

GRI Index

INTERNATIONAL FLAVORS & FRAGRANCES INC.
2010 SUSTAINABILITY REPORT

This index accompanies IFF's 2010 Sustainability Report, which was prepared in accordance with the G3 guidelines of the Global Reporting Initiative (GRI), the respected global standard for such reporting. We are reporting at a self-checked application level of "B." More information on the GRI standard can be found at www.globalreporting.org.

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Standard Disclosures Part I: Profile Disclosures

Key to Indicators: ■ Fully Reported ■ Partially Reported ■ Not Reported

PROFILE DISCLOSURE	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
STRATEGY AND ANALYSIS		
1.1	Statement from the most senior decision-maker of the organization.	pp. 2-3
1.2	Description of key impacts, risks, and opportunities.	pp. 2-3 and 4-6
ORGANIZATIONAL PROFILE		
2.1	Name of the organization.	inside front cover
2.2	Primary brands, products, and/or services.	inside front cover 2010 Form 10-K, p. 3
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	p. 1 2010 Form 10-K, p. 61
2.4	Location of organization's headquarters.	inside front cover
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	inside front cover 2010 Form 10-K, p. 3
2.6	Nature of ownership and legal form.	inside front cover and p. 1
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	inside front cover 2010 Form 10-K, p. 3
2.8	Scale of the reporting organization.	inside front cover
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	2010 Form 10-K, p. 28
2.10	Awards received in the reporting period.	p. 13
REPORT PARAMETERS		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Calendar year 2010, unless otherwise noted
3.2	Date of most recent previous report (if any).	This is our first GRI report
3.3	Reporting cycle (annual, biennial, etc.)	Annual
3.4	Contact point for questions regarding the report or its contents.	sustainability@iff.com
3.5	Process for defining report content.	pp. 4-6
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	p. 1
3.7	State any specific limitations on the scope or boundary of the report.	p. 1

PROFILE DISCLOSURE	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	p. 1
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	p. 53
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Not applicable, as this is our first report
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Not applicable, as this is our first report
3.12	Table identifying the location of the Standard Disclosures in the report.	This GRI index
3.13	Policy and current practice with regard to seeking external assurance for the report.	We have not sought to externally assure the content of this report. The year-end financial data provided in response to indicator EC1 has been audited by Pricewaterhouse- Coopers, LLP, our independent registered public accounting firm.
GOVERNANCE, COMMITMENTS, AND ENGAGEMENT		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	p. 68 IFF Website: Corporate Governance Guidelines IFF Website: Committee Charters
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	2011 Proxy Statement , pp. 11-12
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	2011 Proxy Statement , p. 11
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	IFF Website: Communication with Directors
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	2011 Proxy Statement , pp. 33-34
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Code of Business Conduct and Ethics , pp. 2-3

PROFILE DISCLOSURE	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	2011 Proxy Statement, p. 17
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	pp. 41 and 67-68 Code of Business Conduct and Ethics IFF Website: Corporate Governance Guidelines
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	p. 4 IFF Website: Corporate Governance Guidelines The IFF Board of Directors has three committees: (1) Audit, (2) Compensation, and (3) Nominating and Governance. In addition to overseeing and reviewing the financial reporting process and the integrity of the Corporation's financial statements and related financial information, the Audit Committee oversees and reviews the procedures for monitoring compliance with worldwide laws and regulations and with our Code of Business Conduct and Ethics.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	IFF Website: Committee Charters, Nominating and Governance Committee
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	We do not formally apply the precautionary principle. We have recently implemented a robust new risk evaluation tool to identify significant risks faced by our company. This tool involves surveying up to 300 employees to draw out their assessment of risks and then consolidating their responses into a set of key risks, such as the quality of or disruptions to our supply chain. The consolidated set is communicated to the operating committee and Board of Directors at least annually. Our Form 10-K includes a detailed description of our financial risks.
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	pp. 41-42 Also, we subscribe to the International Fragrance Association's Code of Practice.

PROFILE DISCLOSURE	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	pp. 15 and 23-24 We are a member of the following organizations and associations: American Chemical Society; American Cleaning Institute; Cosmetic Executive Women (serve on board); European Cosmetic Association; European Flavour and Fragrance Association; Fashion Group International; Flavor and Extract Manufacturers Association; Fragrance Foundation (serve on board); Institute of Food Technologists; International Association of Flavour Industries; International Fragrance Association (serve on board); International Fragrance Association—North America (serve on board); International Organization of the Flavor Industry (serve on board); Monell Chemical Sense Center; Natural Resources Stewardship Circle; Personal Care Products Council; Research Institute for Fragrance Materials (serve on board); Sense of Smell Institute.
4.14	List of stakeholder groups engaged by the organization.	p. 70
4.15	Basis for identification and selection of stakeholders with whom to engage.	pp. 70-74 Also, leading up to the formalization of our sustainability strategy, we engaged with a number of stakeholders, especially customers and employees. The customers with whom we engaged were selected by our senior commercial management team based on their position in the marketplace, importance to IFF, and current sustainability program. The employees were selected based on interest in the strategy development process. Also, our internal investor relations team provided us with a review of investor positions on sustainability topics.
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	pp. 70-74
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	p. 70

Standard Disclosures Part II: Disclosures on Management Approach (DMAs)

Key to Indicators: ■ Fully Reported ■ Partially Reported ■ Not Reported

PROFILE DISCLOSURE	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
DMA EC	Disclosure on Management Approach EC	inside front cover, pp. 2-3, 33, 54, 70-73, and responses to EC3 and EC4 below
	Economic performance	inside front cover, pp. 54, 70-73, and responses to EC3 and EC4 below
	Market presence	p. 33
	Indirect economic impacts	
DMA EN	Disclosure on Management Approach EN	pp. 50, 53-56, and response to EN24 below Environmental, health, and safety policies, procedures, and compliance oversight are the responsibility of our Global Regulatory Affairs group. The vice president of Global Regulatory Affairs reports to the chairman and CEO through the senior vice president and general counsel. Our new director of sustainability reports to the president of the Fragrances business unit, who in turn reports to the chairman and CEO. The director of sustainability is responsible for finalizing and implementing our sustainability strategy, including environmental goals and targets, for both the Fragrances and Flavors business units.
	Materials	
	Energy	pp. 50, 53-54
	Water	pp. 53, 55
	Biodiversity	
	Emissions, effluents, and waste	pp. 50, 53-54, 56, and response to EN24 below
	Products and services	pp. 47
	Compliance	
	Transport	
	Overall	

PROFILE DISCLOSURE	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
DMA LA	Disclosure on Management Approach LA	<p>pp. 28, 31-34, and 53, and responses to LA2, LA6, LA11, and LA12</p> <p>At the corporate level, employee-related issues are overseen by our senior vice president of human resources, who serves as a member of the Operating Committee and reports directly to our CEO. She oversees the work of our four global HR heads (one each for Fragrances/Flavors, Supply Chain, Finance/IT and R&D/Legal), our regional HR leads, and our HR business partners in each major IFF location around the world. Union relationships are handled by the local HR business partners and operations management.</p> <p>Workplace safety is overseen by our Environment, Health and Safety (EHS) office within our Global Regulatory Affairs function. EHS provides leadership, guidance, and assistance to all IFF locations, to help them achieve and maintain compliance with internal and external health and safety standards. The operations management team at each manufacturing facility is responsible for driving safety performance within their own facility.</p>
	Employment	pp. 33-34 and response to LA2 below
	Labor/management relations	See DMA LA response just above
	Occupational health and safety	p. 53 and response to LA6 below
	Training and education	p. 31 and responses to LA11 and LA12 below
	Diversity and equal opportunity	p. 32-33
DMA HR	Disclosure on Management Approach HR	<p>pp. 38 and 41</p> <p><u>Code of Business Conduct and Ethics, pp. 2-3</u></p> <p>Our Global Procurement division oversees our supplier relationships, which cover issues of human rights.</p>
	Investment and procurement practices	pp. 38 and 41
	Non-discrimination	
	Freedom of association and collective bargaining	See DMA HR response above and HR5 response below
	Child labor	See DMA HR response above and HR6 response below
	Forced and compulsory labor	See DMA HR response above and HR7 response below
	Security practices	
	Indigenous rights	

PROFILE DISCLOSURE	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
DMA SO	Disclosure on Management Approach SO	pp. 43, 67, and 68 Code of Business Conduct and Ethics, pp. 2-3
	Community	p. 43
	Corruption	pp. 67-68
	Public policy	p. 68
	Anti-competitive behavior	
	Compliance	
DMA PR	Disclosure on Management Approach PR	pp. 10, 13-16, and responses to PR3, PR5, and PR6 below. Our Global Regulatory Affairs department manages our product quality and safety approach and ensures that we are meeting all requirements of the many global regions where we operate. We monitor regulatory changes and work with our customers on issues that impact their products. Across our operations, more than 300 individuals directly support our product quality safety systems. However, we believe that product quality and safety are the responsibility of all of our employees. Continuous improvement of our processes is central to our culture, and the focus of every business activity, from creative design through procurement, manufacturing through customer service. Every IFF fragrance and flavor facility incorporates the necessary requirements of a number of internationally recognized quality systems, including: <ul style="list-style-type: none"> • ISO 9001 (2000), the international standard for quality management • The Hazard Analysis Critical Control Point system, which provides a systematic approach to safety management • Good Manufacturing Practices • American Institute of Baking standards All finished IFF products undergo final quality-control testing, which, depending on the product, might include sensory, analytical, and microbiological analysis.
	Customer health and safety	pp. 10, 13-16, and response to DMA PR above
	Product and service labelling	See responses to PR3 and PR5 below
	Marketing communications	See response to PR6 below
	Customer privacy	
	Compliance	

Standard Disclosures Part III: Performance Indicators

Key to Indicators: ■ Fully Reported ■ Partially Reported ■ Not Reported

PROFILE DISCLOSURE	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
ECONOMIC		
Economic performance		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	inside front cover pp. 70-73
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	p. 54
EC3	Coverage of the organization's defined benefit plan obligations.	IFF's U.S. defined benefit plan is funded via investments in equity securities and corporate and government fixed-income securities. Our benefit obligations were approximately 79% funded on an actuarial basis as of year-end 2010. See Form 10-K , p. 65.
EC4	Significant financial assistance received from government.	IFF is a public corporation and does not receive material financial assistance from governments.
Market presence		
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation.	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	p. 33
Indirect economic impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	
ENVIRONMENTAL		
Materials		
EN1	Materials used by weight or volume.	
EN2	Percentage of materials used that are recycled input materials.	
Energy		
EN3	Direct energy consumption by primary energy source.	p. 54
EN4	Indirect energy consumption by primary source.	p. 54
EN5	Energy saved due to conservation and efficiency improvements.	p. 54
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	pp. 53-54 and 58-59

PROFILE DISCLOSURE	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
Water		
EN8	Total water withdrawal by source.	p. 55
EN10	Percentage and total volume of water recycled and reused.	pp. 58-59
Biodiversity		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	pp. 18-19, 42, and 44
Emissions, effluents, and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	p. 54
EN17	Other relevant indirect greenhouse gas emissions by weight.	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	pp. 54 and 58-59
EN19	Emissions of ozone-depleting substances by weight.	
EN20	NOx, SOx, and other significant air emissions by type and weight.	
EN21	Total water discharge by quality and destination.	
EN22	Total weight of waste by type and disposal method.	p. 56
EN23	Total number and volume of significant spills.	We experienced no significant spills in 2010.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	p. 56 We do not import hazardous waste from outside locations nor transport it from one IFF site to another. All of our hazardous waste is handled in accordance with country regulations.
Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	p. 47
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	
Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	We paid no significant fines in 2010.

PROFILE DISCLOSURE	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
SOCIAL: LABOR PRACTICES AND DECENT WORK		
Employment		
LA1	Total workforce by employment type, employment contract, and region.	pp. 33-34
LA2	Total number and rate of employee turnover by age group, gender, and region.	<p>Companywide total turnover rate: 11%</p> <p>Companywide voluntary turnover rate: 6%</p> <p>Total turnover by region: Greater Asia: 11% Europe, Middle East, Africa: 9.5% Latin America: 15% North America: 7%</p> <p>Voluntary turnover by region: Greater Asia: 10% Europe, Middle East, Africa: 3% Latin America: 7% North America: 3%</p> <p>Voluntary turnover by age: Below 34: 4% 35-48: 9% 49-61: 2% 62 and above: 5%</p> <p>Voluntary turnover by gender: Female: 7% Male: 5%</p> <p>We do not track involuntary turnover by age or gender.</p>
Labor/management relations		
LA4	Percentage of employees covered by collective bargaining agreements.	25 percent
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	
Occupational health and safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Every IFF site has in place a safety committee that meets regularly. Some of these committees have both manager-level and employee members; others are made up of just management or just employees.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	p. 62 We did not experience any workplace fatalities in 2010.
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	p. 32

PROFILE DISCLOSURE	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
Training and education		
LA10	Average hours of training per year per employee by employee category.	p. 31 To date, we have not tracked total hours of training, but we are currently installing a learning management system that should enable us to report on this metric in the future.
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	p. 31 In North America we provide annual seminars on our 401(k) plans and associated issues related to retirement planning. And, outplacement counseling services are provided to employees in the U.S. who are involuntarily separated from the company.
LA12	Percentage of employees receiving regular performance and career development reviews.	All "eligible" employees (i.e., nearly all employees except those who are union members, or approximately 80 percent of our workforce) receive regular yearly performance appraisals.
Diversity and equal opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	p. 32
LA14	Ratio of basic salary of men to women by employee category.	
SOCIAL: HUMAN RIGHTS		
Diversity and equal opportunity		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	p. 41
Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken.	
Freedom of association and collective bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	No IFF operations have been identified as at risk for prohibiting freedom of association or collective bargaining.

PROFILE DISCLOSURE	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
Child labor		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	No IFF operations have been identified as having a risk for incidents of child labor.
Forced and compulsory labor		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	No IFF operations have been identified as having a risk for incidents of forced or compulsory labor.
SOCIAL: SOCIETY		
Community		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	p. 43
Corruption		
SO2	Percentage and total number of business units analyzed for risks related to corruption.	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	
SO4	Actions taken in response to incidents of corruption.	
Public policy		
SO5	Public policy positions and participation in public policy development and lobbying.	p. 68
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	p. 68
Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	
SOCIAL: PRODUCT RESPONSIBILITY		
Customer health and safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	pp. 13-16
Product and service labeling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	All of our products are subject to labeling requirements that vary by region and by country. We fully comply with all regulatory requirements. IFF is adopting and implementing the Globally Harmonized System of Classification and Labeling of Chemicals, which provides a consistent approach to the labeling of the products we send to our customers.

PROFILE DISCLOSURE	DESCRIPTION	CROSS-REFERENCE/DIRECT ANSWER
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	<p>Our products are developed solely for the business-to-business market. Therefore, we do not have a system in place to measure satisfaction of the end consumer. However, we do have a robust system for measuring on-time performance (OTP) for all IFF shipping locations. If IFF does not meet the customer's first requested ship date, it is a penalty against the plant. OTP is a standard metric that is monitored daily by all facilities.</p> <p>Our Consumer Insights programs assess consumer preferences and tastes. We use our consumer data to create fragrances and flavors that customers love, as well as to better understand the emotional connections between fragrances and flavors and consumers. We conduct consumer research globally. Our in-depth studies are used to both understand trends across countries and give us country-specific understanding.</p>
Marketing communications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	We do not market nor advertise our products to consumers. Our flavors and fragrances are designed exclusively for our customers, in a business-to-business relationship.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	
Customer privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	
Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	

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