Group Management Report

January 1 to December 31, 2016
### OVERVIEW OF THE 2016 FISCAL YEAR

- **Basic Information on the Symrise Group**: 5
- **Structure and Business Activities**: 5
- **Business Activities and Products**: 7
- **Market and Competition**: 10
- **Goals and Strategy**: 11
- **Research and Development**: 13
- **Employees**: 16

### Economic Report

- **Global Economic and Industry-Related Conditions**: 19
- **Corporate Development**: 22
- **Sustainability**: 32

### Opportunities and Risk Report

- **Principles**: 33
- **Opportunities Management**: 33
- **Opportunity Report**: 33
- **Risk Management**: 34
- **Risk Report**: 35
- **Overall Assessment of Opportunity and Risk Situation**: 38

### Essential Features of the Accounting-Related Internal Control and Risk Management System

- **Main Features and Objectives**: 39
- **Organization and Process**: 39

### Subsequent Report

- **General Statement on the Company’s Economic Situation**: 40
- **Outlook**: 40
  - Future General Conditions: 40
  - Future Corporate Development: 41
  - General Statement on the Company’s Expected Development: 42
- **Remuneration Report**: 43
  - Remuneration of the Executive Board: 43
  - Remuneration of the Supervisory Board: 48
- **Disclosures in Accordance with Section 315 (4) of the German Commercial Code (HGB)**: 50
- **Corporate Governance Statement**: 52
- **Consolidated Income Statement with a Separate Presentation of the Special Influences for the 2016 Fiscal Year**: 53
Highlights 2016
Profitable Growth in all Regions and Divisions

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>EBITDA</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006*</td>
<td>1,229</td>
<td>243</td>
<td>19.8</td>
</tr>
<tr>
<td>2007</td>
<td>1,275</td>
<td>272</td>
<td>21.3</td>
</tr>
<tr>
<td>2008</td>
<td>1,320</td>
<td>263</td>
<td>19.9</td>
</tr>
<tr>
<td>2009</td>
<td>1,362</td>
<td>246</td>
<td>18.0</td>
</tr>
<tr>
<td>2010</td>
<td>1,572</td>
<td>331</td>
<td>21.1</td>
</tr>
<tr>
<td>2011</td>
<td>1,584</td>
<td>316</td>
<td>20.0</td>
</tr>
<tr>
<td>2012</td>
<td>1,735</td>
<td>340</td>
<td>19.5</td>
</tr>
<tr>
<td>2013</td>
<td>1,830</td>
<td>373</td>
<td>21.9</td>
</tr>
<tr>
<td>2014*</td>
<td>2,120</td>
<td>465</td>
<td>22.0</td>
</tr>
<tr>
<td>2015</td>
<td>2,602</td>
<td>572</td>
<td>21.5</td>
</tr>
<tr>
<td>2016*</td>
<td>2,903</td>
<td>625</td>
<td>21.1</td>
</tr>
</tbody>
</table>

CAGR 06–16: –9.0%  –9.9%

*EBITDA adjusted for restructuring and integration expenses

SALES BY REGION
As % of Group sales and growth in % (at local currency)

- EAME: 1,198 € million, 41% (+8%)
- North America: 732 € million, 25% (+28%)
- Asia/Pacific: 623 € million, 21% (+11%)
- Latin America: 350 € million, 12% (+29%)

SALES IN EMERGING MARKETS
% of Group sales (at local currency)

- Developed markets: 57%
- Emerging markets: 43%

SHARE PRICE DEVELOPMENT of the Symrise stock in 2016

- Symrise
- MDAX
- DAX

Adjusted earnings per share: €2.05
Proposed dividend: €0.85

SHARE PRICE DEVELOPMENT of the Symrise stock in 2016

- Symrise
- MDAX
- DAX

SHARE PRICE DEVELOPMENT of the Symrise stock in 2016

- Symrise
- MDAX
- DAX
Overview of the 2016 Fiscal Year

The global economy grew at a slow rate in 2016. And yet, 2016 was a successful year for Symrise. The Group generated sales of €2,903 million in the 2016 fiscal year. Sales increased 12% (16% at local currency) over the previous year. Excluding portfolio effects (acquisition of the Pinova Group, Scelta Umami, Nutra Canada, Nutraceutix as well as the disposal of Pinova Inc. and CAP pork specialties) (2015)¹, sales growth amounted to 8% at local currency. The share of sales generated in emerging markets accounted for 43% of Group sales and was therefore 3 percentage points below last year’s mark of 46%. This was primarily due to acquisition effects. Normalized earnings before interest, taxes, depreciation and amortization (EBITDAN)² of the Symrise Group increased by 9% to €625 million (EBITDA 2015: €572 million). The Group’s EBITDAN margin, as based on sales, was 21.5% and therefore below the previous year’s level of 22.0%. This was mainly due to the inclusion of the Pinova Group in the consolidated financial statements.

The Scent & Care segment generated sales of €1,311 million in 2016. Sales were therefore up 22% on the previous year’s level. At local currency, this corresponds to growth of 25%. Excluding the Pinova acquisition, organic growth would have amounted to 5% at local currency. EBITDA was up 12% over the previous year at €258 million. The EBITDAN margin therefore amounted to 19.7% in 2016, compared to 21.5% in 2015. Flavor increased its sales by 4% to €1,016 million. At local currency, this corresponds to 10% growth. EBITDA for the segment was also significantly higher than last year, amounting to €234 million in 2016, (2015: €219 million). The EBITDA margin amounted to 23.0%, compared to 22.3% in the previous year. The Nutrition segment increased sales 5% to €576 million. At local currency, this corresponds to 9% growth. The segment generated an EBITDA of €134 million in 2016. This was also well above the previous year’s level (2015: €122 million). The EBITDA margin was 23.2%, compared to 22.3% in 2015.

The Symrise Group’s normalized net income rose by 8% over the previous year to €266 million in the 2016 fiscal year. Earnings per share adjusted for one-time specific influences improved from €1.90 in the previous year to €2.05 in the reporting year. The Executive Board and Supervisory Board will propose to increase the dividend from €0.80 to €0.85 per share at the Annual General Meeting on May 17, 2017.

Cash flow from operating activities amounted to €339 million in 2016, €36 million less than in the previous year (€375 million). The main reason for this is an increase in our inventory assets, particularly with the spike in raw material prices. The Symrise Group’s liquidity increased by €23 million to €302 million as of December 31. Net debt (including provisions for pensions and similar obligations) increased as of the end of the 2016 reporting period by €395 million to €1,971 million, due in large part to the acquisition of the Pinova Group. On an annualized basis, the ratio of net debt to EBITDAN was 3.1 as of the end of the reporting period on December 31, 2016, 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 base materials and substances, 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 €2.9 billion in the 2016 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 with locations in over 40 countries 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 €7.5 billion at the end of 2016, Symrise shares are listed on the MDAX® index. Currently, approximately 94% of the shares are in free float.

The Flavor, Nutrition and Scent & Care segments are responsible for the company’s operating business. The former Flavor & Nutrition segment was split into two new segments (Flavor and Nutrition) as part of a new organizational and reporting structure related to the appointment of two further Executive Board members effective October 1, 2016. Each segment has its own research and development, purchasing, production,
quality control, marketing and sales departments. This system allows internal 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 contains the Beverages, Savory and Sweet business units. The Nutrition segment consists of the Diana division and 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 Group’s business activities are also organized into four regions: Europe, Africa and the 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: Finance, Corporate Communications, Investor Relations, Legal Affairs, Human Resources, Group Compliance and Corporate Internal Audit. Other supporting functions such as information technology are prevalently either outsourced to external service providers or bundled in separate Group companies. The latter have maintained business ties to customers outside the Group, for example, in the areas of technology, energy, safety, the environment and logistics.

Symrise AG’s headquarters are located in Holzminden, Germany. At this site, the Group’s largest, Symrise employs 2,284 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.

MANAGEMENT AND OVERSIGHT
Symrise is a German stock corporation with a dual management structure consisting of an Executive Board and a Supervisory Board.

The Executive Board was comprised of three members until September 30, 2016: Dr. Heinz-Jürgen Bertram (President Flavor & Nutrition Worldwide and Chief Executive Officer), Achim Daub (President Scent & Care Worldwide) and Olaf Klinger (CFO). As of October 1, 2016, two further members were appointed to the Executive Board. From this date through December 31, 2016, the Executive Board was comprised of five members: Dr. Heinz Jürgen Bertram (CEO), Achim Daub (President Scent & Care Worldwide), Olaf Klinger (CFO), Dr. Jean-Yves Parisot (President Nutrition) and Heinrich Schaper (President Flavor). The Executive Board is responsible for managing the com-
pany with the primary aim of sustainably increasing the company’s value.

Symrise AG’s Supervisory Board has twelve members. It oversees and advises the Executive Board in the management of the company and regularly discusses business development, planning, strategy and risks with the Executive Board. In compliance with the German Codetermination Act, Symrise AG’s Supervisory Board has an equal number of shareholder and employee representatives. The Supervisory Board has formed four committees to increase the efficiency of its work.

Details on cooperation between the Executive and Supervisory Boards as well as on corporate governance at Symrise can be found in the Supervisory Board and corporate governance statements.

**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.

**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

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**SYMRISE’S VALUE CHAIN**

<table>
<thead>
<tr>
<th>Raw materials</th>
<th>Product development</th>
<th>Manufacturing process</th>
<th>Customers</th>
<th>Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Natural ingredients</td>
<td>• Natural extracts</td>
<td>• Extraction</td>
<td>Manufacturers of:</td>
<td></td>
</tr>
<tr>
<td>• Petro-based raw materials</td>
<td>• Functional ingredients</td>
<td>• Distillation</td>
<td>• Foods</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Compositions</td>
<td>• Chemical processes</td>
<td>• Beverages</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Encapsulation technologies</td>
<td>• Perfumes</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Mixes</td>
<td>• Cosmetics</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Oral care products</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Household products</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Pet food</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Technical applications</td>
<td></td>
</tr>
</tbody>
</table>

**Market volume**

€ 27.5 billion
Corporate Structure, including Pinova, as of December 2016
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 145 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, food coloring 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 alcoholic, nonalcoholic, 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, ready-made meals, instant noodles and meat products as well as in the “Snack Food” category with seasonings for snacks. Both areas focus on creating successful concepts for customers that meet consumers’ constantly growing desire for authentic flavor, naturalness and convenience. Here, Symrise can rely on its sustainable core competencies in meat and vegetables as well as its cutting-edge food technology and research.

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

**NUTRITION**

The Nutrition segment has sites in 23 countries and markets its nearly 2,000 products in 89 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 business unit Aqua is organizationally situated within the Nutrition segment as an independent business unit. Aqua develops and produces sustainable marine ingredients for aquacultures used for nutritional-physiological and animal health purposes.

**Probi:** All activities having to do with probiotics will be pooled in this business unit from now on. These activities largely stem from 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 135 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 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 world market leader in the premium cosmetic ingredients market – ingredients used in everything from cosmetic products with multifunctional benefits to sun protection solutions. The Cosmetic Ingredients division is a recognized innovation leader that has received 36 innovation awards for new substances over the last ten years. In the same period, it has submitted numerous patent applications for new substances. In 2016 alone, the division submitted 17 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 Renesson LLC, acquired and integrated in 2016, and its terpene-based products made from renewable and sustainable raw materials.

With the sale of Pinova Inc., the Aroma Molecules division will now concentrate on its core competencies of fragrances and sensory ingredients, which are primarily used in the fragrance and flavor industry. The integration of the remaining Renesson business expands the existing Symrise portfolio, particularly in the area of cooling substances and products made from natural and renewable raw materials.

**MARKET AND COMPETITION**

**MARKET STRUCTURE**

The Symrise Group is active in many different markets around the world. These include the traditional market for flavorings and fragrances (F & F market), whose volume amounted to € 22.3 billion in 2016, according to calculations made by the IAL Consultants market research institute (10th 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 current 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

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**RELEVANT AFF MARKET SIZE 2016**

in € billion (approx. € 27.5 billion overall)

- 5.2
- 12.2
- 10.1

**MARKET SHARE AFF MARKET 2016**

in % (Market volume approx. € 27.5 billion)

- Symrise: 51%
- Givaudan: 16%
- IFF: 11%
- Others: 11%


Source: corporate data and internal estimates
€27.5 billion and is achieving average long-term growth of about 3% 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 products containing fragrances and flavorings or cosmetic ingredients. Market growth also depends on more basic products that meet everyday needs and already have an established presence in the markets of industrialized nations. In the developed Western European, Asian and North American markets, consumer trends such as beauty, health, well-being, convenience and naturalness determine the growing demand for products containing Symrise ingredients.

**SYMRISE’S MARKET POSITION**

Symrise is one of the largest companies in the F & F industry. In relation to the relevant market of €27.5 billion, Symrise’s market share for 2016 is roughly 11% in terms of sales. Symrise has expanded the traditional segments to include even more applications: for instance, with cosmetic ingredients in Scent & Care and pet foods and food ingredients within the Diana division of the Nutrition segment. On the basis of these more complex product solutions, greater value creation can be achieved. In submarkets such as food supplements, sun protection 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 regarding our footprint, innovation, sourcing and care, we minimize risk and promote Symrise’s continued economic success.

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**LONG-TERM GOALS 2020**

<table>
<thead>
<tr>
<th>Financial goals</th>
<th>Complementary operative goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth at local currency&lt;br&gt;5 – 7% p.a. (CAGR)</td>
<td>Share of sales&lt;br&gt;&gt; 50% from emerging markets</td>
</tr>
<tr>
<td>EBITDA margin&lt;br&gt;19 – 22%</td>
<td>Customer portfolio mix&lt;br&gt;1/3 global, regional, local</td>
</tr>
<tr>
<td>Connecting products and technologies of acquisitions</td>
<td></td>
</tr>
</tbody>
</table>

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**SUSTAINABILITY**
MARKET POSITION
With long-term growth of 5 to 7% per year at local currency (CAGR), our sales growth should exceed the long-term growth of the market, which is expanding by about 3% 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 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 a strategic target value of 19 to 22% on average, serves as an indicator of the company's profitability. Increasing the value of the company is accounted for in the remuneration system for the Executive Board and selected managerial staff. In addition, we attach great importance to the company's financial stability. Management's focus, therefore, is guided by these financial control parameters. Non-financial benchmarks are playing an increasingly important role, particularly in areas relating to the environment, procurement, employees and innovation.
RESEARCH AND DEVELOPMENT
GUIDELINES AND FOCUS AREAS

Our research and development (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 link up 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 collaborations and networks (Open Innovation) are bringing a wealth of new methods and ideas to the development process. Along with ideas from Open Innovation, Symrise also maintains a global project network with industrial and academic partners that covers every development stage of the innovative process. Furthermore, all R & D activities are geared to the guidelines of megatrends, consumer needs, customer requirements, sustainability, innovation and cost efficiency. The capitalization rate for research and development activities remained immaterial as in the previous year.

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. For instance, high-quality essential oils from Madagascar were presented at the World Perfumery Congress in Orlando – receiving lots of interest and recognition. Additional product launches include new encapsulation technologies like Ambrostar®, which acts as a new benchmark for longevity, and SymCap® G2, an improved second generation fragrance release solution that increases customer benefits and is formaldehyde free. Furthermore, a product series of fatty oils sustainably produced in the Brazilian Amazon region were presented at the In Cosmetics in Paris.

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 ethnic hair care: Our recently opened Hair Care Innovation Center in São Paulo, Brazil, presented its first products for ethnic hair care and products that protect hair from air pollution at the In Cosmetics Brasil in 2016.

With the intelligent and mutually complementary combination of technical innovations and sensory research – performed in close cooperation with Diana – we managed to notably enhance the acceptance of product solutions for masking malodors in pet food.
The Flavor and Nutrition segments handle the following topics based on certain technology platforms while maintaining special focus on sustainability:

- Formulation technologies for flavors with reduced energy consumption, increased use safety and improved performance profiles.

- Development and manufacturing recipes, which are backed by data analysis and computational models, for producing flavor solutions with optimized raw material selection and a reduced environmental footprint.

- Development of new and improved processes for using valuable natural resources by incorporating biocatalysis and fermentation technologies while reducing waste and byproducts with support from life cycle analyses.

- Examination and improvement of select renewable raw material flows, such as vanilla or onions, by optimizing cultivation, harvest, transport and storage. Selection of superior varieties with the aid of chemical and biological analysis as well as the determination of temporal and locational quality parameters for avoiding losses.

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 year under review via newly developed, statistically based model calculations for optimizing recipes based on analytical data and sensory results. This method is particularly suited for combining and optimizing natural raw materials with complex sensory characteristics as a way to refine a product’s sensory profile. At the same time, a systematic enhancement of agriculture-based raw materials is carried out in the Diana Food business unit.

Together with Diana Pet Food, comprehensive research and development work takes place in developing and optimizing flavor systems and technologies for food components that increase pets’ acceptance of food. Here, a new patent-protected cell model was developed in cooperation with B.R.A.I.N. AG in Zwingenberg, Germany, that can identify specific substances that cats tend to prefer.

Other focus areas of our research activities include flavor systems and technologies to increase the health benefits of foods – for instance, protein-rich foods and foods with reduced sugar, fat or salt. New flavor solutions to enhance reduced sugar beverages were introduced in the past year. Additionally, the platform for flavors was expanded to include solutions that can reduce the unwanted taste of certain food ingredients, such as plant proteins.

An increasingly important key to success is the ability to skillfully combine 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, DNA fingerprinting) as well as processes that use chem-/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®). The statistical analysis, evaluation and planning of experiments for the development and optimization of sustainable processes and flavor compositions (“design of experiments,” DoE) also play a key role.

**Organization**

Symrise’s three segments each manage their own R&D activities due to the varying requirements of their respective markets and customers. At the same time, technologies, processes and findings are made available to all segments in order to achieve synergies. Multiple R&D centers around the world ensure that the regional activities of the segments are optimally supported. The R&D activities of the Scent & Care segment in Holzminden primarily concentrate on researching fragrances and cosmetic ingredients as well as implementing the principles of green chemistry in developing fragrances and cosmetic ingredients. The research of the Flavor segment in Holzminden focuses on developing natural flavors and natural (including biotechnological) processes for generating such substances, on sourcing sustainable raw material and on effectively formulating technologies. Furthermore, there is a focus on developing new functional ingredients for application in foods. We also have development and application technologies for the segments in Teterboro (USA), Singapore, Tokyo (Japan), Chennai (India), Paris (France) and São Paulo (Brazil). The lion’s share of R&D activities for the Nutrition segment (Pet Food
and Food) are performed in France. Focus areas for development in the Nutrition segment include the development of product solutions for foods and beverages for healthy nutrition as well as improving pets’ acceptance of pet foods, particularly for cat food.

To network further within the scientific community, Symrise representatives participated in numerous scientific events, presenting the company’s latest research. Our presentations on sustainable (green) chemistry at the Green and Sustainable Conference, Berlin, and the Sixth International IUPAC Conference on Green Chemistry in Mestre, Italy, are just a few notable examples. Symrise was the “number one player” at the World Perfumery Congress 2016 in Miami, Florida, USA, and demonstrated its industry leadership with plenary lectures surrounding the topic of sustainability. Results from applied research and cosmetic research were showcased in various presentations at the 24th IFSCC (International Federation of Societies of Cosmetic Chemists) conference in Orlando, Florida, USA, and two of these were named to the Top10 Award List. Other research contributions on the impact of pollution on skin aging and the protection that new Symrise product concepts can provide were met with great interest among the scientific community when they were presented at the International Anti-Aging Conference in London and the renowned Jean-Paul Marty Symposium in Paris. At the important Wartburg Symposium on Flavor Chemistry and Biology, the latest findings on natural, umami taste-generating substances were presented. As part of the FEMA Conference on Sustainability in October 2016, our long-standing partner in the field of the bioactivity of flavoring substances, Prof. Dr. Somoza from the University of Vienna, was recognized with the FEMA award “Excellence in Flavor Research.”

Again in 2016, Symrise’s research was recognized for its high level of innovation with numerous awards from international trade fairs. Symrise received two awards at the PCHI China relating to its new products for sensitive skin. At the In Cosmetics in Paris, Symrise’s cosmetics research also received two awards: one for an antimicrobial substance sustainably produced from sidestreams and the other for a new product concept aimed at preventing skin aging caused by environmental pollution.

Symrise participates in numerous scientific research projects that are supported by the German Federal Ministry of Education and Research (BMBF), the NBank (Lower Saxony’s business development bank) or other public and private funding institutions. Sustainability, raw material sourcing, improvements to food ingredients and added health benefits all play an important role in this. Symrise is also an associate partner in the cluster project “Nutriact” for the Berlin-Brandenburg region, which was approved by the BMBF in 2015. It focuses on modern scientific nutrition concepts. Symrise is a leading partner in a project sponsored by the Research Association of the German Food Industry (FEI). The project aims to identify and minimize unappetizing flavors in plant proteins. Furthermore, an ongoing cooperation at the University of Vienna identified and confirmed that flavoring substances that can be used in food concepts provide valuable contributions to preventing obesity (Symslim®). The cooperation launched in 2011 and is equally funded by the Austrian Christian Doppler Research Association and Symrise AG.

From idea to marketable product, the innovation process at Symrise is organized around a uniform, stage gate process with decision filters, which has been implemented across the company. A business plan containing exact project descriptions, including the project’s costs, sustainability parameters and resource usage, is developed for every project. An evaluation system for determining the sustainability of projects and the resulting products and processes was also developed and introduced in 2015.

Along with a high number of patent submissions (48 new applications were made in 2016 – the most ever in the company’s history), an external IP (intellectual property) assessment is also included when evaluating the innovation results and quality. The Patent Asset Index™ from PatentSight® evaluates global coverage and competitive impact. Symrise’s IP portfolio continues to be the most competitive position in the entire industry. With a share of about 25% of the IP index, Symrise considerably outperforms its market share.
**R & D EXPENSES**, in € million

<table>
<thead>
<tr>
<th>Year</th>
<th>R &amp; D Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>113.8</td>
</tr>
<tr>
<td>2013</td>
<td>127.0</td>
</tr>
<tr>
<td>2014</td>
<td>138.9</td>
</tr>
<tr>
<td>2015</td>
<td>169.6</td>
</tr>
<tr>
<td>2016</td>
<td>186.2</td>
</tr>
</tbody>
</table>

**RESEARCH AND DEVELOPMENT EXPENSES**
Total R&D expenditures amounted to € 186 million in the 2016 fiscal year (previous year: € 170 million), comprising 6.4% of sales (previous year: 6.5%). 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, 2016, the Symrise Group employed 8,944 people worldwide (not including trainees and apprentices). In comparison to December 31, 2015 (8,301), this represents an additional 643 employees. The largest increase in employees was in the Scent & Care segment (+ 263 employees), which employs 29% of all Group employees. This was particularly influenced by the acquisition of Renessenz LLC as part of the Pinova Group in the USA. 35% of employees work in the Flavor segment, 26% in the Nutrition segment. Here, the number of employees also increased considerably in 2016 (+ 252 employees), primarily due to the acquisition of Nutraceutix Inc. via the Swedish company Probi AB. About 10% of the Group’s employees work in Corporate Services and the Corporate Center as well as in the separate Group companies Symotion and Tesium, 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 nearly identical to the previous year at 148 (previous year: 147 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 largest portion of the Symrise Group’s workforce is employed in the area of production and technology (47%). This area grew by 269 employees.

**NUMBER OF EMPLOYEES BY SEGMENT**

<table>
<thead>
<tr>
<th>Segment</th>
<th>December 31, 2015</th>
<th>December 31, 2016</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flavor</td>
<td>3,069</td>
<td>3,164</td>
<td>+3</td>
</tr>
<tr>
<td>Nutrition</td>
<td>2,043</td>
<td>2,295</td>
<td>+12</td>
</tr>
<tr>
<td>Scent &amp; Care</td>
<td>2,299</td>
<td>2,562</td>
<td>+11</td>
</tr>
<tr>
<td>Corporate functions and services</td>
<td>890</td>
<td>923</td>
<td>+4</td>
</tr>
<tr>
<td>Total (not including trainees and apprentices)</td>
<td>8,301</td>
<td>8,944</td>
<td>+8</td>
</tr>
<tr>
<td>Trainees and apprentices</td>
<td>147</td>
<td>148</td>
<td>+1</td>
</tr>
<tr>
<td>Total</td>
<td>8,448</td>
<td>9,092</td>
<td>+8</td>
</tr>
</tbody>
</table>

*Basis: Full-time equivalents (FTE), not including temporary workers*
in 2016, which was the largest growth in the Group. 23 % of the workforce is employed in sales and marketing, while 18 % of employees work in research and development.

Of the Group’s 8,944 employees, about 29 % work at sites in Germany, while the EAME region as a whole accounts for 50 % of the workforce. 19 % 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 regularly assess the development of demographics in our workforce. Development of demographics will be very steady over the next ten years. The natural reduction of the workforce due to retirement will be around 1 to 2 % per year until 2020.

39 % of the Symrise Group’s employees have been with the company for at least ten years – at German sites, this group accounts for 68 % of the workforce. Our employee turnover rate remained very low in Germany, totaling 1.1 % in 2016. Globally, the figure was 4.8 %.

PERSONNEL STRATEGY
In 2016, we provided a new dynamic for the continued development of our HR policy with the employee engagement survey. About 5,400 employees in ten different countries participated in the survey, which corresponds to 80 % of all staff. This excellent participation rate points to a high level of acceptance for the employee engagement survey as an internal tool.
corporate tool for communication and involvement. With the statistically valid feedback, we continue to refine our corporate culture.

**The Employee Commitment Index**
An important form of feedback from our employees is expressed in the employee commitment index.

This figure reflects:

- The satisfaction of employees with their work situation (satisfaction, reapplication, recommendation)
- How motivated they are to work for Symrise (personal motivation and team motivation), to identify themselves with the company and work towards its goals
- Their trust in the competitive ability and future viability of the company and therefore their trust in the company's leadership

Employee commitment is calculated as an index score on a scale of 0 to 100. A higher index score means higher commitment.

With an index score of 67, employee commitment improved 4 points compared to the last survey in 2012. This shows that employees are satisfied with the development of the company as a preferred employer. They trust the company’s innovative and competitive abilities and this provides them with motivation for their daily work.

Potential for improvement was identified in the following areas:

**Employee and Manager Development**
In 2017, we will improve career development and advancement opportunities at Symrise in a targeted manner. Career advancement, learning and (with corresponding performance and ability) promotions are particularly important to our employees.

**Transparent Remuneration Structures**
A further focus is on enhancing transparency in our remuneration structures. In many countries, we are bound by wage agreements. Outside of these wage agreements, our job grade concepts set the structure for non-tariff salaries in the various countries. Bonus systems with performance- and success-based variable remuneration components allow employees to share in the company’s success.

By training our managers, we want to promote knowledge about our remuneration systems and help our managers be in better position to explain remuneration decisions to employees.

**Education**
One of Symrise’s strength lies in training and education. We spend about € 3 million annually on training and personnel development measures worldwide.

In 2016, about 350 training sessions were held (160 internal and 190 external), where a total of 1,516 employees participated. Worldwide, the total training amounted to about 48,450 hours. The training content included practical workshops for managers who pass on the knowledge gained to their teams. A notable focus of these training sessions was sustainability.

In Germany, we have also intensified our investment in training future specialists. We hired 46 young people for training and also trained unemployed individuals from outside the field as chemical production specialists in a joint initiative with the local employment agency. This training lasts about two years. In June 2016, 16 people completed the training, while another 15 are still being trained and will complete the program in 2017. This helps us prepare for coming demographic changes. Furthermore, we offer English courses for our production employees to help familiarize them with international work instructions. As of December 31, 2016, a total of 147 apprentices and trainees were employed at our sites in Germany. This corresponds to a training rate of around 5.5%.

At our flavorist and perfumer schools, we train specialists 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. These measures are regularly supported by Symrise.

**Health Management and Demographic Change**
This past year, health management continued to focus intensively on the risk assessment, which is anchored in work safety law, of psychological stresses. After including the operating divisions and later the laboratories in 2015, the focus for 2016 was mainly on assessing office environments at Symrise.

With the help of a checklist, employees were surveyed on the following topics: decision-making freedom, time pressure, conflicting requirements, cooperation and management, work environment and demographic aspects. The Work Safety
department guided the process and supported the managers in developing any necessary measures and implementing these. Since many work processes were critically scrutinized and analyzed at these meetings, the risk analysis also supported the company’s lean management efforts.

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 exist, we use a globally standardized job grade concept. This ensures that every employee receives fair and competitive remuneration.

In Germany, Symrise uses the pay rates for the chemical industry. Accordingly, wages increased 2.3% as of September 1, 2016. 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 October 2017, the wages will be adjusted a further 1.6%.

Furthermore, a profit-sharing option was offered to employees covered by wage agreements in Germany. Employee performance should pay off at Symrise. With this profit-sharing scheme, outstanding performance at the German sites is being acknowledged.

Symrise’s standardized job grade concept remuneration model applies to all regions. It is structured according to the function of the position and its respective responsibilities. 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 promotes movement between both paths. In 2016, we revised our job grade concept in cooperation with a group of experts and will inform our managers and employees about the changes in 2017 via a broad communications campaign and training measures.

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 70 managers with global or regional responsibilities.

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 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 competitiveness-enhancing 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

GLOBAL ECONOMIC AND INDUSTRY-RELATED CONDITIONS

GLOBAL ECONOMIC CONDITIONS
The global economy grew at a slow rate in 2016. According to International Monetary Fund (IMF) estimates from January 2017, global economic output grew 3.1% following growth of 3.2% in the previous year. Growth in industrialized countries slowed notably from 2.1% in 2015 to 1.6% in 2016, though things began to pick up, particularly in the US, after a slow first half. The UK’s decision in June 2016 to leave the European Union (EU) has so far not resulted in the expected economic slowdown. Despite the extremely expansive monetary policy of the European Central Bank (ECB), growth in the eurozone remained slow (+1.6%). According to calculations from the German Federal Statistical Office, the German gross domestic product (GDP) increased 1.9% in 2016 – primarily driven by consumer spending in both the private and public sector.
Economic growth in the emerging and developing countries averaged 4.1% in 2016 – identical to the previous year. With a growth rate of 6.3%, Asia remained the world’s fastest growing region led by China (+6.7%) and India (+6.6%). By contrast, the economies of Argentina and Brazil are in recession. Russia continues to feel the effects of the embargo, which was enacted in response to its activities in Crimea and Eastern Ukraine. The Turkish economy is suffering from the impacts of domestic political turbulence – particularly in the tourism industry, which has seen business come to a near complete standstill.

When viewed as an isolated factor, overall economic development has varying influence on the course of business of Symrise:

- In the developed markets, economic fluctuations have very little effect on the demand for end products containing Symrise products if they cover basic needs – for example, in the nutrition, personal care or household segments.
- The demand for products in the “luxury segments” of Fine Fragrances and Beauty Care is significantly more dependent on the disposable income of private households.
- In the emerging markets, there is higher demand for products refined with flavorings and fragrances, in keeping with the dynamically increasing standard of living of the population.
- Symrise customer companies manage production and warehousing so that as little capital as possible is tied up. Uncertainties about future sales development lead to adjustments, including those that affect the amount of products purchased from Symrise.

Symrise benefited from its favorable market position in the emerging markets as well as a broadly diversified customer portfolio in the 2016 fiscal year.

**DEVELOPMENT OF ESSENTIAL SALES MARKETS**

The relevant market for the Symrise Group is growing about 3% annually over the long term according to our own estimates. In 2016, the global market volume amounted to € 27.5 billion. The flavors and fragrances market segment as well as the market segment for aroma chemicals also showed a similar development over the past fiscal year.

**PRICE DEVELOPMENT AND AVAILABILITY OF RAW MATERIALS**

Symrise uses about 10,000 different raw materials in production. Important examples are natural vanilla and citrus derivatives (juices, essential oils, etc.), citral and terpene derivatives and base chemicals derived from crude oil that are used in Symrise’s value chain as menthol intermediate products, solvents as well as raw materials for sun protection filters and special aromatic substances. As part of the integration of Renessenz LLC, the raw materials palette for Fragrance added a large number of sustainably produced raw materials based on crude sulphate turpentines (CST) and gum turpentines (GT) in 2016. In general, however, individual raw materials comprise only a very small part of the total requirement. Procurement costs for a number of raw materials continued to decline moderately in the reporting period. Counter to this were the impacts in the EAME region from sustained unfavorable

### GDP DEVELOPMENT 2015/2016, in %

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrialized countries</td>
<td>1.6</td>
<td>2.1</td>
</tr>
<tr>
<td>Emerging and developing countries</td>
<td>4.1</td>
<td>4.1</td>
</tr>
<tr>
<td>Global</td>
<td>3.2</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Source: IMF
developments in the USD/EUR exchange rate and significant price increases in vanilla and citrus-based raw materials such as juice concentrates and rind extracts. With regards to important natural oils, which are used to manufacture fragrances and oral care products, the supply and cost situations intensified in 2016. For the majority of the base chemicals, such as solvents, the supply situation continued to improve compared with the previous year.

Overall, prices for chemical raw materials were down slightly for the Scent & Care segment in 2016, while they rose significantly for the Flavor and Nutrition segments. For natural raw materials, volatility remained high with substantial price distortions occurring due to shifting market environments, regulatory requirements (such as the EU directive on natural materials) and weather impacts on harvests. Supply security for important products is being increased by integrating products from Renessenz LLC and by following Symrise’s dedicated strategy of establishing and maintaining long-term collaborations. Examples of this are the collaboration with LANXESS in manufacturing synthetic menthols and a presence in Madagascar, the most important source country for bourbon vanilla, with backward integration, meaning the inclusion of local farmers.

As of December 14, 2016, nutrition labeling for foods became mandatory in the EU. Even though this requirement does not apply to Symrise in its B2B business activities, the company adjusted its databases accordingly to be able to respond to customer inquiries on the subject. Furthermore, ingredient labeling become mandatory in Thailand as of November 4, 2016. Symrise also made the necessary IT adjustments to meet this requirement in a timely manner. Moreover, the Food Safety Modernization Act was successively expanded in the USA. This requires the renewal of registrations for production sites outside of the USA, which Symrise implemented accordingly. Finally, Symrise passed various energy audits at several European subsidiaries according to ISO 50001 as part of its efforts for optimized energy management.

The Flavor segment's products are primarily used in foods, beverages and pharmaceutical applications. The products in the Food and Probi business units in the Nutrition segment are also used in the same areas. Furthermore, the Pet Food business unit, which also belongs to the Nutrition segment, supplies products for the pet food market.

According to an EU directive, pharmaceutical companies needed to subject their additive manufacturers to a risk evaluation by March 2016. Along with examining the use of the additive, this evaluation also assessed the manufacturer’s quality management. As a result, an adjusted GMP (Good Manufacturing Practice) was formulated. This also affected flavors in pharmaceutical applications. The necessary measures for implementing the directive were established by Symrise within the set time frame.

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The monitoring of the regulatory requirements was once more a focus of activity for securing competitive advantages in the Scent & Care segment in 2016. 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.

In 2015, the agreement on the Nagoya Protocol was adopted into European law. The Protocol governs access to genetic resources and provides for the balanced distribution of advantages resulting from their use. This resulted in a new dimension of compliance for our research and development activities. Symrise keeps a close eye on developments in this field and works with nongovernmental organizations that have practical know-how in this area to ensure continued compliance.

In the Global Regulatory unit, the implementation of a culture of constant improvement was continued in 2016 to meet the challenge of continually bettering the service we offer our global customers.

The environment of the global registration and regulation of chemicals has also changed significantly. Emerging markets are enacting their own laws that are oriented to the European REACH regulation. This makes things more complex for our global customers, who are interested in formulas that can be applied internationally. The Chambers of Commerce’s direct and indirect influence on the implementation of such programs in these regions remains important. 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 Scent & Care segment, perfume oils and substances are mainly manufactured for use in the cosmetics industry and household products. One key activity for Symrise in 2016 was the new registration of or updates to registered substances in important products and raw materials pursuant to the European chemicals directive REACH. Overall, new and updated files for more than 30 substances were submitted to the European Chemicals Agency (ECHA). Symrise also prepared files for another approximately 100 substances, which will be submitted by May 2018.

**DIFFERENTIATED EFFECTS ON SYMRISE**

Symrise’s business development is influenced by various factors in the company’s environment. Regarding sales, general economic development plays a big role. The submarkets in which we are active show different degrees of fluctuation depending on economic developments. The large number of countries where Symrise is active on the market and the company’s many various product markets, however, have a risk-mitigating effect on the Group.

In our manufacturing, we make use of about 10,000 natural and synthetic raw materials. On account of various factors, including the development of the economy, oil prices and harvests, these raw materials can be subject to strong price fluctuations. Furthermore, production can be affected by shortfalls in raw material supply due to political unrest in supplier countries, among other things.

Symrise’s products are used in a number of applications worldwide, such as the manufacture of food including baby food and pet food, in cosmetic and pharmaceutical end products and in household products. Worldwide use of our products requires that we observe national and internationally valid consumer protection guidelines and legal regulations. These regulations are in constant flux due to new findings in research, development and production technology, a growing need for safety and a steadily increasing health and environmental awareness across the globe. We observe the regional and global development of the regulatory environment, ensuring that we can react quickly to changes in or tightening of regulations.

**CORPORATE DEVELOPMENT**

**CURRENT DEVELOPMENTS WITHIN THE GROUP**

**Changes to the Portfolio**

On January 7, 2016, with a transaction volume of USD 412 million, Symrise successfully completed the acquisition of the Pinova Group, USA, announced in the previous year. The Pinova Group is a leading provider of ingredients from natural and renewable raw materials that are mainly used in the production of perfumes and fragrances as well as in oral care products. With the acquisition, Symrise substantially expanded its range of raw materials in fragrances and thus strengthened its competitive position in the creation of perfume compositions. The company is also expanding forward integration in menthols through cooling substances, which are increasingly used in combination with menthol-based products.

On January 6, 2016, Diana Naturals SAS, France, finalized a transaction, which had also been announced in the previous year, for the acquisition of 60% of the shares in Scelta Umami Holding BV, which is the parent company of the operating company Scelta Umami BV. Both are located in the Netherlands. Scelta Umami specializes in the manufacture and sale of mushroom concentrates and thereby supplements the product portfolio of the Nutrition segment. The purchase price amounted to €8.2 million.

In May 2016, the Diana division acquired the company Nutra Canada. The company, based in the Canadian province of Quebec, specializes in manufacturing fruit and plant extracts with functional added benefits. The purchase price amounted to €4.3 million.

The Symrise holding Probi AB, a developer and manufacturer of probiotics headquartered in Sweden, signed an agreement on the purchase of the probiotics manufacturer Nutraceutix via its US subsidiary Probi USA Inc. in June 2016. The preliminary purchase price amounts to USD 106.5 million. The transaction was completed as scheduled on October 3, 2016. With this acquisition, Probi is expanding its market share in North America – the largest and quickest growing market for nutritional supplements.

In the course of its continuous portfolio optimization, Symrise made the decision in the fourth quarter of 2016 to sell the industrial division of the recently acquired the Pinova Group. The unit operating under the brand name Pinova, with product solutions for technical applications such as adhesives, paints and coatings as well as the tire and construction industry was purchased by DRT (Dérivés Résiniques et Terpéniques), a French company specializing in the processing of resins and
turpentine extracted from pine. The preliminary purchase price amounts to USD 140.5 million. The share of sales for 2016 amounted to USD 99.9 million. The transaction was completed on December 9, 2016. The industrial applications had limited connections to Symrise’s core areas of business. Symrise did, however, secure access to specific raw materials from renewable sources. DRT and Symrise will continue to work closely in the future as part of a supplier cooperation.

Symrise will, however, maintain the activities from the former Renessenz from the Pinova Group acquisition. These were completely integrated into the Aroma Molecules division during the year under review.

**Sustainable Recognition**

At the ninth German Sustainability Day on November 25, 2016, Symrise was named one of the five most sustainable large corporations in Germany. The company impressed the judges in particular with its systematic sustainability management, continual improvements both in the supply chain and within the company as well as measures to preserve biodiversity. The sustainability award was conferred across eleven categories to companies of various sizes as well as to municipalities and researchers. The award is an initiative of the German Sustainability Award Foundation in cooperation with the Federal Government of Germany and various municipal umbrella organizations, trade associations, civic organizations and research institutes. The panel of judges includes scientists and representatives from the environmental protection group NABU (Naturschutzbund Deutschland e. V.) and from the Association of German Chambers of Commerce and Industry DIHK (Deutscher Industrie- und Handelskammertag e. V.).

**Symrise, Unilever and GIZ Partner With Save the Children**

In the fourth quarter of 2016, Symrise, Unilever and the German Society for International Cooperation (GIZ) GmbH entered a partnership with Save the Children that aims to improve the living conditions, creating more integrative communities and providing their children with better opportunities. The program should be rolled out in over 70 villages and help 50,000 people in about 10,000 households. According to estimates, 70% of the people in these communities live below the poverty line and have very unstable incomes.

**Reducing Environmental Influences With a New Power Plant in Holzminden**

In November 2016, Symrise began operations at its new power plant in Holzminden following several years of planning and construction. It represents a new milestone in energy supply for Symrise. The new power plant works according to the principle of cogeneration and, with its conversion from sulfurous crude oil to natural gas, represents a sustainable and forward-thinking model. The new power plant emits 35% less CO₂, 80% less sulfur and 22% less nitrous oxide. Furthermore, Symrise now generates about two-thirds of the power needed for its plant in Holzminden thanks to a gas turbine.

**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 €2,903 million in the 2016 fiscal year. Sales increased 12% over the previous year in the reporting currency (16% at local currency). Excluding the portfolio effects described above, sales growth amounted to 8% at local currency. The emerging markets’ share of total Group sales amounted to 43%. With the acquisitions in the 2016 fiscal year, this share of sales decreased by three percentage points compared to the previous year, as the acquired companies mainly generate their sales in developed markets. Normalized earnings before interest, taxes, depreciation and amortization (EBITDAN) at the Group level increased by 9% from €572 million (not normalized) to €625 million. This corresponds to an EBITDA margin of 21.5% (non-normalized EBITDA margin from the previous year: 22.0%).

Normalized net income for 2016 increased by €19 million over the previous year to €266 million. Normalized earnings per share amounted to €2.05 (non-normalized 2015: €1.90). Given this positive development, Symrise AG’s Executive Board will, in consultation with the Supervisory Board, propose raising the dividend from €0.80 to €0.85 per share at the Annual General Meeting on May 17, 2017.

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3 In the 2016 fiscal year, acquisition and integration costs resulting from the purchase of the Pinova Group impacted the operating result. In the following section, we use normalized results (EBITN/EBITDAN, net income) for the 2016 fiscal year adjusted for these one-time specific influences. A detailed summary of special influences is supplied on page 53 of this report.
A COMPARISON BETWEEN THE ACTUAL AND FORECAST COURSE OF BUSINESS

At the start of 2016, we expressed our goal of posting sales growth at local currency well beyond the average market growth rate (around 3%) in what were our two segments at the time.

We anticipated an EBITDA margin of about 20% under the assumption that raw material prices would remain at the level of 2015 and exchange rates would not change significantly from 2015. Debt, as measured in terms of the key figure net debt (including provisions for pensions and similar obligations) to EBITDA, should be roughly 3.0 in 2016 due to the Pinova acquisition. In the medium term, we are aiming for a return to the debt range of 2.0 to 2.5.

Achievement of Targets in 2016

With sales growth of 16% at local currency, or 8% without the portfolio effects described above, we have significantly exceeded our sales goals. The EBITDA margin of 21.5% was above the expected value for 2016. A net debt ratio to EBITDA of 3.1 was slightly higher than our expectations.

RESULT OF OPERATIONS

Group Sales

For 2016 as a whole, the Symrise Group generated sales of € 2,903 million. In comparison to the previous year, sales increased 12% in the reporting currency and 16% at local currency. Excluding portfolio effects, sales growth amounted to 8% at local currency.

Segments: Sales in the Scent & Care segment reached € 1,311 million in the past fiscal year. This corresponds to an increase at local currency of 25% compared to the previous year, due in large part to the acquisition of the Pinova Group. Without Pinova, organic growth at local currency for the Scent & Care segment would have amounted to 5%. The Flavor segment was able to increase sales at local currency by 10% to € 1,016 million. Sales in the Nutrition segment amounted to € 576 million in the past fiscal year, representing an increase at local currency of 9% compared to the previous year. Adjusting further for the portfolio effects, organic growth of the segment amounts to 10%.

Regions: Sales in the EAME region were up 6% (8% at local currency). The North America region achieved sales growth of 28% compared to the previous year due in large part to the Pinova Group acquisition (at local currency: 28%). Business in the Asia/Pacific region also developed positively, with a sales increase of 9% (at local currency: 11%). Sales in the Latin America region increased by 7% compared to the previous year (at local currency: 29%).

Sales in emerging markets exceeded the previous year’s figures at local currency by 15%. The share of this group of countries in total sales was 43% in the 2016 fiscal year. With the acquisitions in the 2016 fiscal year, this share of sales decreased by three percentage points compared to the previous year, as the acquired companies mainly generate their sales in developed markets.

Flavor Sales

The Flavor segment generated sales of € 1,016 million in the 2016 fiscal year. Compared to the previous year, this corresponds to growth of 4%. At local currency the increase was 10%. All regions considerably increased sales in the year under review. Leading this development was the Latin America region, where significant impetus for growth came from the Sweet and Savory business units in Argentina and Mexico.

In the Asia/Pacific region, Indonesia, Thailand and Vietnam posted particularly dynamic growth with a considerable increase being seen in the Beverages and Savory business units. The EAME region achieved a strong increase in sales in Russia, Sweden, Turkey and Spain. Here, the Beverages and Sweet business units posted especially good growth. The Sweet and Beverages business units were also the leading growth drivers in the US.

ACHIEVEMENT OF TARGETS IN 2016

<table>
<thead>
<tr>
<th>Target at the Beginning of the Fiscal Year</th>
<th>Figure Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth (at local currency)</td>
<td>notably above market growth rate of 2 to 3 %</td>
</tr>
<tr>
<td>EBITDAN margin</td>
<td>about 20.0 %</td>
</tr>
<tr>
<td>Net debt (incl. provisions for pensions and similar obligations) / EBITDAN</td>
<td>about 3.0</td>
</tr>
<tr>
<td></td>
<td>16% (8% without portfolio effects)</td>
</tr>
</tbody>
</table>
Nutrition Sales
In the 2016 fiscal year, the Nutrition segment generated sales of €576 million. Compared to the previous year, this corresponds to growth of 5%. At local currency the increase was 9%. Excluding the portfolio effects, organic sales growth amounted to 10% at local currency.

The greatest impetus for growth in the Diana division came from the Pet Food business unit, where all regions managed to expand their sales considerably. The strongest growth was generated in Latin America, particularly in Argentina, Brazil and Columbia. Similarly positive was the development in the EAME region, especially in Poland, France, Italy and Turkey. Sales performance in the Food business unit, however, was reserved, owing in large part to the sale of Compagnie Alimentaire Pleucadeucienne (CAP) pork specialties in the past year. The largest growth in the Food business unit was seen in the North America region with high growth with regional customers.

The Probi business unit also achieved high growth rates, partially due to the acquisition of the US company Nutraceutix via the Swedish company Probi AB.

Scent & Care Sales
In the 2016 fiscal year, the Scent & Care segment generated sales of €1,311 million. Sales were therefore up 22% on the previous year’s level. At local currency, this corresponds to growth of 25%. This includes Pinova Group sales of €208 million. Without the Pinova contribution, the organic growth of the segment at local currency would have amounted to 5%.

All of the segment’s divisions posted positive sales developments in the year under review. The strongest growth was seen in the Aroma Molecules division, which is primarily due to the acquisition of the Pinova Group. Furthermore, the division generated high growth rates in the EAME and Asia/Pacific regions, particularly in Menthol and Fine Aroma Chemicals.

The Cosmetic Ingredients division generated solid, single-digit growth at local currency in 2016, especially in the Cosmetic Ingredients business unit, with global and regional customers mostly in the Asia/Pacific and Latin America regions. Particularly notable was the sales growth in the countries China, Japan, South Korea, Mexico and Brazil.

The Fragrance division also posted a solid, single-digit sales growth at local currency in the 2016 fiscal year. The highest growth rates were achieved in the Latin America region. Here, all business units expanded their sales substantially, particularly in the countries of Brazil, Mexico, Colombia and Argentina. In the Asia/Pacific and EAME regions, the Home Care and Oral Care business units showed particularly dynamic development. The highest growth rates for Asia were seen in China, India, Indonesia and South Korea and in Israel, Spain and Nigeria for the EAME region.
On the whole, earnings performance was good in the 2016 fiscal year. As part of the acquisition of the Pinova Group, acquisition and integration costs of € 18.7 million were incurred in 2016. Furthermore, profit of € 3.5 million resulted from the disposal of Pinova Inc. on December 9, 2016. To simplify comparability with the previous year, the following contains a normalized result (EBITN / EBITDAN) without these one-time effects.

The cost of goods sold rose 15 % in 2016 to € 1,707 million and therefore increased disproportionately to sales. This was primarily due to the higher share of cost of goods sold from the Pinova Group. Gross profit increased 8 % and amounted to € 1,196 million (2015: € 1,112 million). The gross margin was 41.2 %, which puts its 1.5 percentage points lower than in the previous year (42.7 %). Selling and marketing expenses were up by 9 % compared to the previous year, amounting to € 467 million (2015: € 427 million). The increase compared to the previous year primarily relates to the inclusion of the Pinova Group in the consolidated financial statements. The share of selling and marketing expenses in Group sales amounted to 16.1 % (2015: 16.4 %). R & D expenses increased 10 % to € 186 million (2015: € 170 million). The R & D rate was therefore 6.4 % (previous year: 6.5 %) of sales. Administration expenses were nearly identical to the previous year at € 150 million (2015: € 149 million). Administration expenses as a share of Group sales amounted to 5.1 % in the year under review and therefore below the previous year’s level of 5.7 %.

Earnings Situation

Group: Normalized earnings before interest, taxes, depreciation and amortization (EBITDAN) were up 9 % in 2016 to
€ 625 million (2015 EBITDA: € 572 million). The EBITDAN margin was 21.5% in the reporting year, compared to an EBITDA margin of 22.0% from the previous year.

**Scent & Care:** Scent & Care generated an EBITDAN of € 257.8 million in 2016, which was significantly higher (+12%) than the EBITDA of € 231.2 million in the previous year – mainly due to the inclusion of the Pinova Group. The EBITDAN margin therefore amounted to 19.7%, compared to 21.5% in 2015.

**Flavor:** EBITDA for the Flavor segment was significantly higher than last year (2015: € 218.9 million), amounting to € 233.8 million in 2016. The EBITDA margin amounted to 23.0% and was therefore also significantly higher than in the previous year (2015 EBITDA margin: 22.3%).

**Nutrition:** The Nutrition segment generated an EBITDA of € 133.7 million in 2016. This represents a 10% increase on the previous year (2015: € 122.0 million). The excellent EBITDA margin of 23.2% was also notably higher than in the previous year (2015 EBITDA margin: 22.3%).

**Financial result:** The financial result of € – 45.9 million for 2016 represents a downgrade of € 1.6 million compared to 2015. A notable growth in the exchange gain (€ + 7.3 million) is offset by an impairment loss on an investment of € 2.2 million in the Nutrition segment and interest payments for the promissory note loan (€ 5.8 million). The net interest loss declined € 4.9 million year over year: from € – 44.5 million in 2015 to € – 49.4 million in 2016.

**Taxes:** In the 2016 fiscal year, tax expenses amounted to € 97.5 million (2015: € 98.5 million). The resulting tax rate of 27.2% was down slightly compared with the previous year (28.1%). An adequate provision for tax risk was made, as in previous years.

**Net income and earnings per share:** Net income adjusted for specific influences amounted to € 266 million and therefore was € 19 million or 8% higher than the figure from the previous year. Normalized earnings per share rose by € 0.15 to € 2.05 (2015: € 1.90). Net income for 2016 including specific influences totals € 253 million, which corresponds to an earnings per share of € 1.95.

**Dividend proposal for 2016:** The Executive Board and Supervisory Board of Symrise AG will propose the distribution of a dividend of € 0.85 per share for the 2016 fiscal year at the Annual General Meeting on May 17, 2017. 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 36% as of December 31, 2016, 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. These continue to consist of the following elements: publicly listed bonds, US private placements, KfW borrowings, amortizing loans, bilateral bank borrowings as well as the newly arranged revolving credit facility from May 2015. Furthermore, the Group secured liquidity through issuing promissory notes to finance the acquisition of Pinova Group. These had a total volume of € 500 million and are distributed across three tranches with terms of five, seven and ten years. The first allocation of € 178 million was issued in 2015. The remaining portion of € 322 million was issued at the beginning of 2016.

Symrise fulfilled all of the contractual obligations resulting from loans (covenants) in the 2016 fiscal year.

In addition to the credit facility mentioned, bilateral bank credit lines for € 40 million exist 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

<table>
<thead>
<tr>
<th>OVERVIEW OF CASH FLOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ million</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
</tr>
<tr>
<td>Cash and cash equivalents (Dec. 31)</td>
</tr>
</tbody>
</table>

Cash flow from operating activities amounted to € 338.8 million in 2016, € 36.4 million less than in the previous year (€ 375.2 million). The main reason for this was an increase in working capital, in part due to the purchase of Pinova Group. The operating cash flow rate relative to sales was therefore about 12%.

Cash outflow from investing activities increased by € 159.6 million to € – 311.0 million. This was mainly due to the acquisition of the Pinova Group, minus the income from the sale of Pinova Inc. Furthermore, the cash flow from investing activities also contains the acquisitions of Scelta Umami BV, Nutra Canada Inc. and Nutraceutix.

In the 2016 fiscal year, a cash inflow from financing activities of € 1.8 million resulted on a net basis. A cash outflow of € – 115.3 million was posted in the previous year. Material components came from financing the acquisition of the Pinova Group and include the payment of the remaining portion of the promissory note loan of € 321.5 million and borrowings in the amount of € 154.5 million, which were immediately extinguished. Also included is the 2016 dividend paid out to shareholders for 2015 amounting to € 108.2 million, the regular extinguishing of current bank borrowings in the amount of € 43.8 million and net interest payments to financial institutes totaling € 38.4 million (previous year: € 32.6 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 € 5 million of this line has been utilized as of December 31, 2016.

**Investments and Acquisitions**

The Symrise Group invested € 168 million in intangible assets and property, plant and equipment in the 2016 fiscal year, after spending € 177 million in the previous year.

Around € 17 million was spent on intangible assets (2015: € 47 million). Here, the focus was on the registration of chemicals according to the European chemical directive (REACH), investments in software and patents as well as the assets acquired from Nutraceutix. Investments in property, plant and equipment amounted to approximately € 151 million (previous year: € 129 million). The largest investment projects consisted of the new power plant in Holzminden, a new research and development center in Singapore and production capacity expansions in all divisions. All of the projects were funded through operating cash flow. As of December 31, 2016, the Group had obligations to purchase property, plant and equipment amounting to € 65.5 million (December 31, 2015: € 43.9 million). This mainly relates to production facilities, hardware and office equipment. Most will come due during the course of 2017.

Symrise acquired the Pinova Group with locations in Brunswick, Colonel’s Island (Georgia, USA) and Jacksonville (Florida, USA), in January 2016. The transaction volume was USD 412 million. The Pinova Group is a leading provider of ingredients from natural and renewable raw materials that are mainly used in the production of perfumes and fragrances as well as in oral care products.

Also in January 2016, Diana Naturals SAS, France, finalized a purchase contract for the acquisition of 60% of the shares in Scelta Umami Holding BV, which is the parent company of the operating company Scelta Umami BV. Both are located in the Netherlands. Scelta Umami specializes in the manufacture and sale of mushroom concentrates and thereby supplements the product portfolio of the Nutrition segment. The purchase price amounted to € 8.2 million.

In May 2016, Diana Food Canada Inc. (Canada), a subsidiary of Diana Naturals SAS (France), finalized a purchase contract on the acquisition of all shares in Nutra Canada Inc. (Canada). Nutra Canada Inc. specializes in fruit and plant extracts from natural ingredients such as cranberries or spinach. The company produces, supplies and markets dry powders and plant extracts and thereby supplements the portfolio of natural, health-promoting substances in the Consumer Health business unit in the Nutrition segment. The purchase price amounted to € 4.3 million.

In October 2016, Probi USA Inc. (hereinafter: Probi) acquired the business operations of the company previously known as Nutraceutix from TnTGamble Inc., USA, via an asset deal. Nutraceutix has two locations, in Washington state and Colo-

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**INVESTMENTS 2015 TO 2017**

<table>
<thead>
<tr>
<th>2015</th>
<th>2015</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cosmetic Ingredients – new plant in Holzminden</td>
<td>Expansion of the spray drying capacities in Holzminden</td>
<td>Expansion Cosmetic Ingredients capacities in the US</td>
</tr>
<tr>
<td>Expansion of the production capacities in the US</td>
<td>Expansion of the extraction and distillation capacities in Holzminden</td>
<td>New development center in Singapore</td>
</tr>
<tr>
<td>New sustainable, eco-friendly site in the Brazilian rain forest</td>
<td>Research technology upgrade in Holzminden</td>
<td>Another site in China</td>
</tr>
<tr>
<td>Expansion of the production capacities in Mexico</td>
<td>New power plant in Holzminden</td>
<td>2016/17</td>
</tr>
<tr>
<td>2015</td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td>Expansion of Pet Food spray drying in the US</td>
<td>Expansion of fragrance production in Holzminden</td>
<td>Expansion of spray drying in the US</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>2017</td>
<td>2017</td>
</tr>
<tr>
<td>Expansion of spray drying in the US</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
rado, USA, and is one of the largest producers and suppliers of probiotics in North America with both domestic and international customers (end customers and B2B customers). The acquisition provides Probi with significantly expanded capacities and an improved market presence while facilitating its growth. Furthermore, Probi now has access to important new technologies and has established a strong platform for contributing to the future growth of the Nutrition segment. The preliminary purchase price amounts to €106.5 million.

In the course of its continuous portfolio optimization, Symrise made the decision in the third quarter of 2016 to sell the industrial division of the recently acquired Pinova Group. The unit operating under the brand name Pinova, with product solutions for technical applications such as adhesives, paints and coatings as well as the tire and construction industry was purchased by DRT (Dérivés Résiniques et Terpéniques), a French company specializing in the processing of resins and turpentine extracted from pine. The preliminary purchase price amounts to USD 140.5 million. The transaction was completed on December 9, 2016.

Symrise will, however, maintain the activities from the former Renessenz from the Pinova Group acquisition. These were completely integrated in the Aroma Molecules division during the year under review.

**NET ASSETS**

**Select Line Items in the Statement of Financial Position**

Total assets as of December 31, 2016, increased by €569 million to €4,753 million compared to the previous year (December 31, 2015: €4,184 million). This mainly resulted from the assets and liabilities obtained via the acquisition of the Pinova Group as well as from a further expansion of working capital.

**OVERVIEW OF THE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2016, in € million**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>4,753</td>
<td>+25%</td>
<td></td>
</tr>
<tr>
<td>Equity and Liabilities</td>
<td>4,753</td>
<td>+10%</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>272</td>
<td>+25%</td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>528</td>
<td>+14%</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>680</td>
<td>+28%</td>
<td></td>
</tr>
<tr>
<td>Intangible assets and property, plant and equipment</td>
<td>302</td>
<td>+9%</td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>1,028</td>
<td>+105%</td>
<td></td>
</tr>
<tr>
<td>Non-current borrowings</td>
<td>1,732</td>
<td>+9%</td>
<td></td>
</tr>
<tr>
<td>Provisions for pensions and similar obligations</td>
<td>53</td>
<td>+8%</td>
<td></td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>204</td>
<td>-11%</td>
<td></td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>1,214</td>
<td>-12%</td>
<td></td>
</tr>
<tr>
<td>Total equity</td>
<td>1,214</td>
<td>-12%</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,214</td>
<td>-12%</td>
<td></td>
</tr>
</tbody>
</table>
Intangible assets amounted to € 2,113 million at the end of the 2016 reporting period and therefore were slightly above the previous year (December 31, 2015: € 2,005 million). The item accounts for 44 % of assets. Intangible assets include goodwill acquired through business combinations amounting to € 1,273 million (December 31, 2015: € 1,124 million), as well as formulas, technologies, customer bases, trademarks, software, patents and other rights amounting to € 840 million (December 31, 2015: € 881 million). Property, plant and equipment amounted to € 857 million at the end of 2016 (December 31, 2015: € 690 million) and mainly contains land and buildings as well as plants and machinery. Compared to the previous year (December 31, 2015: € 531 million), inventories increased € 149 million to € 680 million. The increase in inventories was primarily driven by the continued rise in sales and by the already mentioned acquisition of the Pinova Group, which also led to higher trade receivables (€ 528 million; December 31, 2015: € 462 million) and trade payables (€ 254 million; December 31, 2015: € 235 million) as of the end of the reporting period. The ratio of working capital to sales rose four percentage points to 33 % compared with the end of the previous year. Symrise Group’s cash and cash equivalents amounted to € 302 million as of December 31, 2016 (December 31, 2015: € 278 million). In the course of selling Pinova Inc. in December 2016, higher cash equivalents were available as of the reporting date, which were placed in an interest-generating term deposit.

The increase in liabilities is primarily due to a further payment of the promissory note loan and the corresponding increase in financial liabilities. Current liabilities were higher than in the previous year (€ 1,028 million; December 31, 2015: € 501 million), though non-current liabilities decreased (€ 1,993 million; December 31, 2015: € 2,094 million). Due to comparatively lower interest rates, provisions for pensions and similar obligations increased from € 445 million to € 523 million (interest rate for Germany: 1.6 %, December 31, 2015: 2.4 %).

Equity attributable to shareholders of Symrise AG as of December 31, 2016, amounted to € 1,672 million (December 31, 2015: € 1,568 million). A dividend of € 104 million was paid out in 2016 for the 2015 fiscal year. As of the end of the 2016 reporting period, the equity ratio, including minority interests, was 36.4 % (December 31, 2015: 38.0 %).

### Net Debt

<table>
<thead>
<tr>
<th>£ million</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
<td>1,409.3</td>
<td>1,749.8</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>– 278.2</td>
<td>– 301.6</td>
</tr>
<tr>
<td>Net debt</td>
<td>1,131.1</td>
<td>1,448.2</td>
</tr>
<tr>
<td>Provisions for pensions and similar obligations</td>
<td>444.6</td>
<td>522.6</td>
</tr>
<tr>
<td>Net debt including provisions for pensions and similar obligations</td>
<td>1,575.7</td>
<td>1,970.8</td>
</tr>
</tbody>
</table>

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 ratio of net debt/EBITDAN of 2.3, which is relevant for the credit agreements. The ratio of net debt including provisions for pensions and similar obligations/EBITDAN amounts to 3.1.

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

### Capital Structure

<table>
<thead>
<tr>
<th>£ million</th>
<th>2015 in % of total equity and liabilities</th>
<th>2016 in % of total equity and liabilities</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>1,588.2</td>
<td>38</td>
<td>1,732.2</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>501.4</td>
<td>12</td>
<td>1,027.9</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>2,094.2</td>
<td>50</td>
<td>1,992.7</td>
</tr>
<tr>
<td>Liabilities</td>
<td>2,595.6</td>
<td>62</td>
<td>3,020.6</td>
</tr>
<tr>
<td>Total assets</td>
<td>4,183.8</td>
<td>100</td>
<td>4,752.8</td>
</tr>
</tbody>
</table>
Significant obligations not reflected on the balance sheet exist in the form of obligations for the purchase of goods amounting to € 150.0 million (2015: € 138.5 million) and obligations regarding the purchase of property, plant and equipment amounting to € 65.5 million (2015: € 43.9 million). Symrise AG has service contracts with various providers regarding the outsourcing of its internal IT. Some of these service contracts already existed in previous years and were expanded in 2016. The remaining total obligation toward these service providers amounts to € 55.5 million (2015: € 22.7 million), accounting for extraordinary termination rights.

SUSTAINABILITY
For Symrise, business success and responsibility for the environment, its employees and society are inextricably linked. Symrise’s corporate strategy therefore incorporates aspects of sustainability at all levels in order to enhance the company’s value over the long term and minimize risks. Symrise’s business activity involves the interests of many different stakeholder groups. Through active dialogue with these stakeholders, we discuss their expectations and requirements and incorporate them at every stage of value creation in order to develop successful solutions. This allows us to create value for all our stakeholders.

The Symrise set of values forms the foundation of how we think and act and also determines our corporate culture. Our goal is a completely integrated corporate strategy. To further emphasize this goal, the new area of responsibility and position of Chief Sustainability Officer (CSO) was created for Symrise AG in 2016. The Executive Board is thereby accounting for the increasing strategic importance of sustainability issues. This strategic importance comprises both the internal coordination and innovation-related orientation of Symrise’s sustainability objectives as well as their growing communication externally towards customers and with institutions focused on sustainability matters. Furthermore, the CSO is also tasked with implementing the strategy across all divisions and business units as well as monitoring the activities to ensure a consistent positioning of sustainability issues – both internally and externally. The CSO reports directly to the CEO of Symrise AG.

The successive, strategic integration of sustainability into our core and supporting processes is managed by a global, cross-business team – the Symrise Sustainability Board. It consists of senior management representatives, defines common goals and ensures both the development and implementation of issues relevant for sustainability across the entire extended value chain as well as the consideration of the interests of key stakeholders. Implementation of the sustainability objectives set by the Sustainability Board lies directly with the segments. For this reason, the Executive Board and Sustainability Board have appointed global ambassadors to be responsible for coordinating sustainability efforts in the Flavor, Nutrition and Scent & Care segments. Direct responsibility for strategy lies with the Chief Executive Officer of Symrise AG.

Symrise once again received external recognition of its sustainability efforts in 2016. For the 2014 Corporate Report, we subjected our sustainability information and activities to an external assurance review pursuant to the AA 1000 Assurance Standard. The assurance process assesses all quantitative and qualitative sustainability information. In September 2015, Symrise AG was awarded the Sustainable Leadership Award from DQS GmbH. Two Excellence Awards soon followed in 2016: the Responsible Sourcing and LifeCycle Assessment awards from DQS. At the beginning of November 2015, Symrise AG was added to Carbon Disclosure Project’s (CDP) “2015 Climate 100A

OUR SUSTAINABILITY AGENDA

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
The effectiveness of implemented measures is checked as part of corporate internal audits.

The following describes the opportunities and risks that could have a material impact on the Symrise Group’s net assets, financial position and results of operations in greater detail. If no segment is explicitly highlighted, the reporting of opportunities and risks applies to all three segments equally.

**OPPORTUNITIES MANAGEMENT**

The Symrise corporate culture attaches importance to entrepreneurial thinking and acting. We value a high degree of responsibility in our employees. Therefore, we encourage all Symrise employees, including but also beyond the Executive Board, regardless of their area and scope of responsibility, to continuously seek and take advantage of opportunities. Group companies are urged to identify opportunities on an operational level which, for example, arise within the framework of operational activities or due to improved market conditions, and to realize these opportunities with the aim of achieving results that go beyond the scope of planning. Strategic opportunities are recorded in all segments and in the Corporate Center. They are evaluated and plans are made to take advantage of them. Symrise’s Executive Board is also responsible for discussing strategic opportunities on a regular basis. With the established risk and rewards management system, the rewards observed in the various segments of the Group and integrated into strategic actions are systematically analyzed alongside the company risks. The taking advantage of and reporting on opportunities benefit the network of officials within the Group who have already been reporting the opportunities and risks in their segments for years as part of the opportunities and risk management system.

**OPPORTUNITY REPORT**

Opportunities for Symrise arise from various factors. Employees from every Group company can, for instance, submit suggestions within the scope of ideas management, which includes TPM (Total Productive Maintenance), that aim to improve work processes and procedures. Opportunities for generating additional orders arise from the know-how transfer between all divisions. An example of this is a Group-wide project database in which all activities are documented and tracked. As a result, points of contact can be created easily and advantages from synergies clearly recognized.

Developments in the company’s business environment that are particularly attributable to social and economic changes open up numerous strategic opportunities. In developed na-
tions, there is a trend toward healthier and more conscious nutrition habits, due, among other things, to the increasing life expectancies in these countries. End consumers' personal care requirements are also constantly growing. As a basic principle, a company has to continually provide its customers with innovative products in order to be competitive. Symrise positions itself accordingly with new divisions and business units, for example. Intensive market research and comprehensive R & D activities are the basis for Symrise’s own developments for improving existing products or introducing new ones. In emerging and developing countries, there is mounting demand for products containing Symrise flavorings and fragrances. To take advantage of these opportunities, we are continuously expanding activities in these countries.

Similar to earnings, the cost side of the companies in the Symrise Group also contains potential savings opportunities that the companies already know about but have yet to completely materialize within the Group’s budgets and plans. Further cost advantages could arise from the consolidation of markets and products as well as the further optimization of manufacturing, storage and delivery methods.

In individual cases where the respective risks are more than fully compensated for, established measures for controlling risk can also lead to possible revenue not currently provided for in the budget due to commercial prudence. Even measures against the risk of losing business can contain opportunities. The business plans for the various Symrise Group companies reflect the possibility of losing business with key customers. The business plans also contain new business to compensate for such losses. If the expected losses do not occur, the new business is an opportunity that goes beyond the originally planned volumes.

Strategic opportunities also arise from the completed acquisitions and the development of new, more attractive business units from the cooperation with Probi AB. To strategically broaden our expertise, we are continually looking for suitable partners. We also see opportunities arising from cooperative ventures with universities and companies. Bundling expertise can, for example, speed up product development and generate innovative products.

RISK MANAGEMENT

The risk management system at Symrise is based on the framework of generally recognized standards (ISO 31000) and extends across all Group companies and business units.

The Group-wide coordination of risk assessment occurs in the Corporate Center within the Risk Management department. Risk reports are drawn up for the individual companies and are then compiled to provide a current overview of the risk situation at the Group level. This Group risk report is submitted and presented to the Executive Board and Supervisory Board of Symrise AG twice a year. There, potential risks are identified and classified according to their effect on profit (net method) as well as the probability of their occurrence.

**Impact**
- I - low ≤ 10% of sales
- II - medium 10 – 20% of sales
- III - high 20 – 40% of sales
- IV - very high from 40% of sales

**Likelihood**
- 1 - low 0 to 24%
- 2 - medium 25 to 49%
- 3 - high 50 to 74%
- 4 - very high 75 to 100%
Two aspects are used to determine whether a risk should be considered “low,” “medium” or “high”: on the one hand, the classification of all individual risks for each company in terms of their effect on the sales or “impact” (“low,” “medium,” “high” or “very high”) and, on the other, the probability of their occurrence or “likelihood” (also “low,” “medium,” “high” or “very high”). The classes for “impact” break down as follows: An effect of less than 10% of the reporting unit’s annual sales is classified as “low,” 10 to less than 20% of sales as “medium,” 20 to less than 40% of sales as “high” and from 40% of sales as “very high.” Similarly, their “likelihood” is classified as “low” if its probability of occurrence is determined to be between 0 and 24%, “medium” if it is between 25 and 49%, “high” if it is between 50 and 74% and “very high” if it is 75% or higher.

The chart shows how risks are finally classified (either as “low,” “medium” or “high”) depending on their “impact” and “likelihood.” For example, the risk represented in field 1 would receive an overall classification of “low” as its impact is below 10% of sales and its likelihood below the 25% threshold. A risk in field 2 would receive a “medium” classification as it has an impact between 10 and under 20% of sales and a likelihood between 25 and 49%. However, a risk in field 3 would receive a “high” classification as it has an impact between 20 and under 40% of sales and a likelihood between 50 and 74%. The chart testifies of a high risk awareness and commercial prudence with the greatest number of fields being designated as high risks. Only 0.9% of the risks from across the Group listed in the current risk report are classified as “high” risks at the level of the individual company, and only 7.4% are classified as “medium” at the level of the individual company.

Alongside the purely mathematical classification, identified risks are also classified qualitatively according to their risk type as well as by business unit and activities affected. Furthermore, suitable measures for minimizing or eliminating risk are presented. As a result, the risk report also forms the basis for managing risks, which is also something examined by the Group's Corporate Internal Audit. Additionally, the risk assessment is compared with the company’s strategy and the goals it derived from that strategy. The Executive Board informs the Supervisory Board or the auditing committee of the Supervisory Board and decides on additional measures for handling risks. Reporting thresholds for risks are oriented towards the financial effects on Group companies as well as the probability of the risk occurring. If a risk exceeds a certain reporting threshold, the Executive Board is informed immediately. These are risks that appear suddenly and have at least a medium to high probability of negatively impacting a Group company’s earnings by at least €5 million or its annual sales by at least 20%. Similarly, a “hazard alert” is declared, for example, if a legal risk or compliance risk is discovered that was not previously contained in the regular risk reports submitted to Symrise AG’s Executive Board.

**RISK REPORT**

**BUSINESS ENVIRONMENT AND INDUSTRY RISKS**

Fierce competition continues in the industries served by Symrise. Accordingly, it remains probable that the trend toward consolidation in the customers for Symrise products will continue. As a result, there is the risk that Symrise could lose customers and thus market shares. We react to this, in particular, with increased marketing of the innovations and products from our divisions that offer added benefits compared to competitors’ products. Risks resulting from consolidations at the level of our suppliers exist inasmuch as the loss of a supplier's business can have a negative impact on our relations with customers. Symrise is exposed to political risks in the form of trade embargoes in certain countries from which raw materials are obtained and/or to which products are exported. Obstacles to trade can only partially be compensated for by turning to other regions. In certain countries, the possible risk of politically related default is continually observed. A dialogue with banks and customers serves to limit this risk. Political risks that arise in export countries, which mainly relate to losses of receivables, are countered through corresponding financial controls. Political unrest in countries and regions in which Symrise operates is observed very closely, particularly to protect the safety of the staff. Nevertheless, a temporary loss of production and thus sales can occur in unfavorable cases.

**CORPORATE STRATEGIC RISKS**

Corporate strategic risks can result, for example, from acquisitions. The acquisitions made in the last few years have contributed to the Group’s growth and all are now integrated. Acquisitions are also inherently liable to risks as, in the course of the integration process, there is the threat of business interruptions or a loss of knowledge and resources due to employees leaving the company. We counter these risks by means of a clearly defined integration process and corresponding responsibilities. Negative consequences for the company’s development could result from inaccurate assessments regarding growth, profitability, supply security of raw materials and the product portfolio. The breakdown of raw material deliveries, particularly the loss of exclusive suppliers or a reduction of raw material supplies stemming from natural disasters, generally
represent a high risk. In the case of a lacking ability to market new products, development expenditure is not offset by ade­quate income. Intensive market research is carried out to guar­antee that our products remain marketable.

Strategic risks also include possible removal from the core lists of our important customers and the danger of not being put on such a list against our expectations. We counter these risks by maintaining close contact with our customers. Further central factors for remaining or being included on core lists are pricing, reliable delivery, innovative strength and product quality. In these areas, we continually strive to be among the best companies in the industry and to remain known in the in­dustry for an outstanding level of quality.

ECONOMIC PERFORMANCE RISKS

Product risks: The fragrances, flavorings and additives from Symrise are normally processed in products that end con­sumers consume as food or apply to their skin or hair. Therefore, there is a fundamental risk that our products can have a negative effect on consumers’ health. To minimize this risk, the products are continually tested as part of our quality management on the basis of scientific research as well as on international standards and internal safety regulations.

Changes in a customer’s technology can result in a situation where individual products can no longer be offered to this customer. Symrise has a diversified customer portfolio to re­duce this risk. Patent violations by competitors also pose a risk to our products. This is countered by means of adequate patent management.

Procurement risks: The purchase of raw materials, intermedi­ate products, manufacturing plants and services is continu­ously exposed to the risk of unplanned price development, fluc­tuating quality or insufficient availability. While purchase prices can rise, particularly due to more expensive raw mate­rials or unfavorable exchange rates, the availability of goods and services can also partially depend on legal regulations. The main suppliers of Symrise are bound by long-term basic agreements. Procurement alternatives are also developed, in part together with important suppliers, to minimize the risk of not meeting the latest technological, market or legal require­ments. Furthermore, suppliers’ creditworthiness is continu­ously examined. Finally, the initiatives in the area of backward integration help stabilize and reduce risk associated with raw material supply. Our suppliers are bound to constantly up­holding Symrise’s Code of Conduct. It is expected that the high ethical requirements that Symrise has imposed upon it­self, which are aimed at increasing business success while taking into account available resources, all employees and so­ciety, will be respected.

Risks regarding product safety, health, occupational safety and the environment as well as the integrity of our main suppli­ers are regularly assessed based on internationally recognized standards. The number of suppliers that are evaluated as part of this risk profile is continually being expanded. Supplier audits are also performed, and the business relationship is terminated if this seems necessary for reducing corresponding risk.

Operating risks: Technical disturbances can interrupt the Group’s continuous operations and lead to a loss of income and corresponding return. The causes thereof can lie in the safety of the energy supply, of the equipment and processes, in fire safety, in the quality and safety of materials and in their correct classification as well as the qualifications of the opera­tion­al personnel. In addition, increasing demands and new country-specific labor regulations and environmental regula­tions as well as natural disasters can lead to interruptions in operations. We reduce such risks through maintenance, invest­ments, occupational health and safety measures, insurance and corresponding guidelines, instructions and training cours­es. Changes in country-specific environmental regulations can result in fines or the temporary closure of production sites. For this reason, we continuously observe regulatory devel­opments in the countries in which Symrise operates. Interrup­tions in operations can also arise due to errors in the course of operations, for example, due to foreign bodies that are con­tained in raw materials or that are introduced into inter­mediate or end products during processing, as well as due to inci­dents resulting from the usage of work equipment. Symrise minimizes these kinds of risks through appropriate guidelines (for example, foreign body policy), robust procedures (Total Productive Maintenance), training courses, emergency plans, alternative production sites, exchange on best practices and continuous improvements to operational processes.

FINANCIAL RISKS

Credit risk: The risk of default arises if a customer or contract partner fails to meet its financial obligations and this results in a financial loss for Symrise. These represent less than 2% of the overall risks Group-wide. To minimize this risk, the cred­itworthiness of new customers is analyzed. In addition, every year both the creditworthiness and the supply conditions of all customers are examined. Apart from this method of risk prevention, Symrise introduced a procedure for valuation
allowances for receivables. This valuation allowance consists of an individual write-down and a general allowance component. Symrise tries to limit the risk of nonpayment due to bank boycott by engaging in continuous dialogue with banks and customers. Symrise manages financial crises in export countries with corresponding financial controls.

**Liquidity risk:** Liquidity risk describes the danger of Symrise not being in a position to fulfill financial obligations to third parties. In the case of a deterioration in business development, there is the additional risk of not fulfilling obligations for existing credit covenants. Symrise carries out continuous liquidity planning in order to recognize liquidity shortfalls early on. Parallel to this, the company possesses sufficient credit lines to cover payment claims. The company’s development is continuously monitored and corresponding contingency plans to avoid liquidity problems exist. With these plans, we ensure that we have sufficient means to fulfill our payment obligations as they become due, even under difficult conditions. We do not currently see a refinancing risk.

**Interest and currency risks:** Currency risks exist in economic areas where Symrise sells its products on a foreign-currency basis (USD, for example) but when at least some of these products were produced in a different currency area (the eurozone, for example). A fluctuation in the value of the USD can result in corresponding changes to our material prices. Symrise counters this risk by negotiating corridors in its contracts. These corridors can be renegotiated later outside these parameters. Symrise also often purchases raw materials in euros. The remaining currency risk was reduced in 2016 through currency forward contracts.

The following currency forward contracts existed as of the reporting date with nominal values of:

- USD 42.1 million (December 31, 2015: USD 0.0 million) for hedging USD/SEK
- USD 21.0 million (December 31, 2015: USD 27.0 million) for hedging EUR/USD
- USD 6.0 million (December 31, 2015: USD 9.0 million) for hedging USD/JPY
- USD 2.5 million (December 31, 2015: USD 3.5 million) for hedging USD/SGD
- AUD 2.1 million (December 31, 2015: AUD 0.0 million) for hedging EUR/AUD,
- USD 0.7 million (December 31, 2015: USD 2.1 million) for hedging USD/INR.

In order to avoid fluctuations in the financial result due to changes in measurement, the currency transactions were classified as cash flow hedges in terms of hedge accounting.

Interest risks arise because rising interest rates can increase interest expenditure contrary to planning and thus have an adverse effect on the Group’s result of operations. Overall, the ratio of fixed-rate debt amounted to 86% of overall debt as of December 31, 2016. Symrise counters the remaining risk stemming from interest rates by means of contracted interest hedges.

**Tax risk:** Symrise is also exposed to tax risk. Due to structural changes at our worldwide sites, the local financial authorities have in some cases not been able to examine certain income tax–related matters to date and subsequently provide an overall assessment. In some cases, we made provisions for these risks in preparation for additional tax obligations. On the whole, we feel that the necessary precautions have been taken for all tax risks we are aware of.

**PERSONNEL RISKS**
Symrise counters personnel risks, which arise fundamentally from turnover of personnel in key positions, by means of suitable incentive systems, continuing professional development and programs advancing junior employees as well as a targeted succession planning.

Personnel risks are generally summed up in employees’ potential to leave the company and the corresponding loss of competence as well as possible noncompliance with company guidelines, legal requirements or agreements made with employee representatives. Compliance with local laws and company guidelines is monitored via internal audits. Further, compliance with these requirements, which are based on international standards, is checked at regular intervals by external auditors. The initial training of new employees, together with later training sessions, ensures that every employee observes corporate guidelines such as the Code of Conduct. Career development opportunities and regular succession planning help prevent the loss of personnel, particularly in key positions. The constant contact with employee representatives also helps to avoid strikes and the related interruptions to operations.
LEGAL RISKS
Currently, the Group considers its legal risks to be relatively minor. These risks typically result from the areas of product liability, warranty claims and environmental law. To counter these risks in an appropriate way and early on, we analyze potential risks comprehensively by incorporating our legal department and, if necessary, by engaging external specialists. Despite these measures, the outcome of current or future legal proceedings cannot be predicted with certainty. At present, only a few Group companies are affected by ongoing legal proceedings. Therefore, only one type of legal procedure will be referenced here: In the US, the Group company Symrise Inc., along with many other companies, has been accused of selling flavors that, when industrially processed, can release harmful vapors if safety instructions are not adhered to. In none of these proceedings has a concrete monetary claim been made so far. Symrise believes that it can continue to rebut these legal accusations. Furthermore, it is not expected that the results of the individual proceedings will have a significant effect on the consolidated earnings.

COMPLIANCE RISKS
Risks of this category describe the lack of congruence between processes and the applicable agreements and regulating, particularly legal, guidelines. Here the focus is on risks relating to product compliance, such as a possible violation of the European chemical regulation REACH (Registration, Evaluation, Authorization and Restriction of Chemicals). Risks relating to product compliance account for 33% of the value of all compliance risks. The establishment of the Group’s REACH organization and the associated monitoring systems serve to minimize this risk.

For years, the company has been operating an Integrity Hotline that allows employees to anonymously report employee misconduct to the Compliance Office via telephone or over the internet. All incoming reports are evaluated. When necessary, measures are taken that, in the most serious cases, can result in a termination of employment.

IT RISKS
IT risks arise from damage to the Group stemming from data misuse and potential interruptions in the exchange and processing of data, which can lead to an interruption of operational processes. Symrise maintains a number of IT and telecommunications systems whose data and programs are saved and further developed on different storage media. Established protective measures are continuously updated and extended to guarantee the security of IT processes and data. Despite these protective measures, there is still a remaining risk, however, that attacks on our data network from authorities or other third parties go unnoticed.

OVERALL ASSESSMENT OF OPPORTUNITY AND RISK SITUATION
In comparison to other sectors of industry and companies, Symrise’s business model and that of the companies acquired in the past fiscal years, have an above-average potential for opportunities thanks in part to the increase in private consumption and wealth across the globe. Many products serve to fulfill various basic human needs and desires, such as “health” and “youthful appearance,” which exist in every part of the world. The dynamic growth and high profitability of Symrise show that these opportunities have been successfully taken advantage of. We will continue to follow this strategy in the future.

All relevant risks and rewards are uniformly evaluated across the Group from a quantitative and qualitative perspective in the dimensions of their degree of the impact on business operations, the Group’s financial position and results of operations and their probability of occurrence.

The evaluation and the handling of the risks are performed at the level of the individual company, as this corresponds to the decentralized business and management model of the Symrise Group. For the Group risk assessment, we have aggregated risks at the level of the respective categories and assigned the following amounts (for their respective impact on result after income taxes) to the qualifications “low,” “medium” and “high”:

- “Low” corresponds to an amount up to €20 million
- “Medium” corresponds to an amount between €20 million and €100 million
- “High” corresponds to an amount greater than €100 million

These bandwidths are to be understood as the product of sales impact, probability of occurrence and EBITDA margin of risks, which corresponds to the methods described in the Risk Management section with respect to risks at the level of the individual companies.
The following risk profile for the Symrise Group in 2016 was established from the existing risk report and according to the methodology described:

<table>
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<tr>
<th>Risk profile</th>
<th>Group risk classification</th>
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</thead>
<tbody>
<tr>
<td>Business environment and industry risks</td>
<td>Low</td>
</tr>
<tr>
<td>Corporate strategic risks</td>
<td>Low</td>
</tr>
<tr>
<td>Economic performance risks</td>
<td>Low</td>
</tr>
<tr>
<td>Product risks</td>
<td>Low</td>
</tr>
<tr>
<td>Procurement risks</td>
<td>Low</td>
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<tr>
<td>Operating risks</td>
<td>Low</td>
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<tr>
<td>Financial risks</td>
<td>Low</td>
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<tr>
<td>Credit risk</td>
<td>Low</td>
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<tr>
<td>Liquidity risk</td>
<td>Low</td>
</tr>
<tr>
<td>Interest and currency risks</td>
<td>Low</td>
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<tr>
<td>Tax risk</td>
<td>Low</td>
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<tr>
<td>Personnel risks</td>
<td>Low</td>
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<tr>
<td>Legal risks</td>
<td>Low</td>
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<tr>
<td>Compliance risks</td>
<td>Low</td>
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<tr>
<td>IT risks</td>
<td>Low</td>
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</table>

Based on the information currently available, we see no risk that could pose a threat to the continued existence of the company. Since the existing risk reporting and the Integrated Management System were supplemented by a system of integrated internal controls and effectiveness checks, the company expects to continue to meet all requirements in the future business environment and in view of changing legal regulations.

**Essential Features of the Accounting-Related Internal Control and Risk Management System**

**MAIN FEATURES AND OBJECTIVES**
In accordance with the German Accounting Law Modernization Act (BilMoG), capital market-oriented corporations are obliged to describe the essential features of their internal accounting-related control and risk management system in the management report section of the annual report.

The accounting-related internal control system (ICS) guarantees proper and reliable financial reporting. By means of the accounting-related risk management system, measures are taken to identify and evaluate risks in order to ensure the preparation of consolidated financial statements in accordance with the regulations. The system consists of documenting possible risks, the accompanying processes and the control of these processes, and of examining these processes and controls. Opportunities are also documented within the framework of corporate planning. To guarantee that the ICS is effective, the Group-wide control mechanisms are analyzed at the level of the individual companies and the Group for suitability and functionality. Here, the Corporate Internal Audit department examines how effectively those responsible adhered to the planned control mechanisms at both the decentralized and centralized level. The efficiency of the ICS can be limited by unforeseen changes in the control environment, criminal activities or human error.

To define existing control processes in the company and to expand them where necessary, Symrise has established a process to support documentation and analysis within the scope of self-assessment measures in the Group’s business units and companies. The principles for the accounting-related internal control system and the risk management system define requirements, document the process landscape and business processes, and regulate controls to be carried out. Additionally, employee training courses and collegial exchange help ensure that measures can be constantly adjusted to the changing risk environment.

**ORGANIZATION AND PROCESS**
The ICS in the Symrise Group comprises both centralized and decentralized areas of the company. It is geared to ISO 31000 and based on the COSO II Framework. Based on reports issued by the Group’s units and companies, an aggregate Group risk report is presented to the Executive Board regularly. The Executive Board discusses the efficacy of the ICS with the Supervisory Board or with the Auditing Committee of the Supervisory Board, as appropriate.

The ICS is monitored regularly with respect to the up-to-dateness of documentation and the suitability and functionality of controls. Further, any weaknesses in the control system are identified and evaluated.

- **Accounting-related risk management**: Using a risk-oriented approach, the companies and processes that are essential for accounting are first of all identified. On the basis of the results, specific minimum requirements and objectives are defined to counteract the risks of financial reporting. The result is a centralized risk catalog that relates to financial reporting and that is simultaneously the basis of work for employees involved in financial reporting.
Accounting-related internal control system: First, existing control activities in the essential companies are documented and updated. The controls defined by the accounting-related ICS should guarantee adherence to Group accounting guidelines, the accounting guidelines of the individual companies as well as the procedures and schedules of the individual accounting processes. The control mechanisms are regularly analyzed for their effectiveness in preventing risks through the use of random sampling by Corporate Internal Audit, among other things. Whenever weaknesses have been documented, the potential risks for the consolidated financial statements stemming from the reports from the Group’s units and companies are evaluated. In another step, the individual risks are consolidated at the company level. The risks and their corresponding effects on financial reporting are reported to the Executive Board. These reports form the basis for reporting vis-à-vis the Supervisory Board’s Auditing Committee. If control weaknesses are determined, measures for improvement are developed. The efficacy of the new control methods is then analyzed in the next examination cycle.

Subsequent Report

No major changes in the economic environment or our industry situation occurred after the conclusion of the fiscal year. The Symrise Group also has no other events of significance to report.

General Statement on the Company’s Economic Situation

The Executive Board regards the Symrise Group’s economic situation as positive. In 2016, the Group managed to once again substantially increase its sales with sustained high profitability. The company’s financing is secured for the medium term. This holds true even when accounting for the acquisition of the US-based Pinova Group in January 2016 and the partial sale of Pinova Inc. Pending the passing of the resolution at the Annual General Meeting, Symrise AG shareholders will partake in the company’s success by receiving a higher dividend than in the previous year.

Outlook

FUTURE GENERAL CONDITIONS

The International Monetary Fund (IMF) expects an economic upturn on a broad scale for 2017. This development could lead to positive effects for Symrise’s business performance. Global economic growth is expected to increase from 3.1% in the previous year to 3.4% in 2017. Despite all uncertainties, the IMF expects that the new US administration will provide some notable short-term fiscal policy impulses to the world’s largest economy. The organization is also more optimistic regarding the development of Germany, Japan, Spain and the UK than it was just a few months ago. According to the IMF’s estimates, economic growth in the industrialized countries will amount to 1.9% in 2017 compared to 1.6% in the previous year.

GDP DEVELOPMENT 2016/2017, in %

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>Industrialized countries</td>
<td>1.6</td>
<td>1.9</td>
</tr>
<tr>
<td>Emerging and developing countries</td>
<td>3.1</td>
<td>4.1</td>
</tr>
<tr>
<td>Global</td>
<td>3.1</td>
<td>4.5</td>
</tr>
</tbody>
</table>

Source: IMF
Economic growth in emerging and developing countries is expected to also be higher in 2017 at 4.5% compared to 2016 (+4.1%). The outlook for China (+6.5%) in particular has improved due to a sustained expansive economic policy. Further, the economic situation in several larger countries (Brazil, Nigeria, Russia) should see some improvement after being impacted by exceptional factors in 2016. On the contrary, a deterioration of the economic environment is expected by the IMF for Mexico and Venezuela.

The AFF market relevant for Symrise reached a volume of €27.5 billion in 2016. Of this amount, the submarket for flavorings and fragrances accounts for about €22.3 billion according to the most recent estimates by IAL Consultants (10th edition, December 2016) while, according to the latest reports from TechNavio/Infiniti and Global Industry Analysts, the submarket for aroma chemicals and cosmetic ingredients accounts for about €5.2 billion.

Symrise’s long-term estimate is for an annual, average growth rate of about 3% for the submarkets for flavorings and fragrances. In view of the strong economic output of some countries in the Asia/Pacific region, demand for flavors and fragrances should rise sharply here according to IAL estimates (10th Edition, December 2016). This region will be followed by Latin America, North America and the EAME region.

For the 2017 fiscal year, Symrise expects moderate fluctuations in its raw materials costs. Generally, raw materials in the company can be broken down into natural, agriculture-based raw materials and petro-based raw materials. Symrise expects a slight increase in cost for natural raw materials, due to the increasing demand and some smaller than expected harvests. The higher oil price can also lead to a moderate increase in costs for synthetic raw materials. The company’s strategic focus is on natural and renewable raw materials. For important natural raw materials, the Group continues to pursue its backward integration approach. This means that Symrise cooperates closely with the growers of key agricultural-based products like vanilla, onions, beets and fruits. The goal is to achieve a consistently high quality and planning security via long-term agreements. The acquisition of Renessenz LLC is yet another milestone in the expansion of our raw materials basis via backward integration. For menthols, Symrise relies on its leading market position and long-term supplier loyalty with multinational brand manufacturers.

For the 2017 fiscal year, another moderate development in energy costs is expected. The reasons for this are the low gas procurement costs and the fact that thanks to the production of our own energy through a cogeneration plant in Holzminden that began operations in the fourth quarter of 2016, we will be able to cover a large part of our energy needs ourselves. These measures will reduce oil consumption substantially; the same is true for CO2 emissions. Additionally, producing our own energy will also reduce grid utilization costs. As was foreseeable in 2016, oil prices reached their ultimate low point towards the end of 2016. The price increase has been steady and another price drop is not to be expected for 2017.

With energy prices, when it comes to the baseline amount still being used, the slightly higher procurement prices on the EEX energy exchange are coupled with an increasing EEG levy. Therefore, no relief is expected.

Symrise aims to positively influence the company’s energy costs with a combination of various measures for procuring electricity and a robust energy management system.

Impacts from the Brexit Referendum
Symrise does not expect any material impacts from the possible exit of Great Britain from the EU. However, an operating risk would exist should the exit negotiations have an overall negative result for international business. Due to the limited scope of business with the UK, there are no adverse material impacts to be expected for the Group as a whole. Our company in the UK is also well-positioned to be able to successfully continue its business activities even in the event of less than favorable conditions.

All key financing contracts are made with Symrise AG and are not subject to British law. The company itself is included in the European cash pool and makes a positive contribution to Group financing via receivables in euros. These receivables are regularly offset against dividends, for instance, so that no material risk arises.

FUTURE CORPORATE DEVELOPMENT
For 2017, Symrise is reaffirming its long-term growth and profitability goals. The Group remains confident that it will continue to grow at a faster pace than the relevant market for fragrances and flavors. According to our own estimates and corporate data, the AFF market is expected to grow by around
3% 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 strict cost management and focus on high-margin business will be continued to further increase earnings. This includes initiatives to reduce complexity and the development of innovative, sustainable products and technologies. Assuming that raw materials prices remain at the level of 2016 and exchange rates do not change significantly from 2016, for 2017 the company once again anticipates an EBITDA margin of roughly 20% in all segments. 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 in 2017. 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.

At the start of 2016, Symrise acquired new competencies and products that will substantially enhance its competitive position in the creation of perfume compositions through its acquisition of sensory and terpene ingredients from the Pinova Group. 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.

LONG-TERM GOALS 2020

**Financial goals**

- **Sales growth at local currency**: 5 – 7% p.a. (CAGR)
- **EBITDA margin**: 19 – 22%

**Complementary operative goals**

- **Share of sales from emerging markets**: > 50%
- **Customer portfolio mix**: 1/3 global, regional, local
- **Connecting products and technologies of acquisitions**
Remuneration Report

The remuneration report explains the guidelines applicable for setting total remuneration for the Executive Board members and describes the structure and amount of the Executive Board members’ remuneration. Furthermore, the guidelines and amounts of the remuneration for the Supervisory Board members are also described.

Remuneration of the Executive Board

Pursuant to the Appropriateness of Executive Board Remuneration Act (VorstAG) and according to Section 1 (3) of the rules of procedure of the Supervisory Board of Symrise AG, the full Supervisory Board meeting advises and determines the remuneration system for the Executive Board and regularly monitors its implementation. It does this upon request of the Personnel Committee. The current remuneration system was last approved by a majority of the shareholders at the 2015 Annual General Meeting. It fulfills all of the recommendations of the German Corporate Governance Code in its version from May 5, 2015.

The system and amount of the Executive Board’s remuneration are regularly reviewed by the Supervisory Board. The last review was performed in the Supervisory Board meeting in September 2016 in connection with the appointment of the new Executive Board members.

Appropriateness of Executive Board Remuneration

The appropriateness of the remuneration depends upon the responsibilities and personal achievements of the individual Executive Board member as well as the economic situation and market environment of the company as a whole. Further, the customary level of remuneration at peer companies and the internal Symrise remuneration structure are also considered. The Supervisory Board is of the opinion that remuneration for Executive Board members should be appropriate and that their set goals should be ambitious.

The average remuneration of an Executive Board member, consisting of the fixed remuneration, an annual variable component and a long-term variable component, corresponds to approximately 23 times the average remuneration of Symrise employees in Germany and around 24 times that of Symrise employees worldwide.

For the variable remuneration, the goals and criteria for assessing goal attainment are in general more ambitious for Executive Board members than those applied to other managers. For instance, the bonus payment is completely voided if less than 85% of the set goal is achieved (threshold). For managers, this threshold is set at 60%.

Fixed Remuneration and Supplementary Payments

Every Executive Board member receives their annual fixed remuneration in equal monthly payments. Supplementary payments mainly contain fringe benefits in the form of non-monetary benefits from the use of a company car and payments for insurance such as a group insurance.

Annual Variable Remuneration (Bonus)

The annual variable remuneration is comprised of an annual bonus that is dependent upon the company’s success in the past fiscal year, specifically the attainment of certain financial goals (EBITDA, EPS) as well as a qualitative corporate goal. The annual variable remuneration is limited by a cap and can only reach a maximum of 150% of the contractually agreed annual bonus. If the threshold of 85% for a specific goal is not attained, the entire variable component for that goal is not paid out.

The goals for the annual variable remuneration were set by the Supervisory Board at the beginning of the 2016 calendar year. Corresponding goals are also applied to the levels below the Executive Board along with other goals. This ensures the consistent pursuit of corporate goals adopted by the Supervisory Board within the company. The annual variable remuneration for the 2016 calendar year will be paid out in the following year (2017) dependent on the degree of attainment on the basis of the approved financial statements for 2016.

Multi-Year Variable Remuneration (Long-Term Incentive Plan)

Multi-year remuneration (long-term incentive plan/LTIP) is a revolving variable cash remuneration based on the long-term success of the company and is dependent upon the attainment of the goals subsequently listed over a period of three years.
Regarding the incentive plans for 2014–2016, 2015–2017 and 2016–2018, performance is measured via a share-based index composed of listed companies in the fragrance and flavor industry as well as supplier companies and companies of the food and cosmetics industry. The key indicator for measuring performance within the index peer group is the share price development plus dividends or other payments (total investor return). Symrise’s development compared to the companies in the index is represented in the form of a percentile ranking. In order to ensure the best possible objectivity and transparency, the composition of the index and the determination of the percentile ranking are performed by an external consulting firm (Obermatt, Zurich).

For all three current incentive plans, a bonus will only be paid (threshold) if Symrise performs better than 50 % of the peer companies (at least a 50th percentile rank) over three performance years. If this threshold is not met, the bonus is forgone without replacement or substitution. 100 % goal attainment (target amount) would correspond to a 60th percentile rank.

If the Symrise share performs better than all of the companies represented in the index, meaning that Symrise had a 100th percentile rank for each of the three years, this would be rewarded with a doubling of the 100 % goal attainment bonus. In this sense, there is a cap of 200 %.

For Dr. Heinz-Jürgen Bertram, the multi-year variable remuneration awarded for 100 % attainment of targets amounts to € 665,000. The bonus for Achim Daub amounts to € 455,000 and € 400,000 for Olaf Klinger. Due to their midyear appointment, Dr. Jean-Yves Parisot and Heinrich Schaper will not receive any multi-year variable remuneration for 2016.

If an Executive Board member leaves the company at their own request before the performance period has ended, the member has no entitlement to the ongoing long-term incentive programs, nor an entitlement to a pro rata payout.

For the LTIP programs 2014–2016, 2015–2017 and 2016–2018, provisions were made as of the reporting date amounting to € 977,847 (previous year: € 1,342,146) (2016 expense: € 267,701) for Dr. Bertram and € 596,631 (previous year: € 790,648) (2016 expense: € 167,276) for Mr. Daub.

INDIVIDUAL REMUNERATION IN ACCORDANCE WITH THE RECOMMENDATION FROM NO. 4.2.5 (3) OF THE GERMAN CORPORATE GOVERNANCE CODE

The remuneration received by the Executive Board members Dr. Bertram, Mr. Daub and Mr. Klinger in the 2016 fiscal year correspond to those set by the resolution of the Supervisory Board on December 4, 2014 and July 10, 2015. Accordingly, the remuneration of the Executive Board members is determined against the background of the tasks and performance of the Executive Board members in addition to the general economic situation and the development of Symrise.

In the Supervisory Board meeting on September 20, 2016, the Supervisory Board appointed Dr. Jean-Yves Parisot and Heinrich Schaper members of the Executive Board effective October 1, 2016, and resolved a pro rata remuneration based on the yearly rate of € 400,000 in fixed salary and € 300,000 in bonus in accordance with their midyear appointment.

Table of Financial Contributions in the 2016 Fiscal Year

The following table of financial contributions in the 2016 fiscal year is based on the recommendations of the German Corporate Governance Code in its version from May 5, 2015. Here, values are provided for the minimum and maximum amount of remuneration that can be achieved.
## Acting Executive Board Members in the 2016 Fiscal Year

### Financial Contributions

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2016 (Min)</th>
<th>FY 2016 (Max)</th>
<th>FY 2015</th>
<th>FY 2016 (Min)</th>
<th>FY 2016 (Max)</th>
<th>FY 2016 (Min)</th>
<th>FY 2016 (Max)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed remunerations</strong></td>
<td>665,000</td>
<td>665,000</td>
<td>665,000</td>
<td>665,000</td>
<td>–</td>
<td>400,000</td>
<td>400,000</td>
<td>400,000</td>
<td>400,000</td>
</tr>
<tr>
<td><strong>Supplementary payments</strong>*</td>
<td>20,150</td>
<td>21,013</td>
<td>21,013</td>
<td>21,013</td>
<td>–</td>
<td>21,359</td>
<td>21,359</td>
<td>21,359</td>
<td>21,359</td>
</tr>
<tr>
<td><strong>Annual variable remuneration</strong></td>
<td>570,000</td>
<td>570,000</td>
<td>0</td>
<td>855,000</td>
<td>–</td>
<td>300,000</td>
<td>0</td>
<td>450,000</td>
<td></td>
</tr>
<tr>
<td><strong>Multi-year variable remuneration (total)</strong>*</td>
<td>665,000</td>
<td>665,000</td>
<td>0</td>
<td>1,330,000</td>
<td>–</td>
<td>400,000</td>
<td>0</td>
<td>800,000</td>
<td></td>
</tr>
<tr>
<td><strong>LTIP 2015 (covering 2015 to 2017)</strong></td>
<td>665,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td><strong>LTIP 2016 (covering 2016 to 2018)</strong></td>
<td>–</td>
<td>665,000</td>
<td>0</td>
<td>1,330,000</td>
<td>–</td>
<td>400,000</td>
<td>0</td>
<td>800,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,290,150</td>
<td>1,291,013</td>
<td>686,013</td>
<td>2,871,013</td>
<td>–</td>
<td>1,121,359</td>
<td>421,359</td>
<td>1,671,359</td>
<td></td>
</tr>
<tr>
<td><strong>Service costs</strong>**</td>
<td>33,903</td>
<td>31,017</td>
<td>31,017</td>
<td>31,017</td>
<td>–</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Total remuneration (DCGk)</strong></td>
<td>1,954,053</td>
<td>1,952,030</td>
<td>717,030</td>
<td>2,902,030</td>
<td>–</td>
<td>1,121,359</td>
<td>421,359</td>
<td>1,671,359</td>
<td></td>
</tr>
</tbody>
</table>

* Supplementary payments include non-monetary benefits, for example from the use of a company car and payments for insurances, such as group accident insurance, for all Executive Board members.

** Annual variable remuneration contains the value for 100% goal attainment. The "FY 2016 (max)" column shows the values for achieving the theoretical maximum bonus value of 150%.

*** Multi-year variable remuneration contains the payments granted by the Supervisory Board in the respective fiscal year for 100% goal attainment in the long-term incentive program. The "FY 2016 (max)" column shows the values for achieving the theoretical maximum bonus value of 200%.

**** Service costs contain expenses pursuant to IAS 19 without interest expenses according to the recommendation of the German Corporate Governance Codex.
### Table of Accrued Payments in the 2016 Fiscal Year

The following table shows the accrual of remuneration in or for the 2016 fiscal year. This is comprised of fixed remuneration, supplementary payments, annual variable remuneration and multi-year variable remuneration, differentiated according to the respective reference years and service costs.

Contrary to the table above, this table contains the actual value of multi-year variable remuneration for Executive Board appointments earned from previous years and paid out in the 2016 fiscal year.

#### Acting Executive Board Members in the 2016 Fiscal Year

<table>
<thead>
<tr>
<th>Accruals</th>
<th>Dr. Heinz-Jürgen Bertram</th>
<th>Olaf Klinger</th>
<th>Achim Daub</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CEO since 2009</td>
<td>CFO since January 2016</td>
<td>President Scent &amp; Care since 2006</td>
</tr>
<tr>
<td>Fixed remunerations</td>
<td>665,000</td>
<td>665,000</td>
<td>0</td>
</tr>
<tr>
<td>Supplementary payments*</td>
<td>20,150</td>
<td>21,013</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>685,150</td>
<td>686,013</td>
<td>0</td>
</tr>
<tr>
<td>Annual variable remuneration**</td>
<td>594,681</td>
<td>601,578</td>
<td>0</td>
</tr>
<tr>
<td>Multi-year variable remuneration (total)**</td>
<td>632,000</td>
<td>643,500</td>
<td>0</td>
</tr>
<tr>
<td>LTIP 2013 (covering 2013 to 2015)</td>
<td>632,000</td>
<td>632,000</td>
<td>0</td>
</tr>
<tr>
<td>LTIP 2014 (covering 2014 to 2016)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1,911,831</td>
<td>1,931,091</td>
<td>0</td>
</tr>
<tr>
<td>Service costs****</td>
<td>33,903</td>
<td>31,017</td>
<td>0</td>
</tr>
<tr>
<td>Total remuneration (DCGk)</td>
<td>1,945,734</td>
<td>1,962,108</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accruals</th>
<th>Dr. Jean-Yves Parisot</th>
<th>Heinrich Schaper</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>President Nutrition since October 2016</td>
<td>President Flavor since October 2016</td>
</tr>
<tr>
<td>Fixed remunerations</td>
<td>0</td>
<td>100,000</td>
</tr>
<tr>
<td>Supplementary payments*</td>
<td>0</td>
<td>5,057</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>105,057</td>
</tr>
<tr>
<td>Annual variable remuneration**</td>
<td>0</td>
<td>77,700</td>
</tr>
<tr>
<td>Multi-year variable remuneration (total)**</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>LTIP 2013 (covering 2013 to 2015)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>LTIP 2014 (covering 2014 to 2016)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>182,757</td>
</tr>
<tr>
<td>Service costs****</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total remuneration (DCGk)</td>
<td>0</td>
<td>182,757</td>
</tr>
</tbody>
</table>

* Supplementary payments include non-monetary benefits, for example from the use of a company car and payments for insurances, such as group accident insurance, for all Executive Board members.

** Annual variable remuneration contains the accruals for the bonus corresponding to the respective fiscal year.

*** Multi-year variable remuneration contains the accrued payments for the respective fiscal year from the respective Long-Term Incentive Program based on actual goal attainment.

**** Service costs contain expenses pursuant to IAS 19 without interest expenses according to the recommendation of the German Corporate Governance Codex.
### DISCLOSURES PURSUANT TO SECTION 315A OF THE GERMAN COMMERCIAL CODE (HGB)

**ACTING EXECUTIVE BOARD MEMBERS IN THE 2016 FISCAL YEAR**

<table>
<thead>
<tr>
<th>€</th>
<th>Fixed remuneration</th>
<th>Supplementary payments*</th>
<th>Annual variable remuneration without long-term incentives**</th>
<th>Multi-year variable remuneration with long-term non-share-based incentives***</th>
<th>Total remuneration pursuant to Section 314 (1) no. 6a HGB</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dr. Heinz-Jürgen Bertram</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>665,000</td>
<td>21,013</td>
<td>601,578</td>
<td>643,500</td>
<td>1,931,091</td>
</tr>
<tr>
<td>2015</td>
<td>665,000</td>
<td>20,150</td>
<td>594,681</td>
<td>632,000</td>
<td>1,911,831</td>
</tr>
<tr>
<td><strong>Olaf Klinger</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>400,000</td>
<td>21,359</td>
<td>324,390</td>
<td>0</td>
<td>745,749</td>
</tr>
<tr>
<td>2015</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Achim Daub</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>455,000</td>
<td>20,610</td>
<td>397,137</td>
<td>367,868</td>
<td>1,240,615</td>
</tr>
<tr>
<td>2015</td>
<td>455,000</td>
<td>19,980</td>
<td>397,098</td>
<td>361,293</td>
<td>1,233,371</td>
</tr>
<tr>
<td><strong>Dr. Jean-Yves Parisot</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oct. to Dec. 2016</td>
<td>100,000</td>
<td>5,057</td>
<td>77,700</td>
<td>0</td>
<td>182,757</td>
</tr>
<tr>
<td>2015</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Heinrich Schaper</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oct. to Dec. 2016</td>
<td>100,000</td>
<td>5,488</td>
<td>79,553</td>
<td>0</td>
<td>185,041</td>
</tr>
<tr>
<td>2015</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

* Supplementary payments include non-monetary benefits, for example from the use of a company car and payments for insurances, such as group accident insurance, for all Executive Board members.

** Annual variable remuneration includes bonus provisions for the current year and bonus payments from the previous year to the extent that these differ from the amount of the previous year.

*** Multi-year variable remuneration contains the provisions as of December 31, 2016, for the LTIP program 2014–2016 and as of December 31, 2015, for the LTIP program 2013–2015.

### PENSIONS

Company-financed pensions are not granted by Symrise in new Executive Board member contracts. However, all members of the Executive Board have the possibility of accumulating deferred compensation benefits by converting their salaries. In 2016, Dr. Bertram, Mr. Klinger and Mr. Schaper made use of this option. There is no company contribution similar to the regulations applied to non-tariff employees and managers in connection with this “deferred compensation” arrangement.

In order to service future entitlements for the Executive Board members as part of a deferred compensation plan, Symrise made allocations to provisions for Dr. Bertram amounting to € 336,456 (previous year: € 23,134), € 145,829 (starting date: January 1, 2016) for Mr. Klinger and € 103,488 for Mr. Schaper based on actuarial computations in 2016.
Due to their prior employment contracts with Symrise, pension commitments exist for Dr. Bertram and Mr. Schaper, which were also offered to all other employees of the former Harman & Reimer GmbH. For these benefit obligations, provisions of €31,017 (previous year: €33,903) for Dr. Betram and €20,471 for Mr. Schaper (past service cost pursuant to IAS 19) were allocated in the 2016 fiscal year.

As of December 31, 2016, the present value of the provisions for pensions or deferred compensation obligations for Dr. Bertram amount to €2,211,907 (previous year: €1,741,686), €145,829 for Mr. Klinger and €1,054,496 for Mr. Schaper.

No provisions for pensions or deferred compensation obligations exist for Mr. Daub or Dr. Parisot.

**CHANGE OF CONTROL**
The employment contracts that form the basis for all Executive Board appointments include identical commitments for payments in case of an early termination of the Executive Board position resulting from a change of control.

In the case of a change of control, all Executive Board members have the right to terminate their employment contract.

In the case of a change of control and a corresponding termination by the employer or early recall by the Supervisory Board, all Executive Board members are to receive compensation for the remaining terms of their contracts with severance equal to at least three years’ pay. The overall limit of payments to be made is set at 150% of the severance payment cap for all Executive Board members according to the provisions of the German Corporate Governance Code of May 5, 2015 – in other words a maximum of three year’s remuneration including supplementary payments.

Further, all the long-term incentive plans (LTIP) contain a special clause for the case of a change of control. If a member of the Executive Board is recalled as part of a change of control, this Executive Board member would receive all ongoing and not yet due multi-year variable remuneration paid out at the level of 100% target attainment.

**EARLY TERMINATION AND EXPIRATION OF EMPLOYMENT CONTRACTS**
The members of the Executive Board do not receive any special remuneration upon expiration of their contracts and do not receive any termination benefits. Moreover, no termination benefits are paid out if the termination of an Executive Board contract is done consensually upon the request of the Executive Board member or an important reason for termination of employment exists for the company.

A post-employment non-compete provision can be agreed upon with all Executive Board members for twelve months. In such cases, the member concerned shall receive 50% of his or her fixed remuneration for these twelve months as compensation.

**D & O INSURANCE**
While observing all legal requirements, Symrise AG took out a professional indemnity insurance (D & O insurance) for the members of the Executive Board with an appropriate deductible pursuant to Section 93 (2) sentence 3 of the German Stock Corporation Act (AktG).

**REMUNERATION OF THE SUPERVISORY BOARD**
The members of the Supervisory Board have received an annual remuneration amounting to €60,000 since the 2013 fiscal year. The Chairman of the Supervisory Board receives an additional annual remuneration amounting to €60,000. The Vice Chairperson of the Supervisory Board and the Chairperson of the Auditing Committee both receive an additional annual remuneration of €30,000 respectively.

Furthermore, the members of the Supervisory Board receive a stipend of €1,000 for their participation in Supervisory Board sessions and those of its committees. This is, however, limited to a maximum of €1,500 per calendar day. Supervisory Board members whose inclusion on the Board comprised less than a full year are to receive one-twelfth of their appointed remuneration for every commenced month of activity. This also applies to members of Supervisory Board committees.

Remuneration shall be paid upon the completion of the Annual General Meeting, which is formally responsible for discharging the members of the Supervisory Board for the respective fiscal year for which remuneration is due.
The company shall reimburse Supervisory Board members of reasonable expenses upon presentation of receipts. Value-added tax is to be reimbursed by the company insofar as the members of the Supervisory Board are authorized to separately invoice the company for value-added tax and exercise this right. A breakdown of the total remuneration for each Supervisory Board member is shown in the following table.

<table>
<thead>
<tr>
<th>€</th>
<th>Remuneration</th>
<th>Stipends</th>
<th>Total remuneration as of December 31, 2016</th>
<th>Total remuneration as of December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Thomas Rabe (Chairman)</td>
<td>120,000</td>
<td>7,500</td>
<td>127,500</td>
<td>126,000</td>
</tr>
<tr>
<td>Regina Hufnagel (Vice Chairperson)</td>
<td>90,000</td>
<td>12,000</td>
<td>102,000</td>
<td>98,500</td>
</tr>
<tr>
<td>Dr. Michael Becker</td>
<td>90,000</td>
<td>10,500</td>
<td>100,500</td>
<td>98,500</td>
</tr>
<tr>
<td>Ursula Buck (from May 11, 2016)</td>
<td>40,000</td>
<td>6,500</td>
<td>46,500</td>
<td>0</td>
</tr>
<tr>
<td>Harald Feist</td>
<td>60,000</td>
<td>10,000</td>
<td>70,000</td>
<td>66,000</td>
</tr>
<tr>
<td>Horst-Otto Gerberding</td>
<td>60,000</td>
<td>7,500</td>
<td>67,500</td>
<td>66,000</td>
</tr>
<tr>
<td>Dr. Peter Grafoner (until May 11, 2016)</td>
<td>25,000</td>
<td>3,000</td>
<td>28,000</td>
<td>68,500</td>
</tr>
<tr>
<td>Jeanette Härtling (from May 11, 2016)</td>
<td>40,000</td>
<td>4,000</td>
<td>44,000</td>
<td>0</td>
</tr>
<tr>
<td>Christiane Jarke (until May 11, 2016)</td>
<td>25,000</td>
<td>2,500</td>
<td>27,500</td>
<td>63,500</td>
</tr>
<tr>
<td>André Kirchhoff (from May 11, 2016)</td>
<td>40,000</td>
<td>4,000</td>
<td>44,000</td>
<td>0</td>
</tr>
<tr>
<td>Gerd Lösing (until May 11, 2016)</td>
<td>25,000</td>
<td>2,000</td>
<td>27,000</td>
<td>65,000</td>
</tr>
<tr>
<td>Prof. Dr. Andrea Pfeifer</td>
<td>60,000</td>
<td>6,000</td>
<td>66,000</td>
<td>65,000</td>
</tr>
<tr>
<td>Dr. Winfried Steeger</td>
<td>60,000</td>
<td>10,500</td>
<td>70,500</td>
<td>68,500</td>
</tr>
<tr>
<td>Helmut Tacke (until May 11, 2016)</td>
<td>25,000</td>
<td>2,000</td>
<td>27,000</td>
<td>67,500</td>
</tr>
<tr>
<td>Dr. Ludwig Tumbrink (from May 11, 2016)</td>
<td>40,000</td>
<td>4,000</td>
<td>44,000</td>
<td>0</td>
</tr>
<tr>
<td>Peter Winkelmann</td>
<td>60,000</td>
<td>11,500</td>
<td>71,500</td>
<td>68,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>860,000</strong></td>
<td><strong>103,500</strong></td>
<td><strong>963,500</strong></td>
<td><strong>921,500</strong></td>
</tr>
</tbody>
</table>

D & O INSURANCE
In conformity with the German Corporate Governance Code, a professional indemnity insurance (D & O insurance) with an appropriate deductible was also taken out for the members of the Supervisory Board.
Disclosures in Accordance with Section 315 (4) of the German Commercial Code (HGB)

- The share capital of Symrise AG remains unchanged at €129,812,574. It is divided into no-par-value shares with a nominal value of €1. The associated rights and duties are set forth in the relevant provisions of the German Stock Corporation Act (AktG). There are no different types of shares with different rights and obligations. Nor do any special rights or rights of control exist for any shareholders.

- Sun Life Financial Inc., Toronto, Canada, informed us on behalf of its subsidiaries in May 2015 that its share in Symrise AG has again exceeded the 10% threshold at 10.62% and continues to exceed this threshold.

- The appointment and removal of members of the Executive Board is based on Sections 84 and 85 of the German Stock Corporation Act (AktG). Amendments to the articles of incorporation are based on Sections 133 and 179 of the German Stock Corporation Act (AktG).

- The Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the share capital of the company until May 11, 2020, by up to €25,000,000 million through one or more issuances of new, no-par-value shares against contribution in cash and/or in kind. The new shares may be underwritten by one or more financial institutions determined by the Executive Board in order for such shares to be offered to the shareholders (indirect subscription right). The Executive Board is authorized, subject to the consent of the Supervisory Board, to exclude the subscription rights of existing shareholders in the following instances:

  a) In the case of capital increases in return for non-cash contributions in kind for the granting of shares for the purpose of acquiring companies or share interests in companies or participating companies

  b) For the purpose of issuing a maximum number of 1,000,000 new shares to employees of the company and affiliated companies, within the constraints imposed by law

  c) Insofar as this is necessary in order to grant holders of warrants and convertible bonds issued by the company or its subsidiaries a right to subscribe for new shares to the extent that they would be entitled to such a right when exercising the warrants or options or when meeting obligations arising from the warrants or options

  d) To exclude fractional amounts from subscription rights

  e) In the case of capital increases against payment in cash, if, at the time of the final determination of the issue price by the Executive Board, the issue price of the new shares is not materially – within the meaning of Section 203 (1) and (2) of the German Stock Corporation Act (AktG) and Section 186 (3), Sentence 4 of the German Stock Corporation Act – less than the stock market price of shares already traded on the stock exchange of the same type and with the same attributes and the aggregate amount of the new shares for which subscription rights are excluded does not exceed 10% of the share capital either at the time this authorization comes into force or at the time this authorization is exercised. This restriction is to include shares that were or will be sold or issued without subscription rights during the period of validity of this authorization, up to the time of its exercise, by reason of other authorizations in direct or corresponding application of Section 186, (3) Sentence 4 of the German Stock Corporation Act (AktG).

  The Executive Board is authorized, subject to the consent of the Supervisory Board, to determine the further particulars of the capital increase and its implementation including the scope of shareholder rights and the conditions for the issuing of shares.

- The Annual General Meeting from May 14, 2013, authorized the Executive Board, with the consent of the Supervisory Board, to issue option bearer bonds and/or convertible bearer bonds or combinations of these instruments, once or several times and with or without term restrictions, up until May 13, 2018, for a total nominal amount of up to €1,000,000,000.00. These can also be issued simultaneously in various tranches. The Executive Board is also authorized to grant the bondholders option or conversion rights in respect of up to a total of 23,000,000 no-par-value shares of the company representing up to €23,000,000.00 of the share capital in accordance with the specific conditions for the bond.

  To fulfill the subscription rights granted, the company’s share capital has been conditionally increased by up to €23,000,000.00 through the issue of up to 23,000,000 new...
The Executive Board is authorized, with the consent of the Supervisory Board, to determine the further details regarding the implementation of the conditional capital increase. The Supervisory Board is authorized to amend Section 4 (6) of the articles of incorporation in accordance with the utilization of the conditional capital. The same applies if the authorization to issue convertible/option bonds is not exercised after the end of the authorization period and if the conditional capital is not utilized after the expiry of all conversion options.

- Furthermore, the Executive Board is authorized to purchase treasury shares amounting up to 10% of the current share capital until May 11, 2020. The purchased shares together with other treasury shares that are held by the company or are attributed to it according to Section 71 a et seqq. of the German Stock Corporation Act (AktG) may not at any time exceed 10% of the share capital. The authorization must not be used for the trade of treasury shares.

a) For one or more purposes, the authorization may be invoked by the company, or by third parties for the account of the company, in one total amount or in a number of partial amounts either singly or on several separate occasions.

b) The Executive Board has the choice of making the acquisition either through the stock exchange or in the form of a published purchase offer, or respectively, in the form of a published request for tender of such an offer.

aa) If the acquisition of shares is made through the stock exchange, the consideration per share paid by the company (excluding ancillary acquisition costs) may not exceed or undercut the opening auction price quoted on the XETRA trading system (or a comparable replacement system) on the day of the stock exchange trading by more than 5%.

bb) If the acquisition is made in the form of a published purchase offer, or in the form of a published request for tender of a purchase offer, the purchase price offered per share, or the limits of the purchase price spread per share (excluding ancillary acquisition costs), may not exceed or undercut the average closing price quoted on the XETRA trading system (or a comparable replacement system) on the last three stock exchange trading days before the date of publication of the offer, or respectively, the date of publication of a request for tender of a purchase offer, by more than 10%. If, following publication of the purchase offer, or respectively, following publication for tender of a purchase offer, significant fluctuations occur in the applicable reference price, then an adjustment may be made to the offer, or respectively, to the request for tender of such an offer. In such circumstances, reference will be made to the average price of the last three stock exchange trading dates before publication of any potential adjustment. The purchase offer, or respectively, the request for tender of such an offer may include further conditions. Inasmuch as the offer is oversubscribed, or respectively, in the case of a request for tender of an offer, inasmuch as not all equivalent offers can be accepted, then acceptance must occur on a quota basis. Preferential acceptance of small quantities of up to 100 shares on offer is permissible.

c) The Executive Board is authorized to use company shares that are acquired on the basis of this authorization for all permitted legal purposes but especially for the following purposes:

aa) The shares may be redeemed without the necessity for the redemption or its execution to be authorized by a further resolution of a general meeting of shareholders. In a simplified procedure, they may be redeemed without a formal reduction in capital by adjustment of the proportional amount applicable to the remaining no-par-value shares making up the company’s share capital. The redemption may be limited to only a portion of the shares acquired. The authorization for redemption of shares may be invoked repeatedly. If the redemption is performed using the simplified procedure, then the Executive Board is authorized to adjust the number of no-par-value shares contained in the company’s articles of incorporation.
bb) The shares may also be sold by means other than through the stock exchange or an offer to the shareholders if the shares are disposed of against payment in cash at a price that is not significantly less than the quoted stock exchange price at the time of disposal for shares of the same type.

c) The shares may be sold in consideration for contributions in kind, particularly in connection with the acquisition of other entities, parts of entities or investments in entities as well as in connection with business mergers.

d) The authorizations listed under paragraph c) subparagraphs aa) to cc) above also cover the disposition of company shares that are acquired pursuant to Section 71 d sentence 5 of the German Stock Corporation Act (AktG).

e) The authorizations listed under c) above may be made use of singly or repeatedly, wholly or partly, individually or jointly; the authorizations under c) subparagraphs bb) and cc) may also be made use of by entities dependent on the company or by entities that are owned in the majority by the company, or for their account, or for the account of third parties acting on behalf of the company.

f) Shareholder subscription rights in respect of this treasury stock are excluded to the extent that these shares are disposed of in accordance with the aforementioned authorization contained in paragraph c) subparagraphs bb) and cc).

g) The Supervisory Board may prescribe that measures taken by the Executive Board based on this resolution by the Annual General Meeting of the shareholders may only be executed with its permission.

- The employment contracts for the members of the Executive Board at Symrise AG contain a change of control clause. The clause provides that Executive Board members, who are recalled without serious cause or mutually agree to resign from their Executive Board positions after a change of control, but before the end of their contract term, are entitled to a settlement for the time remaining on their employment contracts or at least termination benefits amounting to three years' worth of remuneration. Severance and settlement must not exceed the overall limit of 150% of the severance payment cap according to the provisions of the current version of the German Corporate Governance Code from May 5, 2015.

No further disclosure requirements exist pursuant to Section 315 (4) of the German Commercial Code (HGB).

Corporate Governance Statement

Consolidated Income Statement with a Separate Presentation of the Special Influences for the 2016 Fiscal Year

<table>
<thead>
<tr>
<th>€</th>
<th>2015</th>
<th>2016 Normalized</th>
<th>Special influences*</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2,601,730</td>
<td>2,903,187</td>
<td>0</td>
<td>2,903,187</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>– 1,490,141</td>
<td>– 1,706,944</td>
<td>– 10,774</td>
<td>– 1,717,718</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,111,589</td>
<td>1,196,243</td>
<td>– 10,774</td>
<td>1,185,469</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>– 426,912</td>
<td>– 466,530</td>
<td>– 2,261</td>
<td>– 468,791</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>– 169,640</td>
<td>– 185,980</td>
<td>– 172</td>
<td>– 186,152</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>– 148,484</td>
<td>– 149,502</td>
<td>– 8,990</td>
<td>– 158,492</td>
</tr>
<tr>
<td>Other operating income</td>
<td>32,818</td>
<td>31,568</td>
<td>3,522</td>
<td>35,090</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>– 4,159</td>
<td>– 2,475</td>
<td>0</td>
<td>– 2,475</td>
</tr>
<tr>
<td>Income from operations/EBIT</td>
<td>395,212</td>
<td>423,322</td>
<td>– 18,674</td>
<td>404,649</td>
</tr>
<tr>
<td>Financial income</td>
<td>4,541</td>
<td>4,186</td>
<td></td>
<td>4,186</td>
</tr>
<tr>
<td>Financial result</td>
<td>– 44,319</td>
<td>– 43,649</td>
<td>– 2,224</td>
<td>– 45,873</td>
</tr>
<tr>
<td>Earnings before income taxes</td>
<td>350,893</td>
<td>379,673</td>
<td>– 20,898</td>
<td>358,776</td>
</tr>
<tr>
<td>Income taxes</td>
<td>– 98,504</td>
<td>– 105,263</td>
<td>7,741</td>
<td>– 97,522</td>
</tr>
<tr>
<td>Net income</td>
<td>252,389</td>
<td>274,411</td>
<td>– 13,157</td>
<td>261,254</td>
</tr>
<tr>
<td>of which attributable to shareholders of Symrise AG</td>
<td>246,778</td>
<td>265,867</td>
<td>– 13,157</td>
<td>252,710</td>
</tr>
<tr>
<td>of which attributable to non-controlling interests</td>
<td>5,611</td>
<td>8,544</td>
<td>0</td>
<td>8,544</td>
</tr>
<tr>
<td>Earnings per share (€)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- diluted and basic</td>
<td>1.90</td>
<td>2.05</td>
<td></td>
<td>1.95</td>
</tr>
</tbody>
</table>

* One-time effects include the one-time non-recurring specific influences from transaction and integration costs as well as one-time valuation effects related to the Pinova acquisition. Furthermore, the amortization on an investment is contained in financial expenses. The special influences have an impact on the Scent & Care segment in the amount of € 18,674 and € 2,224 on the Nutrition segment.