

# Corporate Governance

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## Corporate Governance Statement pursuant to Sections 289f, 315d of the German Commercial Code (HGB) and Corporate Governance Report

The actions of Symrise AG's management and oversight bodies are determined by the principles of good and responsible corporate governance. The Executive Board – also acting on behalf of the Supervisory Board – has issued the following Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code for Symrise AG and the Symrise Group (hereinafter collectively referred to as “Symrise”). This includes (i) the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act, (ii) relevant disclosures on corporate governance practices, (iii) a description of the working methods of the Executive Board and the Supervisory Board as well as the composition and working methods of their committees, (iv) target figures for the proportion of women in the Executive Board and for the two management levels below the Executive Board, together with deadlines for implementation, status of implementation and (v) a description of the diversity concept with regard to the composition of the Executive Board and Supervisory Board.

Pursuant to the currently valid version of Section 3.10 of the German Corporate Governance Codex from February 7, 2017 (“DCGK 2017”), published in the official section of the Federal Gazette by the German Federal Ministry of Justice on April 24, 2017, and amended on May 19, 2017, the Corporate Governance Report, which is required to be issued annually by the Executive Board and the Supervisory Board, must be published together with the Corporate Governance Statement.

Due to the similarity of content between the Corporate Governance Report and the Corporate Governance Statement, we have once more decided to integrate the Corporate Governance Report in the meaning of Section 3.10 of the Corporate Governance Codex 2017 into the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code in order to simplify orientation for the reader. By contrast, the remuneration report pursuant to Section 4.2.5 of the Corporate Governance Codex 2017 is no longer part of the Corporate Governance Report. The remuneration report is part of the management report included on pages 55 to 63 of the 2019 financial report.

The Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code is published on the Symrise website, together with the integrated Corporate Governance Report of the Executive Board and Supervisory Board. The address is <https://www.symrise.com/corporate-governance-statement>.

### DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT FROM SEPTEMBER 2019

Under Section 161 of the German Stock Corporation Act, the Executive Board and the Supervisory Board of a listed company must issue an annual declaration detailing whether the company was and is in compliance with the German Corporate Governance Code and providing its reasoning regarding any recommendations of the Code that have not been applied.

#### WORDING OF THE DECLARATION

On the basis of their deliberations, the Executive Board and the Supervisory Board of Symrise AG issued a new declaration of compliance on September 17, 2019, pursuant to Section 161 of the German Stock Corporation Act. The declaration is worded as follows:

“In accordance with Section 161 of the German Stock Corporation Act, the Executive and Supervisory Boards of Symrise AG state that:

Symrise AG has fully complied with all recommendations made by the Government Commission on the Corporate Governance Codex (version: February 7, 2017) published by the German Federal Ministry of Justice on April 24, 2017, in the official part of the Federal Gazette (Bundesanzeiger) and amended on May 19, 2017, without exception and will continue to do so in the future.”

The Declaration of Compliance has also been made publicly available on Symrise AG's website. It can be found at <https://www.symrise.com/investors/corporate-governance/declaration-of-compliance>.

### RELEVANT INFORMATION ON COMPANY PRACTICES

This part of the Corporate Governance Statement provides relevant information on corporate governance practices beyond the scope of legal requirements.

#### OUR CODE OF CONDUCT

Our Code of Conduct, which was last fundamentally revised in 2016, continues to apply in order to ensure uniform and exemplary actions and conduct. This Code of Conduct applies to the Executive Board and the Supervisory Board and to all Symrise employees in Germany and abroad, i.e., to managers

and all employees in the Group equally. The Code of Conduct – a binding fundamental principle – defines minimum standards and sets out behavior enabling all employees to cooperate in meeting these standards. The purpose of the Code of Conduct is to help all employees cope with the ethical and legal challenges of their everyday work and provide them with guidance in conflict situations. In the interest of all employees and the Group, noncompliance with standards will be investigated and their causes remedied. This means that misconduct will be consistently prosecuted in accordance with national laws.

Our Code of Conduct provides the framework for interactions with our key stakeholders: employees and colleagues, customers and suppliers, shareholders and investors, neighbors and society, national and local governments as well as government agencies, media and the public.

The Code of Conduct is based on our values and principles. By following it, we guarantee that every person is treated fairly and with respect, while ensuring that our behavior and business activities remain transparent, honest and consistent throughout the world.

Our Code of Conduct has been made permanently available on the Symrise website. It can be found at <https://www.symrise.com/code-of-conduct>.

## OUR COMPLIANCE MANAGEMENT SYSTEM

### INTRODUCTION

At Symrise, we understand “compliance” as an integrated organizational model ensuring adherence to legal regulations as well as intercompany guidelines and the corresponding processes and systems. This is considered an important management and monitoring task. Symrise has an integrated compliance management system that combines sustainable, risk- and value-oriented, and legal and ethical aspects and rules; we have made this into a fundamental principle for everything we do in business. We act on the basis of our understanding and conviction that adherence to these fundamental rules is an inalienable and non-negotiable component of our Symrise identity. Only a clearly defined and transparent framework of what type of conduct is allowed and what type of conduct is not allowed guarantees the success and sustainability of our business. At Symrise, compliance is a matter of course. Compliance concerns the attitude of each individual at Symrise.

Our principle is clear and applies to all countries: “Any business that cannot align with our fundamental principles is not business for Symrise.”

The Group Compliance Officer as well as Internal Auditing report directly to the CFO. This ensures their independence and authority. The Group Compliance Officer and Internal Auditing report to the Auditing Committee of the Supervisory Board regularly at each of the committee’s meetings.

### TECHNICAL COMPLIANCE AND LEGAL COMPLIANCE

In our compliance management system, we differentiate between “technical compliance” and “legal compliance”. Technical compliance activities focus on quality, environmental protection, health, work safety, energy, product safety and food safety. In nearly all of these areas, Symrise’s products are subject to strict government supervision worldwide. It is a matter of course for us that our products and processes comply with local regulations around the world. Legal compliance activities concentrate on competition and antitrust law, the prevention of corruption and money laundering, and export controls. Here, the focus of activity is on education and prevention. The implementation and further development of Group guidelines on these topics also fall into this category.

The results and insights from every area of compliance are collected by the Group Compliance Officer and reported to the Executive Board and the Auditing Committee of the Supervisory Board. As a result, any measures that may arise will now be coordinated more efficiently. Compliance violations are immediately remedied, their causes identified and corrective measures implemented if necessary.

The Executive Board of Symrise has explicitly expressed – in both internal and external contexts – its refusal to accept any form of compliance infringement. Infringements will not be tolerated at Symrise. Sanctions will be imposed upon involved employees wherever necessary and legally possible.

### OUR INTEGRITY HOTLINE

The Integrity Hotline set up by the Group Compliance Office ensures that Symrise employees can anonymously report violations of both legal regulations and internal company guidelines from anywhere in the world. By means of this hotline, all our employees are able to contact the Group Compliance office using toll-free telephone numbers that have been specially set up in the individual countries. An intermediary service operator ensures that employees can retain anonymity where required and communicate in their native language. By entering an access code, employees can leave a message with the Group Compliance office. They receive a number that enables them to call back later and listen to the answer left for them by the Group Compliance office. This procedure can be contin-

ued as long as one likes, enabling intensive communication between the Group Compliance office and the person providing the information while preserving the latter's anonymity. At the same time, abuses can be prevented through targeted queries. In addition, employees are able to contact Group Compliance office staff anonymously and leave messages via the online service of the Symrise Integrity Hotline.

As a result, it is no longer absolutely necessary to communicate with the Group Compliance office over the phone. Of course, all employees can also contact the Group Compliance office directly and personally at any time. In this way, we ensure that every case is processed and answered immediately.

In 2019, one case per month on average was reported via the Integrity Hotline worldwide. In all cases, investigations were initiated and corrective measures were applied on a case-by-case basis pursuant to the applicable legal system and Group-internal regulations. In one case, labor law sanctions were imposed. No material damage to third parties or to our company resulted from these cases.

#### TRAINING COURSES ON COMPLIANCE ISSUES

In order to ensure compliance with all compliance requirements on an ongoing basis, the need for training is regularly identified and suitable training courses are held in both the areas of "Technical Compliance" and "Legal Compliance." In addition to training courses where employees are present on site, internet-based training is also offered. This allows us to reach more employees in a shorter period. It also gives employees greater flexibility in terms of where and when they complete their training. Subsequent tests confirm not only that a training course has been completed, but that its content has also been understood.

In addition to the requirements of their position, new Symrise employees are given comprehensive training when they join the company on the fundamental principles of our Code of Conduct. All employees then take part in rolling training courses based on predefined schedules. Depending on whether they are basic, refresher or specialized training courses, these schedules cover a period of between one and three years.

#### CORPORATE GOVERNANCE

Corporate governance at Symrise is based on the German Corporate Governance Code 2017, which has established itself as the guideline and standard for good corporate governance in Germany. Today, we are convinced more than ever before that good corporate governance is a prerequisite and indis-

pensable basis for the success of a company. This success depends especially on the trust of our business partners, financial markets, investors, employees and the public. Confirming and further strengthening this trust is a prioritized objective at Symrise. Achieving this objective calls for responsible leadership along with corporate management and control focused on creating sustainable value.

In the past, we have oriented ourselves toward internationally and nationally acknowledged standards of good and responsible corporate governance and will continue to do so in the future. In the 2019 fiscal year, the Executive and Supervisory Boards dealt intensively with all corporate governance issues on numerous occasions across all areas.

#### DESCRIPTION OF THE WORKING METHODS OF THE EXECUTIVE AND SUPERVISORY BOARDS

This part of the Corporate Governance Statement focuses on the working methods of the Executive Board, the Supervisory Board and of the committees formed by the Supervisory Board. The composition of these committees will also be briefly discussed. The Executive Board has not formed any committees.

#### DUAL MANAGEMENT SYSTEM

Symrise AG is a company under German law, which is influenced by the Corporate Governance Code 2017. One of the fundamental principles of German stock corporation law is the dual management system involving two bodies, the Executive Board and the Supervisory Board, each of which is entrusted with independent competencies. Symrise AG's Executive Board and Supervisory Board cooperate closely and in a spirit of trust in managing and overseeing the company.

#### EXECUTIVE BOARD

The Executive Board of Symrise AG currently has five members. All members of the Executive Board are appointed by the Supervisory Board. The Executive Board is responsible for managing the company's business operations in the interest of the company with a view to creating sustainable value.

The Executive Board develops the company's strategic direction, approves it with the Supervisory Board and is responsible for its implementation. The Executive Board provides the Supervisory Board with regular, prompt and comprehensive reports on all relevant issues of corporate planning and strategic development, on company performance, on the state of the Group, including a risk profile, and on risk management. The reporting of the Executive Board also covers the compliance management system, i.e., the measures for adherence to

legal regulations and internal corporate guidelines. The rules of procedure for the Executive Board specify reservations of consent of the Supervisory Board for significant business transactions.

These provisions are available to the public on our website at <https://www.symrise.com/rules-of-procedure-executive-board>.

The Act on the Equal Participation of Women and Men in Management Positions in Private Economy and Public Service, which was passed by the German Bundestag on February 6, 2015, and the Bundesrat on March 27, 2015, has the aim of increasing the share of female managers holding upper management positions at companies and contributing to gender equality in the long term. Symrise AG aims to achieve a 20 % share of women on the Executive Board in the long term. Measures related to specific persons have been agreed between the Supervisory Board and the Executive Board for this purpose. Nevertheless, we must respect current employment contracts and ensure continuity in the Executive Board. The current members of the Executive Board have contracts that extend into the years 2021 to 2024.

Symrise is a globally operating company with several high-level management positions outside of Germany. The basis for Symrise's quota for female managers is therefore the global management structure at Symrise. The share of women at the first level of management beneath the Executive Board amounted to 24.1 % in 2019; at the second level of management it amounted to 40.9 %.

#### SUPERVISORY BOARD

The Supervisory Board advises and oversees the Executive Board in the management of the company. It is involved in strategy and planning as well as all other decisions of fundamental significance to the company. The chairman of the Supervisory Board coordinates the work in the Supervisory Board, chairs its meetings and externally represents the concerns of the body. An extraordinary Supervisory Board meeting may be convened if required when events of particular relevance occur. In the course of preparing for the Supervisory Board meetings, the representatives of shareholders and employees meet separately, if necessary. The Supervisory Board has adopted rules of procedure that find corresponding application in the committees of the Supervisory Board.

These rules have been made available on our website at <https://www.symrise.com/rules-of-procedure-supervisory-board>.

#### COMPOSITION OF THE SUPERVISORY BOARD

Pursuant to Section 8 (1) of the company's articles of incorporation in conjunction with Section 96 (1) of the German Stock Corporation Act (AktG) and Section 7 (1) sentence 1 number 1 of the German Codetermination Act of May 4, 1976, the Supervisory Board consists of twelve members. Six members are elected by the General Meeting and six by the company's employees in accordance with the provisions of the Codetermination Act. The period of office is identical for all members.

For listed companies subject to the Codetermination Act, Section 96 (2) sentence 1 of the German Stock Corporation Act (AktG) stipulates, inter alia, that the Supervisory Board must comprise at least 30 % women and at least 30 % men. In order to comply with this minimum gender distribution requirement, at least four seats on the company's Supervisory Board must be held by women and four seats by men. This minimum distribution is to be met by the Supervisory Board in total (what is known as total compliance), unless the shareholder or employee representatives on the Supervisory Board object to this by way of a resolution (Section 96 (2) sentence 3 of the German Stock Corporation Act (AktG)). Total compliance with this requirement was rejected by both the representatives of the shareholders as well as employees in accordance with Section 96 (2) sentence 3 of the German Stock Corporation Act (AktG). The group of shareholder representatives as well as of employee representatives on the Supervisory Board are each required to comply with the minimum distribution of 30 % for their group, so that the six representatives of each group include at least two women and men respectively. Both groups on the Supervisory Board currently meet this requirement.

The six employee representatives were chosen from among the German staff on February 24, 2016, in compliance with the legally prescribed election process.

The following shareholder representatives were elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the 2020 fiscal year:

Ursula Buck, Managing Director of Top Management Consulting Buck Consult, Posenhofen; Horst-Otto Gerberding, Managing Partner at Gottfried Friedrichs (GmbH & Co.) KG, Holzminden; Bernd Hirsch, Chief Financial Officer of Bertelsmann Management SE, Neuler; and Prof. Dr. Andrea Pfeifer, Chief Executive Officer of AC Immune S. A., St. Léger, Switzerland.

Due to reaching the age limit, Dr. Winfried Steeger, Managing Director of Constanze GmbH & Co. KG, Hamburg, was elected to the Supervisory Board for a term that runs until the end of the Annual General Meeting that will decide on discharges for the 2019 fiscal year.

Dr. Thomas Rabe, Chief Executive Officer of Bertelsmann Management SE, Berlin, resigned from his position for personal reasons and on good terms with effect from the end of December 31, 2019. In his place, Michael König was appointed member of the Supervisory Board by order of the District Court of Hildesheim on January 15, 2020.

The following six employee representatives were chosen from among the German staff on February 24, 2016, in compliance with the legally prescribed election process, and elected to the Supervisory Board for the period lasting until the end of the Annual General Meeting that will decide on discharges for the fiscal year 2020:

Harald Feist, Chairman of the works council and Chairman of the general works council of Symrise AG, Holzminden; Andrea Püttcher, Vice Chairperson of the works council and Vice Chairperson of the general works council of Symrise AG, Bevern; André Kirchhoff, independent member of the works council of Symrise AG, Bevern; Jeannette Kurtgil, IG BCE trade union secretary for the North region, Burgdorf; Dr. Ludwig Tumbrink, Vice President Special Projects, Supply Chain Flavor EAME at Symrise AG, Höxter; and Peter Winkelmann, Regional Head of the IG BCE district South Lower Saxony, Alfeld.

When nominating candidates for election to the Supervisory Board, particular attention was paid to the knowledge, skills and professional experience required for the duties to be performed, as well as to the principle of diversity among the Supervisory Board's members. The current Supervisory Board at Symrise AG includes eight independent members and four women: Ms. Buck, Ms. Kurtgil, Prof. Dr. Pfeifer and Ms. Püttcher. The Supervisory Board will continue to attempt to implement the regulations specified in the Act on the Equal Participation of Women and Men in Management Positions in Private Economy and Public Service, which was passed by the German Bundestag on February 6, 2015, and the Bundesrat on March 27, 2015, insofar as it concerns the composition of the Supervisory Board and with the support of corresponding nominations regarding the election of the shareholder representatives by the Annual General Meeting and the election of employee representatives by the staff.

Bernd Hirsch, who joined the Supervisory Board on May 16, 2018, is the first member to have previously been a member of the Executive Board. There was a period of two years, four months and 15 calendar days between the end of Mr. Hirsch's activity on the Executive Board and his election to the Supervisory Board. This satisfied the conditions of Section 100 (2) number 4 of the German Stock Corporation Act (AktG) (the "cooling-off" period). A neutral and independent consulting and monitoring of the Executive Board continues to be ensured without restriction. At least one independent member has expertise in accounting or auditing.

#### OBJECTIVES OF THE SUPERVISORY BOARD IN RELATION TO ITS COMPOSITION

The Supervisory Board is to name specific goals for its composition pursuant to Section 5.4.1 (2) sentence 1 of the Corporate Governance Code 2017, that, in keeping with the company's specific situation, take account of (i) the company's international activity, (ii) potential conflicts of interest, (iii) the number of independent Supervisory Board members, (iv) an age limit for Supervisory Board members to be defined, (v) a maximum period for membership in the Supervisory Board to be determined and (vi) diversity, among other things.

With the support of corresponding nominations, the Supervisory Board seeks to ensure that in its future composition at least 30 % of its members are female. The "Act on Equal Participation of Women and Men in Executive Positions", passed by the German Bundestag on February 6, 2015, and the Bundesrat on March 27, 2015, has been implemented since it came into force.

Generally, at least seven independent members should always be represented in the Supervisory Board. Members of the Supervisory Board who are employed by Symrise AG are not regarded as independent members of the Supervisory Board. The necessary independence is particularly lacking when a Supervisory Board member has a personal or business relationship with Symrise AG, its corporate bodies, a controlling shareholder or an affiliated company which may give rise to a material, and not merely temporary, conflict of interest. This goal is currently being met. The independent members are Ursula Buck, Horst-Otto Gerberding, Bernd Hirsch, Michael König, Jeannette Kurtgil, Prof. Dr. Andrea Pfeifer, Dr. Winfried Steeger and Peter Winkelmann.

Furthermore, the Supervisory Board strives to ensure that the share of Supervisory Board members from other nations does not fall below one-third. With regard to Symrise, this means

that nationality is not the only focus. Rather, the decisive factor is that at least one-third of the members of the Supervisory Board have gained substantial experience in globally active groups in Germany and abroad. This goal is also currently being met.

The term of office for a Supervisory Board member must end at the conclusion of the Annual General Meeting following the member's 70<sup>th</sup> birthday. The maximum limit for membership in the Supervisory Board is four terms of office. These two goals are currently being met. Concerning future nominations, it will be ensured that the goals defined by the Supervisory Board continue to be fulfilled.

#### THE COMPETENCE PROFILE OF THE SUPERVISORY BOARD

Pursuant to section 5.4.1 (1) of the Corporate Governance Codex 2017, the Supervisory Board is to be composed in such a way that its members as a whole have the knowledge, skills and professional experience required for the proper performance of their duties. In accordance with section 5.4.1 (2) sentence 1 of the Corporate Governance Codex 2017, the Supervisory Board has prepared a competence profile for the entire Board, which was used for its current composition and will be applied in future election proposals to the Annual General Meeting to guarantee the competence profile of the entire Board. The competence profile of the Symrise Supervisory Board includes various parameters. Each of these parameters on its own is significant in the competence profile of the entire Board. However, it is only by interlocking and complementing all parameters that the competence profile of the entire Board, which is necessary to support Symrise's business success, can be guaranteed. Skills are required in the areas of accounting, auditing, risk management, information technology, issues regarding the remuneration of the Executive Board and compliance. Furthermore, expertise in the fragrance and flavor industry is required. This comprises the production of flavors, food ingredients, fragrances and cosmetic ingredients. The required competencies also include experience in the chemical, consumer goods and food industries. Here, the focus is on knowledge of the respective markets, products, customer and supplier relationships. Expertise in production, research and development are also of paramount importance.

Other important parameters of the competence profile of the Symrise Supervisory Board are sufficient availability of time, a lack of conflicts of interest, the ability to work in a team, as well as management and development experience with regard to large organizations. This competence profile

of the Symrise Supervisory Board is currently being fulfilled by the entire Board.

#### SUPERVISORY BOARD COMMITTEES

As in the past, the Supervisory Board formed a total of four committees to fulfill its responsibilities more efficiently. These committees draft the Supervisory Board's resolutions and prepare the agenda items to be addressed in the full meetings. To the extent that this is legally admissible, in individual cases the Supervisory Board delegates decision-making to its committees. The Supervisory Board established an Auditing Committee, an Arbitration Committee pursuant to Section 27 (3) of the Codetermination Act (MitbestG), a Personnel Committee and a Nominations Committee as permanent committees. The task of the latter is to recommend suitable candidates to represent the shareholders when new Supervisory Board elections are coming up. The Chairman of the Supervisory Board chairs all of the committees with the exception of the Auditing Committee. In the full meetings, the chairmen of the committees report regularly and comprehensively on the content and results of the committee meetings.

The Personnel Committee is responsible for matters pertaining to the Executive Board. These matters particularly include making resolution recommendations at the full Supervisory Board meetings regarding the appointment of Executive Board members or regarding components of Executive Board members' employment contracts. This committee is also responsible for succession planning at the Executive Board level. In this process, candidates who have the potential to take over a position on the Executive Board undergo an assessment which, with the help of an external service provider, leads directly from an individual analysis to an individual development plan. Even at this early stage, the goals for the future composition of the Executive Board are given appropriate consideration. The aim is to be able to fill all positions on the Executive Board internally and on short notice. The Personnel Committee deals with the development of the Executive Board remuneration system – specifying the amount of remuneration and the related target agreements and making corresponding recommendations at the full Supervisory Board meetings. The Personnel Committee additionally resolved to incorporate the criterion of diversity when appointing future Executive Board members, striving in particular to give appropriate consideration to women. The Personnel Committee currently has six members, of which three members are chosen by the shareholder representatives and three are chosen by the employee representatives in the Supervisory Board. The members are Dr. Winfried Steeger (Chairman), Harald Feist, Horst-Otto

Gerberding, Prof. Dr. Andrea Pfeifer, Dr. Ludwig Tumbrink and Peter Winkelmann. The Personnel Committee convened twice in the 2019 fiscal year. The Personnel Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

The Auditing Committee mainly focuses on matters relating to the annual financial statements and consolidated financial statements, which includes monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system, the internal auditing system and the audit of annual accounts. It also monitors the independence and qualifications of the auditor as well as additional services provided by the auditor. Furthermore, the Auditing Committee discusses the interim reports in detail and approves them before they are published. The Auditing Committee prepares the Supervisory Board's decision on the approval of the annual financial statements and its approval of the consolidated financial statements. To this end, it is responsible for pre-auditing the annual financial statements, the consolidated financial statements, the management report and the proposal regarding appropriation of earnings. The regular agenda items also include the receipt of the reports from Internal Auditing and the Group Compliance office as well as the risk report. At least one member of the Auditing Committee must be independent and possess expertise in accounting or auditing. The Auditing Committee currently has six members. Three members are shareholder representatives on the Supervisory Board and three are employee representatives on the Supervisory Board. The members are Bernd Hirsch (Chairman), Ursula Buck, Harald Feist, Jeannette Kurtgil, Dr. Winfried Steeger and Peter Winkelmann. The Auditing Committee convened five times in the 2019 fiscal year. The Auditing Committee prepared the Supervisory Board's proposal to the Annual General Meeting to nominate Ernst & Young GmbH of Hanover as the new auditor. Furthermore, the Auditing Committee solicited a statement of independence from the auditor. It commissioned the auditor, established the main focuses of the audit and prepared the resolution for the Supervisory Board regarding the auditing fees.

The Auditing Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly. Additionally, the Auditing Committee drew up its own regulation regarding its concrete procedure.

Shareholders and employees are equally represented on the Arbitration Committee pursuant to Section 27 (3) of the Code-termination Act. The Arbitration Committee has four mem-

bers. The current members are Dr. Winfried Steeger (Chairman), Ursula Buck, Harald Feist and Dr. Ludwig Tumbrink. Once again, it was not necessary to convene the Arbitration Committee during the 2019 fiscal year. The Arbitration Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

The Nominations Committee consists exclusively of shareholder representatives from the Supervisory Board in accordance with the German Corporate Governance Code 2017. Its task is to recommend shareholder representatives to the Annual General Meeting who would be suitable Supervisory Board members for upcoming Supervisory Board elections. The Nominations Committee consists of three members. Currently, these are Dr. Winfried Steeger (Chairman), Horst-Otto Gerberding and Prof. Dr. Andrea Pfeifer. The Nominations Committee convened once during the 2019 fiscal year. The Nominations Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

#### TRANSPARENCY

Pursuant to Section 19 of the EU Market Abuse Directive (previously Section 15a of the German Securities Trading Act), which came into force on July 3, 2016, the members of the Executive and Supervisory Boards of Symrise AG, as well as certain employees with management duties and persons with whom they have a close relationship, must disclose the purchase or sale of Symrise shares and related financial instruments. This duty of disclosure applies if the value of the transactions undertaken by one of the aforementioned persons reaches or exceeds the sum of € 5,000. Symrise immediately publishes disclosures on such transactions on its website and transmits this information to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistung/BaFin) and the company register for retention. All of the reports received by Symrise AG as of December 31, 2019, are published on our website at <https://www.symrise.com/investors/corporate-governance/directors-dealings>. This includes all such reports since the IPO in December 2006, including any persons who have meanwhile left the Executive Board or the Supervisory Board.

#### CONFLICTS OF INTEREST

As in the previous year, conflicts of interest involving members of the Executive Board, which have to be disclosed to the Supervisory Board without delay, did not occur in fiscal year 2019. The only consultant or service agreements or other exchange contracts between members of the Supervisory Board

and the company in the 2019 fiscal year involved Mr. Horst-Otto Gerberding.

Mr. Horst-Otto Gerberding is entitled to a pension from Symrise AG stemming from an employment and supply contract between him and the company that existed through the end of September 2003. The total sum is € 26,055.81 per month.

The direct or indirect total holding of shares in Symrise AG by all members of the Executive and Supervisory Boards as of December 31, 2019, was more than 1%. Of the 5.46% of shares in Symrise AG held by members of the Executive and Supervisory Boards, 5.24% is held by members of the Supervisory Board while 0.22% is held by members of the Executive Board (values are rounded).

A summary of the respective mandates outside of the Symrise Group for the members of the Executive Board and the Supervisory Board can be found on pages 164 to 166 of the 2019 Financial Report.

A report on relationships to related companies and parties can be found on page 135 of the 2019 Financial Report.

#### RISK MANAGEMENT

Dealing with risks of all kinds responsibly has the utmost importance for the success of a company. For this reason, a comprehensive risk management system is a mandatory element of suitable corporate governance. The Executive Board ensures appropriate risk management and risk controlling throughout the Group. The risk management system is constantly being developed and adapted to changing conditions. A Group-wide survey, assessment and classification of potential risks takes place twice a year – performed by the officers assigned to each risk class. These surveys are consolidated at the Group level and flow into the risk report, which is the subject of the Auditing Committee's deliberations twice a year and is presented to the Supervisory Board once a year in detail. The risk management system at Symrise AG, its security mechanisms, internal guidelines and monitoring instruments are checked by the internal Group auditors without prior notice. Risks identified in this manner are immediately reported to the Executive Board.

The early recognition system for risk in accordance with Section 91 (2) of the German Stock Corporation Act is monitored by auditors in Germany and abroad. Along with the audit of annual accounts and monitoring of accounting procedures, the Auditing Committee set up by the Supervisory Board also

undertakes regular auditing and monitoring of the effectiveness of the internal control and risk management systems. This also includes, for example, regular reporting by Internal Auditing and the Group Compliance office at Symrise.

This overlapping mechanism allows risks to be identified and assessed early on. The Executive Board regularly and in an on-going manner informs the Supervisory Board and Auditing Committee of existing risks and their development via the risk report. Specific measures are proposed and implemented right from this early stage to neutralize the identified risks.

The Group's internal auditors also check on the implementation of these new measures and the results are given a critical assessment. The risk profile is thereby constantly monitored and measures necessary to mitigate risks are introduced. Specific staff members are assigned responsibility for this and held accountable in their performance review.

#### SHAREHOLDERS AND ANNUAL GENERAL MEETING

Symrise shareholders exercise their codetermination and control rights at the Annual General Meeting, which takes place at least once each year. The Meeting makes decisions on all statutory matters that are binding for all shareholders and the company. For every decision, each share is entitled to one vote. All shareholders that register within the specified period are entitled to participate in the Annual General Meeting. Shareholders who are not able to attend the Meeting in person are entitled to have their voting rights exercised by a bank, a shareholder association, a voting proxy of Symrise who is bound by its instruments or another proxy of their own choosing.

Shareholders also have the possibility of voting online in the run-up to the Annual General Meeting or authorizing the voting proxy provided by the company on the web. Instructions on how voting rights are to be exercised may be given to a voting proxy before and during the Annual General Meeting on May 6, 2020, up until the end of the general debate.

It is possible to transfer the voting rights to a voting proxy electronically up until 6:00 p.m. on the evening of May 5, 2020. The invitation to the Annual General Meeting and the reports and information required for the decisions are published according to stock corporation law and made available on Symrise's website in German and English.

It is our intention to provide our shareholders with quick, comprehensive and effective information before and during the Annual General Meeting and to make it easy for them to exer-

cise their rights. The Corporate Report, the Financial Report and the invitation to the Annual General Meeting provide shareholders with comprehensive information on the past fiscal year and the individual agenda items for the upcoming Annual General Meeting. All documents and information pertaining to the Annual General Meeting are available on our website. The registration and legitimation process for the Annual General Meeting is simple, with the 21st day before the Meeting representing the deadline for shareholder registration. Subsequent to the Annual General Meeting, we also publish the attendance figures and voting results on our website.

#### INFORMATION SERVICE FOR OUR SHAREHOLDERS

Corporate communication is undertaken with the objective of guaranteeing the greatest possible transparency and equality of opportunities through timely and equal information to all target groups. All major press and capital market releases by Symrise are also published on the company's website in German and in English. The articles of incorporation as well as rules of procedure for the Executive and Supervisory Boards, the annual and consolidated financial statements and interim quarterly results can also be found on our website along with the annual and half-yearly financial reports.

We inform company shareholders, analysts, shareholder associations and the public of all important recurring dates through a financial calendar. This is published in the Corporate and Financial Report, the half-yearly financial report and the interim quarterly reports as well as on the company's website. Regular meetings with analysts and institutional investors are part of our investor relations activities. This includes an annual analysts' conference as well as conference calls for analysts and investors coinciding with the publication of our interim half-yearly figures.

The most important presentations prepared for these and other events, such as the Annual General Meeting (<https://www.symrise.com/investors/annual-general-meeting>) and investor conferences, can also be viewed online. The locations and dates for investor conferences can also be found on our website at <https://www.symrise.com/investors/financial-calendar-and-presentations>.

#### OUR AUDITOR

With regard to the consolidated financial statements and the interim reports at Symrise, our accounting in the 2019 fiscal year was again based on the International Financial Reporting Standards (IFRS) as required to be applied in the European Union. The legally prescribed individual accounts of Symrise

AG that are decisive for the payment of dividends have been prepared in accordance with the regulations of the German Commercial Code. Here, the 2019 annual financial statements, management report and consolidated annual financial statements of Symrise AG as well as the 2019 Group management report were audited by our auditors Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Hanover. An agreement is also in place with the auditors to promptly notify the chairman of the Auditing Committee of any grounds for disqualification or prejudice that are identified during the audit, insofar as such circumstances cannot immediately be rectified.

The auditors are instructed to report without delay all findings and incidents of significance for the duties of the Supervisory Board that are identified during the audit to the Executive Board and the Supervisory Board. Moreover, the auditors are required to notify the Supervisory Board and make a note in the audit report if circumstances are identified during the audit that are incompatible with the Declaration of Compliance issued by the Executive Board and Supervisory Board in accordance with Section 161 of the German Stock Corporation Act.

#### DIVERSITY CONCEPT FOR THE EXECUTIVE BOARD AND SUPERVISORY BOARD

Sections 289f (2) number 6 and 315d of the German Commercial Code require Symrise to provide a description of the concept of diversity that is pursued with regard to the composition of the Executive Board and Supervisory Board in terms of aspects such as age, gender, educational or professional background, as well as the objectives of this concept of diversity, the manner in which it is implemented and the results achieved in the respective fiscal year. Symrise already has such a diversity concept due to the mandatory statutory regulations already in force for Symrise and the fact that all recommendations of the Corporate Governance Code 2017 have been implemented without exception. Consequently, Sections 289f (2) number 6 and 315d of the German Commercial Code have no further independent significance for Symrise. For a better understanding, we have summarized our concept of diversity in the following:

The "Act on Equal Participation of Women and Men in Executive Positions", passed by the German Bundestag on February 6, 2015, and the Bundesrat on March 27, 2015, was implemented since its entry into force. It seeks to increase the number of female executives in leading positions in business and to reach across-the-board gender equality in the long term, among other aims. Symrise AG aims to achieve a 20% share of women on the Executive Board in the long term. Measures related to

specific persons have been agreed between the Supervisory Board and the Executive Board for this purpose. Nevertheless, we must respect current employment contracts and ensure continuity in the Executive Board. The current members of the Executive Board have contracts that extend into the years 2021 to 2024.

Symrise is a globally operating company with several high-level management positions outside of Germany. The basis for the quota for female managers at Symrise is therefore the global management structure at Symrise AG. The share of women at the first level of management beneath the Executive Board amounted to 24.1% in 2019; at the second level of management it amounted to 40.9%.

The Supervisory Board named specific goals for its composition pursuant to Section 5.4.1 (2) sentence 1 of the Corporate Governance Codex 2017, that, in keeping with the company's specific situation, take account of (i) the company's international activity, (ii) potential conflicts of interest, (iii) the number of independent Supervisory Board members, (iv) an age limit for Supervisory Board members to be defined, (v) a maximum period for membership in the Supervisory Board to be determined and (vi) diversity, among other things.

Generally, at least seven independent members should always be represented in the Supervisory Board. Members of the Supervisory Board who are employed by Symrise AG are not regarded as independent members of the Supervisory Board. The necessary independence is particularly lacking when a Supervisory Board has a personal or business relationship with Symrise AG, its corporate bodies, a controlling shareholder or an affiliated company which may give rise to a material, and not merely temporary, conflict of interest. This goal is currently being met. Furthermore, the Supervisory Board strives to ensure that the share of Supervisory Board members from other nations does not fall below one-third. With regard to Symrise, this means that nationality is not the only focus. Rather, the decisive factor is that at least one-third of the members of the Supervisory Board have gained substantial experience in globally active groups in Germany and abroad. This goal is also currently being met.

The term of office for a Supervisory Board member must end at the conclusion of the Annual General Meeting following the member's 70<sup>th</sup> birthday. The maximum limit for membership in the Supervisory Board is four terms of office. These two goals are currently being met.

In accordance with section 5.4.1 (2) sentence 1 of the Corporate Governance Codex 2017, the Supervisory Board has prepared a competence profile for the entire Board, which was used for its current composition and will be applied in future election proposals to the Annual General Meeting to guarantee the competence profile of the entire Board. The competence profile of the Symrise Supervisory Board includes various parameters. Each of these parameters on its own is significant in the competence profile of the entire Board. However, it is only by interlocking and complementing all parameters that the competence profile of the entire Board, which is necessary to support Symrise's business success, can be guaranteed. Skills are required in the areas of accounting, auditing, risk management, information technology, issues regarding the remuneration of the Executive Board and compliance. Furthermore, expertise in the fragrance and flavor industry is required. This comprises the production of flavors, food ingredients, fragrances and cosmetic ingredients. The required competencies also include experience in the chemical, consumer goods and food industries. Here, the focus is on knowledge of the respective markets, products, customer and supplier relationships. Expertise in production, research and development are also of paramount importance. Other important parameters of the competence profile of the Symrise Supervisory Board are sufficient availability of time, a lack of conflicts of interest, the ability to work in a team, as well as management and development experience in large organizations. This competence profile of the Symrise Supervisory Board is currently being fulfilled by the entire Board.

## Report of the Supervisory Board of Symrise AG

Dear Shareholders,

International economic development in 2019 was characterized by only relatively slow growth. Global economic performance increased by an estimated 3.0%, after 3.6% and 3.8% in the two previous years. The reasons for the slowdown in growth were mainly political: the trade disputes between the US and China, uncertainties in connection with the UK's withdrawal from the EU and the tensions in the Middle East heading toward a military conflict. The economic outlook is also burdened by these and other risk factors. Against this background, the business development of our company in the reporting year was very good. Symrise has a broad international positioning with its own production sites in the most important sales markets. The product portfolio is diversified and extends well beyond the world of fragrances and flavors. The customer structure is balanced, and the sourcing of important raw materials is secured in many areas. The company is on course with clear goals.

In this report, I would like to inform you about the key activities of the Supervisory Board. In 2019, the Supervisory Board of Symrise AG again fulfilled its responsibilities under the law and according to the articles of incorporation with great care. We regularly provided consultation to the Executive Board and supervised the company management. We are convinced that the company's business complied with all legal and regulatory requirements. The Supervisory Board was directly and intensely involved in all decisions of fundamental significance to the company. In the meetings of the Supervisory Board and its committees, we again discussed and reached agreements on a number of matters and business transactions subject to our approval. The Executive Board comprehensively discussed and coordinated the strategic planning and orientation of the company with us. As in the previous fiscal years, the Executive Board and Supervisory Board held a separate meeting in 2019 to examine and evaluate the Company's strategy.

Based on information received from the Executive Board, we intensively discussed and advised on all business transactions of significance to the company in our full assembly. To this end, the Executive Board provided us with regular, current and comprehensive reports in written and oral form on all aspects important to the company. This includes above all the development of the business and financial situation, the employment situation, ongoing and planned investments, basic corporate strategy and planning issues as well as the risk situation, risk management and the compliance management



DR. WINFRIED STEEGER, Chairman of the Supervisory Board of Symrise AG

system. The Executive Board informed us of matters that, according to legal requirements and/or the articles of incorporation, are subject to our approval at an early stage and allowed us the needed time for making a decision. Wherever required by law or by the articles of association, we submitted our vote on the reports and proposed resolutions of the Executive Board after thorough analysis and discussion. In urgent special cases, decisions were made in consultation with the Chairman of the Supervisory Board, either by telephone or in writing.

The Executive Board provided us with a monthly report on all of the key financial figures. When there were any deviations in the course of business from the set plans and objectives, we received detailed explanations in written and oral form, enabling us to discuss the reasons for the deviations and targeted correction measures with the Executive Board.

Additionally, outside the meetings of the Supervisory Board and its committees, the Chairman of the Supervisory Board and the Chairman of the Auditing Committee in particular were in close and continuous dialogue with the Executive Board. The still relatively restrained global economic growth, continued low interest rates, the trade disputes between the US and China, uncertainties in connection with the UK's withdrawal from the EU and the tensions in the Middle East heading toward a military conflict, and their consequences for current and future business development were repeatedly a subject of our discussions with the Executive Board as was the status of essential projects and key business transactions in the three Group segments.

As in the previous year, conflicts of interest of members of the Executive and Supervisory Boards, which must be disclosed to the Supervisory Board without delay and reported to the Annual General Meeting along with their underlying circumstances and a report of how they will be handled, did not occur in 2019.

### **THE SUPERVISORY BOARD'S WORK IN COMMITTEES**

As in the past, the Supervisory Board formed a total of four committees to fulfill its responsibilities more efficiently. These committees draft the Supervisory Board's resolutions and prepare the agenda items to be addressed in the full meetings. To the extent that it was legally admissible, the Supervisory Board delegated decision-making to its committees in individual cases. This practice of delegation has proved successful in our experience. The Supervisory Board established an Auditing Committee, an Arbitration Committee pursuant to Section 27 (3) of the Codetermination Act (MitbestG), a Personnel Committee and a Nominations Committee as permanent committees. The task of the latter is to recommend suitable candidates as shareholder representatives on the Supervisory Board when new Supervisory Board elections are coming up. The Chairman of the Supervisory Board chairs all of the committees with the exception of the Auditing Committee.

In the Supervisory Board meetings, the chairmen of the committees report regularly and extensively on the content and results of the committee meetings. As a result, the Supervisory Board always has a comprehensive basis of information for its consultations.

The Personnel Committee is responsible for matters pertaining to the Executive Board. These matters particularly include making resolution recommendations at the full Supervisory Board meetings regarding the appointment of Executive Board members or regarding components of Executive Board members' employment contracts. It is also responsible for succession planning at the Executive Board level. In this process, candidates who have the potential to take over a position on the Executive Board undergo an assessment which, with the help of an external service provider, leads directly from an individual analysis to an individual development plan. Even at this early stage, the goals for the future composition of the Executive Board are given appropriate consideration. The aim is to be able to fill all positions on the Executive Board internally and on short notice. The Personnel Committee deals with the development of the Executive Board remuneration system, specifies the amount of remuneration including tar-

get agreements and makes corresponding recommendations at the full Supervisory Board meetings. The Personnel Committee additionally resolved to incorporate the criterion of diversity when appointing future Executive Board members, striving in particular to give appropriate consideration to women. In the long term, the share of women on the Executive Board should reach 20 %. The Personnel Committee currently has six members, of which three members are chosen by the shareholder representatives and three are chosen by the employee representatives in the Supervisory Board. The members are Dr. Winfried Steeger (Chairman), Harald Feist, Horst-Otto Gerberding, Prof. Dr. Andrea Pfeifer, Dr. Ludwig Tumbrink and Peter Winkelmann.

The Personnel Committee convened twice in the 2019 fiscal year. All members were present for both meetings. Its agenda points included evaluating the Executive Board members' performance during the 2018 fiscal year, setting new goals for the 2019 fiscal year and reviewing the appropriateness of Executive Board members' remuneration. The focus of the review was on the multi-year remuneration program (LTIP) and performance evaluation. Other topics included managerial development at the level of management beneath the Executive Board and long-term succession planning at Executive Board level.

The Auditing Committee mainly focuses on matters relating to the annual financial statements and consolidated financial statements, which includes monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system, the internal auditing system, the audit of annual accounts and the compliance management system. It also monitors the independence and qualifications of the auditor as well as additional services provided by the auditor.

To the extent that the auditor also provides tax advisory services for companies of the Symrise Group, these must be expressly approved in advance by the Auditing Committee. The Auditing Committee approved a general budget of € 250,000 for such tax advisory services by the auditor in the fiscal year 2019. Any expenditures beyond this budget would require further approval by the Auditing Committee. Furthermore, the Auditing Committee discussed the quarterly reports and the half-yearly financial report in detail and approved them before they were published. The Auditing Committee prepares the Supervisory Board's decision on the approval of the annual financial statements and its approval of the consolidated financial statements. To this end, it is responsible for pre-auditing the annual financial statements, the consolidated financial

statements, the management reports and the proposal regarding appropriation of earnings. The non-financial statement required to be prepared for the fiscal year 2019 in accordance with Section 289b of the German Commercial Code (HGB) has not been dealt with separately by the Auditing Committee. The full Supervisory Board meetings addressed this matter. The regular agenda items also include the receipt of the reports from Internal Auditing and the Group Compliance Officer as well as the risk report. At least one member of the Auditing Committee must be independent and possess expertise in accounting or auditing. The Auditing Committee currently has six members. Three members are shareholder representatives on the Supervisory Board and three are employee representatives on the Supervisory Board. The members are Bernd Hirsch (Chairman), Ursula Buck, Harald Feist, Jeannette Kurtgil, Dr. Winfried Steeger and Peter Winkelmann. The Auditing Committee convened five times in the 2019 fiscal year, one of which was a conference call. One member of the Auditing Committee was unable to attend one meeting.

The CFO regularly attends the meetings of the Auditing Committee while the auditor, CEO and other guests, such as the head of Internal Auditing or the Compliance Officer, are present for individual agenda items when needed. This year, the Auditing Committee dealt in detail with the control systems established in the Group, their interaction and effectiveness. The maturity profile of the individual financing elements and the handling of individual currency risks was also a focus of the deliberations. The auditor reported in detail on all findings and incidents of significance to the duties of the Supervisory Board that were identified during the audit and reviews of the interim financial statements following the conclusion of the first half of the year.

The Auditing Committee prepared the Supervisory Board's proposal to the Annual General Meeting to nominate Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hanover, as the auditor for the 2019 fiscal year. Furthermore, the Auditing Committee solicited the corresponding statement of independence from the auditor Ernst & Young. The Auditing Committee commissioned the auditor, agreed on a risk-oriented auditing approach and determined the main focuses of the audit for the 2019 fiscal year. It also made preparations for the decision of the Supervisory Board regarding auditing fees.

Shareholders and employees are equally represented on the Arbitration Committee pursuant to Section 27 (3) of the Co-determination Act (MitbestG). It consists of four members: Dr. Winfried Steeger (Chairman), Ursula Buck, Harald Feist and

Dr. Ludwig Tumbrink. Once again, it was not necessary to convene the Arbitration Committee during the 2019 fiscal year.

The Nominations Committee consists exclusively of shareholder representatives from the Supervisory Board in accordance with the German Corporate Governance Code. Its task is to recommend shareholder representatives to the Annual General Meeting who would be suitable Supervisory Board members for upcoming Supervisory Board elections. The three members are Dr. Winfried Steeger (Chairman), Horst-Otto Gerberding and Prof. Dr. Andrea Pfeifer. The Nominations Committee convened once during the 2019 fiscal year.

### **TOPICS OF THE SUPERVISORY BOARD MEETINGS**

Important points of focus of our work and subjects of regular discussions in the Supervisory Board were, once again, the still relatively restrained global economic growth, continued low interest rates, the trade disputes between the US and China, uncertainties in connection with the UK's withdrawal from the EU and the tensions in the Middle East heading toward a military conflict, and their consequences for current and future business development, as well as status of essential projects and key business transactions in the three Group segments. The continuing high volatility of energy and raw materials prices, which also affects our industry, as well as the ongoing European debt crisis and its potential impact on our company were also a subject of our deliberations.

In light of these matters, we discussed with the Executive Board in detail the measures it had enacted as well as those planned for the future. Regular deliberations within the Supervisory Board also covered the development of sales, earnings and employment at Symrise and its three segments in the individual regions given the economic conditions present there. It also discussed the company's financial and liquidity situation as well as important investment projects and their development as measured against the planned objectives. In the 2019 fiscal year, the Supervisory Board held five ordinary sessions and one extraordinary session, two of which focused on specific topics. The first meeting on a specific topic centered around the company's strategy, its monitoring in view of the changing economic environment and the state of its implementation, while the second such meeting focused on the annual planning for 2020. No member of the Supervisory Board was present at less than half of the meetings for the Supervisory Board or its committees.

In our extraordinary session on January 15, 2019, we discussed the acquisition of American Dehydrated Foods, Inc. (ADF)/ International Dehydrated Foods, Inc. (IDF) in detail and gave our approval thereto. We also discussed in detail the financing of this acquisition and gave our approval for the necessary financing and refinancing instruments.

In our meeting on March 5, 2019, we consulted and coordinated with the Executive Board on the approval of the annual financial statements and the consolidated financial statements for 2018. We also discussed the preparation for the Annual General Meeting 2019, the Corporate Governance Statement and the Corporate Governance report. The results of the 2019 efficiency review were also discussed in detail at this meeting. The Supervisory Board regularly reviews the efficiency of its activities in the form of a self-assessment. Topic areas included the procedure of Supervisory Board meetings, cooperation with the Executive Board, providing information to the Supervisory Board and setting priorities for the individual key topics. The audit conducted by DQS CFS GmbH on behalf of the Supervisory Board of the separate non-financial report in accordance with Section 289b of the German Commercial Code (HGB) and its results were also discussed in detail at this meeting. All members of the Supervisory Board and the auditor attended this meeting.

In our meeting on May 21, 2019, the Executive Board's report on the company's performance during the first three months of the 2019 fiscal year and its outlook for the rest of the year represented the main focus of the meeting as did the impending Annual General Meeting. The Executive Board additionally informed the Supervisory Board on the status of ongoing investment projects. At this meeting we also gave our approval for the refinancing of the corporate bond maturing on July 10, 2019, in the amount of € 500 million. All Supervisory Board members attended this meeting.

The meeting on August 7, 2019, was mainly dominated by company's performance during the second quarter and first half of 2019 and its update to the outlook for the entire year of 2019. At this meeting, the Supervisory Board also dealt with the status quo of several acquisition projects and elected Dr. Winfried Steeger as the new Chairman of the Supervisory Board. All Supervisory Board members attended this meeting.

At the strategy meeting on September 17, 2019, the Executive Board and the Supervisory Board intensively discussed the status of implementation and refinement of our corporate strategy. In this context, a possible need for correction and, if necessary, repositioning of key elements regarding customer

focus, sustainability and end consumer behavior were also discussed. For the first time, new and disruptive technologies and business models with implications for the business environment of Symrise were presented in this meeting.

These include, for example, the successful use of artificial intelligence in the composition of perfume oils and the use of digital technologies for a personalized pet care business that should make it possible for customers to assess the health of their pets in daily interactions. In addition, new technologies for carrying out chemical reactions and building the necessary reactors using 3D printing technology were presented and demonstrated. The recycling of byproducts from conventional production processes was also demonstrated with concrete examples. This will open up further possibilities for generating additional values. Other topics of discussion included the annual investment volume up to and including 2024 for new technologies, the implementation of the IT strategy and the introduction of SAP S4 Hana, as well as general maintenance and the expansion in capacity of existing facilities. These investments are intended to ensure the growth of profitable products while expanding backward integration. Also at this meeting, together with the Executive Board, we issued the annual Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act. One member of Supervisory Board did not attend this meeting.

The meeting on December 4, 2019, was devoted to the corporate planning for the upcoming 2020 fiscal year. The Supervisory Board approved the corporate planning for the 2020 fiscal year in this meeting. The Supervisory Board assessed the status of Corporate Governance at Symrise together with the Executive Board and coordinated the content of the Corporate Governance Report in the Corporate Governance Statement. We confirmed the goals regarding the composition of the Supervisory Board as unchanged from the previous year. This also includes the competence profile of the Supervisory Board as a whole, which is to be compiled in accordance with Section 5.4.1 (2) sentence 1 of the German Corporate Governance Code. As a result of the provision in Section 289b (1) of the German Commercial Code (HGB), Symrise is also obliged to publish a "non-financial statement" as part of the management report for the 2019 fiscal year. Here, Symrise is exercising the option provided for in Section 289b (3) of the German Commercial Code (HGB) and is again preparing a separate non-financial report for the 2019 fiscal year, as well, outside of the management report. This will be published at the same time as the annual financial statements for 2019 and can also be found on the Symrise website at <https://cr2019.symrise.com/sustainability/sustainability-record>.

Pursuant to Section 171 of the German Stock Corporation Act, the Supervisory Board is also responsible for verifying that the separate non-financial report complies with the legal requirements. In this regard, the Supervisory Board has, as in the previous year, exercised the option provided for in Section 111 (2) sentence 4 of the German Stock Corporation Act and has commissioned DQS CFS GmbH to examine the content of Symrise AG's separate non-financial report 2019 as external experts. The Nominations Committee also presented, to the Supervisory Board, the status of the search for candidates to succeed Supervisory Board members Dr. Thomas Rabe and Dr. Winfried Steeger. One member of Supervisory Board did not attend this meeting.

### **ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2019**

The auditor Ernst & Young, audited the annual financial statements for the fiscal year from January 1, 2019, to December 31, 2019, which were prepared by the Executive Board according to HGB (German Commercial Code) standards, as well as the Symrise AG management report. The Auditing Committee issued the order for the audit in accordance with the May 21, 2019, resolution of the Annual General Meeting. The auditor issued an unqualified audit opinion.

The Symrise AG consolidated financial statements were prepared in accordance with Section 315a HGB on the basis of the International Financial Reporting Standards (IFRS), as applicable in the European Union. The auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft also certified the consolidated financial statements and the Group management report without qualification.

The auditor's report on these financial statements as well as additional auditing reports and documentation were delivered to all members of the Supervisory Board in a timely manner. They were discussed thoroughly in the meetings of the Auditing Committee of February 12 and March 3, 2020, and in the full meeting of the Supervisory Board of March 4, 2020. The auditors participated in the deliberations on the annual and consolidated financial statements in both committees.

Here they reported on the key audit results and were available to the Auditing Committee and the Supervisory Board to answer any questions and provide additional information.

Following our own review of the annual financial statements, the consolidated financial statements, the management report and the Group management report, we accepted the findings of the auditor. In our meeting of March 4, 2020, we ap-

proved the annual financial statements and the consolidated financial statements upon the recommendation of the Auditing Committee. The annual financial statements are thereby approved. After examining it, we endorsed the proposal of the Executive Board for the use of the accumulated profit for the year. The Supervisory Board considers the proposal regarding the use of profits to be appropriate.

The content of the separate non-financial report prepared for the 2019 fiscal year was audited by DQS CFS GmbH. The audit did not lead to any reservations.

The separate non-financial report is available on the Symrise website at <https://cr2019.symrise.com/sustainability/sustainability-record>.

### **CORPORATE GOVERNANCE**

Pursuant to Section 3.10 of the German Corporate Governance Code (DCGK), the Executive Board reports on corporate governance at Symrise AG, also on behalf of the Supervisory Board, once a year in connection with the publication of the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code. The Corporate Governance Statement includes (i) the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act, (ii) relevant disclosures on corporate governance practices, (iii) a description of the working methods of the Executive Board and the Supervisory Board as well as the composition and working methods of their committees, (iv) target figures for the proportion of women in the Executive Board and for the two management levels below the Executive Board, together with deadlines for implementation, and (v) a description of the diversity concept with regard to the composition of the Executive Board and Supervisory Board. Pursuant to the version applicable to Symrise of Section 3.10 of the German Corporate Governance Codex from February 7, 2017 ("DCGK 2017"), published in the official section of the Federal Gazette by the German Federal Ministry of Justice on April 24, 2017, and amended on May 19, 2017, the Corporate Governance Report, which is required to be issued annually by the Executive Board and the Supervisory Board, must be published together with the Corporate Governance Statement.

Due to the similarity of content between the Corporate Governance Report and the Corporate Governance Statement, we have once more decided to integrate the Corporate Governance Report in the meaning of Section 3.10 of the Corporate Governance Codex 2017 into the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code in order to simplify orientation for the reader. By con-

trast, the remuneration report pursuant to Section 4.2.5 of the Corporate Governance Codex 2017 is no longer part of the Corporate Governance Report. The remuneration report is part of the management report included on pages 55 to 63 of the 2019 financial report.

The Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code is published on the Symrise AG website, together with the integrated Corporate Governance Report of the Executive Board and Supervisory Board.

It can be found at <https://www.symrise.com/corporate-governance-statement>.

In 2019, we observed the refinement of corporate governance standards in Germany and abroad and will continue to do so in the future.

On September 17, 2019, the Executive Board and the Supervisory Board submitted an updated Declaration of Compliance according to Section 161 of the German Stock Corporation Act and made this permanently available to the shareholders on the company's website. It is also included in the Corporate Governance Statement.

Symrise AG has fully complied with all recommendations made by the Government Commission on the Corporate Governance Codex (version: February 7, 2017) published by the German Federal Ministry of Justice on April 24, 2017, in the official part of the Federal Gazette (Bundesanzeiger) and amended on May 19, 2017, without exception and will continue to do so in the future.

## CHANGES IN THE EXECUTIVE BOARD AND SUPERVISORY BOARD

There were no personnel changes in the Executive Board in the reporting year. Dr. Thomas Rabe resigned from the Supervisory Board at his own request and on good terms with effect from the end of December 31, 2019. The District Court of Hildesheim appointed Michael König as a member of the Supervisory Board with effect from January 15, 2020. He will stand for election by the shareholders at the Annual General Meeting on May 6, 2020.

The more than 10,000 current employees of the Symrise Group around the world make a crucial contribution to the success of our company. The Supervisory Board would like to thank all of the members of the Executive Board, the Group's employees in Germany and abroad as well as all employee representatives for their commitment, their constructive and creative collaborations in service of our customers and their outstanding accomplishments in the 2019 fiscal year.

On behalf of the Supervisory Board,



**Dr. Winfried Steeger**  
Chairman

Holzminden, Germany, March 4, 2020

## Bodies and Mandates – Executive Board and Supervisory Board

### EXECUTIVE BOARD:

DR. HEINZ-JÜRGEN BERTRAM

Chief Executive Officer

*Membership in Legally Mandated*

*Domestic Supervisory Boards* None

*Membership in Comparable Supervisory Bodies*  
(Domestic and International) None

ACHIM DAUB

President Scent & Care

*Membership in Legally Mandated*

*Domestic Supervisory Boards* None

*Membership in Comparable Supervisory Bodies*  
(Domestic and International)

- Phlur, Inc., Austin/Texas, USA,  
Member of the Supervisory Board

OLAF KLINGER

Chief Financial Officer

*Membership in Legally Mandated*

*Domestic Supervisory Boards* None

*Membership in Comparable Supervisory Bodies*  
(Domestic and International) None

DR. JEAN-YVES PARISOT

President Nutrition (Diana)

*Membership in Legally Mandated*

*Domestic Supervisory Boards* None

*Membership in Comparable Supervisory Bodies*  
(Domestic and International)

- Probi AB, Lund, Sweden,  
Chairman of the Supervisory Board
- VetAgroSup, Lyon, France,  
Chairman of the Supervisory Board

HEINRICH SCHAPER

President Flavor

*Membership in Legally Mandated*

*Domestic Supervisory Boards* None

*Membership in Comparable Supervisory Bodies*  
(Domestic and International) None

### SUPERVISORY BOARD:

DR. THOMAS RABE

Chief Executive Officer at Bertelsmann Management SE

Chief Executive Officer at RTL Group S.A. (since April 1, 2019)

*Membership in Legally Mandated*

*Domestic Supervisory Boards*

- Symrise AG, Holzminden,  
Chairman of the Supervisory Board (until August 7, 2019)  
and full member (until December 31, 2019)

*Membership in Comparable Supervisory Bodies*

(Domestic and International)

- Majorel Group Luxembourg S.A., Luxembourg,  
Chairman of the Supervisory Board (since January 4, 2019)
- RTL Group S.A., Luxembourg,  
Chairman of the Supervisory Board (until March 31, 2019)
- Penguin Random House LLC, UK,  
Chairman of the Supervisory Board
- Adidas AG, Member of the Supervisory Board  
(since May 9, 2019)

DR. WINFRIED STEEGER

Chief Executive Officer at Constanze GmbH & Co. KG

*Membership in Legally Mandated*

*Domestic Supervisory Boards*

- Symrise AG, Holzminden,  
Chairman of the Supervisory Board (since August 8, 2019)
- Verwaltungsgesellschaft Otto mbH, Hamburg,  
Member of the Supervisory Board
- EUROKAI GmbH & Co. KGaA, Hamburg,  
Chairman of the Supervisory Board
- Blue Elephant Energy AG, Hamburg,  
Member of the Supervisory Board
- EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen,  
Member of the Supervisory Board

*Membership in Comparable Domestic*

*and Foreign Supervisory Bodies*

- August Prien Verwaltung GmbH, Hamburg,  
Chairman of the Supervisory Board
- Familie Thomas Eckelmann Verwaltungsgesellschaft mbH,  
Hamburg, Vice Chairman of the Board of Directors
- Kurt F.W.A. Eckelmann GmbH, Hamburg,  
Vice Chairman of the Board of Directors
- Familie Thomas Eckelmann GmbH & Co. KG, Hamburg,  
Vice Chairman of the Board of Directors

## URSULA BUCK

Managing Director at Top Managementberatung  
BuckConsult

*Membership in Legally Mandated**Domestic Supervisory Boards*

- Symrise AG, Holzminden, Member of the Supervisory Board

*Membership in Comparable Supervisory Bodies*  
(Domestic and International)

None

## HARALD FEIST

Chairman of the works council and Chairman  
of the general works council at Symrise AG

*Membership in Legally Mandated**Domestic Supervisory Boards*

- Symrise AG, Holzminden,  
Vice Chairman of the Supervisory Board

*Membership in Comparable Supervisory Bodies*  
(Domestic and international)

None

## HORST-OTTO GERBERDING

Managing Partner at Gottfried Friedrichs (GmbH & Co.) KG

*Membership in Legally Mandated**Domestic Supervisory Boards*

- Symrise AG, Holzminden, Member of the Supervisory Board

*Membership in Comparable Supervisory Bodies*  
(Domestic and International)

None

## BERND HIRSCH

Chief Financial Officer at Bertelsmann Management SE

*Membership of statutory supervisory boards*  
*of other German companies*

- Symrise AG, Holzminden,  
Member of the Supervisory Board
- Evotec AG, Hamburg,  
Vice Chairman of the Supervisory Board (until June 19, 2019)

*Membership of comparable supervisory bodies*  
(in Germany or abroad)

- Bertelsmann Inc., Wilmington, USA,  
Chairman of the Supervisory Board
- Penguin Random House LLC, UK,  
Member of the Supervisory Board
- RTL Group S.A., Luxembourg,  
Member of the Supervisory Board

## ANDRÉ KIRCHHOFF

Independent member of the works council at Symrise AG

*Membership in Legally Mandated**Domestic Supervisory Boards*

- Symrise AG, Holzminden, Member of the Supervisory Board

*Membership in Comparable Supervisory Bodies*  
(Domestic and International)

None

## JEANNETTE KURTGIL

IG BCE trade union secretary for the North region

*Membership in Legally Mandated**Domestic Supervisory Boards*

- Symrise AG, Holzminden,  
Member of the Supervisory Board

*Membership in Comparable Supervisory Bodies*  
(Domestic and International)

- Esco GmbH, Hanover, Member of the Advisory Board

**PROF. DR. ANDREA PFEIFER**

Chief Executive Officer at AC Immune S.A.

*Membership in Legally Mandated*

*Domestic Supervisory Boards*

- Symrise AG, Holzminden, Member of the Supervisory Board

*Membership in Comparable Supervisory Bodies*

*(Domestic and international)*

- Bio MedInvest AG, Basel, Switzerland, Chairperson of the Board of Directors
- AB2 Bio SA, Lausanne, Switzerland, Chairperson of the Board of Directors

**ANDREA PÜTTCHER**

Vice Chairperson of the works council and Vice Chairperson of the general works council at Symrise AG

*Membership in Legally Mandated*

*Domestic Supervisory Boards*

- Symrise AG, Holzminden, Member of the Supervisory Board

*Membership in Comparable Supervisory Bodies*

*(Domestic and international)*

None

**DR. LUDWIG TUMBRINK**

Vice President Special Projects, Supply Chain Flavor EAME at Symrise AG

*Membership in Legally Mandated*

*Domestic Supervisory Boards*

- Symrise AG, Holzminden, Member of the Supervisory Board

*Membership in Comparable Supervisory Bodies*

*(Domestic and International)*

None

**PETER WINKELMANN**

Regional Head of the IG BCE district Südniedersachsen

*Membership in Legally Mandated*

*Domestic Supervisory Boards*

- Symrise AG, Holzminden, Member of the Supervisory Board
- amedes Holding GmbH, Hamburg, Vice Chairman of the Supervisory Board
- aenova Holding GmbH, Starnberg, Vice Chairman of the Supervisory Board

*Membership in Comparable Supervisory Bodies*

*(Domestic and International)*

None

## Glossary

### **AFF**

Aroma Molecules, Flavors & Fragrances

### **AKTG**

Stock Corporation Act (Aktiengesetz)

### **FLAVOR**

A complex mix of flavors and/or fragrances often based on chemical compounds (flavoring substances), which can be aromatics themselves

### **GDP**

Gross Domestic Product: A statistic used to measure the economic strength (goods and services) of a country

### **CAGR**

Compound Annual Growth Rate /average annual growth rate of particular significance

### **CORE LIST**

List of preferred suppliers

### **COSO II**

COSO (Committee of Sponsoring Organizations of the Treadway Commission) aims to improve financial reporting through ethical action, effective internal controls and good corporate governance Published in 2004, COSO II is an expansion of the original control model

### **COVENANTS**

Loan agreements (under the normal market conditions)

### **EAME**

Region comprised of Europe, Africa and the Middle East

### **EBIT**

Earnings before interest and taxes

### **EBITDA**

Earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets

### **EX VIVO MODEL**

Live tissue (e.g. ovules, grafts) is isolated and tested under laboratory conditions

### **F & F**

Flavors & Fragrances / Flavorings and fragrances

### **FISC**

The four key pillars of the Symrise sustainability strategy: F = Footprint; I = Innovation; S = Sourcing; C = Care

### **FLAC**

Financial liabilities measured at amortized cost

### **GREEN CHEMISTRY**

Sustainable chemistry that reduces environmental pollution, saves energy and produces in an environmentally friendly way

### **HGB**

German Commercial Code (Handelsgesetzbuch)

### **IAL**

Industrial and market research consultancy company

### **IKS**

Internal Controlling System

### **INCOTERMS**

International Commercial Terms

### **INVESTMENT GRADE**

Companies, institutions or securities with good to very good credit ratings

### **ISO 31000**

A standard that defines the framework for a risk management system

### **LAR**

Loans and receivables

### **LTIP**

Long Term Incentive Plan/a remuneration plan for staff, especially for managerial staff

**OPEN INNOVATION**

Opening up of the innovation process of organizations and thus the active strategic use of the external world for the expansion of innovative potential. The open innovation concept describes the purposeful use of knowledge flowing into and out of the company, while making use of internal and external marketing channels in order to generate innovations

**CASH FLOW FROM OPERATING ACTIVITIES**

Cash generated from the operations of a company, defined as the revenues minus operating expenses; an important indicator of a company's earning power

**REACH**

Chemicals directive for the registration, evaluation, authorization and restriction of chemicals

**REVOLVING CREDIT FACILITY**

Credit limits that the borrower can access at any time and over very flexible repayment options

**SUPPLY CHAIN**

Process chain from procurement to manufacturing and sale of a product. This therefore includes suppliers, producers and consumers

**US PRIVATE PLACEMENT**

Non-public sale of debt securities to US investors, which is regulated, however, by the SEC (United States Securities and Exchange Commission)

**WORKING CAPITAL**

Financial indicator derived by subtracting current operating liabilities from current operating assets