed. The new technology is also more environmentally friendly in another way: Manufacturing does not produce wastewater and a heat recovery system is used to create cooling for production with minimal amounts of energy.

**500**  
CUSTOMERS



Learn more about non-financial performance indicators on pages 18/19 and from page 80



With an investment in the € millions, Symrise will reduce its carbon emissions in its main site in Holzminden by roughly 31,000 tons each year. The first step was completed in November 2016 with the construction of the new highly efficient power plant based on combined heat and power, which replaces heavy heating oil with low-emissions natural gas. The project isn't over yet, though. As part of it, an additional new boiler will be installed in 2019 that produces energy from manufacturing byproducts. Heating oil will only be used in peak times in the future. The company is also expanding the existing waste conditioning plant to add storage capacity for waste collection. The reason: The boilers run significantly

less in the summer because not as much energy is needed to create steam, for example. One side effect: Collecting the byproducts also means less CO<sub>2</sub> is produced through the reduction in transport.

The stage has been set. And to ensure that the system runs perfectly and as sustainably as possible, Juan Antonio Gallardo and his colleagues get to work. The boiler operator in each team is responsible for making sure that the system runs day and night to create energy. The new plant produces about 40 million kilowatt hours of electricity each year. 80,000 tons of steam are generated from the waste heat. Gallardo also has to ensure that compressed air, nitrogen and cooling are available and that the air intake and output are regulated. He does this by controlling the system using the central computer, but can turn the boilers on or off at any time as needed. He has a lot of responsibility: He helps ensure that there is enough energy to power production. If he does his job well, then manufacturing can run smoothly – and at the same time, increasing amounts of energy are saved.

Flavors are often spray-dried so that customers can process them easily. The products also keep their flavor longer or only release it after a while. In order to achieve this, the liquid flavor compositions are emulsified in water with their carriers and pushed through nozzles using high pressure into the spray-drying chamber, where they are then encapsulated in tiny balls – sometimes with a diameter of only 0.1 millimeters – at very high temperatures in a short amount of time in more than ten Symrise locations.

The company has been using this technology for decades. But there is always room for improvement. Manuel Bobillier in Singapore is experimenting in his spray drying towers with the amount of water used to produce flavors, for example. The principle that the head of the industrialization and process innovation team for the Asia-Pacific region uses is simple: The smaller the amount of water in the product when it is being dried, the smaller the amount of heat that has to be used in processing in order to steam out that water. At the same time, the flavor mixture can't be too viscous in order to get good results.

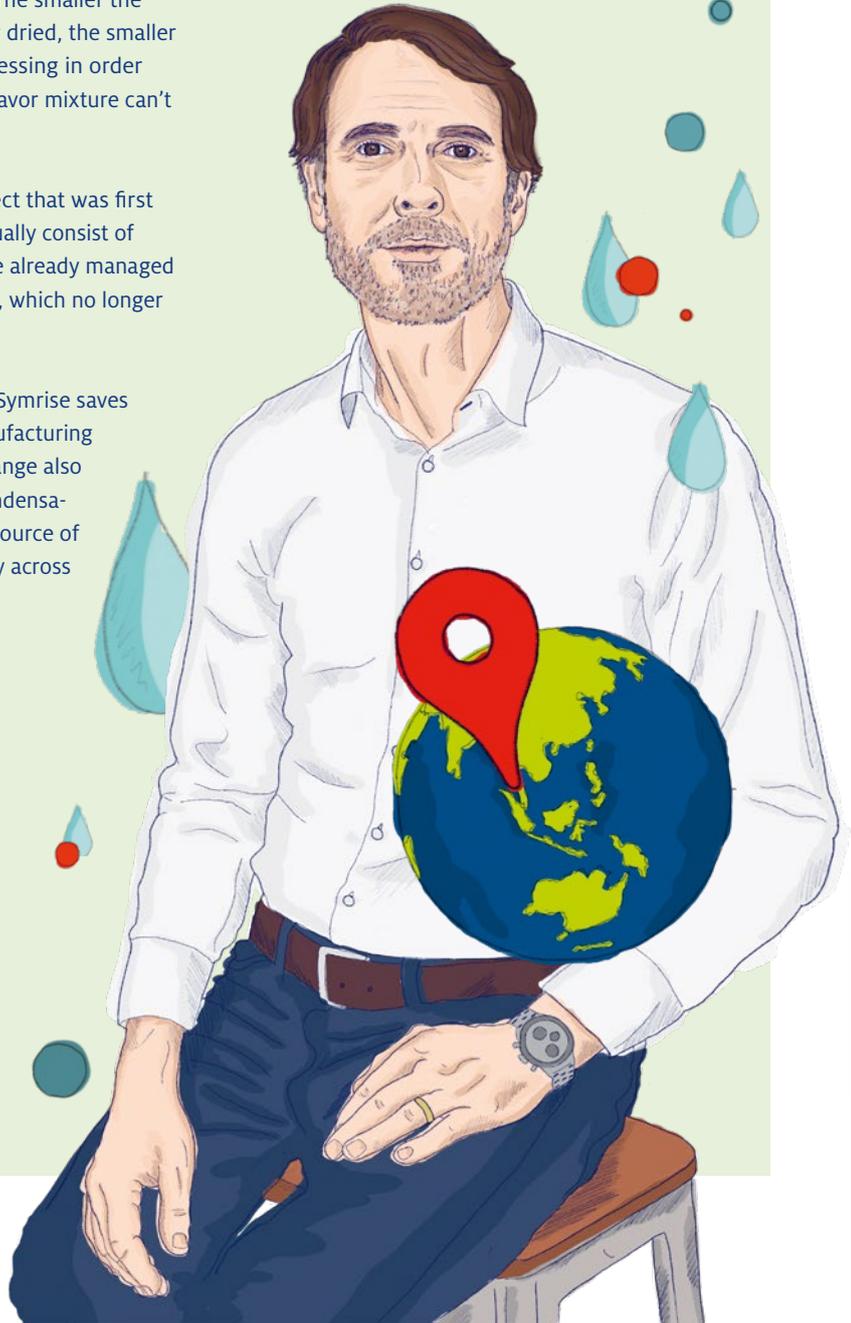
The process optimization is the result of a project that was first tried out in Holzminden. The flavor solutions usually consist of 60 % water. In a series of trials, the experts have already managed to do with 5 to 10 % less water across all recipes, which no longer has to be steamed off in spray drying.

The principle worked for hundreds of products. Symrise saves water, electricity and steam this way – and manufacturing times are also reduced. Another sustainable change also enhances efficiency. Using heat recovery, the condensation that is formed in spray drying is used as a source of heat in other processes: An increase in efficiency across the board.

## MANUEL BOBILLIER

SYMRISE ASIA

**5-10%  
REDUCTION IN WATER  
CONSUMPTION**



# Queen *of the* Kitchen

**About 8 % of all Symrise products contain onion juice concentrates or onion extract as a highly aromatic ingredient. It is an important raw material – and its significance continues to grow. The company aims to become the global leader in terms of product diversity and quality as well as the sustainability and efficiency of cultivation methods. Symrise invited farmers and industry experts to the first Onion Day to discuss this issue.**

The onion's a real winner: It is used as a flavor carrier, base material or spice in 95 % of all dried soups, sauces, readymade meals, frozen foods, fish or meat preparations. It can be sautéed in butter, roasted, fried, grilled, smoked or baked – and each time, it has a different taste, smell or effect. The "Queen of the Kitchen", as the onion is also known, has a special significance for Symrise. The company has been processing it for around 60 years and puts its array of flavors to use in onion juice concentrates, essential onion oils and other flavors in around 8 % of all products.

Symrise obtains the majority of its onions from farmers within 50 kilometers of the plants where the vegetables are processed. This applies both to Germany and France, where the main production sites are located. Purchasing the onions from the region ensures low transport and energy costs. At the same time, it makes joint development work easier: Symrise works with consulting organizations such as the Hanover Chamber of Agriculture, universities and also with the producers and suppliers to make the products even better.



Scan this QR code to view a 360-degree film on onion cultivation.



## »The onion is an important key component for a new generation of flavors.«

**DR. HEINZ-JÜRGEN BERTRAM**  
CEO

In July 2017, Symrise's purchasers and onion expertise team met on a farm near Holzminden along with other employees, producers and industry experts to exchange views on sustainable cultivation methods. Symrise has a long-term supply contract with the farm's owner. "The onion is an important key component for a new generation of flavors," explained Dr. Heinz-Jürgen Bertram, who

attended along with his Executive Board colleagues Dr. Jean-Yves Parisot and Heinrich Schaper. "This Onion Day is a milestone for us on the road to backward integration," said the CEO. In the afternoon, Symrise presented new methods of cultivation, analysis and storage as well as the development of new processing methods. To illustrate this, visitors could examine the 800 m<sup>2</sup> cultivation trial commissioned by Symrise and carried out by the Lower Saxony Chamber of Agriculture. Seventeen different strategies, the results of which differ markedly in some cases, highlighted the vast room for development in onion cultivation. For Bernd Neufert, Senior Strategic Buyer Agricultural Products, this continuous optimization is very important. "The quality of raw materials is extremely important in the production process and demands are constantly rising. Continuously improving cultivation technology in the field helps us ensure a sustainable supply of high-quality onions."



# Awards 2017



The rating agency Vigeo Eiris named Symrise among the top 120 companies in the eurozone with outstanding corporate responsibility. The **Euronext Vigeo Eurozone 120 index** comprises companies with the best environmental, social and governance performance in the eurozone, based on 330 indicators from 38 sustainability drivers. Symrise has been on the Euronext Vigeo index, which is closely watched by sustainably-minded investors, since 2012.



For the third time in a row, Symrise was awarded gold status for outstanding sustainability management by the rating agency EcoVadis. Symrise achieved an overall corporate social responsibility rating of 72 of 100 points, far above the sector average of 43 points. This puts Symrise in the top 3% of all companies evaluated.



THE FRAGRANCE FOUNDATION

AWARDS

The most unusual perfume of 2016 came from Symrise. The Fragrance Foundation bestowed its **Perfume Extraordinaire Award** upon the perfume Poppy Soma, which Symrise created for the Quartana Parfums collection Les Potions Fatales. Winning this extremely renowned prize underlines the aim of Symrise to work creatively and make life more pleasant through fragrances.

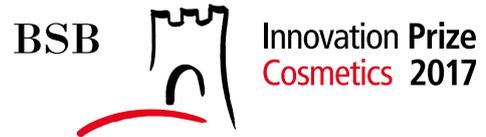


Symrise makes the cut, gaining inclusion yet again in the **ETHIBEL Sustainability Index (ESI) Excellence Europe**. The Belgian rating organization's index includes companies that are leaders or pioneers in corporate social responsibility (CSR) in their respective branches.



**German Awards  
for Excellence 2017**  
Symrise AG

The DQS – German Society for the Certification of Management Systems – honored Symrise with the **German Award for Excellence** for international social commitment. Symrise received the award for its commitment to grower communities in developing and emerging markets like Madagascar and Ecuador, where important raw materials such as vanilla, vetiver and other tropical plants are grown. Together with its partners, Symrise supports stable living conditions, education and health for the people and preservation of biodiversity in these areas.



**1. Prize** Category Most Innovative Raw Material

Symrise was once again among the companies receiving an award at the **BSB Innovation Prize awards ceremony** in London. First place in the category of “Cosmetics/Innovative Ingredients/Functionals and Recipients” went to the Symrise cosmetic ingredient Thermolat®. It can be used in a wide range of body, face and scalp care applications. The multifunctional anti-aging ingredient Dragosine® earned third place in the category “Cosmetics/Innovative Ingredients/Actives and Naturals”.



The **Carbon Disclosure Project (CDP)** counts Symrise as one of the top 25 companies worldwide with regard to sustainable business. For its efforts both in the reduction of greenhouse gas emissions and water protection, Symrise received the highest rating of an A. For its responsible approach to forest conservation, Symrise was awarded an A- on a scale of A to D. More than 6,300 companies, which represent 55% of the world's market capitalization, report their environmental data to the CDP. A substantial portion of institutional investors use this data to consider the important topic of sustainability in their investment decisions.



Two Symrise products received a **PCHi Fountain Award** at the 2017 Personal Care and Homecare Ingredients (PCHi) trade fair in Guangzhou, China. The anti-pollution raw material SymUrban®, which helps maintain the skin's balance in heavily polluted air, received an award in the “Active Ingredients” category. The ingredient Thermolat® received an award in the “Functional Raw Materials” category. The ingredient creates a pleasant warming effect on the skin and significantly reduces negative side effects such as redness, burning or stinging.

# Sustain- ability & Responsi- bility\*

In our sustainability reporting, we comply with the guidelines of the Global Reporting Initiative (GRI) from the version GRI Standards (2016). In doing so, we conform to the highest application level “In accordance – Comprehensive,” which means that we fully account for all the material topics. As an active member of the Global Compact, we adhere to its universal principles for responsible corporate management as well as to the sustainable development goals of the United Nations (SDGs). We will work hard to contribute towards them.

Our strategic approach and the management concepts of our central topics will be presented in the following chapter, thereby fulfilling the requirements of the CSR Directive Implementation Law (CSR-RUG). We have also made all quantitative and qualitative transparency information available in our online sustainability record. All information has been externally audited in accordance with the AA1000 Assurance Standard.

\* Separate non-financial report pursuant to Section 289b (3) of the German Commercial Code (HGB)



# CERTIFICATE

This is to certify that the nonfinancial reporting of

## Symrise AG

Mühlenfeldstrasse 1  
37603 Holzminden  
Germany

for the period of: January 1<sup>st</sup>, 2017 until December 31<sup>st</sup>, 2017

has been assessed and found compliant with the requirements of the **CSR-Richtlinie-Umsetzungsgesetz** (§§ 289b to 289e, 315b to 315c HGB).

On the basis of a moderate assurance engagement in accordance with the AA1000 Assurance Standard (AA1000 AS: 2008), nothing has come to our attention that causes us to believe that the sustainability reporting of Symrise does not meet the requirements of the CSR-RUG.

Certificate registration no.	283116 AA
AA1000 Assurance Provider	000-169
Begin reporting period	2017-01-01
End reporting period	2017-12-31
Date of certification	2018-02-19



**DQS CFS GmbH**  
German Association for Sustainability

Dr. Sied Sadek  
Managing Director

Certification Body: DQS CFS GmbH, August-Schanz-Straße 21, 60433 Frankfurt am Main, Germany

83 \_\_\_\_\_ INTEGRATED SUSTAINABILITY MANAGEMENT

86 \_\_\_\_\_ FOCUS ON CONTRIBUTION TO SUSTAINABLE  
DEVELOPMENT

87 \_\_\_\_\_ MANAGEMENT OF CENTRAL TOPICS

88 \_\_\_\_\_ FOOTPRINT

90 \_\_\_\_\_ INNOVATION

91 \_\_\_\_\_ SOURCING

93 \_\_\_\_\_ CARE

# Highlights 2017

## Forward-looking Ambitions and Sustainable Successes

### REDUCTION IN CO<sub>2</sub> FROM 2010 – 2017

in %

**-42\***

### SHARE OF MAIN SUPPLIERS BASED ON PROCUREMENT VOLUME RATED ACCORDING TO SUSTAINABILITY CRITERIA

in %

**80**

### REDUCTION IN COD\*\* FROM 2010 – 2017

in %

**-56\***

### AWARDS 2017

See also "Highlights" (page 21 – 23) and "Awards" (page 78/79)



Ethibel



Ecovadis

### REDUCTION OF SENSITIVE WASTE FROM 2010 – 2017

in %

**-45\***



CDP A List



German Awards for Excellence 2017  
Symrise AG

DQS German Awards for Excellence

### REDUCTION IN MAQ\*\*\* FROM 2013 – 2017

Achievement of goals in %

**15**



Euronext Vigeo



FTSE4Good

FTSE4Good

\* = Relative to the value creation. Reductions 2010–2015 (without Diana) and reductions 2015–2017 (including Diana), cumulative. Reduction 2016 to 2017 including Renessenz. Further information on how this indicator was calculated and the data it is based on is available in our online sustainability record.

\*\* = Chemical oxygen demand

\*\*\* = Work accidents (x1 lost day) x 1 million/working hours

## Integrated Sustainability Management

With our business model, we help meet basic human needs for health, nutrition, care and well-being (see pages 12–17). At the same time, we consider the ways in which our company grows and is successful to be of vital importance. Many of the traditional production processes in our industry are energy-intensive, release potentially harmful emissions and consume precious natural resources. At the same time, if we want to deliver innovative and sustainable products, we are dependent on a new generation of well-educated employees as much as on rich biological diversity from which we can derive our inspiration and creative ideas.

We are convinced that only such an expanded view, one that goes beyond narrow corporate limits, helps to secure our long-term growth and to increase our efficiency while also enabling us to further develop our innovative and sustainable product portfolio. Therefore, the four pillars of our sustainability agenda, Footprint, Innovation, Sourcing and Care, form the foundations of our integrated corporate strategy. In these fields, we intend to make a concerted effort to reduce the negative impact of our business activities and to enhance our societal added value. In the process, we actively contribute to the achievement of the sustainable development goals.



Minimize our environmental footprint along the value chain



Maximize positive social & environmental impacts of our products



Maximize the sustainability of our supply chain and raw materials



Improve well-being in our stakeholder communities

### Organization and Implementation

The Symrise Sustainability Board is the global and cross-business committee that helps integrate sustainability principles more strongly in our core processes. Under the chairmanship of the Chief Sustainability Officer (CSO), representatives from management come together within this framework multiple times per year to ensure that sustainability-relevant topics and the concerns of our important stakeholder groups are considered along the entire value chain.

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

We manage sustainability in corporate processes using our Integrated Management System. It is based on the international standards on quality (ISO 9001), environmental protection (ISO 14001), work safety (OHSAS 18001), sustainability (ISO 26000), energy (ISO 50001), social responsibility (SA 8000), the generally accepted audit standards of the Global Food Safety Initiative (GFSI) and other recognized local standards.

No matter their division, managers have a particularly important role to play in operationalizing the topic of sustainability in their teams and laying out clear goals. We continuously promote our approach to sustainability through the agreement of specific sustainability objectives for all managers and their integration into individual performance goals. In order to anchor this topic within the organization and for all employees, we routinely conduct various activities at our sites. For example, during Symrise Sustainability Day, employees present various practical examples of how their respective departments at Symrise initiate and implement sustainable development processes.

### Our Central Topics

The analysis of our central topics is based on our “Sharing Values” approach. We evaluate sustainability aspects and fields of action according to their social value and their value for Symrise, enabling us to identify topics with the greatest potential to create shared value. In the process, we analyze



the significance of the topics for our business as well as the possible positive and negative effects of our business activities on humans and the environment.

The Sustainability Board carried out the crucial review of our Materiality Analysis 2017. Given the expansion of our cooperative activities with customers, NGOs and suppliers in Madagascar, Brazil and to a lesser extent in many other countries of the world, we have added the topic of “partnerships.” On the other hand, the topic of the “efficient use of raw materials” is no longer treated as a single topic but is subsumed within the topic of “resource conservation” given the large substantive overlap.

In the year under review, the topics of “emission reduction,” “utilizing renewable materials,” “occupational health and safety” and “compliance with human rights” were identified as having moderately higher significance for value generation at Symrise. We also determined that the last two specified topics remain quite important for the company. We recognized that the topic of “reducing noise and odor emissions” is very significant for the company. Less significance, however, was attributed to the topic of “sustainable forestry”: After the successful acquisition of Pinova Holdings in 2016 and the integration of the topic of “sustainable forestry” into Symrise sustainability management, corresponding control processes have now been established for this topic. The relevance of the other topics was confirmed.

Along with our strategic orientation, identifying key issues also serves as a basis for structuring our reporting pursuant to the GRI standards. We provide a full report on topics that were viewed as having a higher value for both Symrise and society. We provide a report with at least one indicator on topics that have a high relevance in just one dimension. We provide comprehensive, transparent information on our sustainability activities and key figures in our online sustainability record.

Aspects According to CSR-RUG	Classification of Central Topics
Environmental matters	<ul style="list-style-type: none"> <li>• Excellence in the supply chain</li> <li>• Emissions reduction</li> <li>• Resource conservation</li> <li>• Biodiversity</li> </ul>
Employee matters	<ul style="list-style-type: none"> <li>• Occupational health and safety</li> <li>• Diversity and equal opportunity</li> </ul>
Social matters	<ul style="list-style-type: none"> <li>• Innovative and sustainable product solutions</li> <li>• Animal welfare</li> <li>• Ensuring the highest quality and product safety</li> <li>• Facility safety</li> </ul>
Respect for human rights	<ul style="list-style-type: none"> <li>• Responsible sourcing</li> <li>• Compliance with human rights</li> </ul>
Anti-corruption and bribery matters	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Transparency and credibility</li> </ul>





## Management of Central Topics

### Compliance

Corruption, bribery and unethical business conduct can cause direct economic harm. The negative impacts range from the distortion of international competitive conditions, reputational damage and the deterring of investors to the payment of monetary fines. At times, the social and ecological consequences can also be significant if, as a result, government funds are diverted, economic development is undermined or social inequality is reinforced. For this reason, SDG 16 requires effective, transparent and accountable institutions.

Symrise is convinced that only a clearly defined and transparent framework of what type of conduct is allowed and what type of conduct is not allowed guarantees the success and sustainability of our business. The Group Compliance Officer as well as Internal Auditing report directly to the CFO. The Group Compliance Officer and Internal Auditing report to the Auditing Committee of the Supervisory Board regularly at each of the committee's meetings. Symrise has an integrated compliance management system that combines sustainable, risk- and value-oriented, and legal and ethical aspects and rules; we have made this into a fundamental principle for everything we do in business. We act on the basis of our understanding and conviction that adherence to these fundamental rules is an inalienable and non-negotiable component of our Symrise identity.

Our binding compliance principles are laid out in our Code of Conduct, which guides the actions of all employees. The principles apply for all countries regardless of possible conflicting cultural customs. The Code references ethical and legal challenges that can arise in the workplace, as part of business relationships or when handling information. To ensure that all compliance requirements are consistently met, the need for training is regularly determined, and appropriate training courses are implemented. In addition to training courses where employees are present on site, internet-based training is also offered.

In the interest of all employees and the company, we react swiftly to violations against our Code and rectify their causes. In the event that our ethical and legal standards are breached, the Group Compliance office has installed an Integrity Hotline that can be used by all Symrise employees to anonymously report breaches in their native language. Misconduct is consistently prosecuted in accordance with the applicable national laws.

We describe additional information on our compliance organization as well as possible risks that could affect our company on pages 137/138 and 38 of our Financial Report.



### Transparency and Credibility

Transparency and credibility are the fundamental prerequisites for a functioning market economy and sustainable development. Opaque business processes and practices pose the risk of erroneous decisions and investments and can entail significant social costs. Therefore, as shown in SDG 16, there is a legitimate interest on the part of politicians, investors, customers, employees, nongovernmental organizations (NGOs) and other stakeholders in the greatest possible transparency regarding the company's business and value chain processes.

The dialogue with our stakeholders is managed and addressed partly at the corporate level and partly at the division level in conjunction with Corporate Sustainability. The Symrise Code of Conduct provides guidance here: It regulates behavior with key Symrise partners and ensures transparent and reliable processes. The selection of the stakeholders is based on the recommendations of the AA1000 Stakeholder Engagement Standard, which we used for the first time in 2014 to reassess and evaluate our stakeholder interactions. The stakeholder analysis is to be repeated at least once a year.

A number of internal and external formats and channels enable Symrise to maintain a lively dialogue with its stakeholders. We receive important input on possible improvements via a continual dialogue with our employees, for example through regular feedback. Our strengths and weaknesses are evaluated as part of regular employee engagement surveys.

With the help of the SEDEX platform, we have also maintained close contact with numerous raw material suppliers on ethics topics since 2011. We keep our customers and investors up to date on developments within our company with road shows and innovation days.

We take the concerns of our neighbors at our sites very seriously and keep them informed via informational events and regular neighborhood newsletters. We have also established a 24/7 environmental on-call service.

We not only maintain a regular exchange of information with NGOs but have also entered into strategic partnerships – for example with the GIZ, the Rainforest Alliance or the UEBT – on specific topics, such as biodiversity, in order to generate sustainable value for society and the environment. The expectations we have gathered from our stakeholders via these interactions provide us with important stimulus and form the basis for our work.

## Footprint

### Biodiversity

Global diversity of species is an indispensable source of inspiration and natural raw materials for Symrise in order to continue to create new flavors and fragrances. However, non-sustainable consumption and production patterns lead to a sustained worldwide reduction in biodiversity. The essential impact of business activities on biodiversity is indirect and occurs in the supply chain – particularly during raw materials production. This potentially includes instances where our suppliers deplete natural populations or employ methods of cultivation or aquacultures that are not sustainable for soil and forestry. Impacts result at our own production sites, for example, through sealing the soil or emitting pollutants into the air or soil. Within the framework of SDG 14 and 15, specific expectations have been established for the company.

Depending on the specific topic, biodiversity is managed and addressed at Symrise partly at the corporate level and partly at the division level in conjunction with Corporate Sustainability. The Chief Executive Officer is directly briefed on biodiversity several times per year. The protection of the diversity of species is part of our environmental strategy and our environmental management. Since 2017, Symrise has been signatory of the “Business & Biodiversity Pledge” to act sustainably in accordance with the core goals of the UN Convention on Biodiversity as well as a member of the “Biodiversity in Good Company” initiative, a cross-sector alliance of companies for the protection and sustainable use of biodiversity.

The most important lever of our company for protecting biodiversity and encouraging its sustainable use is environmental and ethically sustainable cultivation and sourcing practices. As part of our targeted intervention projects, such as in the Amazon region or in Madagascar, we are committed to preserving biodiversity directly, for example, through reforestation projects or the introduction of sustainable methods of agricultural cultivation. Our performance in the area of sustainability has been externally verified, for example, by using recognized sustainability standards in a targeted manner and by receiving certifications that explicitly account for the preservation and sustainable use of biodiversity (e.g., the Rainforest Alliance or UEBT).

Symrise assesses the degree of biodiversity and ecological stress factors in the countries where our raw materials originate. We also assess the degree to which those species from

which we derive our strategic raw materials could be endangered. Due to our stable customer and product portfolios, there are still a few raw materials being used that are obtained from threatened species (according to the IUCN Red List and CITES definitions). Via corresponding sustainability verifications, strict use controls, efficient production processes and the development of suitable raw material alternatives, we concentrate on avoiding and minimizing any negative biodiversity impact, and we ensure a sustainable use of these species. Symrise cannot directly monitor changes in species' populations within ecosystems that our suppliers deem relevant for generating raw materials. However, our suppliers are enjoined to avoid or minimize potentially negative impact on biodiversity consistently.



### Resource Conservation and Excellence in the Supply Chain

The impact of our activities on the environment range from the extraction and processing of raw materials to product development, production and logistics. On the one hand, we need natural resources in the form of raw materials and energy sources for our manufacturing processes. On the other hand, the contamination of air, soil and water may result from our business activities. Therefore, sustainable development goals are established within the framework of SDG 12 that respect the natural limits of the planet.

Within our environmental management system, we evaluate the entire value chain. At every site, a senior manager is responsible for environmental management. The goal is to avoid or reduce the impact of the activities, products and services on the environment through a site-specific environmental program that complies with national and local legal regulations and provisions.

Our goal is to conserve resources, consistently avoid or minimize the harmful effects on the environment, and prevent risks. Our production sites with the highest potential environmental impacts are either located in countries with strict environmental policies or operate according to an environmental management system that is ISO 14001 certified. Additionally, the SMETA 4-Pillar requirements are used as a minimum standard and regularly verified by external auditors. Furthermore, all German sites have an ISO 50001 certified energy management system.

The efficient use of raw materials is also the focus of the continuous refinement of our manufacturing processes. This encompasses, for example, the development of our own technological solutions, such as our patented SymTrap® process. This procedure allows us to fully extract flavor-active components from the byproducts of raw material processing – thereby achieving a maximum resource yield that simultaneously saves energy.

Enhanced efficiency not only has environmental implications but simultaneously cuts spending while also displaying our Symchronize™ initiative in action. We joined forces with customers to develop this integrated supply chain management system, which serves to identify areas of action and issues with the potential for reducing not just our consumption of energy, water and resources but also our emissions. Within the framework of our Total Productive Maintenance program, we involve our employees in a targeted manner and learn from their proposals.

For additional goals and results see pp. 18–19 of this Corporate Report.



### Emissions Reduction

Like other manufacturing companies, Symrise generates direct and indirect greenhouse gas emissions that result in increases in the earth's average temperature. This has far-reaching consequences for humans and nature: areas that are being desertified, an increase in floods as well as resulting famines and refugee movements. For Symrise, climate change is leading to rising energy and raw material prices as well as climate-related costs, for example, through emission certificates trading. Reputational damage could also result in the loss of business. Climate change simultaneously offers opportunities, for example, through the increased use of efficient technologies that also result in cost savings. Given the urgency of the climate dilemma, SDG 13 requires prompt measures for climate protection.

Corporate Sustainability, supported by the Sustainability Board, is responsible for the topic of emissions reduction. The Sustainability Board meets several times per year to discuss, assess and report on climate-related data and developments. The goals and programs are determined by the Sustainability

Board and finally approved by the CEO. The Risk Management department assesses company-specific risks and rewards related to climate change at least once a year and reports the findings to the Executive Board.

The reduction of climate-damaging emissions is part of our environmental strategy and our environmental management (see resource conservation and excellence in the supply chain). We demonstrate our progress regarding emission reduction in a number of ways, including annual participation in the CDP independent investor initiative. Symrise compiles the CO<sub>2</sub> emissions of its operating activities according to the internationally recognized Greenhouse Gas (GHG) Protocol Corporate Standard. We report on them according to direct emissions (Scope 1), energy-indirect emissions (Scope 2), and other indirect emissions (Scope 3).

In 2017, Symrise committed to reduce its absolute greenhouse gas emissions by 17.5 % by 2030 within the framework of the Science Based Targets initiative. In addition, Symrise intends that suppliers who provide raw materials amounting to a total of at least 80 percent of their purchasing volume commit to achieving their own climate targets and reduction measures by 2020.

For additional goals and results see pp. 18–19 of this Corporate Report.



## Innovation

### Innovative and Sustainable Products

With our products, we provide flavor and fragrance experiences that contribute to health and well-being. Our flavors, substances, perfume oils and sensory solutions are often central functional components for our customers' end products. The challenge is to develop products that meet the various demands and expectations of our customer base and, at the same time, are capable of generating long-lasting added value for our customers and society as a whole. In the process we actively support the achievement of the goals of health and well-being (SDG 3), sustainable consumption (SDG 12) and climate protection (SDG 13).

Symrise's three segments each manage their own research and development (R&D) activities due to the varying requirements of their respective markets and customers. At the same time, technologies, processes and findings are made available to all segments in order to achieve synergies. Multiple R&D centers around the world ensure that the regional activities of the segments are optimally supported.

Our R&D strategy aims to connect the individual components of product development, such as market and consumer research, R&D and creation, throughout the Group. All research activities consider relevant customer, market and sustainability aspects. Through the close linkup of R&D with marketing and business units, purchasing and manufacturing, product development, quality assurance and regulatory issues, we check early on to see whether new products and technologies can be implemented and if they are profitable in addition to assessing their sustainability aspects.

Innovative and sustainable solutions for products are something we can achieve by focusing on green chemistry, natural raw materials, efficient use of resources in production, progressive technology and intelligent networking. We create a customized sustainability concept for each strategic product group. With our product sustainability scorecard, we can capture the impact of each individual ingredient of our products along the value chain. As a result, we enable our customers to select the most environmentally friendly path compared with available alternatives.

The proportion of natural raw materials in our portfolio has grown further, in particular from our acquisition of Diana. We are, however, not pursuing a complete changeover to natural raw materials. In many cases, this would have complex social and ecological repercussions. For one thing, producing synthetic ingredients generally requires less energy and water than growing, harvesting and transporting their natural equivalents. And, furthermore, the enhanced use of natural raw materials often results in competition with food production for farmland and results in a situation where monocultures pose a threat to biodiversity. Taking menthol as an example, the synthetic variant (in use at Symrise for over 30 years) has a CO<sub>2</sub> footprint some ten times below the level of menthol derived from peppermint itself.

For additional goals and results see pp. 18–19 of this Corporate Report.



### Ensuring the Highest Quality and Product Safety

End consumers apply or consume Symrise products such as fragrances and flavorings, cosmetic active ingredients and raw materials, and functional ingredients. Health risks for people and animals can only be eliminated if the safety and consistent quality of products is the highest priority. For Symrise, quality issues would be associated with recalls and corresponding sales losses and reputational damage. Another important component of SDG 12 is the protection of health with products.

The Quality & Regulatory division organizes product safety at Symrise. Its reporting channel to the CEO is via Global Operations. Our product safety policy and good manufacturing practice form the general foundation for responsibly handling products and production processes. These guidelines serve to ensure quality in production processes and in the production environment and apply to the manufacturing of medicines and active ingredients as well as cosmetics, food and animal feed products. They are defined by the laws governing pharmaceuticals, cosmetics and foods. Many requirements apply across product groups, such as quality requirements, clear product labeling and hygiene requirements. Independent audits and recognized certifications provide us with support as we strive to reach the highest standards and provide transparent evidence for our achievements.

The environment of the global registration and regulation of chemicals has also changed significantly. The pace of change further accelerated as additional countries expanded their chemical inventories and the corresponding control mechanisms require particular precision to ensure compliance along the entire development process. Emerging markets are enacting their own laws that are oriented to the European REACH regulation. Regulatory implementations in places like Brazil, India and South Africa are so different that they cannot be handled with a standardized approach but instead require individual management and close cooperation with the supervisory agencies in the respective countries. In the EU, changes have been made to the list of flavoring substances. Restrictions on the use of 20 flavoring substances have been

imposed under Directive (EU) 2017/378 and one substance has been removed from the list by Directive (EU) 2017/1250. As part of the assessment of animal feed additives, the first 150 or so flavoring substances have been included in the EU's new positive list. The reporting obligations in connection with the reform of the US Toxic Substances Control Act (TSCA), which is modeled on the European chemicals directive REACH, are an example of the strong global increase in chemical control regulations. This trend will continue over the next few years as more and more countries and regions introduce control systems for the safe handling of chemicals. Customer demand for transparency initiatives increased in 2017. Our customers are expected to disclose the ingredients of their products. This is forcing the fragrance industry, which has traditionally kept its recipes secret, to rethink. Symrise has played a pioneering role at both the organizational level and directly with customers.



## Sourcing

### Responsible Sourcing

For our portfolio of approximately 30,000 products, we use some 10,000 different natural and synthetic raw materials sourced from over 100 countries. As a result, we face an array of challenges ranging from negative environmental effects from the sourcing of raw materials to protecting social standards in countries that experience, to some degree, problematic sociopolitical conditions. The reasons for this are not least because of inadequate transparency, the high level of complexity of material flows and the different objectives of the parties involved along the value chain. As a result of measures for responsible sourcing, we can contribute to the achievement of sustainable production patterns (SDG 12) as well as to the preservation of ecosystems (SDG 15).

We are constantly adapting the organizational structure of our purchasing department to the changing conditions on the market. Procurement at Symrise is organized in a decentralized manner in our segments Scent & Care, Flavor and Nutrition. This way we can manage purchasing processes in a more targeted manner and continually optimize the supply chain.

Our long-term goal is to source all our raw materials in a sustainable manner. In 2016, we developed a new Symrise sourcing policy that applies across the Group. By providing a comprehensive description of our goals, aspirations and tools, it serves primarily as a reference document for suppliers, customers and employees. We have also established specific policies for various raw materials that are exposed to high risks, such as in the case of palm oil.

We cannot solve many of the challenges in the supply chain on our own. Therefore, we increasingly rely on cooperative arrangements within the industry and approaches in which we can work together with other actors on long-term sustainable solutions. These include our memberships in the Roundtable on Sustainable Palm Oil or the Sustainable Spices Initiative.

We can best pursue and maintain our goal of sustainable sourcing if we can exert direct influence on the upstream stages of our value chain. Therefore, we pursue the goal of strategic backward integration for our key raw materials. As we demonstrated in the case of vanilla production in Madagascar, we can create immediate value for all participants: We are working in a very targeted manner on the improvement and implementation of environmental and social standards through various joint projects, thus ensuring the consistent high quality of raw materials for our customers. With this integrative approach, we support local socioeconomic structures and can directly monitor compliance with our principles. For the backward integration of our supply chain, we have established corporate guidelines on due diligence and defined corresponding processes that also consider environmental and social risks.

For additional goals and results see pp. 18–19 of this Corporate Report.



### Compliance with Human Rights

The guiding principles of the United Nations for the economy and human rights explicitly emphasize business responsibility. After all, the activities of companies can have unintended negative effects on human rights. This applies above all to globally operating corporations with complex supply chains. Particularly threatened by human rights violations in supply chains are those population groups who are already marginalized in their respective countries and therefore are exposed to higher risk, such as children, women, and religious or ethnic minorities. At the same time, a precarious human rights situation also weakens companies since their success depends on a stable and predictable environment. Within the framework of SDG 8, humane working conditions are emphasized as the prerequisite for sustainable and inclusive economic growth.

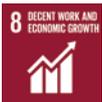
At Symrise, Corporate Sustainability is responsible for the topic of human rights and reports on it to the Executive Board several times per year. By signing the United Nations Global Compact, we officially announced our active support for the protection of international human rights. This applies both to our own employees and to the observance of human rights at our external partners.

The Symrise Code of Conduct describes our company's worldwide rules on the topic of human rights. The provisions are implemented worldwide in our Integrated Management System (IMS), which is based on the provisions of the SA 8000 social accountability standard. This standard is based on the conventions of the International Labor Organization (ILO), the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. We welcome and expressly support corresponding laws against forced labor or human trafficking, such as the California Transparency in Supply Chains Act or the UK Modern Slavery Act. The abuse of employees' rights or work safety provisions is illegal and is not tolerated in any form at Symrise. Independent auditing companies regularly confirm compliance with these regulations on social responsibility.

We also require our suppliers and business partners to uphold basic human rights. Before a new supplier is accepted as a business partner, it must pledge in writing that it will maintain and comply with the provisions of the Symrise Code of

Conduct. The international platform of the Supplier Ethical Data Exchange (SEDEX) is a valuable tool with which we can more easily assess suppliers and deliver our own data to customers. Since 2006, we have been publishing information on working conditions and employee rights, health and safety as well as on environmental and ethical business practices via this platform. Every Symrise production site has been registered with SEDEX. Since 2012, we have requested that our most important suppliers register with SEDEX and disclose their data there. We carry out audits for suppliers that pose an especially notable risk, that have crucial raw materials or that have had problems flagged in the assessment. Furthermore, our approach to backward integration (see responsible sourcing) enables us to exert direct influence on adherence to our principles.

Since 2010, all Symrise production sites have been externally audited in three-year intervals based on the SEDEX SMETA 4-pillar standard. In addition, several customers had independent certification organizations audit selected Symrise locations according to their own standards for social aspects.



### Animal Welfare

Animals serve people in various ways, for example, as livestock in meat, milk and egg production, or as test animals in scientific experiments. Improper care can lead to illnesses, pain, stress and behavioral disorders – and thereby to unnecessary suffering. In the Diana division, poultry, pork, beef and fish are essential components of pet food products. At the same time, Diana keeps its own cats and dogs for testing pet food. Irresponsible treatment could damage Symrise's reputation among stakeholders. The sustainable coexistence of man and animal is also part of SDG 2 and 14.

The Nutrition segment manages and is responsible for the topic of animal welfare at Symrise for the most part. It reports on it to the Executive Board via the Sustainability Board several times per year. We are currently working on an animal welfare policy that would govern the treatment of animals and the sourcing of animal raw materials.

We obtain animal raw materials and byproducts exclusively from suppliers that comply at a minimum with European laws or local regulations regarding animal welfare. Here usually only byproducts of the food industry are used, thereby ensuring the utmost raw-material efficiency and reduction of food waste. Furthermore, we founded the US Roundtable for Sustainable Beef together with other companies in 2015. The goal is to continually improve the value chain for beef.

The dogs and cats that are kept by the Symrise subsidiary Diana are primarily used to conduct taste tests. Many employees hold the "Certificat de capacité," a professional certification that is issued by the French authorities and qualifies them for the responsible treatment of animals. During selection, breeds are preferred that are not susceptible to health or behavioral problems. Dogs and cats have permanent access to a small outdoor enclosure and fresh water and are fed regularly. In case of lengthy animal transportation, a special truck is used that is equipped with temperature monitoring and ventilation. In addition, veterinarians take care of the animals and, if necessary, provide them with medication. After several years, the dogs and cats are put up for adoption.



## Care

### Occupational Health and Safety

Workplace accidents caused by safety lapses and work-related illnesses, for example, through stress or inadequate ergonomic workplace design, lead to individual strains and may negatively affect the motivation of individual employees or teams. They result in sick days that are expensive for the company, reducing productivity. Therefore, the consistent emphasis of our HR policy on being an employer of choice also includes caring for employee health at the workplace. By doing so, we actively support the achievement of the goals of health and well-being (SDG 3) as well as humane working conditions (SDG 8).

Our subsidiary TESIUM bundles our competence in the areas of technology, safety and the environment. It ensures that the highest environmental standards are fulfilled in all business divisions. All our sites worldwide follow obligatory Corporate Guidelines that contain an approach to the safety of systems, the protection of employees and the environment, which have been coordinated with the Executive Board. Because local situations and needs vary, the specific measures to be implemented at the individual sites are guided by on-site systems and working groups.

Issues of health and occupational safety are regulated by our Corporate Guidelines and Code of Conduct at Symrise that apply around the globe. In addition, the collective bargaining agreement, which was negotiated with the trade union IG BCE (mining, chemical and energy industrial union) and which applies to Symrise in Germany, contains regulations on workplace design and occupational health and safety. The CBA also governs the cooperation between company management, the works council and the union on matters pertaining to protecting the health of our employees.

We have arranged a comprehensive system of measures at all our sites whose written behavioral guidelines offer assistance in identifying possible hazards. The guidelines also regulate how we handle hazardous substances. A complete list of all chemicals used at a particular site, including their corresponding safety data sheets, is provided at each site in the local language. Each production site has its own occupational health and safety committee, which includes both management and other employees. All employees undergo health and safety training courses designed specifically for their given activities. The appropriate first-aid facilities are available in the event of an emergency.

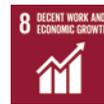
The effectiveness of our measures is regularly evaluated by internal audits based on ISO 19011. Regular external audits by customers, authorities and independent certification companies further verify the constant improvement of our management systems. In addition, we have a monthly reporting system that indicates the status and performance of our occupational safety efforts. The most frequently occurring types of injuries in 2017 were bruises, fractures, irritations, chemical burns, cuts and other superficial wounds. In order to improve worldwide performance in the area of occupational health and safety, the concept of a zero-accident culture was introduced in 2017. Essential components of this program are special

workshops on zero-accident culture for upper and midlevel managers as well as management safety visits for the first and second management level of the entire organization. The conduct of training to increase awareness of occupational safety will be integrated as a mandatory personal target agreement for managers beginning in 2018.

Our preventative health measures demonstrate our comprehensive approach to helping employees lead healthier lifestyles. Prior to hiring new employees, we conduct medical examinations at all our sites worldwide and initiate preventative measures such as vaccinations.

We are committed to regular training and continuing education programs on the topic of health, just as we promote diversity among the workforce and help employees balance their professional and private life. Information about healthy nutrition and healthy sleep patterns or the offering of massages rounds out these preventative measures. Through our worldwide sensitizing and intervention program “simply healthy,” we help our employees take a conscious approach to their health, for example through targeted smoking cessation programs.

For specific goals and results see pp. 18–19 of this Corporate Report.



### Facility Safety

Given the nature of the industry, the topic of facility safety at Symrise is of vital importance, especially in the local communities where our sites are located. Accidents or leakages at our facilities can result in negative effects that could pose a danger to humans and the environment. Sustainable industrialization and responsible infrastructure are important components of SDG 9.

Because local situations and needs vary, the specific measures to be implemented at the individual sites are guided by on-site systems and working groups. Our subsidiary TESIUM bundles our competence concerning the safety of our systems, thereby ensuring the protection of staff, environment and host communities in Germany. All our sites worldwide follow obligatory Corporate Guidelines that contain an approach to the

safety of systems, the protection of employees and the environment, which have been coordinated with the Executive Board.

The primary goals are long-term operational safety, environmental efficiency and the profitability of production facilities. For this purpose, the Corporate Guidelines specify safety standards that apply equally to all our production sites worldwide. Our subsidiary TESIUM ensures that the facilities comply with our safety requirements. This includes the preparation of systematic safety reviews, contingency plans, safety reports, alarm and risk-prevention plans, and public information. Another important tool for this is Total Productive Maintenance. It forms a basis for cross-hierarchy teams of Symrise employees to develop new solutions and proposals.



### Diversity and Equal Opportunity

As a global company with almost 9,400 employees, success in various markets is only possible if people with the most varied backgrounds regarding gender, nationality and age at a national and international level work together respectfully and learn from each other. Victims of discrimination feel hurt, unsettled and marginalized, which can lead to social withdrawal. If companies tolerate discrimination, they jeopardize the satisfaction and motivation of their employees and thereby their attractiveness in the labor market. By contrast, companies that promote diversity have been shown to benefit from more creative teams and more productive results. The inclusion of people in their diversity is an important component of SDG 8, while SDG 5 specifically emphasizes the relevance of the equal treatment of women and men.

Group Human Resources is responsible for the topic of diversity and equal opportunity. Our annual diversity reporting, which takes into account our large sites and thereby about 80 % of our workforce, documents the progress of our HR diversity policies.

Symrise consciously embraces an HR policy that views diversity in the workplace as a benefit to creativity and integrity. It includes the promotion of diversity in the workplace, the dedicated promotion of young families through a family-oriented HR policy and the compatibility of professional and private life.

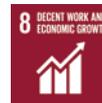
In 2017, the Executive Board of Symrise issued a clear commitment to the advancement of diversity.

We practice our commitment to diversity by implementing our family-oriented HR policy designed to support young women and their families, the deliberate overrepresentation of women in our Future Generation Leadership Development program and the targeted hiring of women given the same qualifications. Equal pay for both men and women is a matter of course for us. In many countries, wage agreements govern remuneration. By using pay categories, we ensure that gender-specific differences for equal work are ruled out. For those employees not covered by wage agreements, our job grade model ensures transparency and fairness of remuneration.

In parallel, by signing the “Women’s Empowerment Principles,” we have recognized the principles of equal opportunity for women around the world and established them as a guideline for all our managers worldwide. In addition, our Integrated Management System is based on the provisions of the SA 8000 social accountability standard, which is binding throughout the company. This standard is based on the conventions of the International Labor Organization (ILO), the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. Humane working conditions, decent employment and due consideration for the social aspects of employment are the foundation for how we act at all sites.

Our at least 70 expatriates, who come from foreign countries and work for a period here in Germany, also promote the national and cultural diversity of our country.

For specific goals and results see pp. 18–19 of this Corporate Report.



# From the Group Man- agement Report & from the Consolidated Financial Statements

Excerpts from the 2017 Group management report and the Consolidated Financial Statements provide an overview of the economic development and situation of the company. The complete Group management report and Consolidated Financial Statements form part of the 2017 financial report available at [www.symrise.com/investors](http://www.symrise.com/investors).

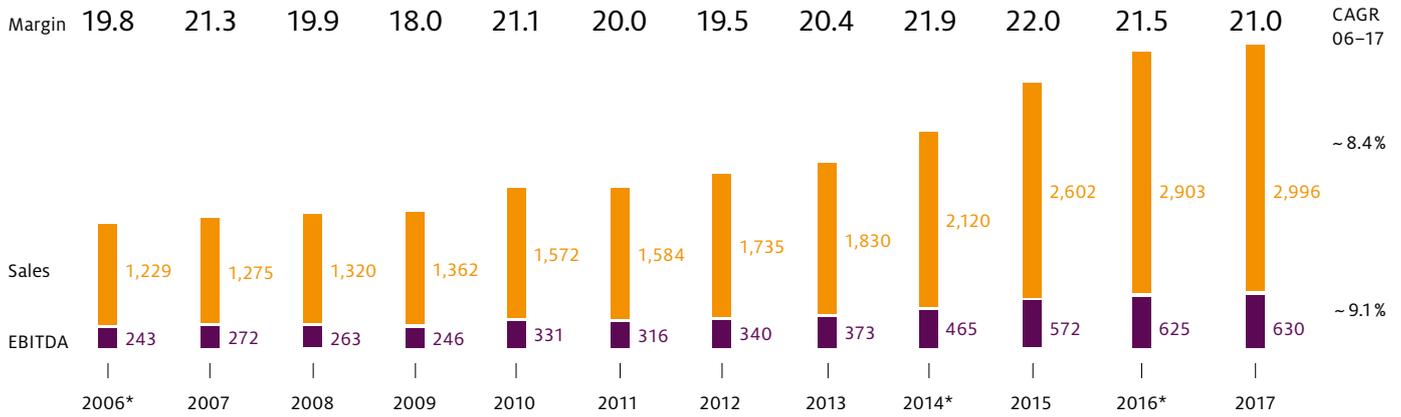
<b>99</b>	<b>_____</b>	<b>OVERVIEW OF THE 2017 FISCAL YEAR</b>
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<b>122</b>	<b>_____</b>	<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>

# Highlights 2017

## Twelve years of highly profitable sales growth

### DEVELOPMENT OF SALES/EBITDA

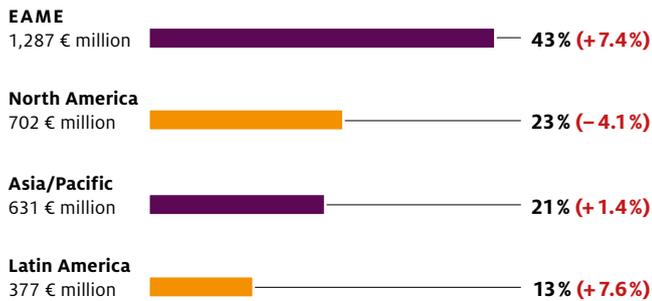
Sales in € million, EBITDA in € million, margin in %



\*EBITDA adjusted for restructuring and integration expenses

### SALES BY REGION

As % of Group sales and growth in % (at reporting currency)

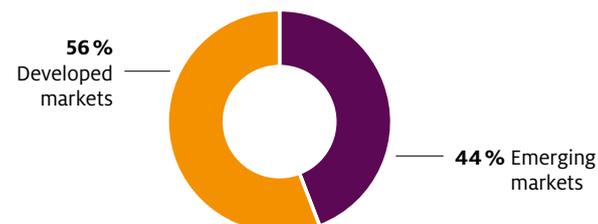


€ **2.08** Earnings per share

€ **0.88** Proposed dividend

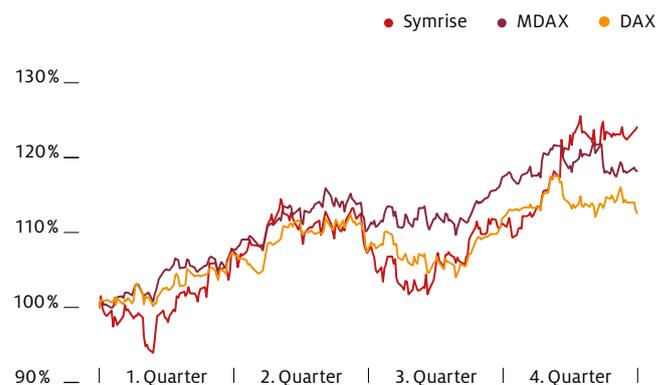
### SALES IN EMERGING MARKETS

% of Group sales



### SHARE PRICE DEVELOPMENT

of the Symrise stock in 2017



## Overview of the 2017 Fiscal Year

Global economic growth accelerated slightly in 2017. 2017 was a successful year for Symrise. The Group generated sales of € 2,996 million in the 2017 fiscal year (2016: € 2,903 million). Sales increased 6 % organically over the previous year. Sales increased by 3 %, taking into account portfolio effects (particularly the sale of Pinova's industrial activities in December 2016 and the Nutraceutix and Cobell acquisitions) and exchange rate effects.

The share of sales generated in the emerging markets accounted for 44 % of Group sales and was therefore slightly above last year's mark of 43 %. Earnings before interest, taxes, depreciation and amortization (EBITDA) of the Symrise Group increased by 1 % to € 630 million (EBITDAN<sup>1</sup> 2016 : € 625 million). The Group's EBITDA margin, as based on sales, was 21.0 % and therefore below the previous year's normalized level of 21.5 %. This was mainly due to higher raw materials costs.

The **Scent & Care** segment generated sales of € 1,263 million in 2017. Sales rose organically by 4 % over the previous year. Taking into account the sale of Pinova Inc., the segment's sales were 4 % lower than in the previous year (2016: € 1,311 million), as expected. EBITDA amounted to € 248 million, which represents a decrease of 4 % compared with the normalized figure for the previous year. The EBITDA margin therefore amounted to 19.6 % in 2017, compared to 19.7 % in 2016. **Flavor** increased its sales to € 1,102 million and achieved organic growth of 9 %. EBITDA for the segment was significantly higher than last year, amounting to € 243 million in 2017 (2016: € 234 million). The EBITDA margin amounted to 22.0 %, compared to 23.0 % in the previous year. The **Nutrition** segment increased sales to € 631 million. Organic growth amounted to 7 %. The segment generated an EBITDA of € 139 million in 2017. This was € 5 million above the previous year's level (2016: € 134 million). The EBITDA margin was 22.1 %, compared to 23.2 % in 2016.

Net income for the Symrise Group rose 2 % compared to the previous year's normalized figure, totaling € 270 million for the 2017 fiscal year. Earnings per share improved from € 2.05 (normalized) in the previous year to € 2.08 in 2017. The Executive Board and Supervisory Board will propose to increase the dividend from € 0.85 to € 0.88 per share at the Annual General Meeting on May 16, 2018.

<sup>1</sup> As part of the acquisition of the Pinova Group, acquisition and integration costs of € 18.7 million were incurred in the fiscal year 2016. Furthermore, profit of € 3.5 million resulted from the disposal of Pinova Inc. on December 9, 2016. In the following section, we use normalized results (EBITN/EBITDAN) for the 2016 fiscal year adjusted for these one-off, non-recurring specific influences. In addition, figures from the previous year have been adjusted for the finalized purchase price allocation for Nutraceutix.

Cash flow from operating activities amounted to € 396 million in 2017, € 57 million more than in the previous year (€ 339 million). The Symrise Group's liquidity reduced by € 72 million to € 230 million as of December 31. Net debt (including provisions for pensions and similar obligations) decreased € 49 million to € 1,922 million as of the end of the 2017 reporting period. On an annualized basis, the ratio of net debt to EBITDA was 3.0 as of the end of the reporting period on December 31, 2017, and is thus temporarily outside of Symrise's target corridor of 2.0 to 2.5 due to acquisitions.

## Basic Information on the Symrise Group

### STRUCTURE AND BUSINESS ACTIVITIES

#### COMPANY PROFILE

Symrise is a global supplier of fragrances, flavorings, cosmetic active ingredients and raw materials, as well as functional ingredients. Its clients include manufacturers of perfumes, cosmetics, food and beverages, the pharmaceutical industry and producers of nutritional supplements and pet food.

With sales of € 3.0 billion in the 2017 fiscal year and a market share of 11 %, Symrise is one of the leading global suppliers in the flavors and fragrances market. Headquartered in Holzminden, Germany, the Group is represented in more than 90 locations in Europe, Africa, the Middle East, Asia, the United States and Latin America. The Symrise Group originally resulted from a merger between the German companies Haarmann & Reimer and Dragoco in 2003. Symrise's roots date back to 1874 and 1919, when the two companies were founded. In 2006, Symrise AG entered the stock market with its initial public offering (IPO). Since then, Symrise shares have been listed in the Prime Standard segment of the German stock exchange. With a market capitalization of about € 9.3 billion at the end of 2017, Symrise shares are listed on the MDAX® index. Currently, about 94 % of the shares are in free float.

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

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

Fragrance, Cosmetic Ingredients and Aroma Molecules divisions.

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

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

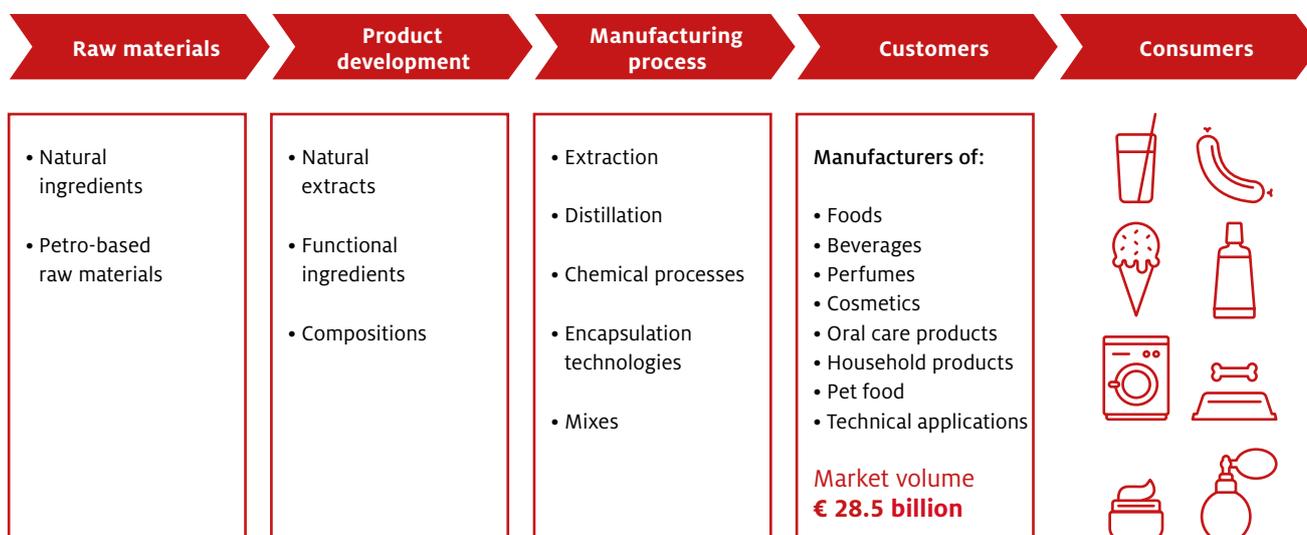
Symrise AG's headquarters are located in Holzminden, Germany. At this site, the Group's largest, Symrise employs 2,360 people in the areas of research, development, production, marketing and sales as well as in the Corporate Center. The company has regional headquarters in the USA (Teterboro, New Jersey), Brazil (São Paulo), Singapore and in France (Rennes, Brittany). Important production facilities and development centers are located in Germany, France, Brazil, Mexico, Singapore, China and the USA. Symrise has sales branches in more than 40 countries.

## BUSINESS ACTIVITIES AND PRODUCTS

### SYMRISE'S VALUE CHAIN

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

### SYMRISE'S VALUE CHAIN



## CORPORATE STRUCTURE

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

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

## FLAVOR

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

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

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

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

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

## NUTRITION

The Nutrition segment has 39 sites in 25 countries. The product range in the **Nutrition** segment breaks down into four business units:

**Food:** This unit and its food ingredients comprises natural sensory product solutions such as taste, texture, color and functionality in foods and beverages. The unit also offers products for baby foods. Diana has comprehensive backward integration processes established for vegetables, fruit, meat and seafood. Diana places quality, traceability and food safety in the foreground.

**Pet Food:** This unit is responsible for natural-taste and acceptance-enhancing product solutions for pet foods. The business unit maintains its own cat and dog panels for gauging progress on its work improving sensory product characteristics. Furthermore, solutions for enhancing product attractiveness for pet owners are also a focus of development.

**Aqua:** The Aqua business unit develops and produces sustainable marine ingredients for aquacultures with a focus on nutritional physiology and animal health.

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

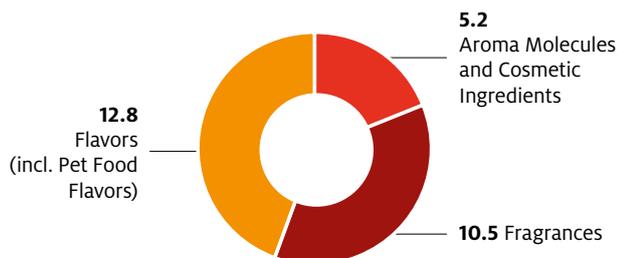
## SCENT & CARE

The Scent & Care segment has sites in more than 30 countries and markets its nearly 15,000 products in 124 countries. **Scent & Care** is divided into three global divisions: Fragrance, Cosmetic Ingredients and Aroma Molecules. Their products are used in the following business units:

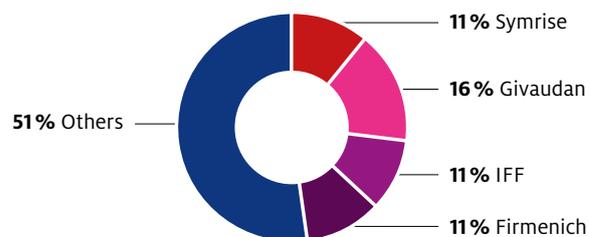
**Fragrance:** Our creative and composition business comprises the four global business units Fine Fragrances, Beauty Care, Home Care and Oral Care. Perfumers combine aromatic raw

**RELEVANT AFF MARKET SIZE 2017**

in € billion (approx. € 28.5 billion overall)

Sources: IAL (10<sup>th</sup> Edition, December 2016), TechNavio/Infiniti (2016), GIA (2015)**MARKET SHARE AFF MARKET 2017**

in % (Market volume approx. € 28.5 billion)



Source: corporate data and internal estimates

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

**Cosmetic Ingredients:** Symrise is a leading company in the world's markets for premium cosmetic ingredients – ingredients used in everything from cosmetic products with multi-functional benefits to sun protection solutions. The Cosmetic Ingredients division is a recognized innovation leader that has received 31 innovation awards for new substances over the last ten years. In the same period, it has submitted numerous patent applications for new substances. In 2017 alone, the division submitted seven new patent applications. The products manufactured by Cosmetic Ingredients are used in skin and hair care products, sunscreens, men's care products, shower gels, wash lotions, anti-dandruff shampoos and deodorants. Products with nurturing characteristics as well as alternative preservatives and colors are another focal point for the division.

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

**MARKET AND COMPETITION****MARKET STRUCTURE**

The Symrise Group is active in many different markets around the world. These include the traditional market for flavors and fragrances (F & F market), whose volume amounted to € 23.3 billion in 2017, according to calculations made by the IAL Consultants market research institute (10<sup>th</sup> issue, December 2016). In addition, with the Cosmetic Ingredients and Aroma Molecules divisions, the company is active in the market for aroma chemicals and cosmetic ingredients, which, according to the reports from TechNavio/Infiniti (December 2016 issue) and Global Industry Analysts (GIA; 2015 edition), achieved sales of approximately € 5.2 billion. The markets have

many trends and characteristics in common. The market relevant for Symrise therefore has a total volume of € 28.5 billion and is achieving average long-term growth of between 3 to 4 % per year according to our own estimates.

More than 500 companies are active in the market worldwide. The four largest providers, which include Symrise, together have a market share of about 50 %.

The F & F market is characterized worldwide by high barriers to entry. There is increasing customer demand for higher quality and more differentiated products with ever-shorter product life cycles. The majority of products and recipes are manufactured specially for individual customers. Furthermore, local taste preferences often dictate that there be many different recipes for a single end product that vary depending on the country in which it's marketed. Moreover, customer relations are often characterized by intensive cooperation in product development.

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

sumer trends such as beauty, health, well-being, convenience and naturalness determine the growing demand for products containing Symrise ingredients.

#### SYMRISE'S MARKET POSITION

Symrise is one of the largest companies in the F & F industry. In relation to the relevant market of € 28.5 billion, Symrise's market share is roughly 11 % in terms of 2017 sales. Symrise has expanded the traditional segments to include even more applications: for instance, with cosmetic ingredients in Scent & Care and pet foods and food ingredients within the Diana division of the Nutrition segment. On the basis of these more complex product solutions, greater value creation can be achieved. In submarkets such as food supplements, sun protection filters or other cosmetic ingredients, Symrise also stands in competition with companies or product segments of these companies that do not belong to the traditional F & F industry.

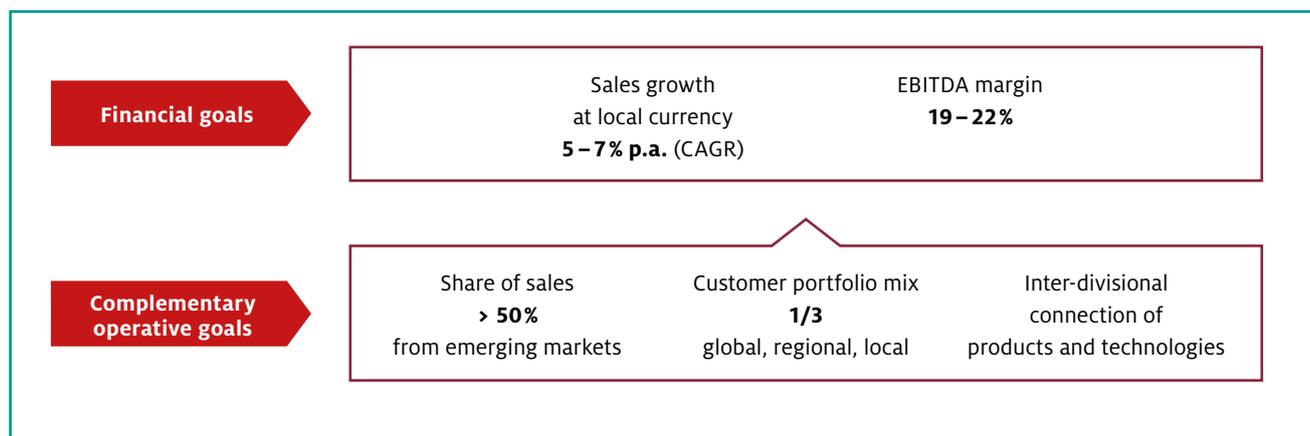
Symrise has leading positions in certain market segments worldwide, for example, in the manufacturing of nature-identical L-menthol and mint flavor compositions. Symrise also holds a leading position in the segment of UV sun protection filters as well as in baby and pet food.

#### GOALS AND STRATEGY

##### GOALS

In the long term, we want to strengthen our market position and ensure Symrise's independence. At the same time, we recognize our responsibility toward the environment, our employees and society at large. By increasing our sustainability

#### GOALS FOR 2020



regarding our footprint, innovation, sourcing and care, we minimize risk and promote Symrise's continued economic success.

- **Market position:** With long-term growth of 5 to 7% per year at local currency (CAGR), our sales growth should exceed the long-term growth of the market, which is expanding by between 3 to 4% per year on average. In this way, we will gradually increase the distance between us and smaller competitors and gain market share.
- **Value orientation:** We want to consistently be counted among the most profitable companies in the industry. We aim to achieve a sustainable EBITDA margin of 19 to 22%.

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

**STRATEGY**

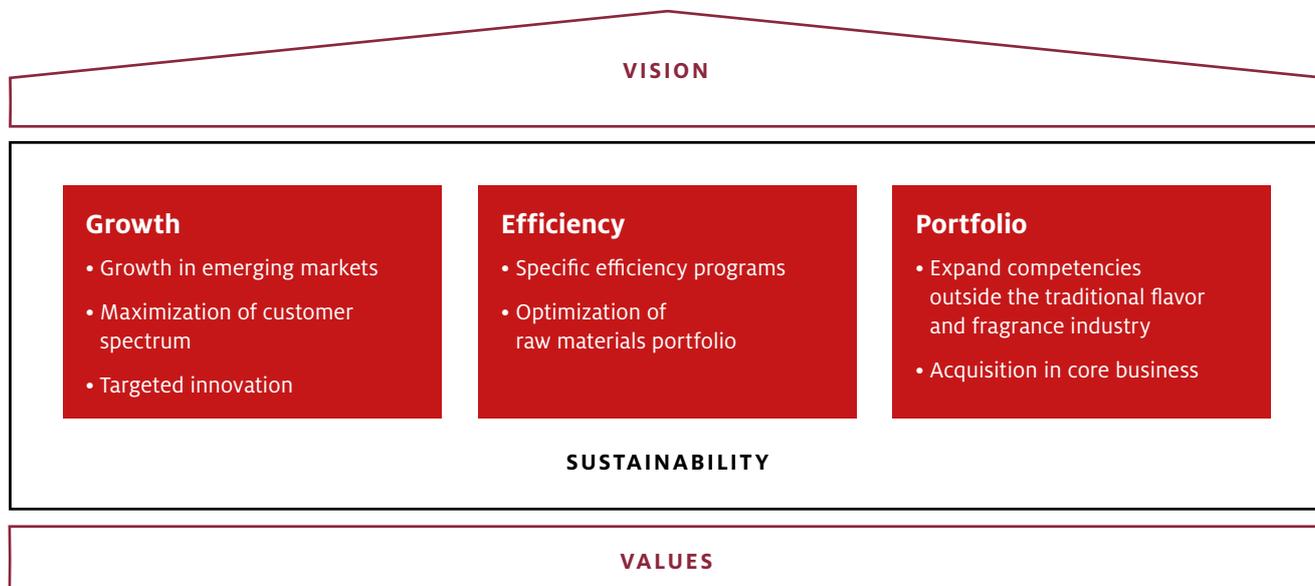
Symrise's corporate strategy rests on three pillars: growth, efficiency and portfolio. It incorporates aspects of sustainability at all levels in order to enhance the company's value over the long term and minimize risks. In this way, we are making sustainability an integral part of our business model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

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

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

**VALUE-ORIENTED MANAGEMENT**

Different variables are at play within the framework of value-oriented corporate governance. The EBITDA margin, for which we have defined an strategic target value of 19 to 22% on average, serves as an indicator of the company's profitability. In-



creasing the value of the company is accounted for in the remuneration system for the Executive Board and selected managerial staff. In addition, we attach great importance to the company's financial stability. Management's focus, therefore, is guided by these financial control parameters. Non-financial benchmarks in the areas of environment, procurement, employees and innovation are covered separately in our Corporate Report.

## RESEARCH AND DEVELOPMENT GUIDELINES AND FOCUS AREAS

In research and development (R&D), Symrise aims to connect the individual components of product development, such as market and consumer research, R&D and creation, throughout the Group. Through the close linkup of R&D with marketing and business units, purchasing and manufacturing, product development, quality assurance and regulatory issues, we check early on to see whether new products and technologies can be implemented and if they are profitable in addition to assessing their sustainability aspects. External cooperations and networks (Open Innovation) bring a considerable amount of additional approaches and ideas into the development process. Along with ideas from Open Innovation, Symrise also maintains a global project network with industrial and academic partners that covers every step of the innovative process. Furthermore, all R&D activities are geared to the guidelines of megatrends, consumer needs, customer requirements, naturalness & authenticity, sustainability, innovation and cost efficiency. The capitalization rate for research and development activities remained immaterial in 2017 as in the previous year as the conditions for capitalization are generally only met at the conclusion of a project. This meant that a majority of the development costs incurred were recognized with effect on profit or loss.

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

Exemplary research programs and product launches include our backward integration projects in Madagascar and the Brazilian Amazon region, which have the goal of producing high-quality natural products from sustainably grown raw materials while also fostering local community development. The products manufactured there are either marketed directly, used in new fragrance and active ingredient compositions with an improved efficacy profile or serve as natural starting materials for the manufacture of new, sustainable products. In addition, Symrise has developed EVERTRAIL, a new, unique olfactometer for detecting the development of fragrances in perfume oils and raw materials. Alongside comprehensive research programs that are aimed at the specific innovation requirements of the segments' respective business units, there are supplementary programs at Symrise that generate competitive advantages by expanding the company's portfolio of expertise. One example of this is Beauty+, which creates added value through the systematic, synergistic development of active cosmetic ingredients, fragrances and oral care solutions. Another example is hair care: In 2017, our Hair Care Innovation Center in São Paulo, Brazil, presented two new hair care products designed to protect the outer layer of hair and protect the hair's keratin at the In Cosmetics Brasil. In cooperation with Probi, we are working on new probiotic applications in oral care products. With the acquisition of Renessenz, Fragrance Research has access to new raw materials from renewable sources.

## CORE FUNCTIONS OF RESEARCH AND DEVELOPMENT AT SYMRISE

### Basic research

- Products
- Technologies

### Applied innovations

- Comprehensive product solutions

### Application and process technologies

- Pilot scale

SUSTAINABILITY ASPECTS

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

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

- Development of novel product platforms to support declaration-friendly food concepts.
- Formulation technologies for the delivery and stabilization of flavors with reduced energy consumption, optimized substance-related loading and targeted release. In addition, these technologies are evaluated and systematically adapted to new food-grade carriers.
- Development of new and improved processes for using valuable natural resources including targeted biocatalysis and fermentation technologies. At the same time, waste and by-pass flows are reduced with support from life cycle analyses. The work is supplemented by consumer-oriented processing technologies.
- Development and validation of innovative methods to prove the authenticity and origin of natural raw materials. One example is genotyping through DNA profiling of botanical raw materials or processed products.
- Scientifically sound selection and analytically supported cultivation of suitable varieties of selected botanical raw materials (vanilla, onion, red beet) on our own fields or with cooperation partners. Here, a deep understanding of the composition and content of the quality-determining ingredients is sought by means of non-invasive analytical methods (phenotyping) and statistical data analysis.
- Experiments on cultivating crops not previously grown in the field to obtain innovative raw materials for the development of flavoring solutions that optimize sweet tastes.

A further focus is the sustainable design of natural and labeling-friendly product solutions with excellent sensory properties. Creation expertise was significantly expanded in the reporting year via newly developed, statistically based model calculations for optimizing aroma-profile-focused recipes based on analytical data and sensory results. This method is particu-

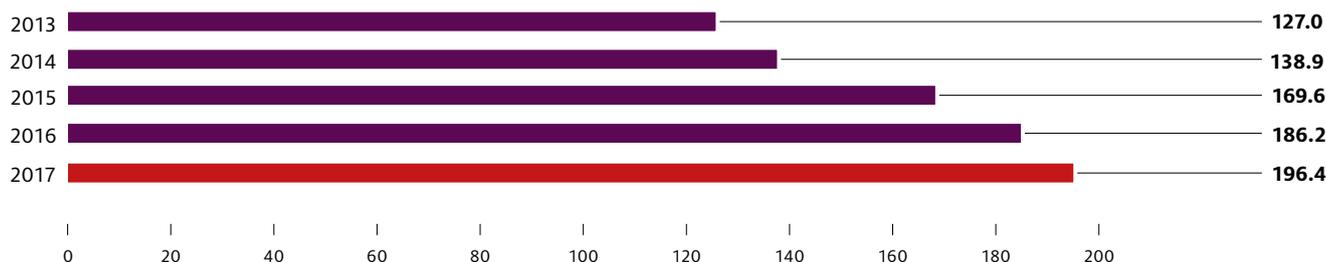
larly suited for combining and optimizing natural raw materials with complex sensory characteristics (i.e. essential oils and extracts) as a way to refine a product's sensory profile.

For many years, our research activities have also included flavor systems and technologies to increase the health benefits of foods – for instance, protein-rich foods and foods with reduced sugar, fat or salt. Particularly significant progress was made in the area of technologies for improving the taste of sugar-reduced beverages. They are based on the development of novel, sweet taste-optimizing flavoring substances that are natural or based on natural raw materials.

An important key to the successful implementation of the Flavor division's research strategy is the ability to successfully combine further developed traditional tools in analytics, sensory, synthesis, food technology and process technology with new and enhanced instrumental, biological and biotechnical methods and processes (receptor biology, biotransformation, new enzymes, metabolomics, phenotyping, DNA profiling) as well as processes based on computer-aided, semantic/ontological search algorithms and methods using chemoinformatics/bioinformatics. Here, new structures in the area of flavoring substances with taste modulating properties were identified via in-silico screening and structure-activity relationships (TasteCycle®). In agricultural practice and process technology, statistical analysis plays an important role in combination with robust production or field-compatible rapid analysis methods – as does their evaluation and the planning of experiments for the development and optimization of sustainable processes and flavor compositions (“Design of Experiments”, DoE).

The **Nutrition segment** comprises the business units Diana Food, Diana Pet Food, Diana Aqua, Probi as well as the incubator Diana Nova. In its R & D strategy, the Food business unit focuses on platforms that concentrate its scientific expertise on product attributes that make a real difference to consumers around the world. These include:

- Culinary food ingredients with a high taste intensity, authenticity and complexity
- Highly pigmented natural colors and coloring foods for a wide range of applications
- Functional extracts with proven health benefits, supported by a deep understanding of how they work

**R & D EXPENSES**, in € million

Consumers are increasingly looking for products that they can trust and that are produced responsibly from simple, traceable ingredients. Among other things, this requires new ways of using natural raw materials. In cooperation with colleagues from other Symrise business units, new technologies are being developed and implemented that transform important manufacturing processes – such as those used in the new meat production facility in the USA.

Another important area of research is intestinal health. Both science and consumers are increasingly realizing that intestinal health is of central importance for general health. For this reason, the Food business unit is researching the interactions between natural extracts and probiotics together with researchers from Probi. The Food R&D teams benefit not only from the Symrise Group's strong scientific performance, but also from external partnerships – like those with King's College, London, or the Institute of Nutraceuticals and Functional Foods (INAF) in Canada.

The Pet Food business unit focuses its research on product solutions for pet food that improve taste and acceptance. The business unit maintains its own cat and dog panels for gauging progress on its work improving sensory product characteristics. Furthermore, solutions for enhancing product attractiveness for pet owners are also a focus of research.

For basic research in the Pet Food business unit, one of the main objectives is to create in vitro tools that mimic an animal's nose and/or tongue. This significantly increases the testing possibilities for molecules while reducing product development times. Many of the research projects are carried

out with academic or business partners. This year, for example, the Pet Food business unit and its partner B.R.A.I.N. have discovered several novel molecules thanks to their access to high-throughput screening technologies. A new program for dogs was launched with academic partners working on Olfactory Receptors (OR) and Olfactory Binding Protein (OBP) to develop a screening platform for the selection of fragrances preferred by dogs.

The Pet Food business unit has a vast worldwide scientific network with more than 50 active research collaborations. Its research activities always place an emphasis on the aspect of sustainability. The R&D teams focus on the procurement of alternative raw materials and sustainable process optimization in order to develop eco-design products. For instance, some exploratory studies with insects and algae were carried out and a first environmental impact assessment was made. Pet Food's innovations led to three new patent families and twelve new patents in 2017.

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

- Application of enzymatic hydrolysis on marine co-products to increase the yield from raw materials
- Improving the growth rate, feed conversion and survival rate
- Characterization of the operative mechanisms of our products by analysis of certain biomarkers in animal metabolism

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

- The platform Nutritional Health develops new or improved offers to promote health in a natural and sustainable way. Here, customer-specific products and services are researched in clinical trials and scientific studies.
- In Food Preservation, novel methods are being developed to improve the shelf life of foods in a natural way.
- The Microbiotic Solutions platform focuses on health-promoting microbiotic adaptations to food for humans and animals.

#### RESEARCH AND DEVELOPMENT EXPENSES

Total R & D expenditures amounted to € 196 million in the 2017 fiscal year (previous year: € 186 million), comprising 6.6 % of sales (previous year: 6.4 %). The expenses for R & D should remain at this level moving forward in order to further enhance Symrise's innovative strength.

#### EMPLOYEES

##### STRUCTURE OF THE WORKFORCE

As of December 31, 2017, the Symrise Group employed 9,247 people worldwide (not including trainees and apprentices). In comparison to December 31, 2016 (8,944), this represents an additional 303 employees. The largest increase in employees was in the Flavor segment (+129), which employs 36 % of all Group employees. This was particularly influenced by the acquisition of Cobell in the UK. 28 % of employees work in the Scent & Care segment, 26 % in the Nutrition segment. About 10 % of the Group's employees work in Corporate Services and the Corporate Center as well as in the separate Group compa-

nies Symotion and Tesium, which also occasionally provide services for third parties in such areas as technology, energy, safety, environmental issues and logistics. The number of apprentices and trainees was slightly below the previous year at 140 (previous year: 148 apprentices and trainees). In particular, they are being trained as chemical lab technicians and chemists, industrial clerks and business students (dual training with a Bachelor of Business Administration degree) as well as industrial mechanics.

From a functional perspective, the majority (46 %) of the Symrise Group's workforce is employed in the area of production and technology. 23 % of employees work in the Sales & Marketing. This group grew by 110 employees in 2017, which was the largest growth in the Group. 18 % of employees work in Research & Development.

Of the Group's 9,247 employees, about 29 % work at sites in Germany, while the EAME region as a whole accounts for 51 % of the workforce. 18 % of our employees work in the Latin America region, 16 % in Asia/Pacific and 15 % in North America.

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

39 % of the Symrise Group's employees have been with the company for at least ten years – at German sites, this group accounts for 65 % of the workforce. Our employee turnover rate remained very low in Germany, totaling 1.6 % in 2017. Globally, the figure was 5.0 %.

#### NUMBER OF EMPLOYEES BY SEGMENT

	December 31, 2016	December 31, 2017	Change in %
Flavor	3,164	3,293	+ 4
Nutrition	2,295	2,374	+ 3
Scent & Care	2,562	2,613	+ 2
Corporate functions and services	923	967	+ 5
<b>Total (not including trainees and apprentices)</b>	<b>8,944</b>	<b>9,247</b>	<b>+ 3</b>
Trainees and apprentices	148	140	- 5
<b>Total</b>	<b>9,092</b>	<b>9,387</b>	<b>+ 3</b>

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

**NUMBER OF EMPLOYEES BY FUNCTION**

	December 31, 2016	December 31, 2017	Change in %
Production & Technology	4,164	4,216	+1
Sales & Marketing	2,053	2,163	+5
Research & Development	1,577	1,659	+5
Administration	748	786	+5
Service companies	402	423	+5
<b>Total</b>	<b>8,944</b>	<b>9,247</b>	<b>+3</b>

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

**NUMBER OF EMPLOYEES BY REGION**

	December 31, 2016	December 31, 2017	Change in %
Germany	2,586	2,669	+3
EAME not including Germany	1,876	2,063	+10
North America	1,339	1,358	+1
Asia/Pacific	1,424	1,441	+1
Latin America	1,719	1,716	-0
<b>Total</b>	<b>8,944</b>	<b>9,247</b>	<b>+3</b>

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

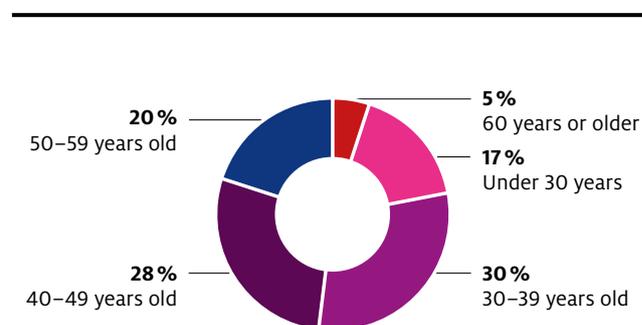
**PERSONNEL STRATEGY****Personnel development and career goals**

Symrise sensitizes its managers to set personnel development and career goals with their employees on an annual basis. The discussion of performance or performance targets should be on an equal footing with the employee's personal development goals. A growing company needs employees with growing competencies. This includes reflecting on one's own strengths and development issues as well as on one's career path. Specific measures are then derived and implemented based on these reflections.

Our guiding principle is: The main person responsible for career planning is the employee. They must ask themselves 'How do I want to develop, what are my career goals?' The next person responsible is the manager. They need to ask: 'What recommendations can I make to the employee and which employees with what competences will I need in the future to be successful?' On the third level, Human Resources has the task of providing the necessary tools and methods for personnel development and to be available to management and employees in an advisory role. The aim is to ensure that all employees in key positions have a clear career plan in mind.

**Further expansion of career opportunities in Sales**

Symrise developed a new career concept for Sales based on the assumption of customer and management responsibility: from junior account managers and key account managers to the assumption of leadership responsibility for a sales team in the role of sales director or the management of a global client as a global account director. Various career options are avail-

**AGE STRUCTURE OF THE WORKFORCE 2017** in %

able to sales representatives. We are committed to promoting their respective potentials and strengths. For some, taking on a leading role is very attractive. Others prefer the internationality of customer responsibility, while still others find both aspects enticing. With this framework, we offer our sales employees clear prospects.

### **Regulatory and research careers**

Symrise has also developed career paths for regulatory and research employees with a master's degree or doctorate with the following seniority levels: Junior – Expert – Senior – Master. Specialist know-how in the regulatory and research field is a key factor in the company's success. Regulatory requirements are constantly increasing. It is an essential concern of ours to retain skilled workers and enable them to develop within the company.

### **Education**

Symrise's personnel policy relies on the strength of its internal training and education. As of December 31, 2017, a total of 140 apprentices and trainees were employed at our sites in Germany. This corresponds to a training rate of around 5.2%.

Depending on the course, training takes about 2 to 3 years. All trainees are taken on at least temporarily after completing their training if they meet our minimum requirements regarding the material learned. With our investment in training, we are meeting the demand for future specialists in chemical production and in the laboratories as well as in commercial, marketing and sales functions.

Every year, about 46 young people begin their training at Symrise. Of them, 24 are trained for chemical-technical professions, another 10 for technical and logistics occupations and 12 young people for commercial occupations. In addition to initial training, we open up new perspectives by offering dual studies in both business administration (5 employees are working toward a Bachelor of Business Administration) and in the chemical-technical field (3 employees working toward a Bachelor of Science). In this way, we account for the demographic change in our company.

In addition, we qualify our employees via comprehensive training measures. Lifelong learning is a matter of course for us. For instance, we offer English courses for our production employees to help them comprehend international work instructions. In the international range of training courses offered, occupational safety training and the handling of hazardous substances were given a wide scope of attention. Manage-

ment training courses are also offered in all regions. In 2017, around 1,600 employees were trained in internal and external training courses. Globally, the total number of hours for training courses amounted to around 6,700 hours (both figures do not include the Diana Group). In addition to the traditional training content, we also train our employees via international assignments – currently 125 employees are deployed outside their home country – and via on-the-job training, which is accompanied by coaches and mentors.

We spend about € 2.8 million annually on training and personnel development measures worldwide.

At our flavorist and perfumer school, we are constantly training experts who can be quickly and successfully inserted into our product development teams. Furthermore, our employees have many opportunities to earn a bachelor's degree, master's degree or even a doctorate thanks to our cooperation with colleges, academies and institutes. In 2017, 29 Symrise employees were supported in such qualification measures.

### **Health Management and Demographic Change**

In addition to the statutory occupational safety and environmental protection measures, caring for the health of our employees is part of our strategy as a “preferred employer” and an important element of our sustainability strategy. Within the scope of our in-house health management, we offer courses with relaxation exercises and special massages particularly aimed at our shift workers. Furthermore, topics such as “healthy nutrition”, spinal column screening, “healthy management styles” and time management are also covered by our corporate health management.

Influenza vaccinations, which we offer worldwide at most of our company's sites, serve as preventive health protection. While we are convinced that our health management cannot prevent illnesses, we are equally certain that it can make a valuable contribution to alleviating the physical and mental strain on our employees at work.

## **PERSONNEL MEASURES**

### **Remuneration and Wage Agreements**

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

In Germany, Symrise uses the pay rates for the chemical industry. Accordingly, wages increased 1.6 % as of October 1, 2017. For the application of this increase at Symrise, we took into account our pioneering site safeguard agreement, which will remain in effect through the year 2020, and provides for salary reductions of 0.7 percentage points compared to the collective tariff.

In addition, in 2017, we were able to grant our employees covered by wage agreements in Germany a profit-sharing option of € 1,400 for full-time work (proportionately for part-time work). Employee performance should pay off at Symrise. With this profit-sharing scheme, outstanding performance at the German site was acknowledged.

Symrise's standardized job grade concept remuneration model has been applied to all regions over the last years. It is structured according to the function of the position and its respective contribution of value. It also includes a bonus concept. Job grades make remuneration transparent and highlight career possibilities within the company. The Symrise job grade concept includes specialist and manager tracks and allows for movement between both paths. In 2017, we trained our managers on communicating classification and remuneration decisions via extensive training courses.

In addition, a separate Global Performance Bonus Plan ensuring that company goals are reached by means of variable remuneration geared toward results and performance applies to about 80 managers with global or regional responsibilities. In addition, our creative employees are also included in this management and incentive system.

### **Measures to Safeguard Competitiveness**

The existing company wage agreement between Symrise and IG BCE (Mining, Chemical and Energy Industrial Union) makes an important contribution toward securing the company's competitive position. The agreement was extended until 2020 at the beginning of 2012. The essential elements of the agreement on the company's side are a guarantee of location and employment as well as investment commitments of around € 220 million for the German sites until 2020. At the same time, the agreement forms the basis for qualification measures and considerable cost savings through the retention of a working week of 40 hours and the gradual takeover of the IG BCE union wage rates with clearly defined reductions of currently 0.7 percentage points per year until 2020. The implementation of qualification measures, which foster and enhance the innovative ability of our employees, is an essential pillar

of our personnel policy. With these concessions, the workforce is making a decisive contribution to internationally competitive personnel costs at our German sites. A key element of the collective bargaining agreement is the return of these discounts to employees if Symrise loses its independence. In this case, the chemical industry's general wage agreement automatically comes into effect six months after Symrise is acquired by a third party. This does not affect the site guarantee and the waiver of terminations for business reasons through 2020.

## **Economic Report**

### **CORPORATE DEVELOPMENT**

#### **CURRENT DEVELOPMENTS WITHIN THE GROUP**

##### **Changes to the Portfolio**

Symrise announced the acquisition of the British company Cobell in May 2017. Cobell was founded in 1999 and is the largest supplier for vegetable and fruit juices in the UK. With this strategic acquisition, Symrise strengthens its local presence in the British beverage market, which enhances its customer proximity. Cobell generates annual sales of around GBP 50 million (€ 58 million). Cobell's product range includes juices, purees, syrups and concentrates for non-alcoholic and alcoholic beverages. The transaction was successfully completed on July 1, 2017.

In November 2017, Symrise entered into an agreement with the owner of Citratus to acquire all shares in Citratus Fragrâncias. Citratus is a manufacturer of perfume oils with a development and production facility in Vinhedo near São Paulo and distribution centers throughout Brazil. With the acquisition of Citratus, Symrise will further strengthen its presence in the emerging markets and become the market leader for smaller and medium-sized customers in Brazil. In 2016, Citratus generated sales of around USD 12 million (€ 10 million) and employed 86 people. The transaction was completed on January 17, 2018.

##### **New Innovation Centers in Singapore and Mumbai**

Symrise opened its new innovation and technology center for aromas in Singapore on May 23, 2017, concluding the first phase of expansion for the regional center. Around SGD 30 million (€ 20 million) has been invested into the project. Through the innovation and technology center, Symrise aims to enhance the potential of regional and local food manufacturers and support Singapore's vision of becoming Asia's hub for regional food and nutrition. As part of the next stage of development,

a new center for consumer research in fragrances and care will be established, which will develop economically successful brand campaigns.

In June 2017, Symrise opened its second creative and development center in Mumbai, India. It houses a modern development laboratory for fragrances and cosmetic ingredients with the most advanced technologies for analyzing and evaluating market research data. With this strategic investment, Symrise can strengthen its relationships with local partners, consumers and customers while benefiting from the dynamic development of the Indian economy.

### Sustainable Recognition

As part of the DQS Sustainability Conference held in Düsseldorf on May 17, 2017, Symrise AG was recognized with the German Award for Excellence for international social commitment. Symrise impressed the jury with its social commitments in developing and emerging markets such as Madagascar and Ecuador. In cooperation with international and regional aid organizations, other companies and government agencies, Symrise promotes stable living conditions, education and health for the people and the preservation of biological diversity on site. The awards are conferred in 15 different categories for corporate social and environmental responsibility. The goal is to encourage a greater commitment to sustainability among businesses.

In September 2017, Symrise was once again certified as a “Green Company” by DQS CFS GmbH (the German Association for Sustainability). Symrise is therefore allowed to continue to use the “Green Company” label over the next three years. DQS recognizes companies that actively and demonstrably minimize the effects of their economic activities on the environment as “Green Companies.” DQS awarded the “Green Company” label to Symrise for the first time back in 2013

### Symotion Begins Operations at New Logistics Center

In the summer of 2017, Symrise completed its new logistics center at Altenwerder’s Freight Village (GVZ) and has been operating its warehouse in the rented 7,100 m<sup>2</sup> unit since October 2017. The modern facility features a high-quality logistics area, a number of loading bays as well as offices and meeting spaces. The highest sustainability standards were taken into account for the building’s design, such as the German Federal Water Act (Wasserhaushaltsgesetz – WHG). In addition to the modern equipment of the logistics property, Symrise benefits from the well-developed logistics infrastructure of the Altenwerder freight village. The use of the new space has already

relieved other warehouses and generated cost advantages. Utilization is to be further expanded in the course of 2018.

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

The Symrise Group generated sales of € 2,996 million in the 2017 fiscal year. Sales increased 3.2 % in the reporting currency over the previous year. Excluding portfolio effects, organic sales growth amounted to 6.3%. The share of sales generated in the emerging markets accounted for 43.5 % of Group sales and was therefore slightly above last year’s mark of 43.0 %. Earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets (EBITDA) at the Group level increased by 1 % from € 625 million (normalized)<sup>2</sup> to € 630 million. This corresponds to an EBITDA margin of 21.0 % (normalized EBITDA margin previous year: 21.5 %).

Net income for 2017 was up compared to the normalized previous year, increasing by € 5 million to € 270 million. Earnings per share amounted to € 2.08 (normalized 2016: € 2.05). Given this positive development, Symrise AG’s Executive Board will, in consultation with the Supervisory Board, propose raising the dividend from € 0.85 in the previous year to € 0.88 per share for the 2017 fiscal year at the Annual General Meeting on May 16, 2018.

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

At the start of 2017, we expressed our goal of posting sales growth at local currency well beyond the average market growth rate (around 3 %) in all three segments (Flavor, Nutrition and Scent & Care).

We anticipated an EBITDA margin of about 20 % under the assumption that raw material prices would remain at the level of 2016 and exchange rates would not change significantly from 2016. Our debt, as measured in terms of the key figure net debt (including provisions for pensions and similar obligations) to EBITDA, should remain between 2.5 and 2.8. In the medium term, we are aiming for a return to the debt range of 2.0 to 2.5.

<sup>2</sup> As part of the acquisition of the Pinova Group, acquisition and integration costs of € 18.7 million were incurred in the fiscal year 2016. Furthermore, profit of € 3.5 million resulted from the disposal of Pinova Inc. on December 9, 2016. In the following section, we use normalized results (EBIT/EBITDAN) for the 2016 fiscal year adjusted for these one-off, non-recurring specific influences. In addition, figures from the previous year have been adjusted for the finalized purchase price allocation for Nutraceutix.

## ACHIEVEMENT OF TARGETS IN 2017

	Target at the Beginning of the Fiscal Year	Figure Achieved
Sales growth (at local currency)	Notably above market growth rate of 2 to 3%	6.3% (excluding portfolio and currency translation effects)
EBITDA margin	About 20.0%	21.0%
Net debt (incl. provisions for pensions and similar obligations) / EBITDA	Between 2.5 and 2.8	3.0

## Achievement of Targets in 2017

With sales growth of 6.3% (excluding portfolio effects and currency translation effects), we have significantly exceeded our sales goals. The EBITDA margin of 21.0% was above the expected value for 2017. A net debt ratio to EBITDA of 3.0 was slightly higher than our expectations.

## RESULT OF OPERATIONS

## Group Sales

For 2017 as a whole, the Symrise Group generated sales of € 2,996 million. Compared to the previous year, sales increased 3.2% in the reporting currency. Adjusted for portfolio effects (additions of NutraCanada, NutraCeutix and Cobell as well as the sale of Pinova Inc.) and exchange rate effects, Group sales in the reporting year organically increased 6.3%.

**Regions:** Business in the EAME region developed positively, increasing by 7.4% compared to the previous year. In North

America, sales were 4.1% lower than in the previous year due to the sale of Pinova Inc. in 2016. The Asia/Pacific region achieved moderate sales growth of 1.4% compared to the previous year. Sales development in Latin America was dynamic and recorded an increase of 7.6% compared to the previous year.

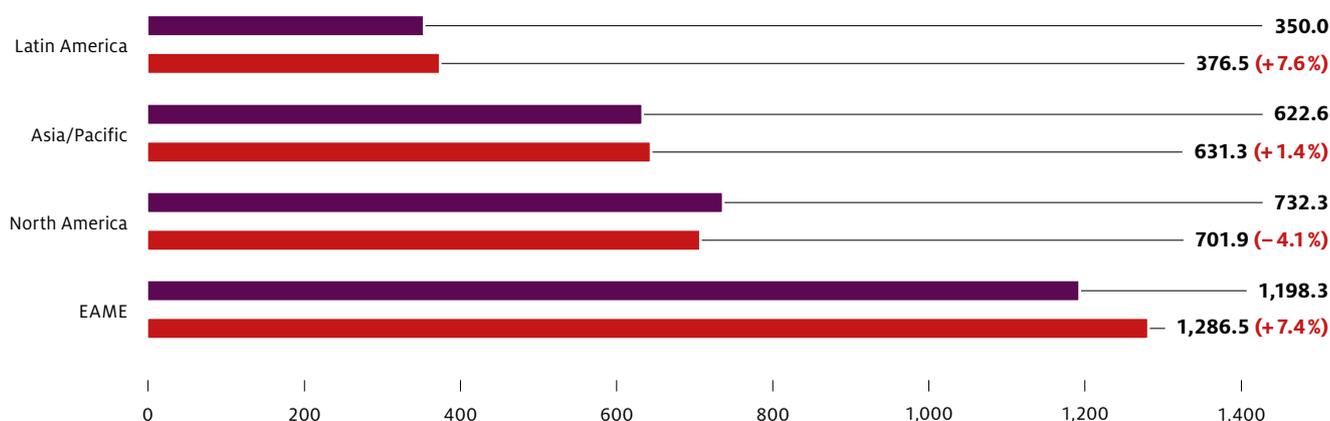
Sales in emerging markets exceeded the previous year's figures by 4.3%. The share of total sales for these markets increased from 43.0% in the previous year to 43.5% in 2017.

## Flavor Sales

The Flavor segment generated sales of € 1,102 million in the 2017 fiscal year. Compared to the previous year, this represents an increase of 8.5% in the reporting currency. Adjusted for portfolio changes and exchange rate effects, this corresponds to organic growth of 9.3%. All regions and business units were able to significantly expand sales in the past fiscal year.

## SALES BY REGION in € million

● 2016 ● 2017



Growth was particularly strong in the EAME region. The segment achieved organic growth in the double-digit percentage range here, mainly from applications for sweet and savory products in Western Europe, North Africa and the Middle East. The Beverages business unit also performed well in this region, posting solid organic growth, particularly in Germany, Ireland, Austria and the Middle East. In the Asia/Pacific region, Japan, Vietnam and Australia posted particularly dynamic growth with a considerable increase being seen in the Sweet and Savory business units. Sales development in North America was also positive. The Flavor segment was able to generate strong growth in the Sweet and Beverages business units.

In Latin America, the segment continued the successful development of recent years and achieved growth in the double-digit percentage range. The Beverages business unit in particular achieved notable growth due to new business with vanilla aromatization. The Brazilian market, on the other hand, was not quite able to build on the strong momentum of the previous year.

#### **Nutrition Sales**

In the 2017 fiscal year, the **Nutrition** segment generated sales of € 631 million. Compared to the previous year, this represents an increase of 9.6 %. Excluding portfolio and currency translation effects, organic sales growth amounted to 6.5 %.

The largest growth stimulus came from the Pet Food business unit, which achieved high single-digit or even low double-digit sales growth in all four regions at local currency. The Food business unit also recorded strong growth. Here, the regions of Latin America and Asia/Pacific showed particularly notable growth.

In the Probi business unit, sales increased significantly with the acquisition of the American company Nutraceutix. Adjusting for the acquisition effect, the previous year's level could not be reached due to a temporary reduction in demand from a major customer.

#### **Scent & Care Sales**

The **Scent & Care** segment posted sales of € 1,263 million in the fiscal year 2017, 3.7 % lower than in the previous year due to the sale of Pinova Inc. in December 2016. Adjusting for the portfolio effect of the Pinova sale and exchange rate effects, the segment grew 3.9 % organically.

The Cosmetic Ingredients division significantly increased its sales compared with the previous year. Demand was particularly strong in the Asia/Pacific and EAME regions. China, Japan and South Korea posted especially strong sales figures along with Germany, Italy and Poland.

Adjusted for the Pinova portfolio effect, good growth was also achieved in the Aroma Molecules division. Positive impulses came primarily from the USA, Japan and China. The integration of Pinova's fragrance business strengthened the division with a broader portfolio of unique, natural ingredients.

By contrast, the Fragrance division recorded moderate growth with a noticeable recovery in the second half of the year. Country markets such as the UK, the Philippines, Argentina and Italy recorded solid performances. In the Home Care business unit, the Latin America region achieved strong growth on a local-currency basis, particularly in Colombia and Brazil. The Beauty Care business unit benefited from growing demand in the second half of the year. However, the high sales level of the previous year was not quite reached. The Oral Care business unit achieved moderate growth. Particularly in EAME and North America, sales increased significantly. In Asia/Pacific and Latin America, business with oral care products was still below the previous year's level. The Fine Fragrance business unit grew dynamically, particularly in Latin America. Sales in Brazil and Argentina grew here by double-digit percentages on a local-currency basis. In addition, business in the Asia/Pacific region was further expanded in Indonesia, China and India.

#### **Development of Material Line Items in the Income Statement**

On the whole, earnings performance was good in the 2017 fiscal year. The **cost of goods sold** rose 4 % in 2017 to € 1,772 million and therefore increased somewhat disproportionately to sales. This was primarily due to increased raw material costs. **Gross profit** increased by 2 % and amounted to € 1,224 million (2016: € 1,196 million)<sup>3</sup>. The **gross margin** was 40.9 %, which puts its 0.3 percentage points lower than in the previous year (41.2 %). **Selling and marketing expenses** grew 2 % over the previous year and totaled € 478 million (2016: € 467 million). The share of selling and marketing expenses in Group sales amounted to 16.0 % after 16.1 % in the previous year. **R & D expenses** rose 6 % to € 196 million (2016: € 186

<sup>3</sup> As part of the acquisition of the Pinova Group, acquisition and integration costs of € 18.7 million were incurred in the fiscal year 2016. Furthermore, profit of € 3.5 million resulted from the disposal of Pinova Inc. on December 9, 2016. In the following section, we use normalized results (EBITN/EBITDAN) for the 2016 fiscal year adjusted for these one-off, non-recurring specific influences. In addition, figures from the previous year have been adjusted for the finalized purchase price allocation for Nutraceutix.

## INCOME STATEMENT IN SUMMARY

€ million	2016 Normalized and adjusted <sup>4</sup>	2017	Change in %
Sales	2,903.2	2,996.3	3
Cost of goods sold	-1,707.4	-1,771.8	4
<b>Gross profit</b>	<b>1,195.8</b>	<b>1,224.5</b>	<b>2</b>
Gross margin	in % 41.2	40.9	
Selling and marketing expenses	-467.3	-478.1	2
Research and development expenses	-186.0	-196.4	6
Administration expenses	-149.3	-154.7	4
Other operating income	31.6	38.4	22
Other operating expenses	-2.5	-2.1	-16
<b>Income from operations/EBIT</b>	<b>422.3</b>	<b>431.6</b>	<b>2</b>

<sup>4</sup> As part of the acquisition of the Pinova Group, acquisition and integration costs of € 18.7 million were incurred in the fiscal year 2016. Furthermore, profit of € 3.5 million resulted from the disposal of Pinova Inc. on December 9, 2016. In the following section, we use normalized results (EBITN/EBITDAN) for the 2016 fiscal year adjusted for these one-off, non-recurring specific influences. In addition, figures from the previous year have been adjusted for the finalized purchase price allocation for Nutraceutix.

million). The R & D rate therefore amounted to 6.6 % (previous year: 6.4 %) of sales. **Administration expenses** were 4 % higher than in the previous year at € 155 million (2016: € 149 million). Administration expenses as a share of Group sales amounted to 5.2 % in the reporting year and therefore up slightly from 5.1 % in the previous year.

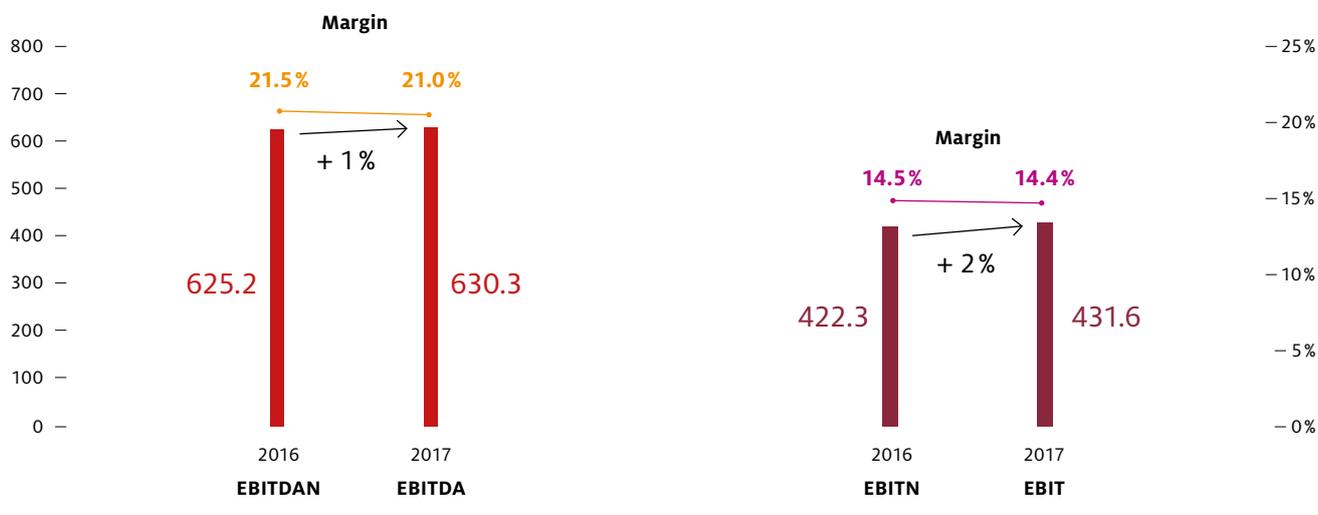
**Earnings Situation**

**Group:** Earnings before interest, taxes, depreciation and amortization (EBITDA) were up 1 % in 2017 to € 630 million

(2016 EBITDAN: € 625 million). The **EBITDA margin** was 21.0 % in the reporting year, compared to a normalized EBITDA margin of 21.5 % from the previous year.

**Scent & Care:** Scent & Care generated an EBITDA of € 248.1 million in 2017, which was below the normalized previous year figure of € 257.8 million (-4 %), mainly due to the sale of Pinova Inc. and higher raw material and research costs. The EBITDA margin therefore amounted to 19.6 %, compared to 19.7 % normalized in 2016.

## OVERVIEW OF EARNINGS, in € million / in %



**Flavor:** EBITDA for the Flavor segment was notably higher than last year at € 242.9 million in 2017 (2016: € 233.8 million). The EBITDA margin of 22.0 % was below the previous year's high level (2016 EBITDA margin: 23.0 %), mainly due to the inclusion of Cobell.

**Nutrition:** The Nutrition segment generated an EBITDA of € 139.4 million in 2017. This represents a 4 % increase on the previous year (2016: € 133.7 million). The excellent EBITDA margin of 22.1 % was still somewhat below the high level of the previous year (2016 EBITDA margin: 23.2 %).

**Financial result:** The financial result of € – 56.1 million for 2017 is € 10.2 million lower than the result from 2016. While the net interest result improved by € 0.9 million from € – 49.4 million in the previous year to € – 48.5 million, the item other financial result decreased from € 3.5 million to € – 7.6 million, mainly due to negative currency translation effects of € – 7.3 million (previous year: positive currency translation effects of € 8.8 million).

**Taxes:** In the 2017 fiscal year, tax expenses amounted to € 99.8 million (2016: EUR 97.2 million). The resulting tax rate of 26.6 % was down slightly compared with the previous year (27.2 %). An adequate provision for tax risk was made, as in previous years.

**Net income and earnings per share:** Net income amounted to € 270 million and therefore was € 5 million or 2 % higher than the figure from the previous year (adjusted for specific influences). Earnings per share rose by € 0.03 to € 2.08 (2016 normalized: € 2.05).

**Dividend proposal for 2017:** The Executive Board and Supervisory Board of Symrise AG will propose the distribution of a dividend of € 0.88 per share for the 2017 fiscal year at the Annual General Meeting on May 16, 2018. Symrise aims to continually achieve high yields for its shareholders and to enable shareholders to participate in the company's success by means of an appropriate dividend.

## FINANCIAL POSITION

### Financial Management

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

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

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

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

With an equity ratio of 38 % as of December 31, 2017, Symrise has a solid foundation for driving future business development forward in a sustained manner.

**Financing structure:** The Symrise Group covers its financial needs from its strong cash flow from operating activities and via long-term financing. In addition to the existing financing, Symrise issued a € 400 million convertible bond in June 2017, which was mainly used to repay the € 300 million Eurobond due in October 2017 and € 60 million in bilateral borrowings. The convertible bond has a term of seven years until June 20, 2024, a fixed interest rate of 0.2375 % and can regularly be converted into Symrise AG shares at a conversion price of € 91.8595 at present after five years. If no conversion occurs, the bond will be redeemed at 100 % to the investors.

Symrise fulfilled all of the contractual obligations resulting from loans (covenants) in the 2017 fiscal year.

In addition to the credit facility mentioned, bilateral bank credit lines for € 41 million exist in the Group to cover short-term payment requirements. The interest rates agreed on for the credit facility are at the accepted market rate.

## Cash Flow and Liquidity Analysis

### OVERVIEW OF CASH FLOW

€ million	2016	2017
Cash flow from operating activities	338.8	396.2
Cash flow from investing activities	- 311.0	- 219.3
Cash flow from financing activities	1.8	- 219.1
Cash and cash equivalents (Dec. 31)	301.6	229.5

Cash flow from operating activities amounted to € 396.2 million, € 57.4 million more than in the previous year (€ 338.8 million). Higher earnings and a lower increase in working capital are the main reasons for this improvement. The operating cash flow rate relative to sales was therefore 13.2%.

Cash outflow from investing activities declined by about € 91.7 million to € -219.3 million. It was primarily used for investments in property, plant and equipment. In addition, the acquisition of Cobell Ltd. accounted for € 10 million.

In the 2017 fiscal year, a cash outflow from financing activities of € -219.1 million resulted on a net basis. A cash inflow of € 1.8 million was posted in the previous year. Key components include the 2017 dividend paid out to shareholders for 2016 amounting to € 113.4 million, net repayments on bank borrowings and capital market liabilities in the amount of € 65.6 million and interest payments to financial institutes totaling € 38.4 million (previous year: € 38.4 million).

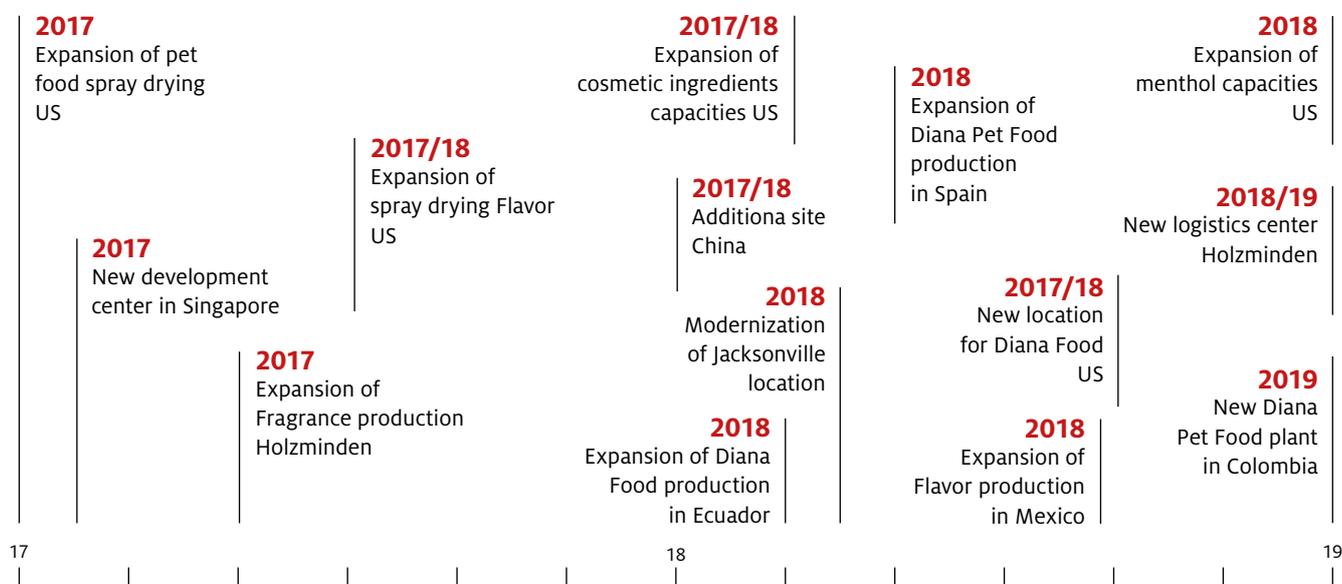
All payment obligations were fulfilled in the fiscal year. There were no shortfalls in liquidity during the year nor are any expected in the foreseeable future. The company has sufficient credit lines available, e.g., in the form of a revolving credit facility totaling € 300 million that was extended for an additional year in May 2016 and that will now remain available until May 2021. Only € 45 million of this line has been utilized as of December 31, 2017.

### Investments and Acquisitions

The Symrise Group invested € 205 million in intangible assets and property, plant and equipment in the 2017 fiscal year, after spending € 168 million in the previous year.

€ 19 million were spent on intangible assets (2016: € 17 million). Here, the focus was on the registration of chemicals according to the European chemical directive (REACH) as well as investments in software and patents. Investments in property, plant and equipment amounted to approximately € 186 million

### INVESTMENTS 2017 TO 2019



(previous year: € 151 million). The largest investment projects consisted of the production capacity expansions in all divisions and the new research and development center in Singapore. All of the projects were funded through operating cash flow. As of December 31, 2017, the Group had obligations to purchase property, plant and equipment amounting to € 58.1 million (December 31, 2016: € 65.5 million). This mainly relates to production facilities, hardware and office equipment. Most will come due during the course of 2018.

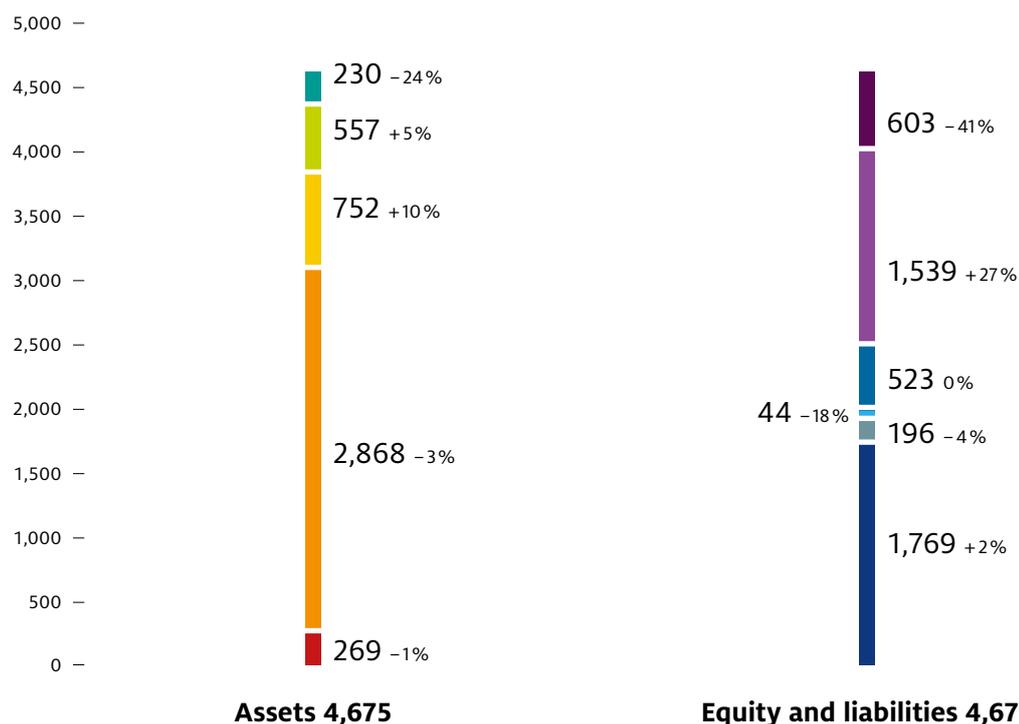
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#### OVERVIEW OF THE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2017 in € million

(Change compared to previous year's reporting date, in %)<sup>5</sup>



- Cash and cash equivalents
- Trade receivables
- Inventories
- Intangible assets and property, plant and equipment
- Other assets

- Current liabilities
- Non-current borrowings
- Provisions for pensions and similar obligations
- Other non-current liabilities
- Deferred tax liabilities
- Total equity

<sup>5</sup> The figures from the previous year have been adjusted for the finalized purchase price allocation for Nutraceutix.

## NET ASSETS

**Select Line Items in the Statement of Financial Position<sup>6</sup>**

Total assets as of December 31, 2017, decreased by € 78 million to € 4,675 million compared to the previous year (December 31, 2016: € 4,753 million).

On the assets side, the decline resulted from the lower level of **intangible assets** due to scheduled depreciation and amortization (December 31, 2017: € 1,966 million; December 31, 2016: € 2,112 million) and from lower **cash and cash equivalents** (December 31, 2017: € 230 million; December 31, 2016: € 302 million), which had increased significantly in the previous year due to the sale of Pinova Inc. in December 2016. This development was partially offset by an increase in **trade receivables** (December 31, 2017: € 557 million; December 31, 2016: € 528 million), **inventories** (December 31, 2017: € 752 million; December 31, 2016: € 680 million) and **property, plant and equipment** (December 31, 2017: € 902 million; December 31, 2016: € 857 million).

Intangible assets account for 42 % of total assets and comprise € 1,183 million of goodwill (December 31, 2016: € 1,222 million) and € 783 million of recipes and technologies, customer bases, trademarks, software, patents and other rights (December 31, 2016: € 891 million). They resulted almost entirely from business combinations.

The decrease in liabilities was mainly due to the repayment of **financial liabilities**, as the proceeds from the issue of the convertible bond were offset by higher repayments of the previous financing (December 31, 2017: € 1,628 million; December 31, 2016: € 1,750 million). On the other hand, **trade payables** increased compared to the previous year (December 31, 2017: € 276 million; December 31, 2016: € 254 million). With only a slight increase in the interest rate for pension commitments

<sup>6</sup> The figures from the previous year have been adjusted for the finalized purchase price allocation for Nutraceutix.

granted in Germany from 1.6 % in 2016 to 1.7 % in 2017, **provisions for pensions and similar obligations** amounted to € 523 million, as in the previous year. Overall, **current liabilities** decreased significantly (December 31, 2017: € 603 million; December 31, 2016: € 1,028 million), while **non-current liabilities** increased slightly (December 31, 2017: € 2,302 million; December 31, 2016: € 1,993 million).

Equity attributable to shareholders of Symrise AG as of December 31, 2017, amounted to € 1,713 million (December 31, 2016: € 1,672 million). A dividend of € 110 million was paid out in 2017 for the 2016 fiscal year. As of December 31, 2017, the equity ratio, including minority interests, was 37.8 % (December 31, 2016: 36.4 %).

**Net Debt**

€ million	2016	2017
Borrowings	1,749.8	1,627.7
Cash and cash equivalents	- 301.6	- 229.5
<b>Net debt</b>	<b>1,448.2</b>	<b>1,398.2</b>
Provisions for pensions and similar obligations	522.6	523.4
<b>Net debt including provisions for pensions and similar obligations</b>	<b>1,970.8</b>	<b>1,921.6</b>

The evaluation of compliance with the leverage covenants for the current and non-current borrowings is performed on the basis of the specifications in the various credit agreements. The evaluation to determine the leverage covenants uses the ratio of net debt to the EBITDAN of the last 12 months. This results in a net debt/EBITDAN ratio of 2.2, which is relevant for loan agreements. The ratio of net debt including provisions for pensions and similar obligations/EBITDAN amounts to 3.0.

We target a capital structure that allows us to cover our future potential financing needs at reasonable conditions by way of the capital markets. This provides us with a guaranteed high

**CAPITAL STRUCTURE**

€ million	2016		2017		Change in %
		<i>in % of total equity and liabilities</i>		<i>in % of total equity and liabilities</i>	
Equity	1,731.5	36	1,769.3	38	+ 2
Current liabilities	1,028.0	22	603.4	13	- 41
Non-current liabilities	1,993.3	42	2,301.9	49	+ 15
Liabilities	3,021.3	64	2,905.3	62	- 4
<b>Total assets</b>	<b>4,752.7</b>	<b>100</b>	<b>4,674.6</b>	<b>100</b>	<b>- 2</b>

level of independence, security and financial flexibility. We will continue our earnings-oriented dividend policy and give our shareholders an appropriate share in the company's success. Furthermore, it should be ensured that acquisition plans can be accompanied by solid financing options.

Significant obligations not reflected on the balance sheet exist in the form of obligations for the purchase of goods amounting to € 147.4 million (2016: € 150.0 million) and obligations regarding the purchase of property, plant and equipment amounting to € 58.1 million (2016: € 65.5 million).

Symrise AG has service contracts with various providers regarding the outsourcing of its internal IT. Some service contracts already existed in previous years. The remaining total obligation toward these service providers amounts to € 34.7 million (December 31, 2016: € 55.5 million), accounting for extraordinary termination rights.

Miscellaneous other financial obligations amounted to € 21.1 million as of December 31, 2017 (December 31, 2016: € 16.6 million) and are mostly obligations from consulting, service and cooperation contracts (€ 13.6 million; December 31, 2016: € 8.0 million).

## General Statement on the Company's Economic Situation

The Executive Board regards the Symrise Group's economic situation as positive. In 2017, the Group managed to once again substantially increase its sales with sustained high profitability. The company's financing is ensured for the medium term. Pending the passing of the resolution at the Annual General Meeting, Symrise AG shareholders will participate in the company's success by receiving a higher dividend than in the previous year.

## Outlook

### FUTURE CORPORATE DEVELOPMENT

For 2018, Symrise is reaffirming its long-term growth and profitability goals. The Group remains confident that it will continue to grow at a faster pace than the relevant market for fragrances and flavors. According to our own estimates and corporate data, the AFF market is expected to grow by 3 to 4 % worldwide in the current year. All segments, Scent & Care,

Flavor and Nutrition, continue to expect sales growth at local currency notably above the market rate.

The disciplined cost management and focus on high-margin business will be continued to further increase earnings. This includes initiatives to reduce complexity of processes and workflows and the development of innovative, sustainable products and technologies. Assuming rising raw material costs and in view of the current strength of the euro against the US dollar, the Group again expects to achieve an EBITDA margin of around 20 % in all segments in 2018. Without the effects from possible acquisitions, the ratio of net debt (including provisions for pensions and similar obligations) to EBITDA should be somewhere between 2.5 and 2.8 at the end of 2018. In the medium term, the company is aiming for a return to the debt range of 2.0 to 2.5.

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

### GENERAL STATEMENT ON THE COMPANY'S EXPECTED DEVELOPMENT

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

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

In July 2017, Symrise acquired the company Cobell, a British producer of raw materials for the beverage industry. The acquisition strengthens Symrise's presence in the United Kingdom. The acquisition of the Brazilian company Citratus in January 2018 will allow Symrise to expand its position in the Fragrance division and further strengthen its presence in the

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

## Corporate Governance Statement

The Corporate Governance Statement has been made available on Symrise AG's website at [www.symrise.com/investors/corporate-governance/corporate-governance-statement-and-corporate-governance-report](http://www.symrise.com/investors/corporate-governance/corporate-governance-statement-and-corporate-governance-report).

## Consolidated Income Statement for the fiscal year 2017 compared to the adjusted and normalized previous year

T€	2016 adjusted <sup>7</sup>	2016 normalized <sup>8</sup>	2017
Sales	2,903,187	2,903,187	2,996,294
Cost of goods sold	- 1,718,170	- 1,707,396	- 1,771,825
<b>Gross profit</b>	<b>1,185,017</b>	<b>1,195,791</b>	<b>1,224,469</b>
Selling and marketing expenses	- 469,555	- 467,294	- 478,129
Research and development expenses	- 186,152	- 185,980	- 196,432
Administration expenses	- 158,312	- 149,322	- 154,658
Other operating income	35,090	31,568	38,408
Other operating expenses	- 2,475	- 2,475	- 2,072
<b>Income from operations/EBIT</b>	<b>403,613</b>	<b>422,287</b>	<b>431,586</b>
Financial income	4,186	4,186	6,843
Financial expenses	- 50,059	- 47,835	- 62,981
<b>Financial result</b>	<b>- 45,873</b>	<b>- 43,649</b>	<b>- 56,138</b>
<b>Earnings before income taxes</b>	<b>357,740</b>	<b>378,638</b>	<b>375,448</b>
Income taxes	- 97,160	- 104,901	- 99,799
<b>Net income</b>	<b>260,580</b>	<b>273,737</b>	<b>275,649</b>
of which attributable to shareholders of Symrise AG	252,363	265,520	270,270
of which attributable to non-controlling interests	8,217	8,217	5,379
<b>Earnings per share (€)</b>	<b>1.94</b>	<b>2.05</b>	<b>2.08</b>

<sup>7</sup> The figures from the previous year have been adjusted for the finalized purchase price allocation for Nutraceutix. .

<sup>8</sup> In the 2016 fiscal year, one-time non-recurring specific influences from transaction and integration costs as well as one-time valuation effects related to the Pinova acquisition were normalized. Furthermore, amortization on an investment was normalized in financial expenses. The special influences had an impact on the Scent & Care segment in the amount of T€ 18,674 and T€ 2,224 on the Nutrition segment.

## Consolidated Statement of Financial Position

T€	December 31, 2016 adjusted	December 31, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	301,648	229,505
Trade receivables	528,353	557,436
Inventories	680,431	751,511
Other non-financial assets and receivables	71,992	77,507
Financial assets	29,147	24,012
Income tax assets	23,567	25,538
	<b>1,635,138</b>	<b>1,665,509</b>
<b>Non-current assets</b>		
Intangible assets	2,112,411	1,965,890
Property, plant and equipment	857,378	901,620
Other non-financial assets and receivables	19,001	27,809
Financial assets	23,575	7,623
Investments in associated companies	2,000	0
Deferred tax assets	103,221	106,170
	<b>3,117,586</b>	<b>3,009,112</b>
<b>TOTAL ASSETS</b>	<b>4,752,724</b>	<b>4,674,621</b>

## Consolidated Statement of Financial Position

T€	December 31, 2016 adjusted	December 31, 2017
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables	254,383	276,229
Borrowings	536,336	88,974
Other non-financial liabilities	152,785	155,921
Other provisions	14,394	12,432
Other financial liabilities	12,510	7,186
Income tax liabilities	57,590	62,639
	<b>1,027,998</b>	<b>603,381</b>
<b>Non-current liabilities</b>		
Borrowings	1,213,545	1,538,764
Other non-financial liabilities	6,932	5,673
Other provisions	22,462	21,073
Provisions for pensions and similar obligations	522,552	523,368
Other financial liabilities	11,846	5,198
Deferred tax liabilities	203,956	195,861
Income tax liabilities	11,967	11,967
	<b>1,993,260</b>	<b>2,301,904</b>
<b>TOTAL LIABILITIES</b>	<b>3,021,258</b>	<b>2,905,285</b>
<b>EQUITY</b>		
Share capital	129,813	129,813
Capital reserve	1,375,957	1,405,085
Reserve for remeasurements (pensions)	- 181,633	- 178,783
Cumulative translation differences	- 62,537	- 213,838
Accumulated profit	407,764	567,234
Other reserves	2,316	3,235
<b>Symrise AG shareholders' equity</b>	<b>1,671,680</b>	<b>1,712,746</b>
Non-controlling interests	59,786	56,590
<b>TOTAL EQUITY</b>	<b>1,731,466</b>	<b>1,769,336</b>
<b>LIABILITIES AND EQUITY</b>	<b>4,752,724</b>	<b>4,674,621</b>

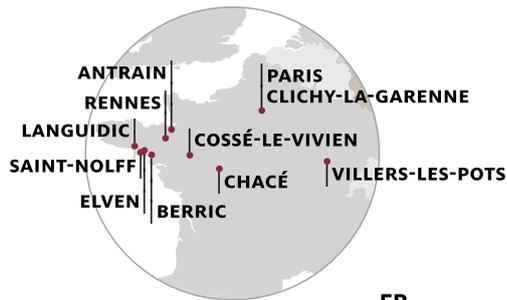
# Global Locations

- Global Headquarters
- Regional Headquarters
- Symrise Sites





US



FR



DE



# Financial Calendar 2018

**March 14, 2018**

Corporate and Financial Report 2017

**May 8, 2018**

Quarterly Statement January – March 2018

**May 16, 2018**

Annual General Meeting, Holzminden

**August 14, 2018**

Interim Group Report January – June 2018

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## **Forward-Looking Statements**

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

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