



MOVING FORWARD

OUR SUSTAINABILITY REPORT 2012

2012 PERFORMANCE HIGHLIGHTS



SET LONG-TERM GOALS
FOR 2020



DOUBLED SEDEX
PARTICIPATION



FORMALLY ADOPTED
GREEN CHEMISTRY
PRINCIPLES INTO R&D

INITIATED GREEN
CHEMISTRY TRAINING



INCREASED THE NUMBER
OF GREEN TEAMS



INTRODUCED NATURAL
ETHICS™ VANILLA



INTRODUCED FLAVORFIT™,
A PORTFOLIO OF INNOVATIVE
HEALTH AND WELLNESS
SOLUTIONS

REDUCED
CARBON EMISSIONS

-6.4%

REDUCED
ENERGY USE

-4.4%

REDUCED
WATER USE

-12.2%

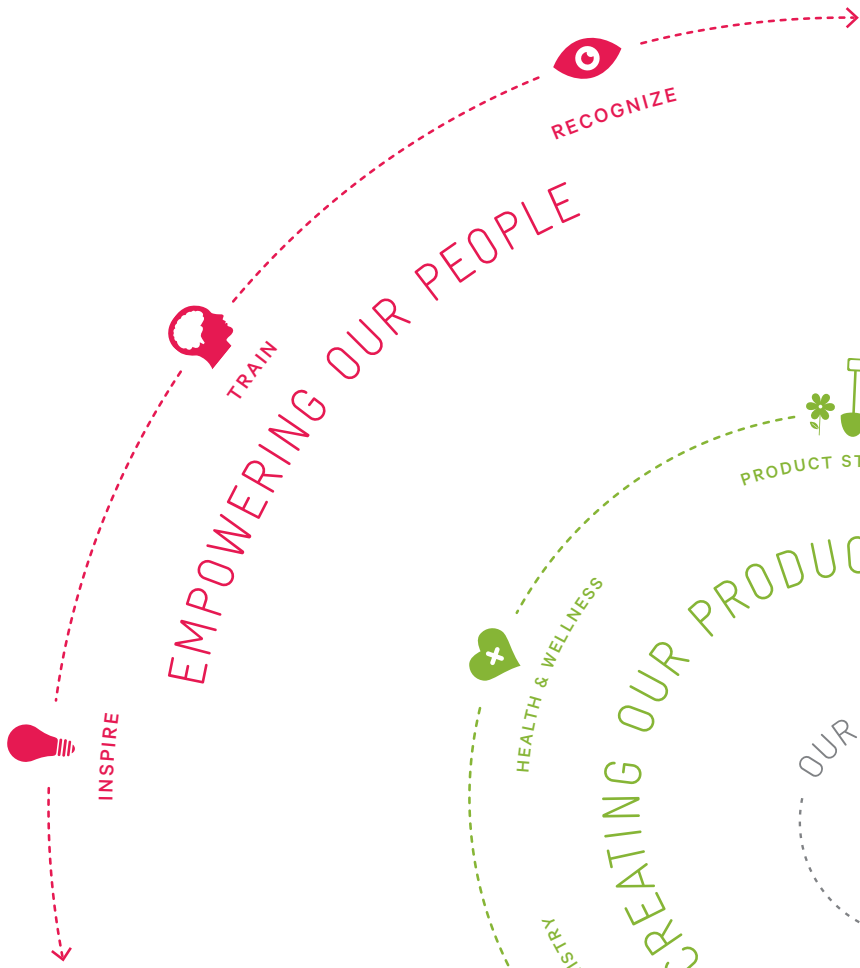
REDUCED
HAZARDOUS WASTE

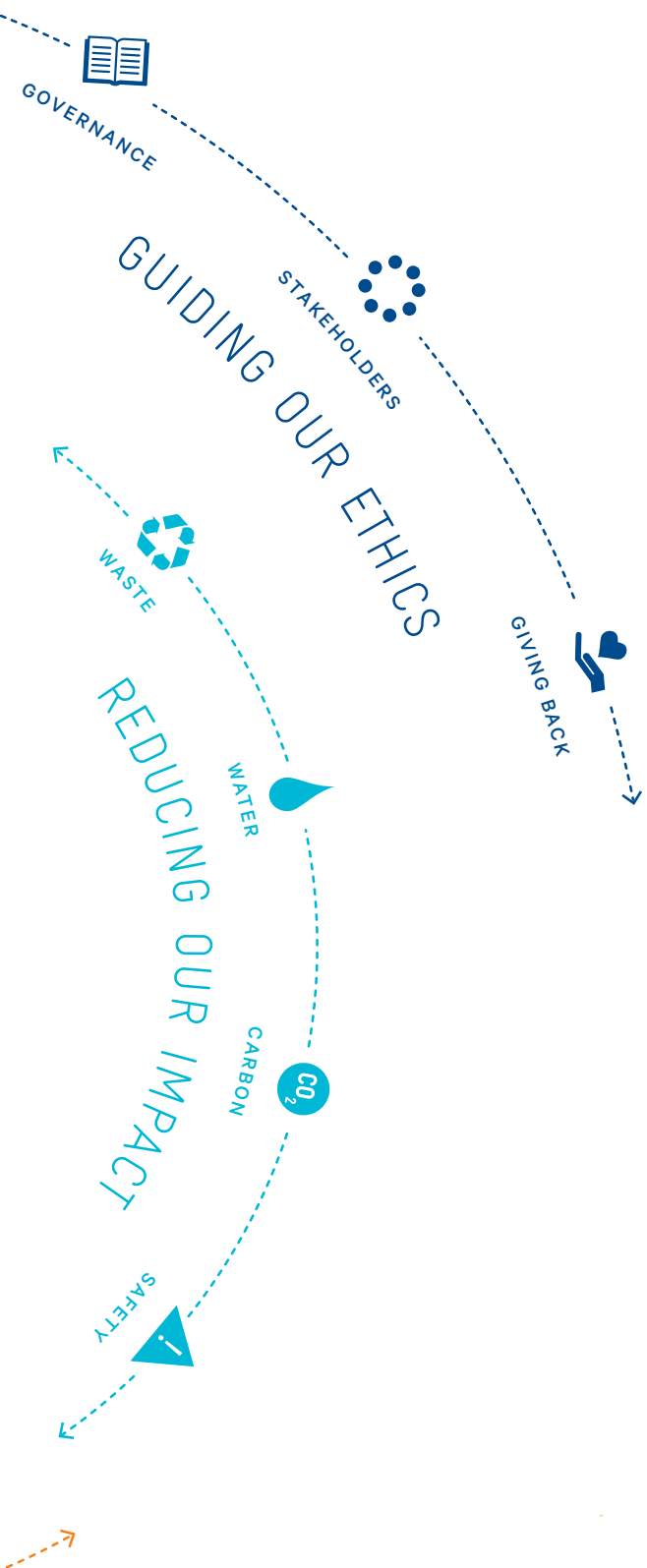
-9.6%

OUR PATH TO SUSTAINABILITY

Nature not only inspires the scents and tastes we design but also guides the steps we take to deliver them. On our chosen path, we are finding the most impactful solutions that are right for us today and tomorrow.

This is sustainability,
the essence of IFF.





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EMPOWERING OUR
PEOPLE

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OUR COMPANY

OUR BUSINESS

International Flavors & Fragrances Inc. is a leading global creator of flavors and fragrances for consumer products. We are a publicly traded company (NYSE: IFF) headquartered in New York, N.Y., U.S. IFF creates, manufactures and supplies flavors and fragrances for the food, beverage, personal care and household products industries.

Number of employees worldwide: 5,700

Net sales: \$2.8 billion

Net income: \$254 million

Return on Invested Capital: 16.5%

Spent on R&D: \$234 million, 8% of sales

Countries in which IFF products are sold: 100+

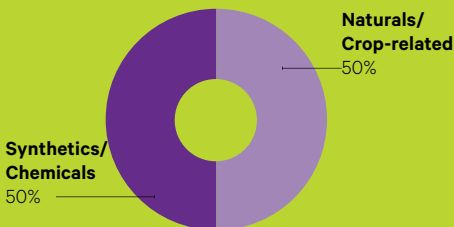
OUR SUPPLIERS

80+ countries

2,200 suppliers

9,000 raw materials

RAW MATERIALS:



OUR PRODUCTS

Flavors

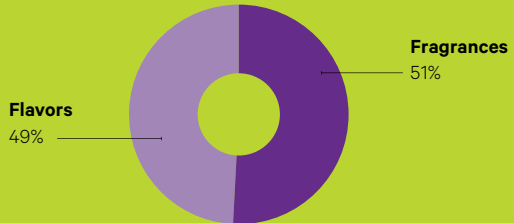
Beverage
Dairy
Savory
Sweet

Fragrances

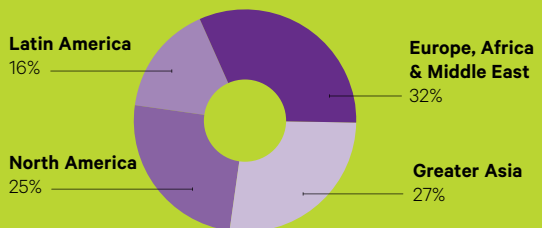
Fabric Care
Fine Fragrance
Fragrance
Ingredients

Hair Care
Home Care
Personal Wash
Toiletries

GLOBAL SALES



OUR MARKETS



OUR LOCATIONS

Facilities around the world

Operations in 32 countries

Research & Development Centers: 4

Creative Centers: 22

Manufacturing sites: 29

Data as of December 31, 2012. When we refer to our products, we mean the end-of-use category of products.

FROM OUR CHAIRMAN



With the publication of our 2012 sustainability report, I continue to reflect on our commitment to corporate, social and environmental responsibility. I cannot presume to know what is right for everyone, only what is right for IFF. And I believe we are on the right path for

us to create a lasting influence over how we do business. Our four strategic pillars are built on a foundation that is aligned with the areas that are most material to IFF and our customers. Because of these sound, basic concepts, we see positive tangible and intangible results in our people, our products, our operations, our sourcing and in the way we do business and partner with customers.

As we continue on our journey and further our efforts, we keep the Triple Bottom Line in the forefront of our thinking. This means we are taking into consideration what matters most—corporate, social and environmental responsibility—to our shareholders, customers, employees, the millions of consumers whose lives we touch daily around the world, and future generations.

Our corporate strategy itself dovetails well with our sustainability program. As we strengthen our innovation platform, we continuously work to design high quality and sustainable products that our customers trust. We do this through green chemistry and with a secure and ethical supply chain. As we leverage our geographic reach, we are conscious of emerging markets' need to balance economic growth with stewardship of the environment. Therefore, we have incorporated the principles of green design, construction and manufacturing processes at our new facilities. Our mission to maximize our portfolio has us working to increase eco-efficiency today by

creating less waste and using less water and energy, and in the future as we create new products. This journey is a balanced one. By working on a global level, we consistently focus on our goals to reduce carbon emissions, waste, and energy and water usage by 20+ percent by 2020.

Good business needs good metrics. I believe they are key to confirming that we are on our right path. Over these past few years, we have collected data needed to establish a baseline to which we may compare our efforts, and at a time when global climate change is felt through unprecedented disasters like Hurricane Sandy on the shores of New York and New Jersey or when millions are affected by high air pollution levels in some of the world's cities, it is up to us as a corporate citizen and as responsible individuals to create a positive impact. It has been said that a jug fills drop by drop. While we may not be the largest company in the world, by keeping a watchful eye on the Triple Bottom Line, we know that our effort, commitment and results matter.

I would like to leave you with one final thought, but since this topic is something that is important for all of us at IFF, I will share three with you. One, our sustainability platform is based on facts. We know it's the right way of doing business, and we will continue to move forward. Two, our global standards are meant to be consistent. Whether you are in Carrollton, Texas, or Delhi, India, you can trust that our methods have been applied the same way around the world. Three, sustainability is increasingly being embedded in the very structure of our company.

My vision hasn't changed for our work with sustainability, but my thinking has—it's more important than ever to keep this critical approach uppermost in our thought processes at IFF.

DOUGLAS D. TOUGH

Chairman of the Board and Chief Executive Officer

OUR STEWARDSHIP STRATEGY

*We chart our course carefully, carried onward
by the passion of our people*

IFF's view of sustainability is broad, encompassing environmental, social and financial stewardship. We understand that there is not one single solution to these issues. So at IFF we are very deliberately choosing our own particular path forward.

Our sustainability strategy addresses not only issues of environmental and social responsibility, but also our company's financial performance. With this Triple Bottom Line approach, our sustainability and business strategies align to foster long-term success.

Addressing such broad, important questions requires intense, ongoing collaboration among our business areas and locations. Our Sustainability Business Council (SBC), which bears responsibility for providing global direction at the highest level, exemplifies the cross-functional cooperation that is a hallmark of our sustainability initiative. Our SBC includes the Pillar Owners and Leads as well as the heads of our business units, operations, sourcing, human resources, engineering, product development, legal, finance, communications and IT. These leaders are embedding sustainability into the fabric of our organization, ensuring that IFF can maintain momentum on our sustainability journey.

The members of our Pillar Teams are supported by regional Eco-Efficiency Champions, who provide a vital link with local facilities. Our Employee Green Teams are

harnessing the grassroots enthusiasm and creativity of our employees at locations around the world. Connection and collaboration at IFF are leading to new solutions.



*“There’s a well-known proverb—
if you want to go fast, go alone;
if you want to go far, go together.*

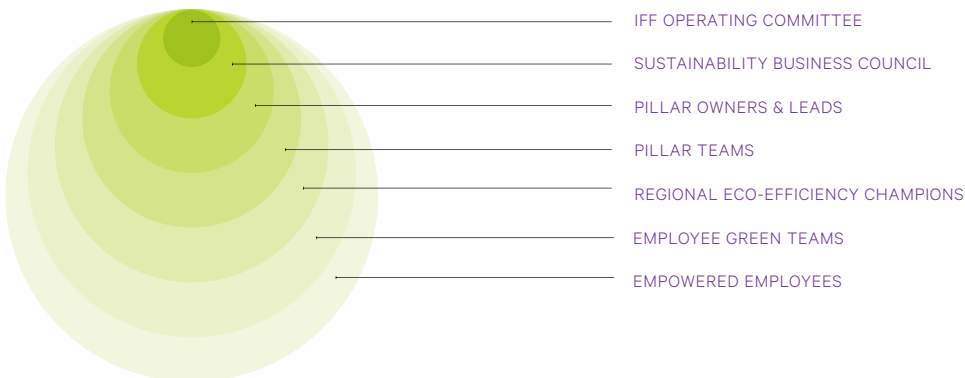
By working with our employees, customers, suppliers and communities we are actively moving forward and making a difference together.”

NICOLAS MIRZAYANTZ

Group President, Fragrances

Executive Sustainability Champion

SUSTAINABILITY GOVERNANCE STRUCTURE



NATURE IS OUR STARTING POINT

Nature is at the center of everything we do. We create products that require natural resources and support human health. This places IFF at the nexus of several global trends: preference for natural ingredients, concern for health and wellness, water scarcity, population growth and depletion of raw materials. These challenges must be managed to meet the needs of future generations and ensure the ongoing operations of IFF.

The sustainability of our customers, their brands and their products is also key to our strategy. Our customers are increasingly challenged to find sustainable, reliable sources of ingredients to make products consumers have come to expect or demand.

With so many pressing needs, we prioritize and adopt only those initiatives that are right for us, our customers and our communities. We follow a disciplined approach, executing our strategy in a pragmatic manner. We seek to find that sweet spot when an effort makes sense economically, socially and environmentally. That is where we can ultimately make progress in our journey.



“Our goal is to delight people around the world through delicious foods and beverages. Our scientists and creative teams

help our customers provide the tastes consumers love in a healthier and more sustainable way.”

HERNAN VAISMAN

Group President, Flavors

PROGRESS DURING 2012

IFF made significant progress during 2012. We further formalized our sustainability program, instilled discipline, embedded global consistency and increased transparency.

By expanding our grasp of metrics down to the facility level, and even the product level in some instances, we advance our ability to measure and track our progress and gain a deeper understanding of our impact.

We are studying materials before they enter and after they leave our facilities. Our value chain extends from procurement, research and development to production, logistics and the consumers who use the products that contain our ingredients. We're pushing responsibility for sustainability beyond our own operations to our entire value chain—particularly in our supply chain, the sources of our raw materials.

With the guidance of Kevin Berryman, EVP and Chief Financial Officer, and our finance organization, we have introduced financial sustainability metrics, reporting tools and relationships—steps that guarantee a Triple Bottom Line approach. With stronger data collection systems, we've improved our sustainability reporting and our ability to speak to our stakeholders in a more transparent manner.

Through a robust training program, IFF employees are better equipped to understand and execute our sustainability strategy. Expanded training during 2013 will accelerate our momentum and increase our capacity for change.

Perhaps most important, our mind-set has progressed. We are working together, reaching out to our partners and making the right choices for us.

SETTING NEW GOALS FOR 2020

Building on these and other accomplishments, we are pleased to announce new goals that will carry us forward to 2020. These aspirational targets, which spring from our Pillar Strategies, were developed in large part by our Pillar Teams and have been approved by the IFF Operating Committee. Each goal rests on a Triple Bottom Line approach to ensure that it will benefit the people we employ and serve, the health of our planet and contribute to the economic success of our organization. These goals will position us for success in the long term. We will report annually on our progress toward these goals.

We do not travel alone on our journey to greater sustainability. Connection, collaboration and togetherness with our employees and other stakeholders will lead to new solutions as we learn from one another. The more we continue to share best practices, the more we will benefit.



PRODUCT STEWARDSHIP



HEALTH & WELLNESS



GREEN CHEMISTRY



CREATING
OUR
PRODUCTS



OUR WORLD

Close relationships with customers and in-depth consumer knowledge enable IFF to develop products that meet changing needs and local trends across a global market. Our forward-looking R&D program and proactive regulatory monitoring allow us to thrive in a changing marketplace. Our global operations strengthen our ability to respond to local consumer preferences, efficiently source materials and distribute products in emerging markets and throughout the world. In this dynamic environment we find opportunity for innovation as we advance our sustainability agenda.

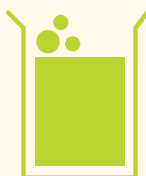
OUR APPROACH

IFF creates innovative products and processes that enhance our customers' brands and consumers' experiences. From research to manufacturing, we're developing new products that are green by design. Through re-engineering, many existing products now use fewer resources, consume less energy and deliver more value for our customers. We're doing this by:

Integrating green chemistry principles and practices into product and process development

Defining and expanding our health and wellness portfolio of products

Establishing a material and product stewardship strategy that meets the expectations of an increasingly transparent world



4,000

GLOBAL, MULTINATIONAL
& REGIONAL CUSTOMERS

OUR GOALS

IFF's Product Pillar Team, led by Pillar Owner Ahmet Baydar, PhD, SVP Global Research and Development, and Pillar Lead Michael Popplewell, PhD, VP Corporate Research and Development, have committed to:

Formally adopt and apply the principles of green chemistry and life cycle analysis to our R&D processes, and train our chemists in these principles during 2013

Use green chemistry principles to evaluate our existing products and use this knowledge for future sustainable product design

Advance our health and wellness product portfolio

Leverage biotechnology

100+

COUNTRIES WHERE IFF
PRODUCTS ARE SOLD



GREEN CHEMISTRY

*Integrating sustainability into our
products and processes*

Chemical processes are an essential component of the research, product design and manufacture of flavors and fragrances. Inspired by the successes we have already achieved through the use of green chemistry, we are embedding this approach throughout our products and processes. Our intent is to use green chemistry to more efficiently transform raw materials into finished goods.

In line with our commitments, during 2012 IFF adopted the universally recognized 12 Principles of Green Chemistry as a comprehensive framework for our R&D, product design and manufacturing processes. A thorough grounding in green chemistry principles and techniques will equip our scientists to develop new products and processes that more closely align with this approach. In 2012, IFF engaged industry expert Michael C. Cann, PhD, to provide

training to our R&D leadership.

We will use this knowledge to develop a comprehensive approach to evaluate our products on their overall green chemistry performance. This approach will enable our chemists to assess the green chemistry attributes of each product using a variety of dimensions. IFF R&D chemists will also be able to evaluate new products, identify process improvements and assist in the selection of renewable feedstocks. In 2012, IFF chemists applied two of the green chemistry principles (Design for Degradation and Design Benign Chemicals) to complete an assessment of our top 100 fragrance ingredients. We plan to adapt and expand this approach for application in evaluating our flavor ingredients in 2013.



**GREEN CHEMISTRY OFFERS
A STRATEGIC PATHWAY TO BUILD
A MORE SUSTAINABLE FUTURE***

WHAT IS GREEN CHEMISTRY?

According to the American Chemical Society, green chemistry is about approaching chemistry the way nature does. It is a proven approach for reducing negative human and environmental impacts.

At IFF, we think of it as a way to make our products in a more efficient and environmentally responsible manner. Green chemistry addresses the sustainable design of materials including end-of-life impacts. By following green chemistry principles, our scientists and engineers choose renewable raw materials, develop more energy-efficient pathways, design molecules that are more biodegradable and develop processes that minimize waste.

*American Chemical Society



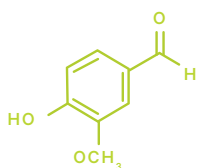
GREEN CHEMISTRY PRINCIPLES IN ACTION

Below are two examples of how green chemistry has already been applied at IFF.

ATOM ECONOMY

Processes designed according to the green chemistry principle of Atom Economy incorporate more of the raw materials into the final product, which results in less waste. We practice this principle in real life as part of our fragrance ingredients process engineering and improvement program and in our collaborations with world leading universities. This methodology is imparted in our daily routine and core to our sustainable manufacturing principles. As an example, through the use of micro-reactor technology, IFF chemists and engineers developed a more efficient method of processing certain raw materials. The application of this technology has improved yields while reducing waste and cost. In addition, harsh raw materials were eliminated and replaced with non-hazardous ones, thus significantly enhancing the long-term sustainability of the product and the manufacturing process.

USE OF RENEWABLE FEEDSTOCKS



VANILLIN

A feedstock is a raw material required for an industrial process; a renewable feedstock is derived from a bio-based source. IFF intends to increase our use of renewable feedstocks.

Currently, natural vanillin suffers from high and variable market pricing, limited production capacity and variation in quality. As an example of our commitment to leverage biotech pathways, IFF is working with Evolva, a Swiss biosynthesis technology firm, to produce natural vanillin through a cost-effective and sustainable route. IFF's vanillin will be developed from a renewable, botanically derived feedstock processed through yeast-based fermentation.

We expect to deliver a product that provides a sustainable supply chain, stable pricing and standardized purity and flavor quality.

This product complements our vanilla portfolio, which includes our Natural Ethics™ Vanilla discussed on pages 49 and 50.

The 12 Principles of Green Chemistry*

1. Prevent Waste
2. Atom Economy
3. Less Hazardous Synthesis
4. Design Benign Chemicals
5. Benign Solvents and Auxiliaries
6. Design for Energy Efficiency
7. Use of Renewable Feedstocks
8. Reduce Derivatives
9. Catalysis
10. Design for Degradation
11. Real-Time Analysis for Pollution Prevention
12. Inherently Benign Chemistry for Accident Prevention

* Published by the American Chemical Society, based on the work of Paul T. Anastas and John C. Warner

On Our Path to Green Chemistry

CREATING A SHARED VISION OF SUSTAINABLE CHEMISTRY

Green chemistry offers enormous potential to help create a new generation of products and processes with less environmental impact, benefiting society and at a lower cost. The 12 Principles of Green Chemistry provide a framework for designing or improving materials, products, processes and systems.

We began our formal instruction of green chemistry within R&D, the designers of our products, with the goal of rolling the training out over time to additional functions around the world. Shaped by industry best practices, our training is being customized to meet IFF's particular needs. For assistance with this initiative, we have tapped the skills of renowned sustainability chemist Michael C. Cann, PhD. With his guidance, we are outlining an approach for applying green chemistry principles across the entire product life cycle.

In 2012, Dr. Cann formally introduced IFF R&D leaders to the fundamentals and practices of green

chemistry through an interactive training session.

This established a common understanding of the 12 Principles of Green Chemistry among the IFF research leadership and emphasized the enormous potential for our organization. We identified opportunities throughout our product life cycles to incorporate green chemistry. During 2013, we intend to deliver this technical instruction to the chemists, scientists and engineers on our R&D team. We will also develop a summary version of this course for other IFF employees to expand this mind-set throughout the organization.

It is important that our people, regardless of their role in the company, understand the promise of these practices and be inspired to support them. Our intent is that the 12 Principles of Green Chemistry should guide our chemists right from the start as they create new products and processes.

A Renowned Chemist

Michael C. Cann, PhD, Professor of Chemistry and Co-Director of Environmental Science at the University of Scranton, has developed Web-based green chemistry teaching modules and co-authored textbooks, and is the editor of the book series Sustainability: Contributions Through Science and Technology. He serves on the Committee for Environmental Improvement of the American Chemical Society. Dr. Cann has received the Pennsylvania Governor's Award for Environmental Excellence and the American Chemical Society's Committee on Environmental Improvement Award for Incorporating Sustainability into Chemical Education for his work in green chemistry and sustainability.

“We can use chemistry to make the world a better place to live. Chemists have the ethical and moral obligation to create products in a green manner.”

MICHAEL C. CANN, PhD



DELICIOSAMENTE COM MENOS.

Consumidores desejam menos açúcar em suas dietas, mas ainda é o sabor que os excita.

Com o portfólio de tecnologia personalizada Flavorfit™ da IFF, nossos especialistas combinam as soluções para a redução de açúcar com sabores naturais e aromas, propriedades de entrega de sabor para criar sucos, refrigerantes e água saborizada mais saudáveis, com os sabores reais antes que as pessoas adorem — e comovem — diariamente.

Apresente a liderança global da IFF em criação de sabores e aromas de bebidas mais saudáveis para sua marca. Visite iff.com/flavorfit hoje mesmo.

IFF International Flavors & Fragrances Inc.
flavorfit™



DELIGHTFULLY LESS.

Consumers may want less fat and sugar in their diets, but it's taste that still excites them.

With IFF's Flavorfit™ portfolio of custom technologies, our experts use proprietary ingredients, sugar- and fat-reduction solutions and natural flavor enhancements to create healthier fat creams, yogurts, cheeses and other dairy products with the rich, authentic flavors and textures people love — and keep coming back for.

Put IFF's global leadership in flavor creation to work for your brand's healthier dairy products. Visit iff.com/flavorfit today.

IFF International Flavors & Fragrances Inc.
flavorfit™



DELIGHTFULLY LESS.

Consumers may want less sodium, fat and added MSG in their diets, but it's taste that still excites them.

With IFF's Flavorfit™ portfolio of custom technologies, our experts use proprietary ingredients, sodium-reduction technologies and umami enhancements to create healthier soups, snacks, and prepared meat and chicken products with the authentic, savory flavors people love — and keep coming back for.

Put IFF's global leadership in flavor creation to work for your brand's healthier savory products. Visit iff.com/flavorfit today.

IFF International Flavors & Fragrances Inc.
flavorfit™



享受低配方， 品出好滋味。

消費者可能希望減少飲食中的糖分，而又不失美味人的味道。

我們的專業人士採用 IFF 的 Flavorfit™ 系列定制技術，把香料、專有的降糖系統以及風味增強解決方案完美地結合起來，創造出更健康的烘焙食品——鬆餅、蛋糕和餅乾等類。這不僅是人們所追求的純正滿意的味道——让消费者成为回头客。

利用 IFF 在調香領域的全球領導地位，打造您品牌下的健康甜食。立即訪問 iff.com/flavorfit

IFF International Flavors & Fragrances Inc.
flavorfit™

flavorfit™

HEALTH AND WELLNESS

Creating ingredients that enhance well-being

IFF best serves our customers by staying in touch with consumers, so we invest heavily in consumer insights. We have developed proprietary techniques for helping consumers articulate their preferences in flavor, fragrance, value and other product attributes.

IMPROVING THE TASTE OF HEALTHIER PRODUCT LINES



By helping our customers create delicious-tasting products with improved nutritional profiles, we support consumer well-being. For this reason, we focus on technologies that allow the customer to create new health and wellness product ranges while maintaining flavor/taste profiles that meet the expectations of the ultimate consumers.

IFF maintains an active flavors research program that has greatly expanded our collection of flavor solutions. FlavorFit™ is our new umbrella brand for the portfolio of Health and Wellness technologies designed to help our customers deliver products with natural flavors, as well as unique taste solutions, to those consumers concerned about sugar, sodium, fat or added MSG in their products.

We also create and employ masking solutions to cover off-notes of ingredients such as nutritional additives so that protein bars, nutritional beverages and other products meet with consumer taste preference while delivering the expected nutritional benefits. These technologies also serve to cover off-notes in bases that include healthful ingredients such as whole grains or soy or others that consumers find unpleasant or off-putting.

In 2012, we continued to advertise our capabilities in helping our customers make consumer favorites healthier. Our global campaign included the tagline “Delightfully Less,” which referred to the reduced levels of sugar, sodium, fat or added MSG required to make these beloved products better for consumers.

THE ROLE OF FRAGRANCE IN HYGIENE

Hand washing is an effective cornerstone of public health. A key success factor in increasing hand washing is having a pleasant fragrance that signals cleanliness to the consumer. The right fragrance both enhances the pleasure of hand-washing behavior and signals its effectiveness in cleaning the hands, thereby increasing positive feelings and likelihood that the behavior will be performed. The same positive effect of pleasant and clean fragrances also applies to other important hygiene activities like bathing and laundry.



What is perceived as pleasant and clean varies considerably from region to region. IFF has a proprietary ScentEmotions™ database of consumer perceptions of fragrances and perfumery materials that allows our creative staff to tailor the right hygiene signals for personal care products in regions around the globe. Working with our customers, IFF helps them create successful products for personal hygiene.

Many of our customers produce hand-washing products and are working to improve global public health by communicating the importance of using soap and instilling the habit of hand washing, particularly in emerging markets. IFF is looking to expand our role in providing appropriate scents to organizations that supply hygiene products to emerging markets.



MEASURING OUR PRODUCTS' CARBON FOOTPRINT

The value of life cycle assessment

Increasingly, customers, retailers and consumers want to know about and reduce the carbon footprint of their products. IFF is working to develop carbon data on our products. As a first step, we measured the carbon footprint of several flavors ingredients.

THE VALUE OF LIFE CYCLE ASSESSMENT

Life Cycle Assessment (LCA) measures the total environmental impact of a product, from sourcing of raw material through manufacture to transportation, use and disposal. Collecting and measuring the required data yields a fuller understanding of a product's true impact. We will use this information to focus on the areas of the product life cycle that have the most impact, with the intent of reducing that impact.

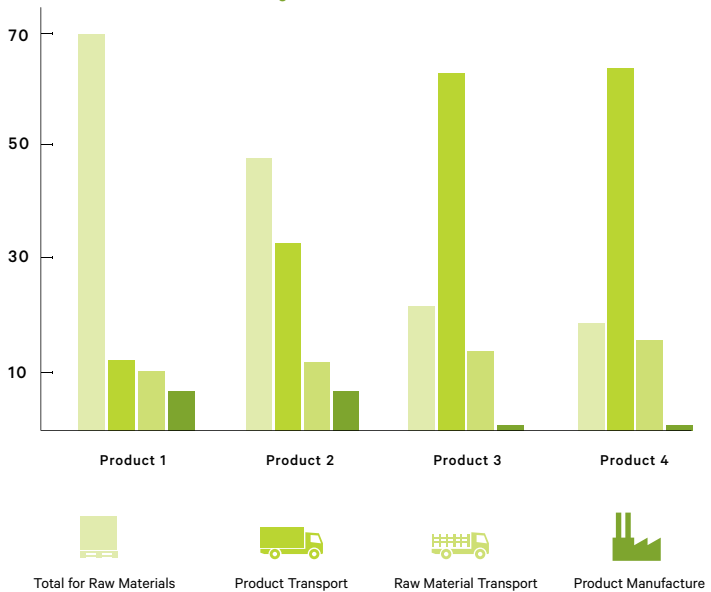
Conducted in alignment with the BSI Standard PAS2050 (2011), this carbon footprint study encompassed raw materials, product manufacturing and transport. We found that for each ingredient, product manufacturing produced the fewest carbon emissions compared with raw materials and transport, which contributed higher percentages of emissions.

IFF embarked on a similar, even more comprehensive study to better understand the overall environmental impact of fragrance ingredients. Through our relationship with the Research Institute for Fragrance Materials (RIFM), IFF participated in a joint study of potential life-cycle environmental impact of representative fragrance ingredients. The study assessed the environmental performance of these fragrance materials throughout the life cycle.

We intend to evaluate other materials and use this information to assess and reduce the environmental impact of our products and processes.

COMPARISON OF FLAVORS PRODUCT CARBON FOOTPRINT PROFILES

Percentage of contribution to total emissions



PRODUCT STEWARDSHIP

Quality + Sustainability = Trust

Product stewardship means offering products that meet the highest standards of safety, quality, transparency and sustainability. We work to protect and enhance the brands and reputations of our customers. We subscribe to sustainability principles to ensure that our customers understand and consistently trust every aspect of an IFF product.

PRODUCT QUALITY

IFF touches the lives of millions every day through our customers' products. We are committed to protect and respect our customers' brands and develop and maintain a supply chain that sources, processes and delivers safe, superior products and services that meet our customers' specifications in an ethical, responsible manner. Product quality lies with our global quality organization, which coordinates vendor quality, quality assurance and technical systems, food safety, formula administration and facility audits.

During 2012, we improved our vendor risk-assessment programs that use an enhanced risk-analysis tool to ensure that testing and auditing focus on areas of highest risk to our supply chain, based on the U.S. FDA Food Safety Modernization Act. We also added a holistic quality-management system to replace our current management system to provide clear requirements for the policies, specifications and programs that guide our operations.

INGREDIENT INFORMATION

During 2012, IFF advanced our Regulatory Disclosure Policy, which provides a framework for responding to product information requests from regulatory agencies while managing confidential business information. As customers and consumers also ask for information about our ingredients, we remain committed to meet their needs. Since information requests vary by product and customer, we tailor our disclosures to the requirements of each situation and focus on information that provides real benefit to our customers.

OUR GUIDING PRINCIPLES



PRODUCT SAFETY AND COMPLIANCE

IFF's Global Regulatory Affairs (GRA) department is responsible for all aspects of regulatory compliance, toxicology, transportation and environmental health and safety. IFF operations follow a comprehensive set of policies and procedures to ensure that our products achieve the highest levels of safety and comply with national, regional and international flavor and fragrance regulations in every market in which we operate.

Our GRA team anticipates and actively prepares for regulatory changes that may impact our proprietary ingredients and other ingredients used in the industry. We consider this to be an opportunity to create new, improved products. We participate in the regulatory process through our leadership in industry trade associations, modification of existing products to remain compliant, and development of new molecules that are fully compliant.

A LAB OF IDEAS

Photographs by Mirjam Bleeker



Hilversum
The Netherlands

Latitude
52° 13' 18" N

Longitude
5° 11' 29" E

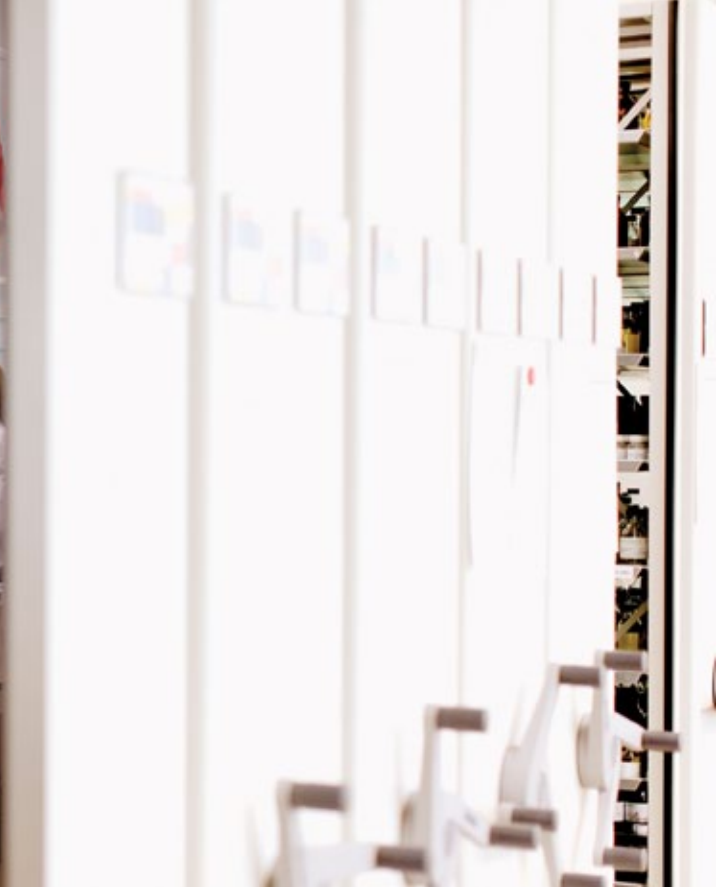
Our creative center in Hilversum, 35 miles southwest of Amsterdam in The Netherlands, is a historic place for IFF. The company began in this area in the 19th century, and the sense of our origin and roots informs our work here. The center focuses on creation and development for both flavors and fragrances.





Our Master Chef creating a new flavor





Innovation at our Hilversum flavors and fragrances labs



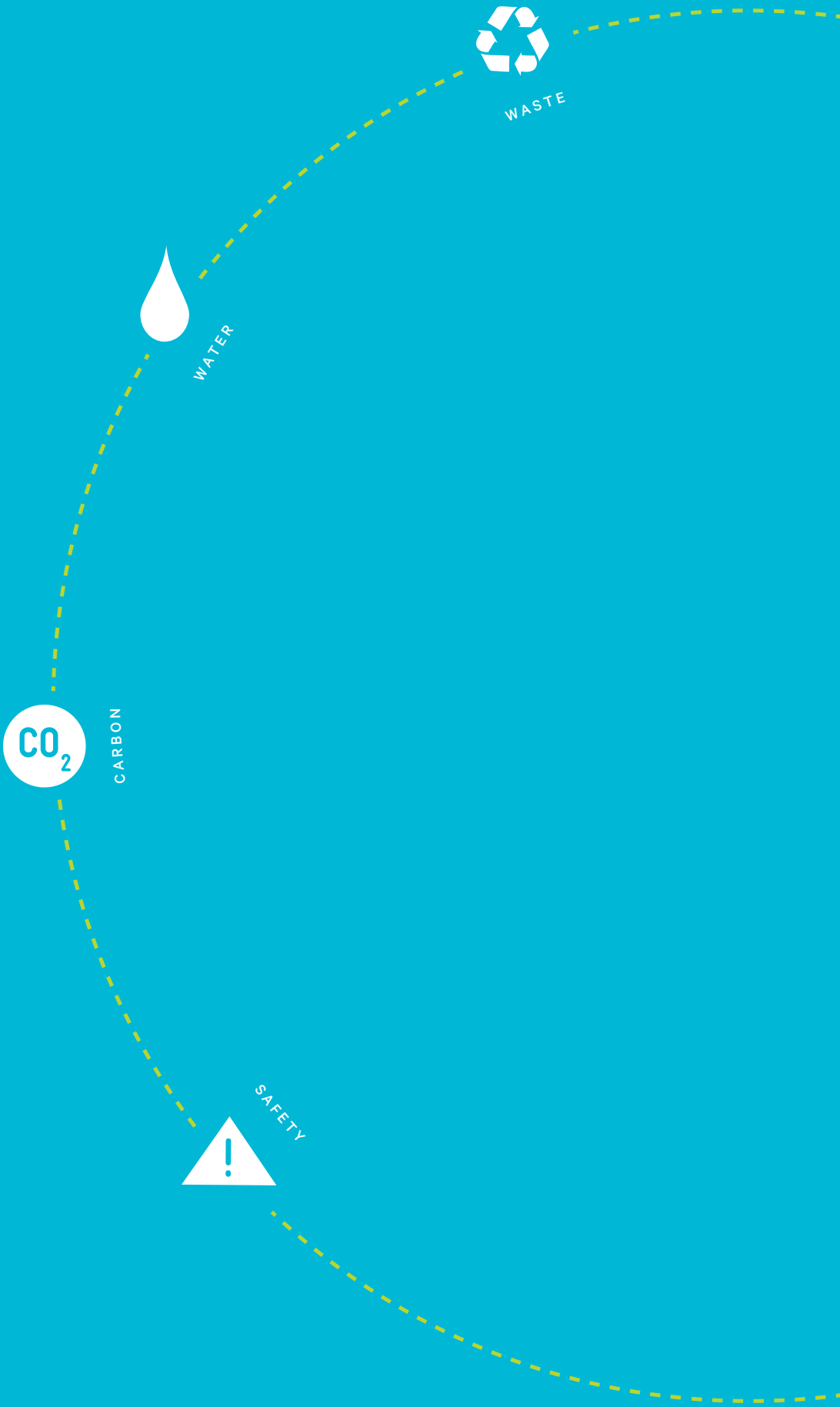






The many facets of olfactive evaluation by IFF's creative teams







REDUCING
OUR
IMPACT



2012 REDUCTIONS

-6.4%

SCOPE 1 & 2
CARBON EMISSIONS

-4.4%

ENERGY USE

-12.2%

WATER USE

-9.6%

HAZARDOUS WASTE

OUR WORLD

Our customers are intensifying their carbon reduction efforts, and we are also escalating our energy efficiency and carbon reduction measures. As water scarcity affects more regions of the world, our conservation efforts protect us against limited availability of this vital resource. In the face of competition for natural resources, we are making our operations more efficient and generating less waste.

OUR APPROACH

We continuously strive to operate in a clean, safe and efficient manner. It's good for our business, good for our people and good for the communities in which we are located. We are focused on:

Improving eco-efficiency

Strengthening employee health and safety

Enhancing relationships with the communities in which we operate

OUR GOALS

During 2012, the functional and regional leaders who make up IFF's Eco-Efficiency Pillar Team developed the following 2020 performance goals. We believe these targets are aggressive but achievable. Under the leadership of Francisco Fortanet, Pillar Owner and SVP Operations, and Mike O'Neal, P.E., Pillar Lead and VP Corporate Engineering & Safety, we aspire to achieve the following reduction goals by 2020.

2020 GOALS

-25%

CARBON EMISSIONS

-20%

ENERGY USE

-25%

WATER USE

-25%

HAZARDOUS WASTE

IMPROVING ECO-EFFICIENCY

For the well-being of our business and our world

IFF is pleased to announce new long-term sustainability goals that will carry us forward to 2020. Achievement of these goals is essential for the well-being of our business and our world.

During 2012, we took several steps that will help us achieve these goals, beginning with improved mastery of our environmental management system (EXP). We have verified data back to 2010, which now serves as the baseline for our eco-efficiency metrics. We are using this system to better understand our impact by business unit, region and facility type.

Through a common scorecard, we are tracking eco-efficiency at the facility level and monitoring trends to better understand cost drivers. There is ongoing collaboration among Eco-Efficiency Champions, regional operations managers and financial leaders to monitor progress. By institutionalizing sustainability initiatives in our business review processes, they are becoming an integral component of our operations.

WATER DISCLOSURE PROJECT

Water is vital to IFF's operations. It is a component in our fragrance and flavor ingredients and is essential to various stages of manufacturing. Efficient water management safeguards the viability of the communities in which we operate and contributes to our own business success. Beginning in 2013, IFF will work toward reporting our water-related information under the Water Disclosure Project of the CDP. Responding to the CDP water questionnaire offers an efficient method to manage water-related risks, discover opportunities and improve transparency to our investors and other stakeholders. It will inform our decision making as it offers access to standard metrics and performance benchmarks.

THE IMPACT OF CLIMATE CHANGE

IFF considered the potential risks and opportunities arising from climate change in the development of our 2020 goals. We recognize that regulatory efforts related to climate change may increase the cost of raw materials as well as energy used. Climate change-related issues such as energy efficiency influence our decisions regarding the design, building, operation and maintenance of our facilities and equipment. Climate change may also affect the availability and price of ingredients used in the manufacture of our products.

To lessen the impact of energy costs, we are pursuing energy efficiency and reduction programs as well as increasing our use of renewable energy. To mitigate sourcing-related risks, we are diversifying our sourcing strategy, maintaining strategic stock levels, and developing flavors and fragrances using biotechnology.

In addition to responding to potential risks, IFF is seeking opportunities in market shifts created by climate change. We find that climate change response is driving innovation, efficiency improvements and the development of new products, such as concentrated laundry detergent to meet changing consumer needs.

IMPROVED CDP INVESTOR QUESTIONNAIRE SCORES

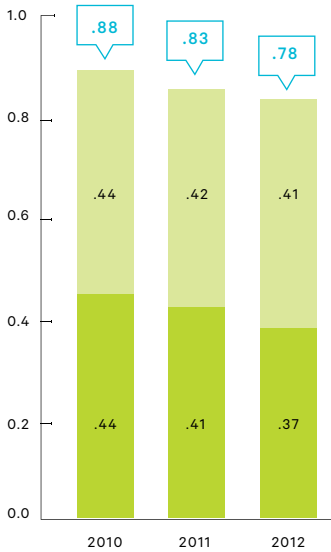
Reporting to the CDP has been integral to IFF's carbon management strategy since 2010. We use the CDP to compare our performance against global standards, adopt best practices and monitor our progress. Our scores have risen strongly over this period: We achieved a B rating in performance and an 86 in disclosure for the 2012 CDP Investor Questionnaire. We are very pleased with this advancement and will work for continued progress.



REDUCING CARBON EMISSIONS

SCOPE 1 & 2 CO₂e EMISSIONS*

in metric tons per metric ton of production



- Scope 1
- Scope 2
- Total

-11.4%

Carbon footprint reduction

-17.1%

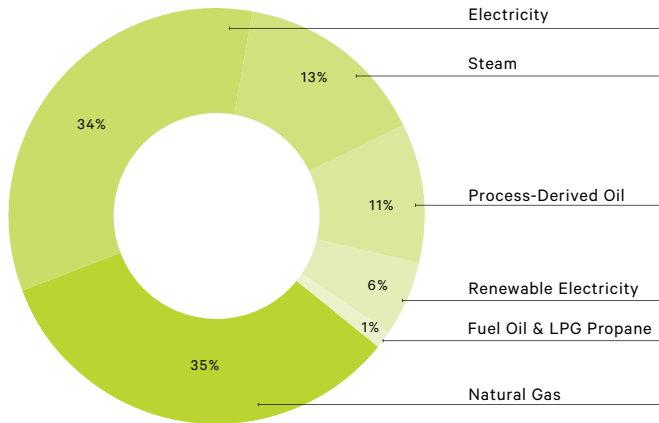
Scope 1 decrease

-5.7%

Scope 2 decrease

TOTAL CO₂e EMISSIONS* 2012

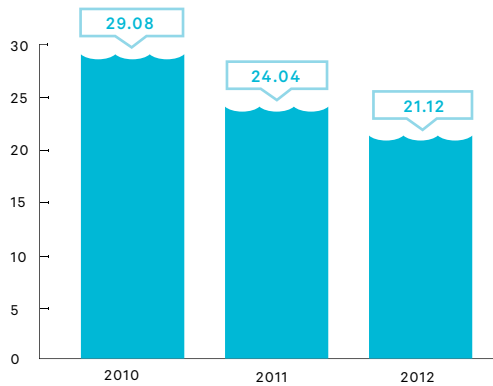
Scope 1 & 2, 216,793.92 metric tons



CONSERVING WATER

TOTAL WATER CONSUMPTION

in cubic meters per metric ton of production



-27.4%

Decline in water consumption

All percentage changes are for 2010 to 2012.

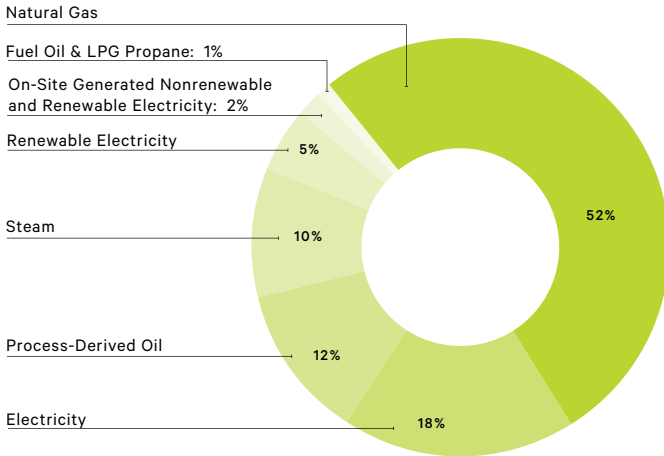
* CO₂e emissions stand for "carbon dioxide equivalent," a unit used to measure the global warming potential for all greenhouse gas emissions.

Values in graphs are rounded for clarity. Percentages are derived from nonrounded values. All figures are per metric ton of production, except where noted. 2010-2012 production figures and hazardous waste volume were updated from last year's report for more consistency. Approximately 14% decrease in Scope 1 and Scope 2 carbon emissions is due to the update of purchased electricity emissions factors in 2012. Please refer to our GRI Index for more information.

CONSERVING ENERGY

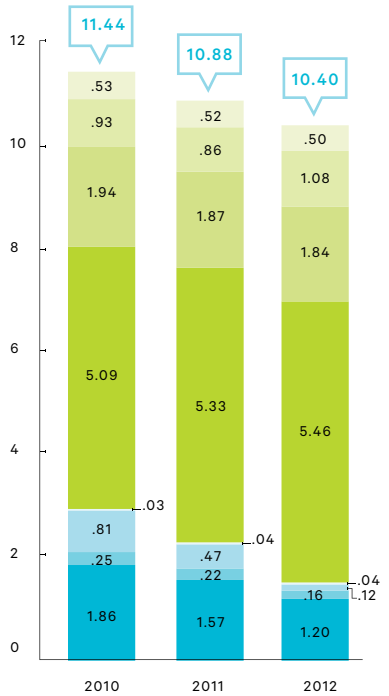
TOTAL ENERGY CONSUMPTION 2012

2,903,034.25 gigajoules



ENERGY CONSUMPTION BY TYPE

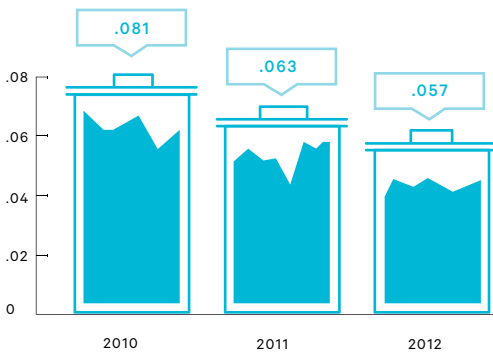
Per energy source in gigajoules per metric ton of production



REDUCING WASTE

TOTAL HAZARDOUS WASTE

in cubic meters per metric ton of production



-29.2%

Decline in hazardous waste

- Indirect: Renewable Electricity
- Indirect: Steam
- Indirect: Electricity
- Indirect: Natural Gas
- Direct: LPG-Propane
- Direct: Fuel Oil
- Direct: On-Site Generated Electricity
- Direct: Process-Derived Oil

-9.1%

Decline in energy use



REDUCING CARBON EMISSIONS

We reduced our carbon footprint by 6.4 percent per metric ton of production during 2012

IFF tracks Scope 1 and Scope 2 CO₂ emissions. Scope 1 are direct emissions from sources that are owned and controlled by IFF, such as the fuel we burn to create steam and heat our buildings.

Our Scope 1 emissions decreased due to a shift from fuel oil to natural gas, which emits fewer greenhouse gases, and a decrease in on-site process-derived energy, resulting in an overall 10.6 percent decrease in Scope 1 emissions in 2012.

Scope 2 emissions are those we generate through purchased electricity and steam. Our purchased electricity has decreased while our purchased steam has increased, resulting in an overall 2.3 percent decrease in Scope 2 emissions during 2012.

2020 GOAL

REDUCE CO₂ EMISSIONS BY 25%

We plan to achieve this goal by continuously reducing overall energy use, enhancing our energy efficiency efforts, moving to lower greenhouse gas-emitting fuels such as natural gas, and increasing our use of renewable energy.

We are measuring our carbon footprint, educating our teams on actions to reduce carbon emissions, implementing these actions and tracking our progress. We are studying our manufacturing processes by region, facility type and fuel type to identify areas that offer the greatest opportunities for reductions.

CONSERVING WATER

2020 GOAL

REDUCE WATER USE BY 25%

We plan to reduce our water use through the use of best practices in water management and the use of green building principles.

We reduced our water use by 12.2 percent per metric ton of production during 2012

IFF locations have steadily reduced the use of freshwater and improved the quality of wastewater discharge.

Our water reduction efforts include streamlining our cleaning processes and replacing one-pass cooling with closed-loop evaporative cooling.

We continue to look for ways to conserve water through improvements in all steps of the product life cycle, from product design to manufacturing.

CONSERVING ENERGY

2020 GOAL

REDUCE ENERGY USE BY 20%

We plan to achieve this goal in tandem with our CO₂ emissions reduction goals. Energy reduction is a key element of our eco-efficiency strategy because it strengthens our bottom line by reducing costs and lowering our carbon emissions.

We reduced our energy use by 4.4 percent per metric ton of production during 2012

The decrease in our energy use resulted from a significant drop in process-derived fuels, a reduction in demand, and energy efficiency measures introduced at certain manufacturing sites. Some sites, however, have increased their energy demand due to site expansion, installation of new equipment and change of product mix. Other sites switched from fuel oil to natural gas, resulting in an overall 70 percent decrease in fuel oil during 2012.

A number of our sites purchase renewable energy. This has resulted in IFF's electricity mix of 20 percent from renewable resources and 80 percent from nonrenewable resources.

IFF is committed to increasing our use of less carbon-intensive renewable energy where practical and economical. We are continuing to explore the use of on-site renewable energy and are evaluating the results of feasibility studies conducted during 2012. We are assessing our projects to ensure that they are economically, environmentally and socially sustainable.

REDUCING WASTE

We reduced hazardous waste by 9.6 percent per metric ton of production during 2012

IFF uses many different chemical ingredients to produce flavors and fragrances. These processes may generate hazardous waste that is increasingly difficult and costly to dispose of and presents challenges to the environment.

The generation of hazardous waste is product- and site-specific. Hence, we attribute this overall reduction in hazardous waste to our sites' efforts in analyzing, reducing and diverting their waste streams. The use of green chemistry is also allowing IFF to create new processes that use fewer hazardous raw materials, generate less hazardous waste and create a safer workplace.

We plan to extend the use of our environmental management tool to track the amount of industrial non-hazardous waste and wastewater generated by our operations. We have gathered historical data and are verifying it back to a baseline year.

2020 GOAL

REDUCE HAZARDOUS WASTE BY 25%

We intend to achieve this goal through waste reduction plans and greater utilization of green chemistry.



GLOBAL STRATEGY, LOCAL ACTION

Every year, our teams around the world move our sustainability efforts forward by reducing waste and conserving water and energy. Below is a sampling of these initiatives; others are presented in the Sustainability section of our intranet, IFFConnect, so our people can celebrate success and share best practices.



SOUTH BRUNSWICK, N.J., U.S.

Partial funding from the New Jersey Smart Start Buildings Clean Energy program enabled this manufacturing facility to install energy-efficient chillers, which reduced its carbon footprint and maintenance costs.



RIO DE JANEIRO, BRAZIL

The warehouse at this site uses daylighting to reduce energy consumption. The site also collects rainwater for use in its boilers and utilities.



TAUBATÉ, BRAZIL

This facility reduced water usage by optimizing production scheduling, practicing preventative leak maintenance and training employees in water conservation.



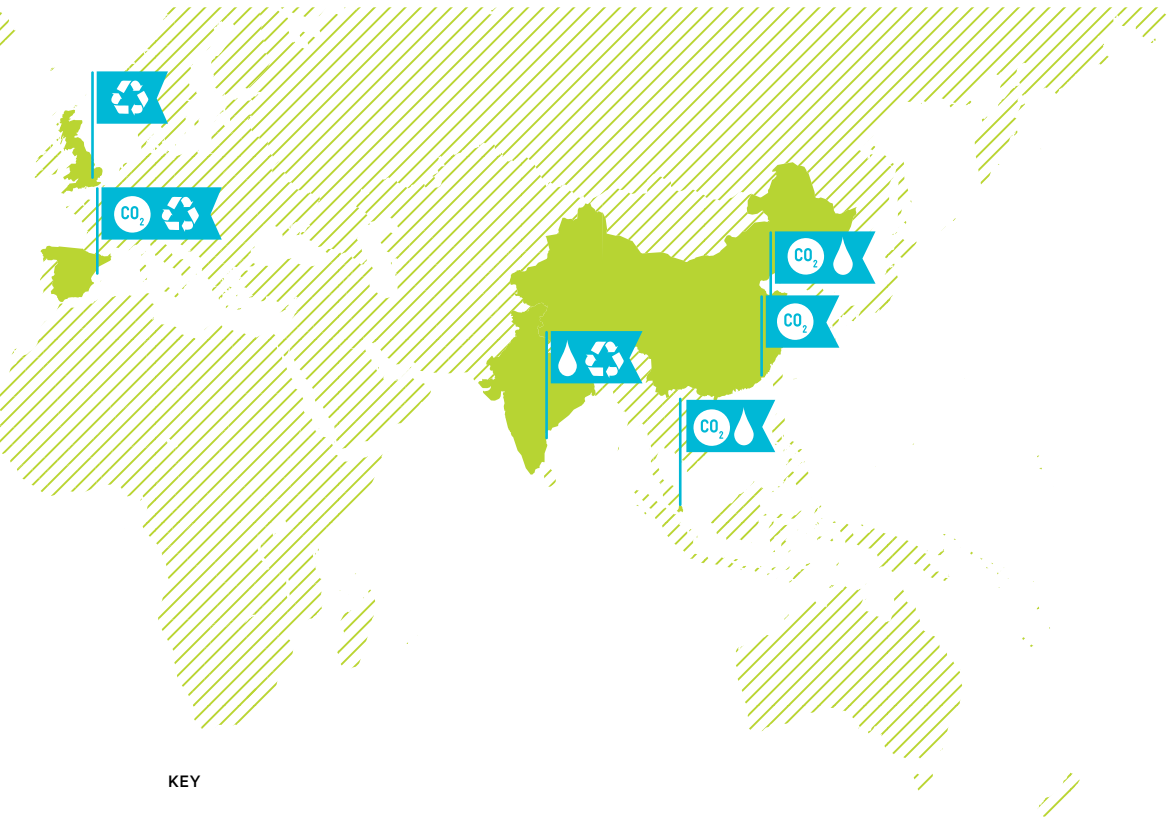
HAVERHILL, U.K.

Employees at this manufacturing site boosted recycling over the past two years, which reduced waste and earned significant recycling rebates.






BENICARLÓ, SPAIN

To reduce the use of natural gas, this facility installed economizers on its steam boilers and improved piping insulation. The use of green chemistry techniques helped conserve energy, decrease hazardous waste and ultimately reduce costs.



KEY

-  Carbon Footprint
-  Water Conservation
-  Waste



CHENNAI, INDIA

This site installed a new foam cleaning system, reducing water consumption by 50 percent, improving safety and minimizing steam. It also uses composting to reduce waste and collect storm water to recharge its water table.



GUANGZHOU, CHINA

By replacing two chillers, this facility reduced electricity use by 14 percent, resulting in a 10 percent cost savings. Green building design principles also decreased the energy used in heating and cooling.



JURONG, SINGAPORE

This new building incorporates water-saving features, such as low-flow faucets and clean-in-place systems, which meet the Singapore government's water-efficiency standards. It also incorporates green building techniques such as daylighting and landscaping using drought-tolerant, native plants that require little water.



ZHEJIANG, CHINA

This facility implemented Six Sigma projects to reduce the consumption of water, steam and power while improving manufacturing throughput.



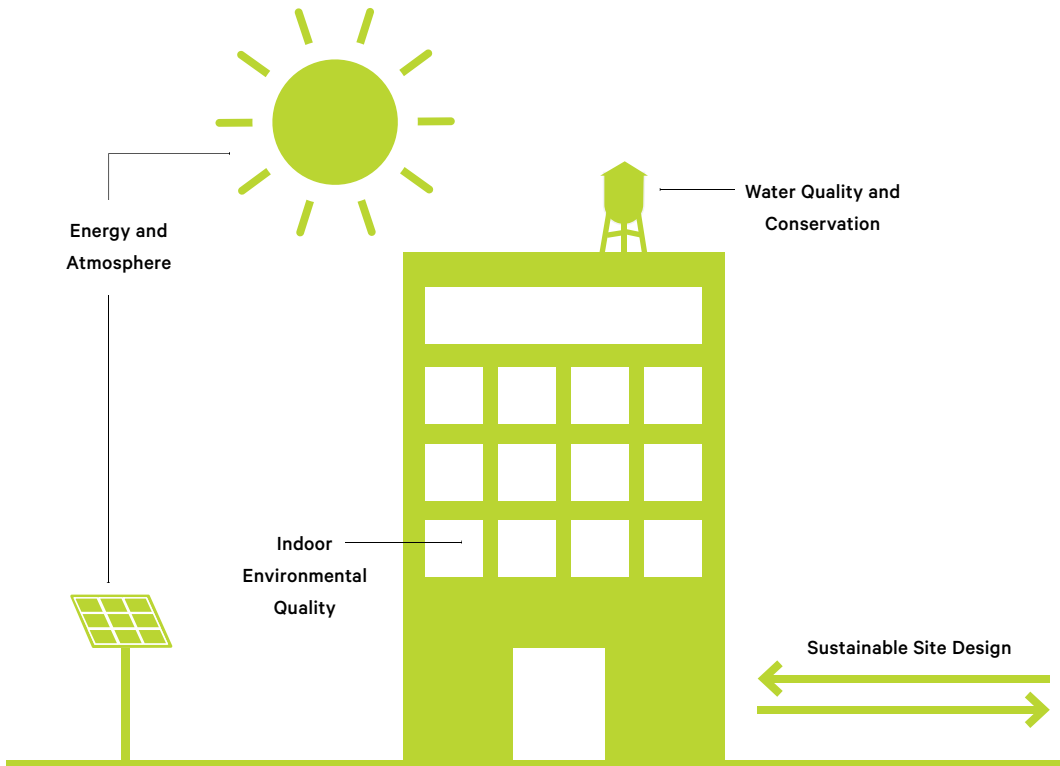
BUILDING A GREENER FOOTPRINT

On our path to green buildings

As we continue to expand into emerging markets, we are committed to smart growth. Expansion also poses a challenge as we strive to meet our 2020 goals. We are adopting green building principles in our facilities and plan to pursue LEED (Leadership in Energy and Environmental Design) certification where it makes sense to do so. In early 2013, we joined the U.S. Green Building Council (USGBC), which offers the highly effective, widely accepted LEED high-performance

building standard as a foundation for decreasing the environmental footprint of our buildings. We have already applied LEED principles at some of our facilities and intend to conduct a more comprehensive review of these guidelines at other sites. We expect to assess five sites for potential LEED certification by 2015. Below are some of the green building principles we use in our facilities and operations.

GREEN BUILDING PRINCIPLES



ASSURING THROUGH CERTIFICATION

IFF facilities strive to operate according to the highest levels of efficiency and quality

We validate our performance by obtaining certifications according to internationally established standards. Our site managers use external bodies, including the Supplier Ethical Data Exchange (SEDEX), International Standards Organization (ISO) and Global Food Safety Initiative (GFSI), to verify the safety, quality and environmental and social performance of our facilities. Our customers welcome this independent assessment of our operations. These programs provide a framework for monitoring our performance and for prescribing preventative and corrective measures.

IFF's Environment, Health and Safety guidelines correspond closely with the requirements set forth in the ISO 14001 Environmental Management System certification. Approximately 40 percent of our plants have completed ISO 14001 certification, and we are striving to have all of our manufacturing facilities achieve this certification by 2015. Using this framework also helps us reduce waste management costs, energy consumption, and materials and distribution costs.

We are now conducting SEDEX self-assessments to identify areas of strength and opportunities for improvement, and SEDEX third-party audits to verify these assessments. The SEDEX framework provides direction for our efforts and is increasingly becoming a requirement for doing business with our customers.



ISO 14001 | Environmental



ISO 9000 | Quality



GFSI | Food Safety



APPROXIMATELY 40 PERCENT OF OUR PLANTS HAVE COMPLETED ISO 14001 CERTIFICATION, AND WE ARE STRIVING TO HAVE ALL OF OUR SITES ACHIEVE THIS CERTIFICATION BY 2015



SEDEX | Social Performance



STRENGTHENING EMPLOYEE HEALTH AND SAFETY

Creating a thriving, productive workplace

We recognize that a healthy, productive workforce is vital to our overall business success and to achieving our sustainability goals. The health and well-being of our employees are essential to keeping them engaged and inspired.

IMAGING A SAFER WORKPLACE

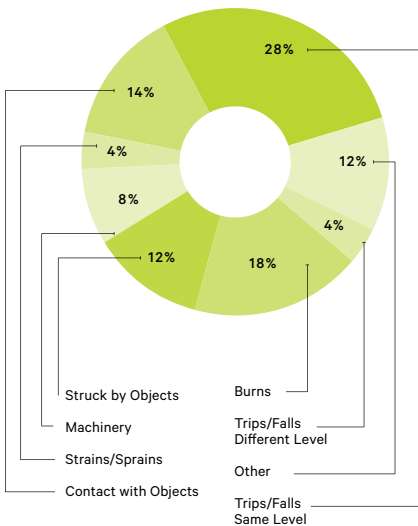
Employee safety has always been a priority for IFF, and in 2012 we introduced a behavior-based safety program called Safety Imaging. This approach uses images and video clips from various sites as a sharing session with small teams of employees. A Safety Imaging Facilitator leads each session to emphasize that safety is everyone's responsibility. The program, which has been adopted by all of the sites in our Greater Asia Region, has already generated noticeable improvement and should continue to yield positive results as it is rolled out globally during 2013 and 2014.

We are enhancing our safety management capabilities by transitioning our new safety management software to SharePoint. This will improve our ability to track, measure and manage our environmental, health and safety (EHS) performance by facilitating communication and providing employees with easier access to real-time data.

OUR SAFETY COMMITMENT

We aspire to have an accident-free workplace and expect every employee to strive toward this goal. Plant managers are directly responsible for employee safety and are held accountable by evaluating their performance against the achievement of key performance indicators. They are supported in this role by a comprehensive set of safety policies, procedures, tools and training. IFF maintains safety management software that tracks accidents and injuries, recommended corrective actions and implementation of those actions.

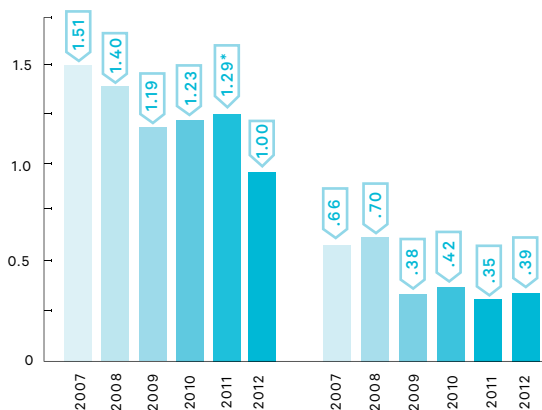
LOST-TIME ACCIDENTS



SAFETY DATA

Total recordable accidents per 100 employees

Lost-time accidents per 100 employees



*This figure was reported in 2011 as 1.26. Two incidents have been reclassified since then, increasing it to 1.29. Please refer to our GRI Index for more information.

ENHANCING COMMUNITY RELATIONSHIPS

Vibrant communities benefit us all

IFF believes that we can continue to thrive if the communities in which we operate also thrive. For this reason we contribute to the economic, social and environmental well-being of the communities called home by the people we employ and with whom we do business. Responsibility for community relationships rests with the managers of our facilities.

IFF facilities strive to be good neighbors, sharing their resources and minimizing their adverse impact on communities. Our presence in a community provides benefits in the form of jobs with fair wages, economic stimulus through local purchases and community service from our employees, who volunteer in a wide variety of activities.

DISASTER RECOVERY UNION BEACH AND HAZLET, NEW JERSEY, U.S.

Dozens of employees in IFF's Union Beach and Hazlet, New Jersey, U.S., facilities experienced significant losses from Superstorm Sandy in October 2012. Many individuals and families were left homeless or stranded as unprecedented flooding destroyed or severely damaged homes. Power outages and fuel shortages crippled the region. IFF provided financial assistance to those employees most in need and organized volunteer programs to collect food, clothing and blankets for those affected by the storm.

HABITAT RESTORATION TAUBATÉ, BRAZIL

IFF's property in Taubaté, Brazil, contains a tributary to a nearby river. Through the years, the area around this tributary became degraded due to deforestation and subsequent erosion. IFF worked with an agronomic engineer to restore the area by planting 1,200 trees. Today, the young forest provides a thriving habitat for birds, small animals and other species as it protects and recharges the tributary.

FIRE SAFETY CHENNAI, INDIA

Every year during the season of Diwali, an Indian festival famous for firecrackers, IFF's Chennai, India, facility conducts a public awareness campaign as part of its community fire-safety initiative. IFF employees hold an off-site fire drill for the community and distribute fire-safety-awareness pamphlets in the local language. In the event of any fire incidents in the neighborhood, IFF's trained firefighting team can respond immediately to an external fire using the company's fire hydrants to assist the community to put out a fire while the local fire brigade arrives.

INTERACTING WITH LOCAL OFFICIALS TILBURG, THE NETHERLANDS

More than a dozen IFF facilities are equipped with biofilters that are designed to capture odors, volatile organic compounds and other emissions. During the past year, our manufacturing facility in Tilburg, The Netherlands, has implemented a concerted response to improve the performance of its biofilter. The office hosted Tilburg's mayor and city councillors on a facilities tour, including presentations by our Regional Operations Manager, Country Manager and Site Facility Manager, who described IFF's contribution to the local economy. The tour included a preview of Tilburg's planned wastewater purification project, proposed wind turbine and upcoming joint emergency-response exercise with municipal agencies.



Photographs by Deanna Ng

CREATING

NEW

EXPERIENCES



Singapore

Latitude

1° 17' 19" N

1° 19' 58" N

Longitude

103° 46' 58" E

103° 42' 29" E

Our facilities in Singapore—a creative center and a brand-new manufacturing facility—bring together people from all over Asia and beyond. The creative center also reflects how nature is at the heart of everything IFF does, with the lush surroundings becoming part of our working environment.



The exploration of consumer research-inspired flavors and fragrances





The next generation of advanced manufacturing at our new, high-tech facility in Singapore





COMMUNITIES



SEDEX



NATURALS



VALUING
OUR
SOURCES



OUR WORLD

IFF is well equipped to respond to global trends that affect sourcing. We are adapting to the impact of climate change on agricultural production and natural resources. We stay ahead of changing regulatory and environmental requirements and provide the information requested by governments and nongovernmental organizations. We are addressing growing consumer and customer requests for information on our ingredients and our suppliers.

OUR APPROACH

IFF's products are made from more than 9,000 raw materials from around the world. Some come from nature. Others are created in our laboratories and manufactured in our plants using the finest ingredients. Regardless of their source, we are committed to obtaining materials in a manner that is socially and environmentally responsible. Our intent is to:

Engage with suppliers to align their performance with our social and environmental expectations, and those of our customers

Improve supply chain resiliency and create opportunities by understanding and addressing related economic, social and environmental issues

Partner with the communities from which our materials are sourced to foster sustainability

9,000

DIFFERENT RAW
MATERIALS

2,200

SUPPLIERS
WORLDWIDE

OUR GOALS

IFF's global procurement strategy, refreshed in early 2012, takes into consideration economic, social and environmental trends. To ensure that we continue to procure our materials in a socially and environmentally responsible manner, IFF's Sourcing Pillar Team, led by Pillar Owner Francisco Fortanet, SVP Operations, and Pillar Lead Carmelo Pennestri, VP Global Procurement, has set forth the following sustainability goals:

By 2015, require that 90 percent of our spending is with suppliers that have been assessed through SEDEX

Advance our policies and position regarding vulnerable raw materials

Assess and address our supply chain of natural vulnerable raw materials

Establish long-term community partnerships to ensure our supply of natural materials in a socially and environmentally sustainable manner

Enhance our portfolio of sustainable natural ingredients

ENGAGING WITH OUR SUPPLIERS

Creating a secure, ethical supply chain

A spirit of cooperation guides our relationships with the growers, cooperatives, exporters and suppliers who provide our raw materials and ingredients. IFF embraces high standards of behavior for our employees, and we expect our business associates to share those ideals both in principle and in practice.

COMMUNICATING OUR EXPECTATIONS

Our vendor quality management process begins with communicating our expectations through our Vendor Code of Conduct. This document, which outlines IFF's expectations for suppliers' labor standards, health and safety, environmental and business practices, was updated in 2012 and provided to our suppliers.

Prospective suppliers learn exactly what IFF expects of them during our screening process. During 2012, we began requesting additional information about environmental and social practices and performance, such as suppliers' status with the Supplier Ethical Data Exchange (SEDEX) and energy, carbon, waste and water data.

To ensure that our suppliers continue to meet our expectations, IFF conducts on-site audits of 80 to 100 suppliers annually. During these audits, IFF's team determines compliance with our policies and evaluates vendors' compliance programs. We have expanded the audits to include questions relating to SEDEX as well as ISO 9000 certification.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

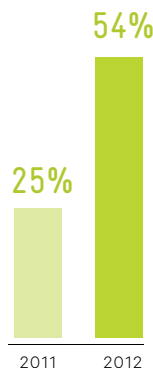
We expect our suppliers to exhibit responsible social and environmental behavior, and rely largely on SEDEX to ensure that they do so.

During 2012, we trained our Global Procurement and Quality employees in the SEDEX registration process and ethical trade principles. These employees are in frequent contact with our suppliers and thus on the front lines of executing this critical step in our sourcing strategy.

IFF is working with our largest suppliers to complete their registration with SEDEX. While IFF has more than 2,200 suppliers, these largest ones account for 90 percent of our global spend. We are focusing on this smaller group to achieve maximum impact, and our strategy is working. The number of our major suppliers registered with SEDEX more than doubled during 2012, rising to more than 54 percent from less than 25 percent in 2011.

After IFF suppliers are registered with SEDEX, we ask them to complete the SEDEX Self-Assessment Questionnaire (SAQ), and the results are analyzed to

identify potential issues. IFF will require suppliers to engage SEDEX-approved auditors to conduct on-site visits of their facilities, evaluate their practices and confirm adherence to SEDEX standards. We believe this comprehensive review process will result in a supplier base that aligns with our customers' and our own expectations for ethical behavior.



MAJOR SUPPLIERS REGISTERED WITH SEDEX DOUBLED IN 2012



KEY PRINCIPLES IN SEDEX



Supplier owns data

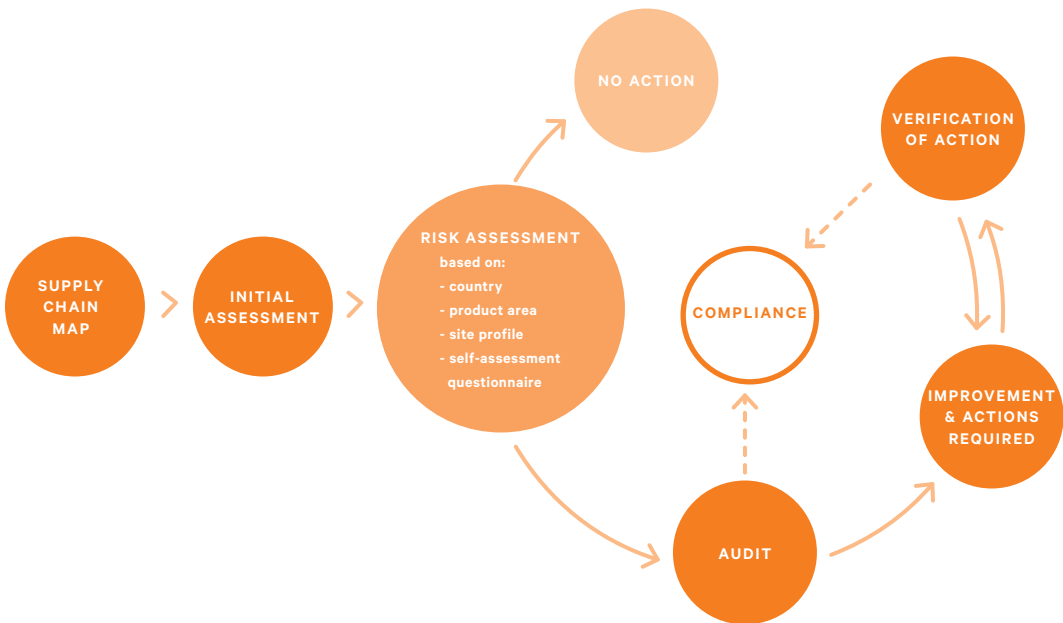


Supplier controls who
can see data



Company members cannot see
others' supply chains

SUPPLIER MANAGEMENT PROCESS



THE BENEFITS OF SEDEX

SEDEX offers a highly effective system for identifying, analyzing and rating potential risk in our global supply chain. SEDEX operates an online database through which suppliers share information about their practices in a common, convenient way. As part of its registration process, SEDEX asks each supplier more than 300 questions related to labor standards, health and safety, the environment and business practices.

Adoption of SEDEX is growing, as many of our global customers make registration a condition of doing business. However, some suppliers prefer to

pursue their own sustainability policy and reporting systems. This is a challenge, but we believe that using SEDEX offers benefits to all parties involved—IFF, our suppliers and our customers—and we are working to help our suppliers use this system. Through personal outreach and a training package, we're explaining the value of registration and strengthening suppliers' ability to provide this information.

PARTNERING WITH COMMUNITIES

Fostering sustainability through healthy environments and economies

Many of the essential raw materials IFF uses are grown in economically and environmentally fragile areas. Our intent is to purchase natural products produced in a manner that protects communities' social fabric and environmental resources, thus ensuring ongoing access to these materials.

While IFF has successful and long-term relationships with growers in various markets, we are embarking on a new level of commitment to support sustainable ecosystems in agricultural and rural communities worldwide.

INTRODUCING NATURAL ETHICS™

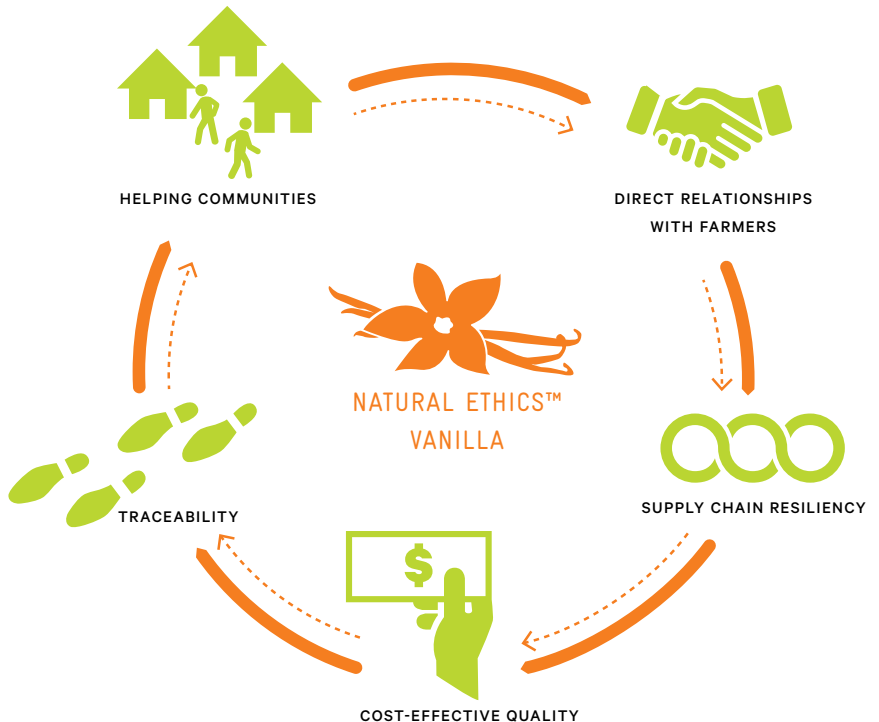
IFF plans to develop a line of select natural ingredients to meet the standards sought by our customers. Looking ahead, we plan to identify one Natural Ethics™ ingredient, supported by a community partnership, each year. Our

LOOKING AHEAD, WE PLAN TO IDENTIFY ONE NATURAL ETHICS™ INGREDIENT EACH YEAR.

intent is to develop sustainable solutions that create value for all stakeholders in the supply chain, from the local community to our customer to the global consumer. Our selection will be guided by results of a sustainable

risk assessment of natural ingredients. We expect to begin with vanilla production in Madagascar, which will serve as a model for subsequent projects.

Vanilla is one of the most important and widely used flavor profiles in the industry today. Because of its versatility, it is a favorite of formulators. It is also a favorite of consumers due to its rich taste in foods and emotional appeal in fragrances. Vanilla has global appeal that crosses cultures and demographics, making it one of the world's most popular flavors.





On Our Path to More Ethical Ingredients

CREATING AN ETHICAL VANILLA

Our flavorists already have Fair Trade–certified as well as organic vanilla beans in their palette. These beans are more expensive than traditional vanilla beans yet still do not have all of the attributes that we and our customers are seeking. In order to maintain a high level of excellence and be more competitive, IFF is working with its supplier partner to develop a program that will offer 100 percent traceable, high-quality natural vanilla beans through a long-term agreement. This product will be known as Natural Ethics™ Vanilla.

Our ethical vanilla program centers on cooperatives of vanilla farmers who are committed to producing a high-quality vanilla following very strict production guidelines. Through this program, IFF can meet the needs of our customers by delivering a sustainable supply of traceable, ethical vanilla that improves the welfare of farmers and their families in Madagascar.

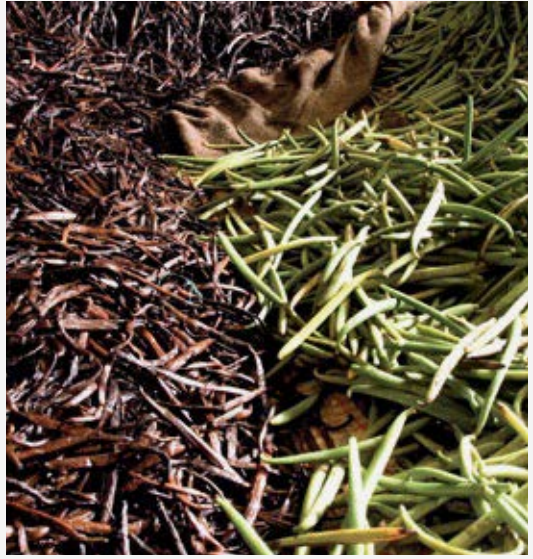
In return for these commitments, farmers will receive a number of benefits so that all involved parties have

incentives to make this arrangement work over the long term. Through an innovative payment arrangement, they will receive guaranteed fair pricing and payments timed to provide a more steady income and coincide with agricultural cycles.

This program will also support children’s education, health, nutrition and environmental responsibility projects for participating farmers and communities.

The Missouri Botanical Garden, a leader in plant conservation and habitat restoration in Madagascar, will provide training to farmers in the Rainforest Alliance Standards. Bureau Veritas, a global provider of testing, inspection and certification, will conduct a supply chain review and help establish written procedures and program standards for Natural Ethics™ Vanilla farmers and cooperatives. We expect to have our first production of Natural Ethics™ Vanilla available in 2014.

Our ethical vanilla program centers on cooperatives of vanilla farmers who are committed to producing a high-quality vanilla following very strict production guidelines.





PROTECTING INGREDIENTS FOR FUTURE GENERATIONS



IFF is working to ensure that vulnerable natural ingredients will be available for generations to come. We are developing initiatives to protect fragile economies and environments and to ensure enduring supplies of flavors and fragrances. Presented here are a few of our efforts underway.

1

VETIVER: HAITI

Early harvesting results in soil erosion & inferior quality.

IFF participates in the Natural Resources Stewardship Circle with other key stakeholders from our industry. The purpose is to increase the positive impact on the preservation of biodiversity and improve living conditions for local populations by following common good-practices guidelines.

2

GERANIUM OIL: EGYPT

Speculation causes price volatility without improving quality.

IFF-LMR Naturals™ R&D team works with a supplier in Egypt with integrated production to establish the best sustainable price level for the right quality and to avoid price speculation. Our supplier is a member of the United Nations Global Compact and supports community health services, rural education and clean drinking water.

3

YLANG-YLANG: COMOROS ISLANDS

Supplies of ylang-ylang oil are threatened by deforestation and erosion.

IFF's supplier fights deforestation through financing of energy-efficient distillation equipment, reforestation programs, environmental conservation and agricultural management education for growers. Our supplier also works to improve living conditions of local communities through clean water access and health programs for residents.

4

VANILLA: MADAGASCAR

Demand often leads to early harvesting and inferior quality.

IFF purchases natural vanilla exclusively from a reputable supplier that uses socially and environmentally ethical cultivation and compensation practices. These practices also improve the quality of the vanilla bean harvest.



5

SANDALWOOD: INDIA AND AUSTRALIA

Overharvesting has endangered traditional species in India.

IFF encourages the use of an Australian sandalwood “Album oil,” produced using sustainable forestry practices in the world’s largest sandalwood forest in the northern tropics of Australia.

6

PALM OIL: MALAYSIA AND INDONESIA

Palm oil has come under intense scrutiny because its cultivation is associated with habitat and biodiversity loss.

Though palm oil and palm oil derivatives constitute less than 1 percent of IFF’s overall spend on raw materials, we recognize this concern and have determined to purchase palm oil and palm oil derivatives only from suppliers that are members of the Roundtable on Sustainable Palm Oil (RSPO). During 2012, we formed a dedicated palm oil team and joined the RSPO. IFF intends to move toward the use of certified sustainable palm oil (CSPO) by 2015, provided that sufficient quantity is available.



IMPROVING SUPPLY CHAIN RESILIENCY

Creating opportunity, reducing risk

IFF depends on steady access to natural ingredients, but many of the most widely used and highly prized natural ingredients are vulnerable to economic, social or environmental risks. We believe it is important to act now so that these ingredients are available for future generations and their cultivation continues to provide a sustainable livelihood for the communities that produce them.

INGREDIENT RISK ASSESSMENT AND TRANSPARENCY

Our first step is to identify key natural ingredients that are most likely to be in jeopardy. To do this, we have engaged our naturals procurement team to evaluate our policies and risk assessment tools and to build more robust tools as needed.

We will use these tools to conduct sustainability risk assessments of select vulnerable natural materials. Working with supplier communities, we will forge relationships that create value for each stakeholder and deliver natural, ethical, affordable ingredients for mutual benefit.

Our customers are requesting ever-growing amounts of information about our products, which places greater demands for ingredient transparency on our industry. We recognize the value of this information and strive to provide it for the benefit of all.



WE WILL DELIVER NATURAL, ETHICAL,
AFFORDABLE INGREDIENTS FOR
MUTUAL BENEFIT

THE SUSTAINABLE SOURCING ROAD MAP



Enhance corporate sustainability policies



Build supply chain commitment



Conduct sustainability risk assessment



Secure supply base



Establish sustainability programs for each source



Communicate progress

On Our Path to Sustainability

IFF-LMR NATURALS: THREE DECADES OF TRUE FAIR TRADE

For many consumers, the term “fair trade” is not much more than a label on a product. For our IFF-LMR Naturals™ division, ethical labor practices have been at the very core of its business for decades.

IFF’s in-house naturals facility, Laboratoire Monique Rémy (LMR), sustains equitable, lasting relationships with the farmers who supply the pure, natural ingredients for which LMR is renowned.

Founded in 1983 by Monique Rémy and acquired by IFF in 2000, LMR has always been committed to purity, sustainability and transparency in its products and its relationships with its employees and farmers.

Located in Grasse in the South of France, LMR operates four production sites in France, Spain and Turkey. LMR has perfected the process of transforming naturals, such as narcissus, orris, rose and black currant bud, into pure oils and absolutes that retain the unique fragrance of their origin. LMR has total control of the process, from varietal selection to field to extraction to distillation.

Since its formation, LMR has taken a unique approach to the perfume business by entering into long-term contracts with its farmers. These contracts range in length, coinciding with the growing cycle of a particular crop. In these contracts, IFF commits to a guaranteed price, ensuring the farmer a steady income, despite fluctuations in crop yields and market prices.

Commitment to Farmers

Orris root is a treasured fragrance and flavor for which there is no synthetic substitute. To ensure the continued availability of orris root at a reasonable price, LMR contracts with small cooperatives of family farmers in France and Italy. By relying on five-year contracts—the length of time required from selecting to harvesting and drying the orris root—IFF provides a secure income stream for the farmers.

Research for Superior Products

Lasting relationships with farmers not only provide complete traceability of ingredients, but also enable LMR to pursue its other passion—research to advance cultivation and harvesting practices.

LMR collaborates with farmers at every step of their work, beginning with the selection of varieties that will deliver the best results. Through extensive scientific research, LMR has identified best practices for the cultivation and processing of raw materials such as black currant, narcissus and orris. IFF has even improved the harvesting process by inventing a mechanized orris-root harvester that reduces the need for manual labor and contributes to profitable cultivation.

This scientific fair-trade approach enables LMR to offer the best quality raw materials at the best price.

Trets, France

Latitude

43° 27' 17" N

Longitude

5° 42' 6" E

Orris root extract is one of IFF-LMR Naturals' key products. The ingredient begins in the iris fields outside Trets, France.

Photographs by Gregoire Mähler

TRUE TO ONE'S ROOTS







Freshly harvested orris root before drying





Creating orris root absolute for our perfumers' palettes

©BI/XI.2/0/13

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ACCEPTÉ



RECOGNIZE



TRAIN



INSPIRE



EMPOWERING
OUR
PEOPLE



OUR WORLD

Our business requires that our employees have highly specialized skills, exceptional creativity and technological expertise. As the global marketplace continues to expand, we continue to grow our workforce with the best and brightest local talent.

5,700

EMPLOYEES
WORLDWIDE

32

COUNTRIES

OUR APPROACH

Our employees are committed to create more sustainable fragrances and flavors. It is their expertise and resourcefulness that achieve sustainable sourcing and eco-efficient manufacturing processes. Their efforts are key in each pillar of our strategy. We invest in their development so that together we can progress on our sustainability journey. They are the force that drives us onward.

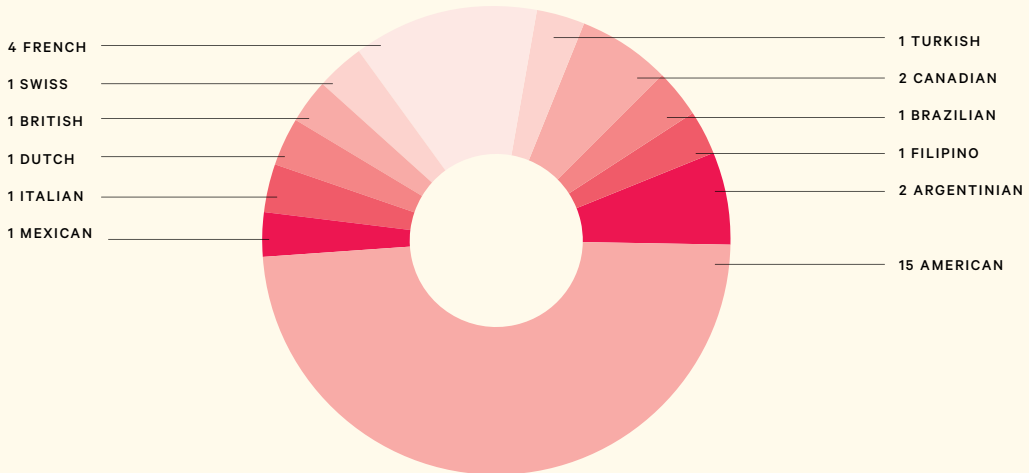
OUR GOALS

Under the leadership of Pillar Owner Angelica Cantlon, SVP and Chief Human Resources Officer, and Pillar Lead Françoise Caraguel, VP Global Learning and Talent Development, beginning in 2013 IFF's People Pillar Team will continue to build on our efforts by:

Developing and launching a program to recognize our employees for their sustainability efforts

Developing and deploying a Sustainability Training and Education Program (STEP)

GLOBAL EXECUTIVE DIVERSITY



INVOLVING OUR EMPLOYEES IN SUSTAINABILITY

Our plan for encouraging IFFers to join our sustainability journey: Engage, Inspire, Recognize

Our employees were committed to IFF's sustainability initiatives during 2012. We are building on their enthusiasm by giving them the tools and training to help us reach our long-term sustainability goals. We give them the opportunity to support efforts that contribute to the greater good. We know that they experience satisfaction when there is alignment between their personal and corporate values.

Every IFF employee can embrace sustainability by using the resources and training offered in our Global Learning Center. To complement that, we are in the process of developing a comprehensive Sustainability Training and Education Program (STEP). This program will leverage the capabilities of our online learning system to further embed sustainability principles and practices in the behavior of our employees and the culture of IFF.

Throughout 2012, IFF continued to expand both our general sustainability training for all employees and our specialized training targeted to employees in key roles.

Our Sustainability Training and Education Program includes:

Sustainability 101 overview of IFF's sustainability strategy

Employee orientation sessions, including an introduction to IFF's sustainability initiatives and mock Green Teams

Courses in green chemistry, eco-efficiency and SEDEX supplier management

Earth Day 2012

In celebration of Earth Day 2012, we invited employees to share their personal Earth Day stories describing how they are implementing sustainability in their lives. We shared these stories on IFFConnect to inspire and motivate other employees.

Two excellent submissions were selected to represent the varied contributions our people are making around the world. The two employees each received a bottle of I♥NY for Earth Day by Bond No. 9, a fragrance created by IFF senior perfumer Laurent Le Guernec.

Colleen Orozco of IFF's Hazlet, New Jersey, U.S., facility, who is an avid gardener and environmentalist, converted the half-acre lawn at her home into a Certified Wildlife Habitat with native plants, flowers and trees that require less water and attract honeybees, hummingbirds and other wildlife.

Karen Zhou of IFF's Guangzhou, China, facility told a story about her five-year-old daughter, who was so moved by Earth Day that she drew a picture and sang songs about caring for Mother Earth and turned off her family's lights at 8:30 in the evening to conserve energy.



2012 SUSTAINABILITY ENGAGEMENT



Sustainability 101



Orientation to Business



Introduction to SEDEX



Training in EXP Global Data Collection System



Green Chemistry Training



IFFConnect



Sustainability Reporting Training

STEP will provide information on IFF's overall sustainability program, and we plan to add a variety of training modules.

We intend for our first group of employees to complete the Sustainability 101 overview by the end of 2013.

New employees participate in our Orientation to Business program, developed and piloted in North America and being rolled out to all of our regions, via live or video presentations. This full-day session contains a sustainability component and an interactive module, during which new employees work together in mock Green Teams to suggest sustainability improvements.

In addition, IFF conducted specialized training during 2012, including an introduction to the Supplier Ethical Data Exchange (SEDEX) for our Procurement and Quality employees, and continued training in eco-efficiency with our EXP global data collection system. As noted in Our Products, we conducted our first green chemistry training class in 2012 and plan to train our chemists and engineers in green chemistry during 2013.

IFF's intranet, IFFConnect, hosts information on IFF's

sustainability program, from previous sustainability reports to current corporate and local facility news. Through IFFConnect, employees can access materials for customer-focused sustainability presentations, post comments, share news and link to external resources.

WE PLAN TO DEVELOP A RECOGNITION PROGRAM TO ACKNOWLEDGE ACHIEVEMENTS IN SUSTAINABILITY

some IFF employees.

During 2013, we plan to develop a recognition program to acknowledge achievements in sustainability. This program will also help promote the exchange of best practices throughout IFF.

To support the practice of sustainability reporting, IFF hosted two training sessions in 2012. Conducted by a training organization certified by the Global Reporting Initiative (GRI), these sessions attracted approximately 70 participants, including

ENGAGING & INSPIRING OUR EMPLOYEES

Our Employee Value Proposition

An Employee Value Proposition (EVP) is the consistent, sustainable experience offered by an employer in exchange for the productivity and performance of an employee. But it goes deeper than this. It is also the articulation of a culture and the deeply held values that attract people to an organization and keep them highly engaged and productive throughout their careers.

For many of us, the workplace is where we spend a large portion of our waking lives, and it takes more than a paycheck to keep people motivated, happy and fulfilled. We understand the importance of promoting and maintaining a culture that people love. That is why in 2010, IFF began the formal process of identifying the values that matter most to our people. Those values—passion, creativity, expertise and empowerment—are an intrinsic part of our history at IFF and of who we are as an organization. In 2012, a task force came together to evaluate how to breathe life into IFF’s EVP and determine what would be needed for a successful global rollout.

In 2013, a focused and concerted effort will be undertaken to capture and communicate all that it means to “be IFF.” Building on the work of the task force, a dedicated project lead was appointed to the initiative. Further, a global team with regional support will be formed

to support the communication of IFF’s values, ensuring its relevancy for all of our employees wherever they are in the world.

IFF is in the enviable position of being a company where people choose long-term careers. Our overall turnover rate is low and is notably below the average in high-turnover markets such as India and China. We are proud of this and celebrate great milestones in our employees’ careers. In North America, for example, the

**A FOCUSED EFFORT
WILL CAPTURE AND
COMMUNICATE ALL
THAT IT MEANS TO
“BE IFF”**

annual 25 and 40 Year Club Dinner is an event that celebrates the longevity of our employees’ tenure at every level of the organization.

Such milestones are celebrated in every region globally and our leaders are engaged in the opportunity to recognize this exceptional service. It is treasured by our long-term employees and is an inspiration to all.

We believe we have a lot going for us, but we know that more can be done to ensure that our employees, both current and prospective, know IFF as an exceptional place to work, grow, create and succeed.

OUR VALUES

PASSION

CREATIVITY

EXPERTISE

EMPOWERMENT



FILLING THE TALENT PIPELINE

To continue to attract the caliber of individuals we need, we have expanded and more sharply focused our university recruiting. We are building a pipeline of talent through strengthened relationships with universities that specialize in fields such as food technology, fragrances and supply chain management.

IFF attracts students through internships in Flavors, Fragrances, operations, manufacturing, R&D and IT, and gives them challenging and timely assignments. For example, students in the IFF North America Operations Intern Program have focused on sustainability-related issues. Projects they implemented have resulted in cost savings as well as improvements in manufacturing, packaging, sourcing and shipping. Through college fairs, information sessions, on-campus recruiting and social media, we're spreading the message that IFF offers rewarding careers.



WE ARE BUILDING
A PIPELINE OF
TALENT THROUGH
STRENGTHENED
RELATIONSHIPS WITH
UNIVERSITIES

INSPIRING OUR PEOPLE

IFF's Flavors teams on a TrendTrek™ venture into a variety of locales to observe firsthand the latest food trends, authentic ethnic cuisines or artisanal producers that may influence the offerings of restaurants and food and beverage manufacturers in the near future. On a recent excursion to New York City, one of our teams tasted and smelled their way through an assortment of bakeries, cafés, dairy bars and sweet shops.

In some instances, IFF employees take on ventures beyond their normal routine, work with different colleagues and develop high-profile projects that provide recognition. During 2012, IFFers contributed expertise to exhibitions and events around the world, such as Amsterdam's Museumnacht (see below).

ENCOURAGING TEAMWORK

Throughout IFF, managers find creative ways to acknowledge outstanding employee performance. In North America, exceptional teamwork at our South Brunswick, N.J., U.S., facility is lauded at the Blue Angels Best Practices luncheons, during which winning team members receive a personal commendation by the Flavors regional general manager. Recognition goes to teams that exceed customer expectations, overcome challenges and execute best practices to achieve corporate objectives. Beyond winning business, Blue Angels Best Practices is used to train new employees and ensures that project teams leverage IFF's technology and core competencies on major projects.

Museumnacht 2012

IFF ingenuity made the Museumnacht 2012 one of the most memorable and successful museum nights ever. IFFers collaborated with the prestigious Rijksmuseum in Amsterdam by adding, for one night only, a scent dimension to Dutch masterpieces, under the direction of Bernardo Fleming, Olfactive Design Studio Manager at our Hilversum Creative Center. As a result of their creativity, more than 12,000 curious noses experienced highlights of the museum's

collection in a completely new way. Rembrandt's famous painting *Nachtwacht* (*Nightwatch*) was deconstructed into four olfactive layers that IFF Perfumer Fred Tabak created together with museum historians. *Nightwatch* was the focal point of the event, but it was not the only one that IFF fragranced that night. We had a number of installations, a scent bar and even a scent DJ. IFF volunteers hosted visitors celebrating an unforgettable evening.

On Our Path to Attracting New Talent

PROJECT FOOTPRINT'S VISION FOR A GREENER FUTURE

Over the past few years, IFF's Creative Center in Hilversum has been evolving a program designed to attract talent from a variety of universities. This Talent Program runs between six and 12 months, and includes students who are in their last year (interns) or recent graduates (trainees). The program was created to tap the energy and talent of bright next-generation leaders while offering them a challenging on-the-job learning experience with mentoring from more-experienced employees combined with a series of formal training sessions.

During the program, the participants are given an IFF case study that they will work on for three to four months, and then present their recommendations to senior management. The 2012 team focused on sustainability. They had to answer this question: *What could IFF Functional Fragrances deliver to our top four customers to be innovative leaders in sustainability that is mutually beneficial for our customers and IFF?* The initiative, which the team decided to call Project Footprint, was sponsored by Kip Cleverley, Director of

Global Sustainability; Valery Claude, VP, Global Creative Director Functional Fragrances; Hilko Oosterhoff, Director, Global Fragrance Sample Labs; and Laura Slump, Regional Human Resources Business Partner Functional Fragrances, EAME.

Project Footprint included a comprehensive study of IFF's existing sustainability initiatives as well as those of our customers and top competitors. The team found areas of opportunity and created recommendations, which included enhancing partnerships with our customers, limiting waste in the Creative Centers, better visibility and promotion of sustainability efforts both externally and internally, and starting a Green Team at the Hilversum site.

Since the Talent Program has continued to provide positive results—both in terms of attracting and retaining bright, young talent and in building strong relationships with top universities in the region—the program will be offered again in 2013.

“This sustainability project has not only expanded our knowledge and skills; we enjoyed being part of a dynamic team with different backgrounds that stimulated the sharing of knowledge and enhanced the creativity of the team.”

PROJECT FOOTPRINT TEAM MEMBERS



EMPOWERING PEOPLE

*Providing opportunities for all employees
to be successful at IFF*

IFF offers an array of programs designed to prepare our employees for success at each point of their career.

IFF expanded our Orientation to Business for new hires to many of our regions and will complete the rollout in 2013. This daylong program provides an overview of IFF's business units, business strategy and priorities. Through live presentations, prerecorded videos from key IFF leaders and group activity, new hires learn how they can contribute to IFF's success and build relationships with colleagues. The orientation also includes an introduction to IFF's sustainability program and Green Teams.

LEARNING AT IFF

We believe in the 70-20-10 learning model—with 70 percent of learning through challenging assignments and on-the-job experiences, 20 percent through relationships, networks and feedback, and 10 percent delivered via formal training.

The build-out and transformation of IFF's Global Learning Center (GLC) into a rich, multimedia learning platform is another tool that enables our employees to progress as far as their ambitions can take them. Following a pilot in 2012, the GLC will open to all employees in 2013, with approximately 40 learning sites containing 200 modules. By the end of 2013, the GLC will offer more than 200 learning sites and contain thousands of modules with a variety of learning content.

CLEAR CAREER PATHS

To encourage long, rewarding careers with IFF, we provide Career Ladders that clearly outline career progression for motivated employees for roles that require specialized skills and are critical to our success. Career Ladders have been developed to provide a globally consistent, well-defined and transparent set of expectations and guidelines. The Ladders detail the knowledge, experience, skills, competencies and performance expectations at each level for continued promotion. In both Fragrances and Flavors, our Career Ladders show the heights our employees can reach.

In 2012, Carlos Benaim was named a Master Perfumer, the first such appointment at IFF and the highest achievement in the Perfumer Career Ladder.

IFF'S VIRTUAL FLAVORIST SCHOOL

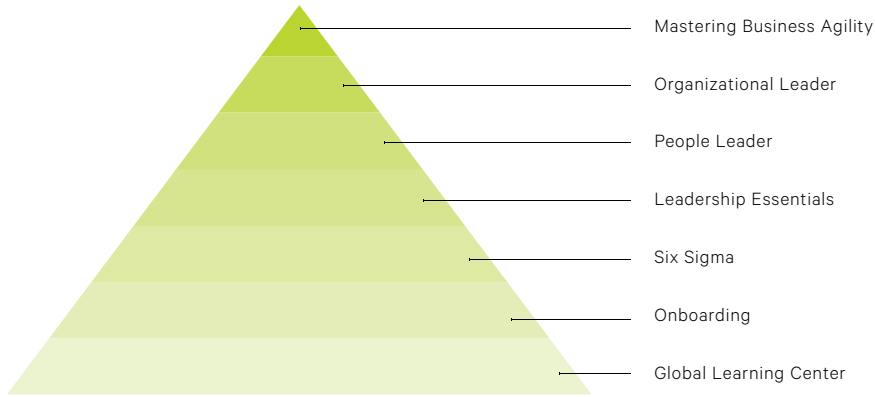
IFF has been training perfumers at its Perfumery School in New York since 2000. Recognizing the need to also ensure its pipeline of talented flavorists, IFF now has a virtual Flavorist School that offers intensive training to our flavorists of tomorrow.

Piloted in North America during 2012, our Flavorist School will be rolled out further in 2013, enabling IFF to place the right talent in the right market for years to come. With a consistent, global curriculum combined with

OUR VIRTUAL FLAVORIST SCHOOL LAUNCHED IN 2012

local mentoring, participants in this highly selective program will gain a complete portfolio of skills. Through work in local markets, they will hone their ability to develop flavor solutions tailored to meet the regional taste preferences of consumers. Upon completion of the multiyear program, graduates will have acquired a standardized foundation of skills and knowledge that will equip them for their continuing development and contribution to the success of IFF's Flavors strategy.

IFF LEARNING PROGRAMS



| Course Offering | Eligible Participants | Number of Participants* |
|---|--|-------------------------|
| Global Learning Center (GLC). Online self-paced system covering topics such as leadership, communication and personal development. | All employees | 5,700 |
| Onboarding. Piloted in North America in 2010 and rolled out to other regions in 2012. | All new employees | 100** |
| Six Sigma. Weeklong quality-improvement program. | Supervisors, managers, directors and VPs | 300 |
| Leadership Essentials Acceleration Program (LEAP). Covers leadership fundamentals in Europe and North America; will be expanded to Latin America and Asia in 2013. | New leaders, those with leadership potential, and informal leaders | 75 |
| People Leader Program (PLP). Communication skills, building trust, managing performance, and leading and driving change. | Supervisors and frontline leaders | 700 |
| Organizational Leader Program (OLP). Leadership competencies and core skills for managers. | Mid- to senior-level managers | 300 |
| Mastering Business Agility. See "Developing Leaders" below. | See below | See below |

 * Participant numbers are approximate
 ** In North America

DEVELOPING LEADERS

IFF offers a suite of intensive leadership training courses for frontline leaders and managers in every region. Additionally, we prepare future senior leaders through our Mastering Business Agility program, an emerging leaders development course created in collaboration with INSEAD, the prestigious international business school based in France. This yearlong program cultivates leadership capabilities through challenging in-classroom experiences, action learning projects, mentoring, feedback, exposure to leaders within and outside IFF, and formal education. The first group of employees will graduate from this program in 2013, and we plan to continue the program with a second group.

PERFORMANCE MANAGEMENT

All of our employees create work objectives that support our strategic objective and business priorities. They also establish personal development objectives that identify and address opportunities that support their professional success. Our performance and development management and training system is fully online.

A WORLD OF EXPERTISE

Our People Collaborating on Customer Solutions Around the Globe











GIVING BACK



STAKEHOLDERS



GOVERNANCE



GUIDING
OUR
ETHICS



HOW WE GOVERN

Integrity, honesty and ethical behavior are essential to our continued success—these values guide IFF’s actions at every level

OUR GOVERNANCE AND COMPLIANCE STRUCTURE

IFF’s standards of behavior are overseen by our Board of Directors, Executive Officers and other senior management, and are supported by our Code of Business Conduct and Ethics. Because the flavors and fragrances industry is generally self-regulated in many parts of the world, IFF also complies with established standards of our industry trade associations as well as applicable law.

IFF’s Board of Directors provides the highest level of oversight in our organization and has separate, independent Audit, Compensation and Nominating and Governance Committees. Our diverse, independent board of highly accomplished directors brings value to our organization, and we benefit from their guidance. IFF recognizes the value of diversity and is proud that our 12-member Board of Directors includes four women.

We have a Code of Business Conduct and Ethics, a Code of Conduct for the Board of Directors and a Code of Conduct for Executive Officers, which set the ethical tone for our organization. We expect all employees to understand and comply with our Code of Business Conduct and Ethics and to annually affirm that they have read and understand the Code. We conduct extensive compliance training on a global basis in-person, via online webinars, and through creative contests and events. In addition, we have many ways that employees can communicate any ethical concerns they may have, including through an anonymous reporting hotline. Employees who become aware of or suspect violations of our Code or policies are expected to report any violation.

ENVIRONMENTAL HEALTH AND SAFETY

IFF has a Global Environmental, Health and Safety (EHS) Policy, which sets forth the standards by which our facilities and employees must operate. We also have other established detailed policies and procedures that

help ensure workplace health and safety, environmental protection and compliance with all relevant regulations and laws. We conduct internal regulatory audits of our manufacturing facilities for compliance against the EHS policy and all applicable laws, as well as ensuring the sharing of best practices.

HUMAN RIGHTS

Our Vendor Code of Conduct requires our vendors to conform to the same standards for ethical behavior we expect from our employees. We periodically provide our Vendor Code of Conduct to our vendors and have a program for ensuring adherence to our standards. We require our vendors to provide a safe working environment and to conduct their business with integrity. They are expected to comply with all laws, rules, regulations and industry standards, including those regarding human rights issues, such as nondiscrimination, freedom of association, collective bargaining, child labor and no forced or compulsory labor.

PREPARING FOR REGULATORY CHANGE

IFF stays abreast of regulatory changes and complies with all applicable regulatory requirements. Most notably, our ability to keep current on the ever-changing registration requirements enables us to factor their potential impact into the overall cost/benefit of any new R&D initiatives.

IFF belongs to and actively participates in the activities of the key organizations that regulate our business in the regions and countries in which we operate. We monitor registration requirements carefully as they continue to develop around the world. In most cases, the emerging registration requirements are closely modeled on existing registration processes in other countries and regions, and we are able to leverage our global expertise and leadership for compliance.

IFF continues to manage the impact of changing and emerging regulations to our business. In Europe, we were prepared for the 2013 REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) product registration and will complete all required registrations within the required deadlines. In addition, IFF took a leading role in the development and publication of standard exposure scenario methodologies for substances for REACH, and has been actively involved in the ongoing discussions related to fragrance allergens. IFF is also actively engaged in the U.S. Toxic Substance Control Act (TSCA) modernization efforts, as well as various emerging chemical, food and/or labeling regulations around the globe.

During the past three years, IFF has implemented the Globally Harmonized System (GHS) of Classification and Labeling of Chemicals in most of the world, including Europe, Africa, the Middle East, Asia, South America and Mexico. The remaining countries will be implemented by mid-2015. The GHS goal is to promote safety and consistency in labeling and transport. We communicate regularly with our customers well in advance of required implementation dates.

PUBLIC POLICY

As a member of the International Organization of the Flavor Industry (IOFI) and the International Fragrance Association (IFRA), we participate in their respective Regulatory Advisory and Advocacy Committees. These groups coordinate advocacy and regulatory communication between the association, their member companies, and external regulatory and legislative bodies. In addition, we actively participate in our customers' trade associations in order to ensure alignment and common understanding of the challenges of regulations and emerging sustainability trends.

RISK MANAGEMENT

IFF's general approach for identifying significant risks and opportunities relies on our management's evaluation of current events and its expectations regarding future developments. We have a multidisciplinary company-wide enterprise risk management program that annually assesses risks, including sustainability issues and climate change, on our business and the business of our customers.

IFF's risk management is overseen by the Board of Directors, but management is primarily responsible for day-to-day risk management processes and reports to the Board.

CRISIS MANAGEMENT

Unexpected events can disrupt our operations. When they do, IFF stands ready to implement our comprehensive Crisis Management Plan. This plan outlines preparation for and response to emergency situations that may imperil the safety of our employees, facilities, operations or reputation. We have global and regional crisis-management plans and procedures, and we conduct training for members of our cross-functional global and regional crisis teams. In addition, each IFF facility assesses local risks and has a crisis management plan.



The Story Of Fragrance

The recently released *The Story of Fragrance* offers a rare glimpse into the world of scents. The 17-minute film, featuring interviews with industry experts and perfumers including IFF's Carlos Benaim, was prepared by IFRA to help educate the media and others about the fragrances industry. It can be viewed at www.ifra.org and on YouTube.



STAKEHOLDER ENGAGEMENT

Listening...and responding

We strive to understand our stakeholders' expectations of us and how our actions impact them, and we pledge to consider their views and explain ours in a respectful exchange of ideas.

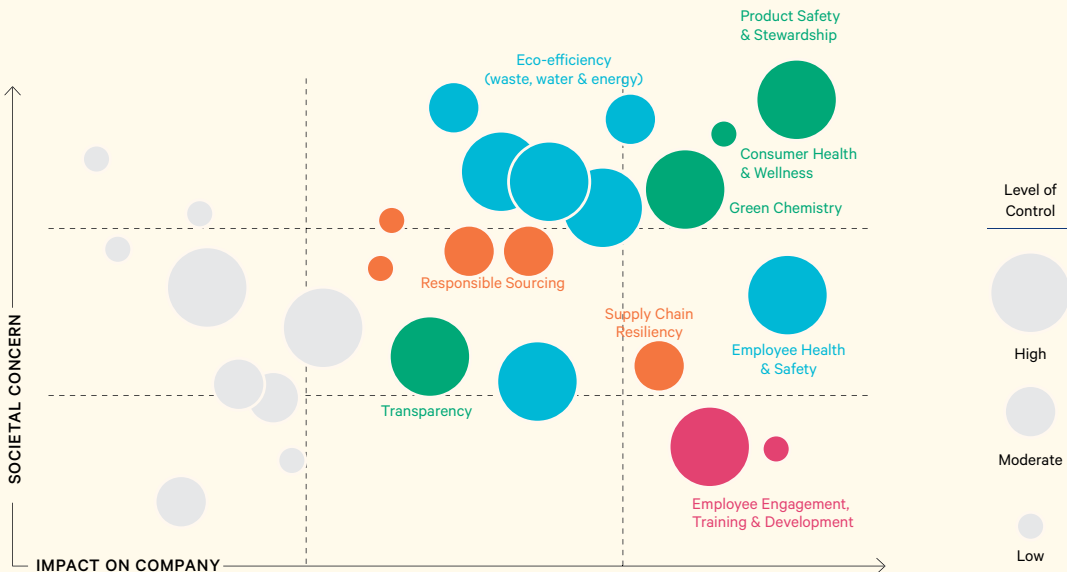
IFF defines our stakeholders as those groups whom we impact through our business operations in a significant way and who have a vested interest in our operations. While we engage with all of the stakeholders noted in this section, we consider our leading stakeholders in our sustainability endeavors to be our employees, customers and suppliers, as identified in our strategy development.

In 2010, we engaged SustainAbility, a strategy consultancy, to assess external stakeholder perspectives as well as current and emerging sustainability issues. We evaluated issues for their importance to our stakehold-

ers, potential impact on IFF's business and the degree of influence that IFF has on the issue. Through this materiality analysis, IFF identified issues that are relevant to our business and have global impact. These issues include product and employee safety; consumer health and wellness; green chemistry; responsible sourcing; employee engagement; greenhouse gas emissions; and waste, water and energy management.

These issues were grouped into the four pillars of our strategy. Initially, IFF responded to these concerns by addressing each one in the "Intentions" encompassed within the four pillars of our sustainability strategy developed in 2011. Our first two sustainability reports, as well as this, our third report, have documented our actions in each area. Most recently, we developed goals related to these concerns. These new goals, as well

MATERIALITY MATRIX



This diagram represents how our sustainability key focus areas were chosen, as well as their corresponding pillar. We took into consideration the impact on the company, societal concerns and our level of control for each.

The gray circles represent low-priority issues deemed to have less impact on and concern for IFF and our stakeholders.

as descriptions of responses to these concerns, are described throughout this sustainability report.

Since this formal exercise, we have updated our understanding of stakeholder concerns through a variety of formal and informal interactions. The ways in which we respond to these issues are delineated throughout this report and summarized below.

EMPLOYEES

IFF strives to keep our employees well informed regarding company strategy, policy and procedures through regular print and electronic publications, town halls and face-to-face meetings. We communicate at various levels and according to business unit and functional group. During 2012, we introduced a refreshed intranet site. We also cultivate an open atmosphere to encourage dialogue and present structured opportunities for employee input, such as feedback surveys.

CUSTOMERS

IFF maintains a meaningful dialogue with leading customers on key aspects of our product and organizational performance. Increasingly, we provide detailed information through formal scorecards and quarterly and/or annual performance reviews. These conversations keep IFF well informed of customer concerns and expectations. We also stay in close contact with customers by hosting and attending regional customer events.

INVESTORS

IFF Investor Relations conducts a year-round calendar of events, including quarterly earnings calls with analysts and investors. The company also participates in various industry and broker-sponsored consumer conferences in both the United States and Europe. The company's investor relations department keeps investors informed through regular interaction and outreach.

REGULATORS

IFF is an active member of many flavors and fragrances industry associations and organizations at the global, national and regional levels. Through these groups we convey our views to regulators and legislators, and keep abreast of regulatory issues. For example, through our involvement with IFRA we have participated in the

industry response to the adoption of the Scientific Committee on Consumer Safety's Opinion on Fragrance Allergens released in 2012.

SUPPLIERS

IFF's Global Procurement Group remains in close contact with our suppliers through periodic site audits. IFF-LMR Naturals™ works directly with growers to understand their needs and partner on research projects. Through our increased use of SEDEX we have a robust exchange of information with our suppliers.

CONSUMERS

Although IFF does not market to consumers directly, we keep in touch with consumer preferences through extensive research. Our consumer insight and marketing teams interpret trends, monitor product launches, analyze quantitative market data and conduct numerous consumer interviews each year.

COMMUNITIES

Community members look to IFF to provide meaningful employment opportunities with fair wages and safe working conditions. Through their ongoing community involvement and affiliations, IFF employees become aware of local needs and identify opportunities for IFF involvement. Directly and indirectly through our suppliers, we engage with communities of growers and suppliers as we source natural ingredients.

SUSTAINABILITY COMMUNITY

IFF Director of Global Sustainability, Kip Cleverley, teamed with leaders from the Global Reporting Initiative, CRD Analytics and the Governance & Accountability Institute to speak on GRI Reporting in the United States at the New York University Stern School of Business in New York, N.Y., U.S. Their presentation introduced future business leaders to the principles of sustainability and the role that sustainability reporting can play in driving business performance.



GIVING BACK TO OUR COMMUNITIES

Concern for the needs of others is part of the IFF culture. Around the world, our people look for ways to give back to society and volunteer their time and talents to many causes at the local level to benefit our communities. These activities range from supporting health initiatives to supporting the arts to responding to those in need, particularly after natural disasters, and the education of children. The spirit and passion of our employees comes through time and time again when a community is in need. IFF encourages and supports this behavior with our matching gift program. IFF also makes grants to select charitable and cultural organizations. In 2012, IFF contributed to DKMS Linked Against Leukemia, Lincoln Center for the Performing Arts, Breast Cancer Research and the March of Dimes, among others.

Below are just a few examples of IFF people making a difference in their communities.

WHEN DISASTER STRIKES, IFF RESPONDS

When there are people in need, our people do whatever they can to assist. In 2012, Hurricane Sandy caused hardship for many people in its path—from relatively minor property damage, to destruction of cars and homes, to being without food or shelter. To more effectively support the needs of our people across the globe who have suffered a hardship in the aftermath of a large-scale event, such as a hurricane or cyclone, earthquake, or tsunami, we created the IFF Family Fund. This program makes grants available to our people, wherever they may be located, when they need it most.

THE ART OF SCENT In 2012 IFF was a major donor to the Department of Olfactory Art at the Museum of Arts and Design (MAD) in New York. Our people collaborated with MAD on a variety of initiatives throughout the year, including the launch exhibition, “The Art of Scent 1889-2012,” which focused on select major works including creations by several IFF perfumers. The Museum collaborated with IFF volunteers from New York and New Jersey on a variety of programs including workshops, speakers series and teacher training.

INSPIRING YOUNG SCIENTISTS In North America we support two recurring initiatives that address the need for science education. National Chemistry Day raises public awareness of the importance of chemistry in everyday life. The World Science Festival aims to cultivate a general public informed by science, inspired by its wonder, convinced of its value, and prepared to engage with its implications for the future. Both organizations have an annual celebration and exploration of science.

MANO AMIGA Our team in Mexico City has a philanthropy program that aligns with Mano Amiga, an international foundation that works to improve education for needy students. We have invited groups of students to our facilities to learn about business and product creation. We have also visited schools to understand their needs and donated funds for building construction and furniture. Every dollar donated by one of our people is matched by our global gift program.

OUT OF CONTROL In London, we participated in the 2012 International Conference on Design & Emotion Conference. Seven perfumers collaborated on Out of Control, the signature fragrance for the conference, which was introduced to visitors through an interactive olfactive installation. As we deepen our understanding of the link between the sense of smell and emotion, IFF perfumers offer solutions to our customers that will benefit consumers around the world.

A DECADE OF HEALTHY RECOVERY

In hospitals across France, IFF supports a pioneering treatment known as olfactotherapy, which uses fragrance to help patients regain their memories and recover speech ability after trauma or coma. Since 2001, IFF has partnered with Cosmetic Executive Women (CEW) by providing funding for the work of professional olfactotherapists, volunteer training, administrative support and materials. When patients are unresponsive to traditional treatments, this novel approach can bring comfort and trigger breakthroughs. We recently expanded the program to work with young people with eating disorders by introducing them to the confidence-building powers of fragrance.

OUR MEMBERSHIPS

Our commitments to these outside organizations influence our sustainability strategy and enrich our understanding of critical issues. We benefit from our relationships with these organizations and reciprocate by sharing our expertise with them.



American Chemical Society



CDP



Flavors Extract Manufacturers Association



U.S. Green Building Council



Global Reporting Initiative



International Fragrances Research Association



International Organization of the Flavor Industry



Natural Resources Stewardship Circle



Research Institute for Fragrance Manufacturers



Renewable Citrus Products Association



Roundtable on Sustainable Palm Oil



SEDEX

ABOUT THIS REPORT

We have prepared this Application Level B+ report using the G3.1 guidelines of the Global Reporting initiative (GRI), the respected global standard for such reporting. A GRI Content Index—which notes the GRI indicators covered in this report and includes additional substantive information about IFF—is available online at www.iff.com/sustainability. We have obtained an Application Level Check from the GRI to verify completeness of our report. More information on the GRI standard can be found at www.globalreporting.org.

ENHANCEMENTS

This report contains several enhancements based on an independent review of our report last year.

- Clearer explanation of our data measurement techniques
- Expanded description of our materiality process and challenges for our business
- Enhanced explanation of our value chain and related impacts
- More information about our relationships with key stakeholder organizations

REPORTING CYCLE

IFF reports on our sustainability performance on an annual basis. This is our third report on IFF's sustainability initiatives and performance. It covers the calendar year 2012 except as noted. IFF's second sustainability report covered the calendar year 2011 and was released in September 2012.

CONTACT

We invite comments on IFF's sustainability performance and on this report. Feedback can be provided to: sustainability@iff.com. This report is available as a PDF at www.iff.com/sustainability. Printed copies are available by contacting IFF Headquarters at the email address above or a local office.

DEFINING REPORT CONTENT

The content for this report was guided in part by a structured materiality analysis conducted by SustainAbility, the strategy consultancy, to identify the issues of most importance to our company and our stakeholders. As part of this process, SustainAbility assessed external stakeholder perspectives as well as current and emerging sustainability issues. We evaluated issues for their importance to our stakeholders, potential impact on IFF's business and the degree of influence IFF has on the issue. The materiality analysis identified several issues that are relevant to IFF and that also have global impact. These include product and employee safety; consumer health and wellness; green chemistry; responsible sourcing; employee engagement; and waste, water and energy management. We believe that the prioritization of these issues remains relevant, and have relied on it to develop this report.

In preparing this report, we sought input from IFF employees in major markets who have ongoing interaction with key external stakeholder groups, including customers, suppliers, investors, regulators, community groups and consumers. We also surveyed internal stakeholders involved in the preparation of the 2011 report to assess that report and solicit input for this report.

In addition, content for this report was determined by our Sustainability Business Council, including senior IFF executives who serve as owners of the four pillars of IFF's sustainability strategy. We also gave consideration to IFF's core values, business strategy and stakeholder concerns, as well as the governmental regulations affecting our operations. Finally, a detailed review of IFF's previous sustainability report and outside commitments further informed the development of this report.

REPORT BOUNDARIES AND SCOPE

This report covers IFF's operations worldwide, including all of our wholly owned and majority-owned subsidiaries, with certain exceptions. We have used the Greenhouse

Gas Protocol to calculate our carbon emissions. There were no significant changes from previous reporting periods in scope, boundary, or measurement methods applied in the report. For a complete discussion of scope and boundaries, please refer to profile disclosure 3.9 and 3.11. IFF's legal structure is such that each operating unit around the world is organized as a subsidiary. There were no significant changes during the reporting period of size, structure or ownership. Additional information about IFF—including our annual report, 2012 Form 10-K, and governance documents—can be found on our website at www.iff.com.

DATA MEASUREMENT TECHNIQUES AND THE BASIS OF CALCULATIONS

IFF implemented an environmental management system (EXP) and established a set of uniform, automated protocols for environmental metric measurement and reporting. We have verified data back to 2010, which now serves as the baseline year for our eco-efficiency metrics. We are using this system to better understand our impact by business unit, region and facility type, and have advanced our methods and accuracy over the past year. During this time, our reporting has continued to expand in scope, due to optimized data collection systems and our efforts to align our reporting metrics with the Global Reporting Initiative's G3.1 Guidelines. During 2012, we made changes to our calculations regarding production data and updated the emissions factors for our GHG emissions according to the U.S. EPA climate leaders guidelines. This update in emissions factors was beneficial and led to approximately a 1.4 percent decrease in our Scope 1 and 2 carbon emissions in 2012. These changes are described and further detail on our data measurement techniques are provided in our GRI Content Index, Indicators 3.7–3.10.

EXTERNAL ASSURANCE



We have sought and obtained external assurance for our sustainability report content from the ISOS Group, an integrated sustainability consultancy and GRI-

Certified training partner in the U.S. A letter detailing that assurance can be found at iff.com/sustainability. We also engaged ISOS to verify our carbon data using the CDP protocol.

“IFF has made tremendous strides in formalizing sustainability management systems and informing key stakeholders of the company’s commitment toward excellence in this arena.”

NANCY MANCILLA, CEO and Co-Founder, ISOS Group

AWARDS

During 2012, our Flavors and Fragrances Business Units received several recognitions from customers and local and regional governments for accomplishments in innovation, product development, sourcing and customer service.

Our 2011 sustainability report and related video received the following recognition:

- Corporate Register 2013 Reporting Awards, Finalist in Creativity in Communications, Best Report and Disclosure & Materiality
- New York Book Awards (2013), Winner, First Place, Business Book
- PRNews, CSR Awards Honorable Mention for Top 10 Sustainability Video, “Grow with Us”



Statement GRI Application Level Check

GRI hereby states that **International Flavors & Fragrances Inc.** has presented its report "Moving Forward" (2012) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 23 May 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because International Flavors & Fragrances Inc. has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 15 May 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

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An electronic version of this report is available at
iff.com/sustainability.

We invite comments on this report or IFF's
sustainability performance. Feedback can be
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