

Symrise AG Progress Report 2018 on the Leadership Statement of the Biodiversity in Good Company Initiative

1. Company information .

Symrise is a globally leading manufacturer of fragrances, flavorings as well as cosmetic, active and other functional ingredients for improved nutrition, health and well-being. Our customers include manufacturers of perfumes, cosmetics, food and beverages, the pharmaceutical industry and producers of nutritional supplements and pet food. Headquartered in Holzminden, Lower Saxony, Symrise is represented in more than 90 locations in Europe, Africa and the Middle East, Asia, the USA and Latin America. Together with our customers, we develop new ideas and marketable concepts for products that are indispensable in everyday life.

2. Operational interactions with biodiversity and ecosystem services

Symrise has an extensive portfolio of around 10,000 raw materials, which find their way into more than 30,000 different products. To a large extent, these are biological raw materials that we source not only from our local environment, but from all continents of the world. These are mainly vegetable starting materials, such as citrus fruits, herbs, teas, spices, flowers as well as a wide variety of other biological raw materials (e.g., essential oils) which originate from a wide variety of species and ecosystems and are obtained by various cultivation methods or by wild collection in native ecosystems. Like the entire consumer goods sector, the fragrance and flavor industry is dependent on intact biodiversity in order to satisfy the increasing demand of customers and consumers for high-quality natural product solutions in the future and in optimum quality.

Potential or actual impacts on species and ecosystems are to be located less at our locations, but above all at the basis of our bio-based supply chains in the countries of origin of our raw materials. Their cultivation regions are partly located in biodiversity hotspots, which are ecologically sensitive regions with an extremely high diversity of species and ecosystems. Their conservation status, functionality and integrity is increasingly endangered by anthropogenic influences and can also be impacted positively or negatively by the economic activities of Symrise AG. Climate change, environmental pollution, overexploitation of natural resources or the degradation and destruction of natural ecosystems are not only a risk for parts of the raw material supply of the consumer goods sector, but also for the livelihoods of small farmers and local communities at the sources of our supply chains. And while the availability of bio-based raw materials is exposed to risks as a result of global environmental change, our customers' demand for natural and sustainable raw materials and products is growing at the same time, and thus the dependence of Symrise AG on the productive power of natural ecosystems. Within this area of tension, Symrise AG faces major challenges, but also considerable opportunities, which we take up through a systematic sustainability management with special attention to biodiversity aspects.

3. Integration of biodiversity into the operational management system

Production sites

For years, Symrise has been operating an Integrated Management System (IMS) worldwide, which includes the topic of environment (ISO 14001) and explicitly takes biodiversity aspects into account in site planning and operation. The senior managers responsible for environmental management at our production sites are responsible for recording and monitoring the environmental impact of processes, products and projects at the site. Continuous improvement measures are regularly recorded, implemented and monitored in a site-specific environmental programme in accordance with national and local legal provisions and regulations.

Significant environmental impacts must be regularly identified and evaluated in the context of a systematic environmental aspect analysis. In addition to potential ecological impacts on water, climate and soil, our analysis also includes protected areas adjacent to our sites according to the biodiversity indicators of the Global Reporting Initiative. These impacts are reported on a quarterly basis to our HQ in Holzminden. Possible impacts on protected areas must be avoided and minimised as a matter of priority. In addition to our mandatory tasks, we implement projects at selected locations to improve the environmental quality of the sites (and en passant' the ecological value) of our company premises.

Supply chain management and integration of suppliers

Fundamental principles for sustainable sourcing are anchored in the Symrise Sustainable Sourcing Policy, which is part of our integrated management system through procedural instructions in the various divisions, regions and functional areas.

In accordance with our Sustainable Sourcing Policy, we systematically request and collect relevant biodiversity data from our suppliers and use them to evaluate the social and ecological sustainability performance acc. To internal and external standards whose results are taken into account in the supplier approval process. In the course of data collection, we point out to our suppliers the fundamental importance of biodiversity for our common value chain. With regard to strengthening the awareness of our suppliers for the necessary implementation of the UN Convention on Biological Diversity by companies, we have been increasingly focusing our relevant information campaigns since 2017 on the implementation of ethical and legal requirements with regards to the Nagoya protocol on access and benefit sharing".

In addition to the requirements of our Sustainable Sourcing Policy, we work closely with the Union for Ethical BiTrade (UEBT), an international NGO with special expertise in the areas of Ethical BiTrade. In addition to the analysis, evaluation and certification of strategic natural product supply chains on the basis of the UEBT criteria, which are based on the principles of the UNCTAD BiTrade Initiative, we are also working on the continuous integration the Access & Benefit Sharing Principle in the procurement process.

As a central B2B interface in the consumer goods market, Symrise has an outstanding connectivity towards global key players in the food, cosmetics, pharmaceutical and luxury goods industries like hardly any other company. Our high connectivity in our markets enables us in a special way to encourage a large number of customers and suppliers around the globe to recognize and enforce the CBD criteria along various value chains, respectively through targeted supplier development.

In concrete terms, for example, we are committed to the continuous expansion of the UEBT criteria and principles to key raw materials from strategic sourcing countries. Our lighthouse projects include sustainable vanilla cultivation in Madagascar and an intervention project in the Amazon region supported by the German Society for International Cooperation (GIZ), which focuses on the sustainable collection and processing of wild nuts and other non timber forest products. In addition to the transfer of technology and know-how, the dissemination of sustainable collection or cultivation methods, the provision of microcredit or the restoration of damaged ecosystems, our engagement also involves investments in the infrastructure of local communities.

4. Biodiversity controlling and life cycle assessment

As early as 2014, we started to collect the available biodiversity data relevant to us for all natural raw materials and ingredients used at Symrise. These data have been fed into our IT systems to ensure that biodiversity criteria can be incorporated into relevant decision-making processes throughout the global organization. The data collected include, among others, country of origin, cultivation regions and cultivation methods, basic taxonomic data as well as conservation status of species acc. IUCN Classification. Biodiversity

information at the species and ecosystem level is processed in such a way that internal and external stakeholders can obtain reliable basic information on the biodiversity performance of each product manufactured by Symrise.

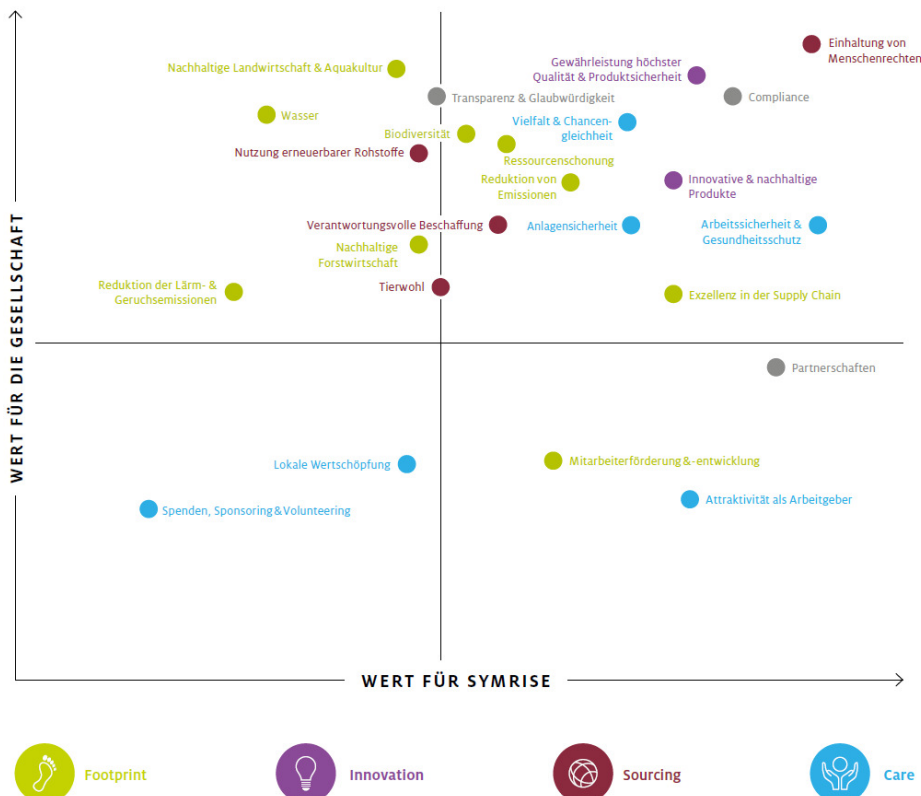
For this purpose, the available biodiversity data of our natural raw materials are fed into our patented "Product Sustainability Scorecard", with which we can provide internal (research and development, sales) and external (customers, suppliers, investors) stakeholders with information about the environmental performance of our raw materials and products. In addition to the areas of climate, water or land use, this scorecard also includes a biodiversity dimension, the assessment of which also includes the biodiversity richness of the country of origin in conjunction with information on extraction methods according to relevant standards and certification schemes.

In addition, all natural products are assessed in an annual risk assessment procedure, with particular reference to operational risks associated with the main global drivers of biodiversity loss.

4. Responsible areas and functions

The expectations of our stakeholders are regularly compiled, analyzed and, if necessary, adapted by the Corporate Sustainability Board. This board is the global and cross-divisional body that helps to integrate sustainability principles more strongly into our core processes. As part of the recent revision of our materiality matrix, the importance of biodiversity and relevant topics such as sustainable agriculture and forestry has increased again (see below).

Symrise AG's corporate biodiversity management is managed by the "Corporate Sustainability" department headed by the Chief Sustainability Officer, who reports directly to the CEO of Symrise AG. In addition to the Corporate Sustainability Board, which regularly addresses current issues of biodiversity management, the implementation of relevant projects of our biodiversity agenda is also under the responsibility of the divisional sustainability committees and relevant functional areas, such as purchasing, research and development or regulatory affairs.



5. Objectives of corporate biodiversity management

5.1. Sustainability Strategy

Symrise takes the fundamental challenges of sustainable development very seriously and systematically integrates them into its business model and operational decision-making processes. In addition to potential risks, we always keep an eye on the opportunities, combining what is necessary with what is possible and thus induce positive social and ecological externalities in the sense of our shared value approach. As a result, we not only improve and strengthen our reputation and market position vis-à-vis our competitors, but also, in particular, support the resilience of our value chain and business model in times of accelerating global change. We formulate goals of our sustainability strategy taking into account the entire value chain. We want to continuously improve ourselves in the four dimensions of our sustainability agenda at every stage. In the following four fields, which take up the different dimensions of our sustainability agenda, the negative effects of business activities are consistently minimized and the social and ecological added value is increased:

- Footprint: Minimising the ecological footprint along the entire value chain
- Innovation: maximising the social and environmental added value of products
- Sourcing: Maximizing sustainability in the supply chain and in the procurement of raw materials
- Care: Creating lasting values for employees and local communities

5.2. General environmental objectives

In 2012, we set out the company targets to reduce our CO₂ emissions (CO₂ eq. /a), the occurrence of hazardous waste (t/a) and waste water loads (chemical oxygen demand; t/a) relative to value added by 33% in relation to the base year 2010. Through integrated environmental management and accurate measurement and control of all relevant ecological outputs at all production sites, as well as significant investments in efficiency technologies, we have already achieved our environmental targets in 2017/2018. In addition, in 2017 - anticipating increasing customer requirements at an early stage - we began to measure and positively influence the social impact of our company, especially in the area of raw material procurement. The key parameter here is the number of people who benefit from our intervention projects in developing countries. We want to continue to maximize this figure in the coming years.

Through our commitment in Madagascar alone, we trained over 5500 smallholder farmers (as of 2012: 1073) in sustainable farming methods and integrated them into our certification programmes (Rainforest Alliance, Fairtrade, UEBT). As of 2017, more than 33,000 smallholder farmers, including their family members, benefit from our local commitment in 81 municipalities in Madagascar (as of 2012: 3000). We were also able to improve the educational situation of over 20,000 Madagascan pupils by investing in school buildings and teaching staff (as of 2012: 2000). Although Symrise and its project partners still observe significant challenges to improve the ecological and socio-economic environment in Madagascar, which we are committed to tackle e.g. through an integrated strategy for the expansion and diversification of agroforestry systems, these figures demonstrate impressively the successes of our local commitment.

For several years now, we have been extending the "shared value" approach applied in Madagascar to other strategic countries of origin. For example, together with GIZ and the Brazilian natural cosmetics company Natura, we have strengthened and further expanded our Amazon programme. At its core, our engagement is about the collaborative development of biodiversity-based value chains coming from wildlife collections originating in the Amazon rainforest. This includes training of good technical practices for wildlife collections of endemic plant species, the renaturation of degraded forest ecosystems, the provision and optimization of locally adapted process technologies as well as the teaching of practical skills for organizational development and management (or. proactive anticipation) of national regulatory requirements (in particular. Nagoya Protocol & ABS) in the foreground. By 2020, we want to integrate more than 1100

families from 14 different communities into our Amazon program and assume that at least 80% of the participating families receive the acc. UEBT Ethical Biotrade Standard. More than 40 supply chains (in all 7 endemic plant species) have already been certified. We also want to report similar successes from Indonesia by 2020. However, our joint commitment with one of our key suppliers stands for sustainable cultivation of patchouli (an essential, non-substitutable base material for perfumery), and the socio-economic strengthening of growers is currently still in an early project phase.

5.3. Biodiversity Agenda & Objectives

In order to concretize our environmental and sustainability management in the field of biodiversity, we already developed a Symrise Biodiversity Agenda in 2015 and formulated qualitative and quantitative biodiversity targets in it:

- Development of new innovative raw materials in our excellence centers in Brazil and Madagascar
- Full integration of relevant biodiversity aspects in research and development
- Assessment of all growers directly supplying us with regard to sustainable cultivation and procurement practices, with particular regard to biodiversity aspects
- Assessment of strategic supply chains in relation to ethical procurement and biodiversity criteria
- Raising awareness of the importance of biodiversity for sustainable development and our core business.

These biodiversity targets were expanded and concretized in 2016 with the signing of the Business & Biodiversity Pledge of the UN Convention on Biological Diversity.

6. Biodiversity in corporate reporting

As part of our sustainability reporting, we have been informing our stakeholders and the interested public for years in accordance with the biodiversity indicator set of the Global Reporting Initiative. In addition, we signed the BIGC Leadership Declaration and the Cancun Business & Biodiversity Pledge of the Global Partnership on Business and Biodiversity and committed to regular report on biodiversity, whereby we want to consistently consider the requirements of relevant CBD resolutions for operational reporting on the topic.

7. Stakeholder dialogues and cooperation

As part of a membership assessment of the Union for Ethical Biotrade, the procurement practices of Symrise AG with regard to ethical and biodiversity criteria were subject to an external review by UEBT. Currently, Symrise is the only leading company in the flavor and fragrance industry that meets the strict evaluation criteria of UEBT globally. In addition to our activities and as part of our global membership of the Union for Ethical Biotrade, we are contributing our positions on biodiversity to other relevant multistakeholder initiatives and dialogues. In addition to our membership in the Roundtable on Sustainable Palm Oil, we are also involved, for example, in the Natural Resources Stewardship Circle in the development of criteria and specifications for ethical and sustainable supply chains, with special attention to Biodiversity criteria. In addition, Symrise has been a member of the World Business Council on Sustainable Development, where we deal with issues of sustainable development of the food system as well as with the role and possible value contributions of Symrise AG in working groups and specialist groups together with customers and competitors. Symrise AG has also enjoyed close ties with the Gesellschaft für Internationale Zusammenarbeit for years, which supports Symrise AG in the development and effective implementation of intervention projects along our supply chains.

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