

Seeds of Growth



Our Sustainability Report 2011



International Flavors & Fragrances Inc.

IFF

GROW
with us

iff.com/sustainability

IFF perfumers and flavorists curated this special mix of seeds: sweet alyssum, clarkia, bird's eye and basil.

This seed card is a call to action: Join us on our journey as we grow to become an even more sustainable company.

Plant this card and enjoy some of our favorite smells and tastes. See iff.com/sustainability for details.

Our work begins in nature.



Black currant buds

We are sowing the seeds
of sustainability in every part
of our business.



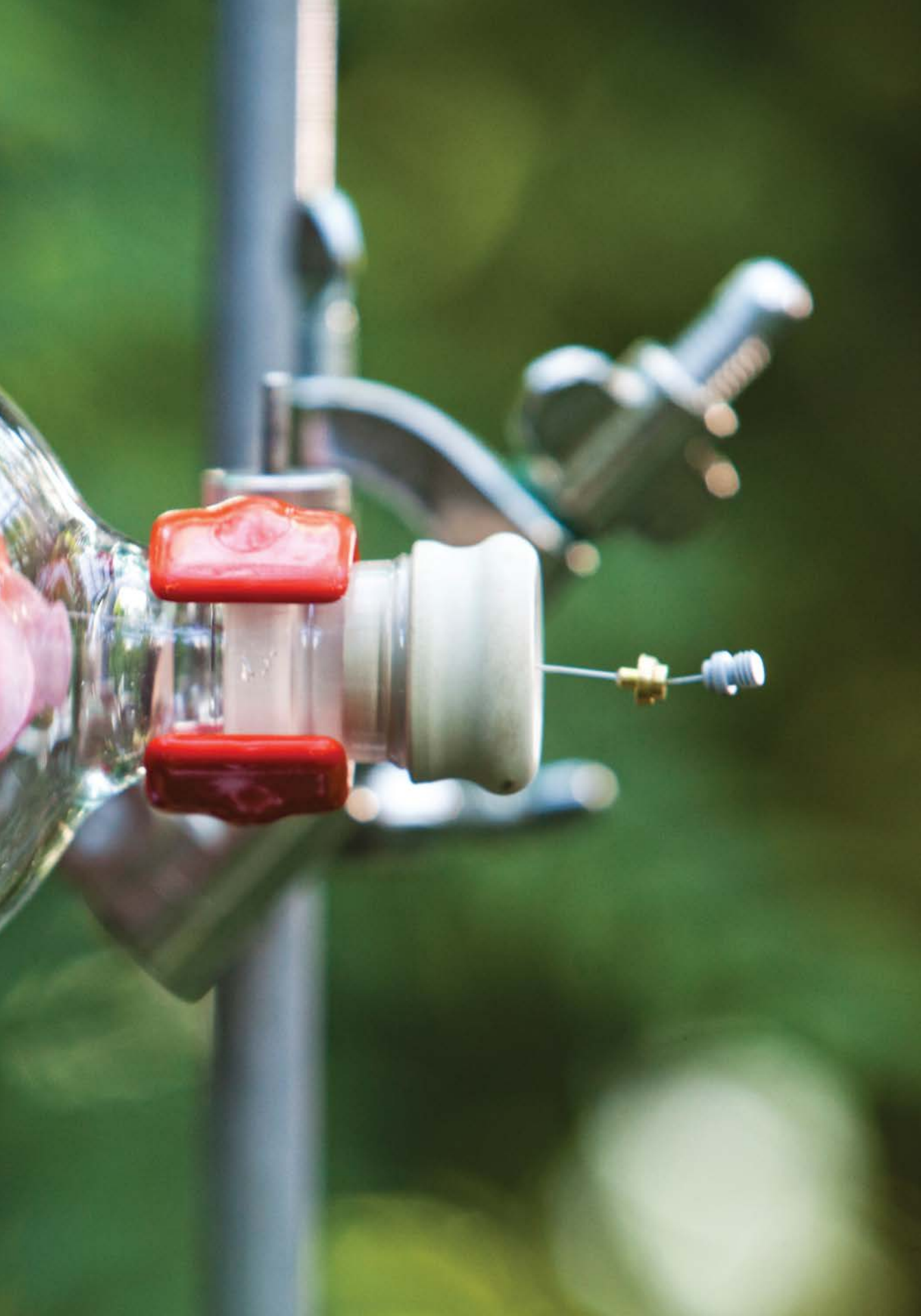
The herb garden at the
North American Flavors
Creative Center



We believe sustainability is
the essence of IFF.



Using Living Flower
technology to sample
a flower's fragrance



Our Company

Our Business

We create unique scent and taste experiences people love.

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, New York, U.S. IFF creates, manufactures and supplies flavors and fragrances for the food, beverage, personal care and household products industries. We provide customers with flavors and fragrances compounds of many ingredients which we blend together to produce proprietary formulas created by our perfumers and flavorists.

5,600+
Number of employees worldwide

\$2.8 billion
Net sales

\$267 million
Net income

18%
Return on Invested Capital

\$220 Million
Spent on R&D, 8% of sales

Our Locations

62
Facilities around the world

4
Research & Development Centers

17
Creative Centers

29
Manufacturing sites

32
Countries

Our Products

Flavors

Beverage
Savory
Sweet
Dairy

Fragrances

Fine Fragrance
Hair Care
Toiletries
Home Care
Fabric Care
Personal Wash
Fragrance Ingredients

Our Suppliers

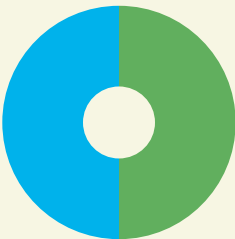
87
Countries

2,200
Suppliers

9,000
Different raw materials

Raw Materials Purchased

● 50% Natural & Crop Related
● 50% Synthetics & Chemicals



Our Customers

4,000
Global, multinational and regional

25 largest
Generate 53% of sales

100+
Countries where IFF products are sold

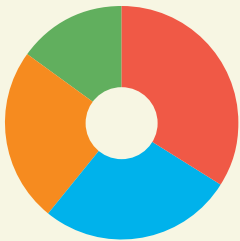
Global Sales

● 48% Flavors
● 52% Fragrances



Our Markets

● 34% Europe, Africa and Middle East
● 27% Greater Asia
● 24% North America
● 15% Latin America



Data as of December 31, 2011.
When we refer to our products, we mean the end-use category of products.

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From Our Chairman



What Constitutes Good?

This is the question I ask both of myself and of IFF's sustainability team on a regular basis as we continue the journey we have undertaken. While I rely heavily on statistics and benchmarking, is it good enough to simply compare ourselves to our peers or do we mark our own course? Should we ever be satisfied with our efforts? How do we strike the right balance between aspiration and pragmatism? With the publication of IFF's 2011 sustainability report, it is a question that we must continue to ask ourselves as we challenge our teams to continuously improve our sustainability performance.

I believe we have done well and can be proud of what we have achieved since last year. From the big picture, we established the four pillars of our strategy and we have set in place a more formal sustain-

ability structure, outlined in our report. This structure has more fully fleshed out a broad commitment to sustainability and has driven it deeper into the organization. We carefully set the foundation, are thoughtfully setting our targets and are deliberately strategizing to meet them. Our pillars and sustainability governance structure are smart, authentic and balanced. As a result, we have an excellent foundation and very good progress has been made in each pillar over the last year. I encourage you to read more about it in this report.

I am pleased to note that in my travels to our various sites around the world, I see the high level of passion in our employees for our efforts, meaning this is not simply a top-down initiative, but one with tremendous support at the grassroots level. As our sustainability strategy continues to filter throughout the organization, I know we can count on their support, creativity and passion to further our efforts.

In parallel with our accomplishments in the past year, 2011 was marked by global economic uncertainty, which continues, and unusual weather patterns and natural disasters with their extraordinary human toll and significant economic repercussions. In addition, we saw considerable volatility in our raw material, energy and transportation costs. And from consumers, we continued to see increased demand both for healthier products and a responsible supply chain. All of these impact how we execute against our strategy and I count on the strength of our business and pillar leads to help us navigate these challenges and opportunities.

As I think about the question with which I opened this letter—it is clear that our accomplishments to date do not diminish the work ahead of us. But as I look at the numbers and statistics that are helpful and informative, I cannot help but ask again, What constitutes "good?" From my perspective, "good" goes beyond that which is easily measured and moves into the territory of culture and habit and corporate DNA. As we move forward, I ask each of our leaders and each of our employees for the inclusion of sustainable thinking from the start and to think through the triple bottom line—the environmental, social and economic impact of every initiative we embark on and every action we take.

If I am to leave you with one key thought about IFF's sustainability program, it would be this: IFF is in this for the long haul. We recognize that this is more than a strategic imperative, it is a way business will be done in the future and we are committed to doing it well. We will choose substance over flash and action over promises, every time. And our commitment to responsible, sustainable performance is unwavering.

Douglas D. Tough
Chairman of the Board and
Chief Executive Officer

Our Stewardship Strategy

IFF is prepared for a season of accelerated growth in sustainability. We have put in place expanded structure and processes, and identified the people who will bring our strategy to life.

The roots of sustainability run deep within IFF. From its earliest days, our company has operated with respect for our partners and the world which we share. As a company dependent on the bounty of nature, IFF has long accepted our role as a caretaker of precious natural resources.

We also believe that sustainability extends far beyond environmental stewardship. It encompasses a much wider set of responsibilities to those with whom our prosperity is intertwined: customers for whom we provide creative solutions; shareholders who partake in our financial success; employees who expect rewarding work; suppliers whose livelihoods depend on our purchases; and the

communities in which we operate. True sustainability requires equitable treatment, a rational approach to the bottom line and supports our mutual success for many years to come.

Our Sustainability Strategy

With this understanding, our sustainability strategy is necessarily broad and ambitious. The articulation of this formal strategy last year helped generate a momentum that has continued as we build out existing systems and management processes.

IFF's strategy comprises four pil-

lars that address areas that present both the greatest challenges as well as the greatest opportunities for impact. These pillars focus on our products, our people, our sourcing and our physical impacts on the world. We believe that the pursuit of sustainability can be an engine for growth and can create value that contributes to our overall business success.

In developing this approach, IFF considered a number of factors, including: emerging trends, the expectations and sustainability goals of our customers and the requests of non-governmental organizations such as Carbon Disclosure Project and the Global

2011 Performance Highlights Overview

- ✓ Established our Sustainability Business Council to drive sustainability deeper into IFF
- ✓ Exceeded our 2007 goals to reduce water, natural gas and oil use and hazardous waste
- ✓ Increased substantially the number of products in our Health and Wellness portfolios
- ✓ Advanced our comprehensive environmental data collection and management system
- ✓ Requested that all of our major suppliers register with SEDEX (Supplier Ethical Data Exchange)
- ✓ Developed a structure of regional Eco-Efficiency Champions and employee Green Teams
- ✓ Achieved zero lost-time accidents at more than 70% of our locations



"I am inspired by the progress we are making with our sustainability initiatives in all the regions where we do business. Our customers depend on us to deliver resourceful and innovative solutions to differentiate their products and brands to meet consumer demand for more sustainable products. By aligning our sustainability strategy with our long-term business strategy we will be able to meet customer needs, as well as the needs of all our stakeholders. Sustainability has been and will continue to be part of our DNA at IFF."

Nicolas Mirzayantz
Group President, Fragrances

Reporting Initiative framework for sustainability reporting.

This strategy also considered the impact of sustainability trends, risks and opportunities on IFF's long-term prospects and financial performance.

IFF's strategic goals are closely

aligned with and support those of our customers. IFF has always maintained highly collaborative relationships with customers, and the challenges of sustainability present an opportunity to extend these relationships. Together, we are discovering new opportunities for innovation and improvement.

This sustainability approach also closely follows the core elements of IFF's overall business strategy: leveraging our geographic reach, strengthening our innovation platform and maximizing our portfolio.

Leveraging our geographic reach. As IFF makes significant investments to expand within emerging markets, our sustainability efforts closely align with that emphasis. We are actively building stronger relationships with our 2,200 vendors and raising our expectations of their social and environmental performance. Likewise, we are improving the eco-efficiency of our manufacturing sites and operations in 32 different countries, including emerging markets. Striving for a responsible global supply chain ensures a stable, ethical supply of ingredients that our customers can trust.

Strengthening our innovation platform. IFF's quest for sustainable solutions helps drive our innovation, which is behind the classic or iconic products of our customers, and which is a core element of our business strategy. While the goals of each pillar of our sustainability strategy drive our quest for cleaner, more efficient and more responsible performance, the impact is seen most strongly in the pillar Our Products: Creating Innovative Customer Solutions. We expect the implementation of green chemistry principles, expansion of our health and wellness product portfolios and heightened focus on product stewardship will yield additional product innovation.

Maximizing our portfolio. Our sustainability strategy is also closely linked to IFF's creation of long-term shareholder value. Pursuit of eco-efficiency and green chemistry yields cost savings that benefit our

customers and our shareholders and creates opportunities in certain regions and categories of our portfolio, which will support the growth of our company.

In each of these ways, IFF is continuing our progress and is sowing seeds for future success.

Creating the Sustainability Business Council

IFF's sustainability agenda took a major step forward in 2011 as we formalized the infrastructure for managing and implementing our sustainability strategy. We established the IFF Sustainability Business Council, which bears responsibility for providing global direction at the highest level. Leadership of the Council is provided by Fragrances Group President Nicolas Mirzayantz, who serves as Executive Champion, and by Kip Cleverley, Director of Global Sustainability. Council members include Pillar Owners and Leads of our four sustainability pillars and leaders from each of our business units as well as operations, sourcing, human resources, engineering, product development, legal, finance, communications and IT. Having such a broad cross-functional team ensures an inclusive and collaborative approach to sustainability at IFF.

This Council provides the structure and accountabilities to implement, embed and steer our strategy into our systems, processes and cul-

"Implementing our sustainability strategy aligns with our strategic pillars centered on driving profitable growth, and supports our ability to grow with our customers and drive long-term shareholder value."

Kevin C. Berryman
Executive Vice President and
Chief Financial Officer



“I am delighted to see how IFF’s sustainability strategy aligns so well with the one we have been pursuing in Flavors since 2006. It underscores how Sustainability is the ‘Essence of IFF.’ IFF Flavors has both the gift and the duty to help our customers deliver healthier, more nutritious foods and beverages without compromising the taste preferences of consumers. These healthier products can improve the health and well-being of people all over the globe—nothing is more connected to life.”

Hernan Vaisman
Group President, Flavors

ture. The Council will regularly track progress against targets and report results to the IFF Operating Committee, consisting of the CEO and his direct reports. During 2012, the Council will develop a Sustainability Scorecard to facilitate this reporting process. Recognizing the vital importance of our employees and the extent of activity that already exists, the Council oversees an ongoing

communications plan to engage employees and communicate the strategy and its business rationale. IFF’s Operating Committee provides oversight of the Council’s sustainability strategy implementation and performance.

Sustainability at IFF is driven by a dedicated Director of Global Sustainability who works with each of the business units to integrate sustainability into their area. The Director of Global Sustainability brings expertise in sustainability strategy, current trends, customer expectations and best practices, adding value in both the planning and execution phases.

The Council has also deepened the global governance structure to include Pillar Teams, Eco-Efficiency Champions and Green Teams to more firmly embed sustainability throughout IFF. This framework provides overall direction, a vehicle for reporting up to our corporate level and a mechanism for tactical implementation. The new framework was also designed to capture and formalize many of the sustainability initiatives which were already under way.

Sustainability Pillar Teams

IFF identified Pillar Owners with responsibility for driving the four pillars of our sustainability strategy. Each Pillar Owner committed a Pillar Lead and Team to coordinate strategy implementation on a global basis. Composed of functional and regional leaders, these teams work with the existing functional leaders to ensure that pillar goals and targets are integrated into each function, progress is made and metrics are reported on regularly.

Eco-Efficiency Champions

By early 2012, IFF had appointed four regional Eco-Efficiency Champions who provide a communication link between Pillar Teams and local facilities as they manage sustainability data and projects. We will train these champions so that they can help each of the functions and facili-

ties implement the sustainability strategy, keeping in mind their local culture and needs.

Employee Green Teams

Teams of employees will harness the enthusiasm and ideas of our people at each facility. To begin this process, we will establish four pilot Green Teams, situating one in each region and in each facility type during 2012. A Green Team is a group of employees that will steer and report on sustainability activities at the plant or functional level similar to the way the Council steers sustainability at the corporate level. To read more about the Eco-Efficiency Champions and Green Teams, see page 64.

Our goals for 2012 and beyond

A major focus for the Council during 2012 will be identifying key corporate-level metrics and developing short- and long-term performance goals. We expect that by the end of 2012, IFF will be able to announce revised broad, aggressive goals in each area of our sustainability strategy. These new objectives will build on the progress IFF has made while working toward its five-year environmental performance goals established in 2008. Those goals, which were focused on eco-efficiency and safety, played a formative role in our sustainability journey and prepared us to now reach further and set a more far-reaching agenda.

“Our more formal sustainability structure is integrating our strategy into every area of our business. I am excited for us to grow together.”

Kip Cleverley
Director of Global Sustainability



Damascena roses
at IFF-LMR Naturals



Our Products

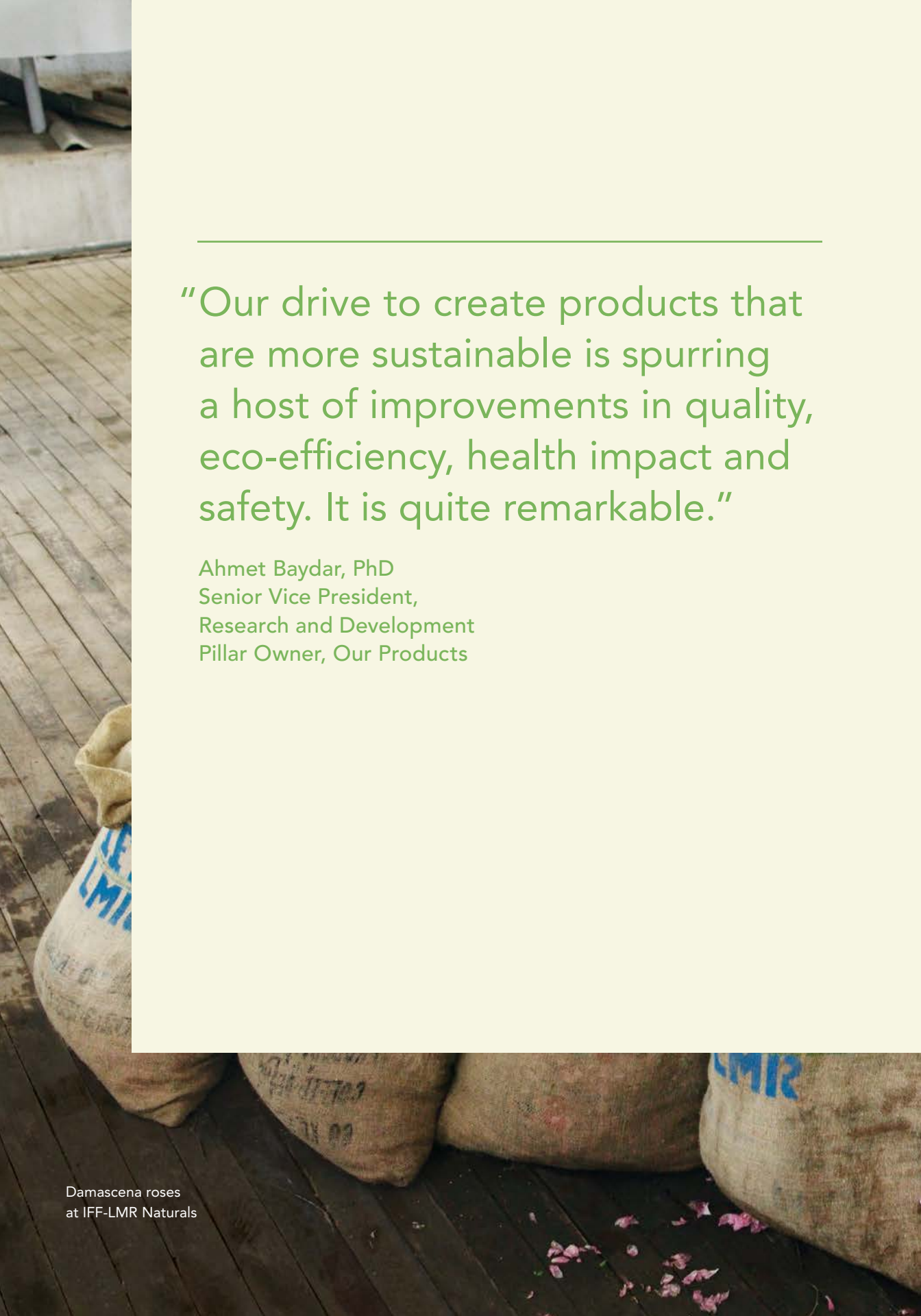
Creating Innovative
Customer Solutions

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“Our drive to create products that are more sustainable is spurring a host of improvements in quality, eco-efficiency, health impact and safety. It is quite remarkable.”

Ahmet Baydar, PhD
Senior Vice President,
Research and Development
Pillar Owner, Our Products

In a research and development lab



A close-up photograph of a man with dark, curly hair and a mustache, wearing a purple shirt. He is leaning over a large, dark metal funnel that is part of a distillation apparatus. A curved metal tube is pouring liquid into the funnel. The man is holding the rim of the funnel with his right hand and looking intently at the liquid. The background is blurred, showing more of the industrial setting.

Testing during the process of
making rose water

Our intent:
Create differentiating, innovative processes
and products that support the health and
wellness of consumers while enhancing our
customers' brands

From fertile imaginations and disciplined research, greener products are springing to life.

Quality, innovation, value and safety. IFF products have always delivered these attributes. But now, our customers—and consumers—expect more. They are asking for products that not only appeal to the senses but also contribute to well-being, as well as those that are produced responsibly. And our customers want greater transparency in sourcing and content.

IFF supports these aspirations. During 2011, Pillar Owner Ahmet Baydar, PhD, Senior Vice President, Research and Development, and Pillar Lead Michael Popplewell, PhD, Vice President, Research and Development, assumed their new roles and led their teams in addressing these expectations.

Through our active R&D programs, we significantly expanded our portfolios of flavor and fragrances products that support health and wellness programs. As we adopt green chemistry principles, we discover and implement processes that strengthen our innovation platform, offer customers differentiated products and solutions and improve our bottom line. We are embedding sustainability early in the R&D process to create products and processes that are green by design.

Through an ongoing commitment to product quality and safety, IFF continues to earn our customers' trust while finding new ways to share insights about our products and supply chain.

2011 Performance Highlights

Health & wellness

- Increased the number of products in our sweetness modulation portfolio by more than 50 percent, and in our sodium and umami modulation portfolio by more than 200 percent since 2010
- Increased our ability to offer natural sweetness modulators and enhancers that come from a variety of natural and synthetic sources through strategic external relationships
- Completed one decade of support for olfactory stimulation treatment of brain trauma, memory loss and cancer patients in France in partnership with Cosmetic Executive Women (CEW)

Green chemistry

- Introduced Emulsion HP, a concentrated high-performance emulsion liquid flavor delivery system with comparable taste and greater eco-efficiency than other flavoring systems
- Advanced the availability of three renewable, biodegradable musks made from sustainable sources
- Prevented the generation of waste from a single high-volume product by more than 1,000 tons per year

Product stewardship

- Strengthened our global corporate quality team by adding two new global quality directors
- Partnered with the Research Institute for Fragrance Materials (RIFM) to develop a life cycle assessment methodology for measuring and communicating product sustainability

Health and Wellness

We're finding ways to help improve the nutritional profile of our customers' packaged foods and beverages while delivering the tastes consumers love.

Consumers around the world are more focused than ever on their health and well-being, and they recognize how moderating their salt, fat and sugar intake can have a positive impact. At the same time, they continue to rely on the ease and convenience of packaged foods and beverages, so our customers look to IFF to help make their offerings healthier while maintaining the great taste consumers expect from their brands.

Creating solutions that support our customers' healthier products is a key part of our product sustainability strategy and our flavors business strategy. We have the unique opportunity to channel our talent and expertise to create products that can support improved health of consumers in markets around the world.

In all four of our key product categories—savory, sweet, beverage and dairy—we see opportunities to make our customers' end products healthier. Our teams, including flavors R&D, Creative & Applications, Sensory & Consumer Insights and Category Marketing, collaborate and share insights that result in solutions allowing for significant reductions in sodium, fat, sugar and monosodium glutamate (MSG) while maintaining the taste consumers love.

Our teams continuously look to expand and improve upon our portfolio of technologies and flavor solutions so they work seamlessly in our customers' products. And since the landscape of health concerns changes constantly, our teams stay current on those topics of greatest concern to consumers and, by extension, our customers. These insights help shape our product offerings, both proactively and reactively, and have



A Flavors Sensory & Consumer Insights Lab

led to the significant expansion of our portfolios of solutions over the past year. Whether helping customers reformulate an iconic brand or create a new, healthier product from the ground up, our focus is on bringing our best to the table, so consumers can do the same.

Sweetness, with less sugar

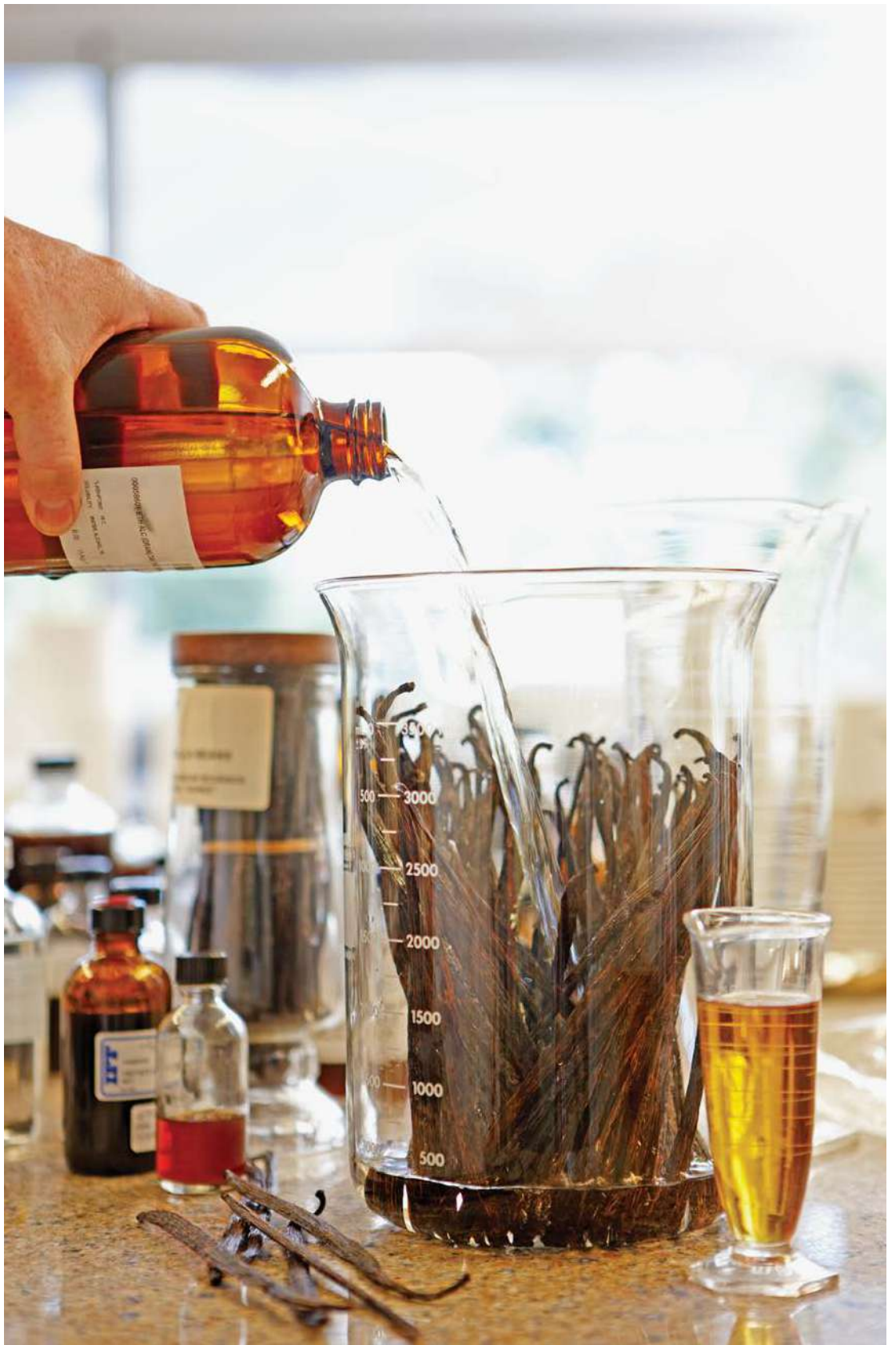
The sweet and appealing taste of sugar brings with it excess and unwanted calories, so during 2011, much of our efforts focused on creating solutions, including sweetness modulators, masking technologies and mouthfeel enhancers, that help deliver great taste and texture while reducing the sugar content needed to achieve it.

Some natural calorie-free sweeteners, such as stevia, contain off-notes that negatively impact a product's taste. Our masking

technologies help diminish these off-notes and make the use of these natural sweeteners possible.

Our efforts were extremely productive—we increased our sweetness solutions portfolio by 57 percent since we benchmarked our product portfolio in 2010. This dramatic increase offers customers an expanded array of options for creating lower-sugar beverages, gums, baked goods, cereals, confectionary and a host of other products where the sweetness is needed but the sugar is not.

But sugar doesn't only add sweetness—it adds mouthfeel as well. So when we look at helping reduce sugar content, we are also looking at the texture of the end product and how we can help match the expected mouthfeel of the full-sugar item. By looking at these multiple dimensions and consumer expectations, we can help our customers create a healthier product that consumers will enjoy.



Flavors vanilla lab



*Chocolate and chili pepper
in Flavors R + D*

Reducing sodium, MSG and fat

Salt, MSG and fat make savory foods taste great, but immoderate use is associated with a host of health problems. Understanding both the appeal and the risk, IFF has made excellent progress in expanding our portfolio of solutions that help our customers reduce sodium, MSG and fat in their products.

For example, IFF has developed a large selection of options that make it possible to reduce sodium levels by up to 50 percent in the finished product while maintaining consumer preference. We do this using a variety of tools, including some that increase flavor impact, improve mouthfeel and increase the perception of saltiness without the added sodium. Another successful route has been through the use of umami enhancement. Umami, the “fifth taste,” is related to the natural l-glutamate that occurs in a variety of foods, such as Parmesan and Roquefort cheeses, mushrooms and tomatoes. Literally translated as “deliciousness,” umami improves the overall appeal of food products,

which is very useful with reduced-sodium or MSG-free formulations.

In line with our business and sustainability strategic goals to further define and expand our health and wellness portfolio of products, we have doubled our ingredient portfolio aimed at sodium and umami since 2010. This expansive selection of solutions provides our customers with a wider range of options for formulating products with reduced sodium and MSG content.

Excess fat has been the challenge of many a dieter, but it is not only one of the most effective flavor carriers; it also offers the rich and decadent mouthfeel that makes eating so pleasurable. And while removing fat takes down the calorie count, it also diminishes flavor and the all-important texture that makes us feel satisfied. So IFF’s teams of scientists have sought and identified other routes to textural happiness for consumers. By enhancing the mouthfeel of the finished products, our solutions help make low-fat sauces, soups and marinades as rich and appealing as their full-fat cousins.

“We help our customers develop products that consumers can still enjoy while experiencing their health and wellness benefits.”

Jesse Wolff
Global Vice President, Creation, Applications and Innovations, Flavors



To raise awareness of IFF’s capabilities to help customers make their products healthier, IFF launched a provocative ad campaign that highlighted the fact that healthier food must appeal to consumers’

taste buds, as well as their desire to eat better. The ads ran in flavors trade magazines in all regions; the examples above were some of the several versions created for our different markets.



Shopping for personal care products in China

High-performance emulsion: More flavor, less carbon

During 2011, IFF introduced Emulsion HP, a new liquid flavor delivery system that provides higher value and less environmental impact. This high-performance emulsion allows IFF to create more concentrated flavors that provide a comparable consumer taste experience.

This flavor delivery technology, which uses up to 50 percent less water than standard formulations, offers not only greater value but also improved environmental performance. There are benefits throughout the entire value chain: fewer raw materials, less packaging, reduced weight and volume, lower shipping costs, reduced energy use and reduced carbon emissions. IFF's customers are looking to lower the carbon footprint of their products, and we offer this solution to help them achieve that goal.

Fragrances for well-being

Because of continued, growing evidence that fragrances contribute to our well-being, our customers are including health and wellness goals in their business strategy. We are committed to finding new ways to use the power of scent to improve health and wellness. Since its founding, IFF has been at the forefront of understanding how fragrances impact human well-being. The olfactory sense is the one most closely linked to the human brain, creating strong links between smell and emotions and mood.

The products developed by IFF's Functional Fragrances team touch consumers' lives in many ways, by adding a pleasing aroma to personal and home care products and by controlling unpleasant odors. Consumers depend on the scent of cleaning products to confirm that they have achieved the desired level of cleanliness and the perception of hygiene. Demand for these products is accelerating, particularly in emerging markets where more consumers now live in urban settings and have growing economic power.

Just as the presence of a pleasant fragrance signals cleanliness to consumers, so does the absence of

malodor. Demand for malodor counteractant products—deodorants and air fresheners, among others—is growing, particularly in emerging markets. Consumer preference is shifting to malodor counteractant products that actually eliminate odors rather than mask them. IFF researchers have developed Reactek™, materials that effectively remove odors from the environment. Many IFF customers that have incorporated Reactek into their products have already experienced substantial success, and we expect this product line to gain momentum as we discover new applications for the technology.

“We make trips into life along with our patients. We share times that are moving, enriching, at times humorous, sometimes intimate and always passionate. We are convinced that it is important to smell to remember.”

Marie-France Archambault
CEW member and Olfactory
Workshop Co-founder

The Healing Power of Scent

Through a breakthrough treatment, IFF scents help patients regain their memories.

When memories are impaired or blocked by a brain injury, age or other issues, patients can benefit from therapies that augment traditional medical treatment. The human sense of smell, which can detect as many as 10,000 distinct smells, can be used to conjure up buried memories, bringing hope and pleasure to treatment-weary patients.

IFF has partnered in France with Cosmetic Executive Women (CEW), a professional association of cosmetic executives, to explore how the sense of smell can open a door through which therapists can enter. At hospitals throughout the country, 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. This therapy supports other treatments but also provides moments of delight that allow patients to venture beyond their illnesses and the hospital walls, if only briefly.

Since 2001, IFF has provided funding for the work of professional olfactotherapists, volunteer training, administrative support and scent kits. Each kit contains 140 scents grouped into olfactory palettes, including landscape smells such as seashore and flowers, childhood smells such as pencils and candies, and familiar food aromas. Trained CEW volunteers use these kits in small workshops with patients once or twice a month. Two professional olfactotherapists, funded by IFF donations, also hold individual sessions with patients and their caregivers.

Since 2007, one of IFF's perfumers, Alienor Massenet, has managed the company's involvement by gathering notes or oils from the IFF inventory, coordinating with the olfactotherapists and overseeing the budget. Working with one of the olfacto-

therapists, Alienor also developed a new workshop targeting adults, and for more than two years she has volunteered her time to lead workshops every month.

What began as a single program for brain-trauma patients has expanded and is now offered to a variety of patients through 15 olfactory workshops in 11 hospitals or medical centers throughout France. CEW volunteers, together with the two olfactotherapists, help lead workshops for neurological rehabilitation and geriatric, adolescent and cancer patients.

The concept of using scent to engage memory-impaired patients began when Marie-France Archambault, a CEW member, realized that olfactory workshops could augment the long treatment period often required to treat young patients with brain injuries.

"Scents ... foster a resurgence of emotions, places, colors, memories, words," explains Marie-France. Some of the scents that have helped trigger patients' memories include cut grass ("soccer field"), pencils ("new schoolbag"), mushroom ("summer's end") and gingerbread. Some patients speak a lot when experiencing these scents, others little or even not at all. In any case, they enable communication: a smile, an expression, a sparkle in the eye.

Intrigued by the effectiveness of the olfactory treatments, researchers at three French medical centers are now considering working with CEW to conduct a clinical research study. They hope to understand the dynamics of olfactotherapy and publish the results in a leading medical journal.

"Our intent is to have people trained in using olfactotherapy for every kind of sickness," explains Marie-France. "We were the very first ones to use the sense of smell and allow 'the nose' to enter the hospital. We know it works, and we want to make it available to many more patients."



Green Chemistry

IFF chemists are creating innovative new ingredients and processes that are green by design.



*High - pressure reactor
in an R + D lab*

“IFF research scientists are using sustainable design criteria to develop green, value-added products that are clearly differentiated in the marketplace.”

Michael Popplewell, PhD
Vice President,
Research and Development
Pillar Lead, Our Products

While nature inspires many of our flavors and fragrances, most of our innovation efforts rely on synthetic chemistry to create, develop and manufacture our products. Because we utilize chemical processes so extensively, IFF is formalizing green chemistry principles in our research, development and manufacturing processes, and we are excited about the improvements that this transition is bringing. Given the scope of our operations, the potential impact of these principles is meaningful. IFF is one of the industry's leading fragrance ingredients producers.

We are currently reviewing green chemistry principles and expect to identify and adopt a formal framework in 2012 for IFF scientists to follow when designing new flavors and fragrances ingredients and processes so that all of our new products will be green by design.

“Green chemistry is the future. It will ensure that our products—and processes—are more eco-efficient and environmentally friendly.”

John Cherkauskas, PhD
Vice President,
Global Fragrance Research

Green chemistry in action

IFF's green chemistry program has three major initiatives: starting with sustainable raw materials, transforming them through more sustainable methods and reduction of process-related waste.

Choose more sustainable raw materials

Taking a life cycle approach to green chemistry, we strive to achieve sustainability from the outset, beginning with the use of renewable feed stocks. IFF researchers and product development specialists seek to derive products from raw materials that are renewable whenever technically and economically practicable.

Transform raw materials sustainably

Our green chemistry strategy calls for safer, more efficient and environmentally friendly methods of transforming raw materials into products. This includes the use of microreactors—miniature reactors where production occurs—rather than the traditional tank reactors. This allows us to develop chemical processes that are more efficient with less waste.

At IFF we have made great advances by using microreactors to perform the process of catalysis. As a key principle of green chemistry, the use of microreactors results in a host of economic, social and environmental benefits over existing processes.

In catalysis, reactions are triggered by using small amounts of a chemical reagent rather than applying energy such as heat. When catalytic reactions are miniaturized, the entire reaction occurs on a far smaller scale, yielding substantial benefits. The process consumes fewer reagents and solvents, generates less hazardous waste, presents lower risk of accidents and uses less energy than conventional processes.

Reduce process-related waste

IFF chemists are identifying opportunities for making the greatest contribution to our value chain while reducing the environmental impact of our products.

For the second year, we have dramatically reduced the process-related waste from one of our most widely used floral fragrance ingredients. In 2010, we introduced the use of an advanced method that recovers, recycles and reuses the unconverted raw materials that remain after a chemical reaction. This process requires far less energy and still yields a high-quality product. During 2011, IFF expanded this technique, which recovers and purifies waste materials in a single step instead of eight, to a second facility. In 2011 alone, IFF prevented the generation of more than 1,000 tons of waste and substantially reduced the use of raw materials.

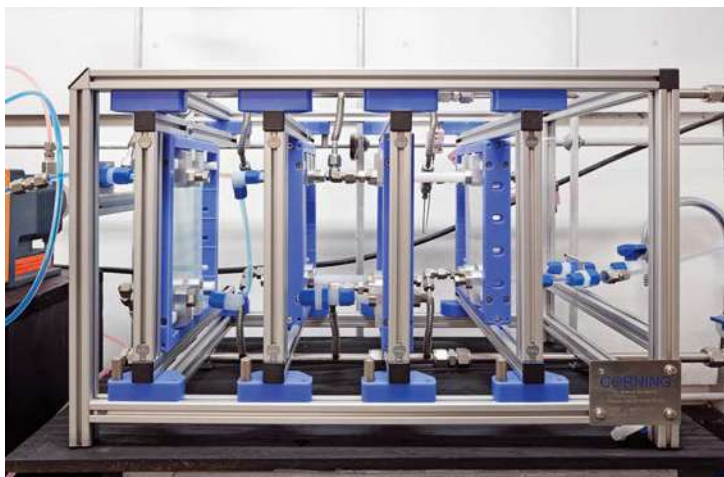
Cultivating a culture of sustainability

IFF is moving on several fronts to ensure that all functional teams understand and apply sustainable practices in their spheres of influence.

Through regular interaction, IFF R&D teams direct procurement teams to choose raw materials that are sourced and supplied sustainably.

Given the enormous potential of green chemistry, we will begin a training program for R&D staff by the end of 2012.

Additionally, we are partnering with Research Institute of Fragrance Materials (RIFM) on a pilot project to increase our knowledge of Life Cycle Assessment for fragrance manufacturing.



R+D microreactors

Our researchers use living plants and flowers to reproduce their fragrances. In doing so, we use science to protect nature.



IFF's Botanical Garden
in North America





Inside the Botanical Garden

The promise of biotechnology

Biotechnology uses living microorganisms, such as bacteria or yeasts, or alternative substances, such as enzymes, instead of chemicals to manufacture products. We are using biotechnology processes to create a steady supply of ingredients that can replace or supplement plant-based and other natural raw materials. Crops such as vanilla, citrus and mint are susceptible to interruptions in supply due to seasonal growing cycles, farming practices, population growth or climatic stresses such as droughts. Other natural fragrance and flavor ingredients are in high demand but exist only in trace amounts in natural plants and

would require enormous volumes of the raw material to obtain enough extract to meet the global demand.

We plan to harness the power of nature so that we can replicate its chemistry in a cost-effective, sustainable way and apply it to flavors. This will take us from a synthetic-ingredient-based landscape to a biotechnology landscape that does not deplete trees, petroleum, minerals, oil or other natural resources.

As we create ingredients from natural raw materials through biotechnology instead of from chemical sources, we enable our customers to meet the consumer demand for more natural flavor solutions.

Living Flower technology

Our Living Flower® technology collects odor molecules from living flowers at their peak of freshness. In order to provide access to a broad range of botanicals, IFF maintains a botanical garden for research purposes in Union Beach, N.J., U.S. Our researchers use plants and flowers in order to reproduce their

fragrances. Critical components may be created through technology so there is no need for large-scale crop cultivation and harvesting. In doing so, we use science to protect nature.

Calculating product impact

As a growing number of consumers and our customers seek to understand the environmental impact of the products they purchase, IFF has been evaluating how to best collect and provide this information. We are developing a methodology for determining the total environmental performance impacts—energy, water and waste—of the manufacturing process of an ingredient or formula. A cross-functional team is evaluating methods for determining the sustainability of our ingredients, formulas and applications across the entire life cycle, from sourcing raw materials through compounding to final application. This would give us insight into our processes and also provide the transparency being sought by the marketplace.

“Our long-term strategy is to use biotechnology and the power of all that nature can do.”

Mark Dewis, PhD
Vice President, Research and Development, Flavors

Ingredients from Renewable Sources

Using renewable, synthetic fragrances to protect nature

In an effort to widen our palette of sustainable ingredients, IFF is developing capabilities to create ingredients from renewable sources. Our first focus has been to offer renewable, biodegradable, synthetic musk molecules. These molecules represent environmentally safe, low-carbon alternatives to petroleum-based musks.

An essential ingredient

Musk scent is a key building block recognized for its smooth characteristics and is used widely in fragrances of many cultures

and categories. One of the most unique and ubiquitous raw materials in perfumery, musk is an essential ingredient in the perfumers' palette and can be found in consumer products ranging from fine fragrances to products for home care.

Musk extract was originally obtained from the secretions of the gland of the male musk deer. Recognizing that this natural and precious source of musk was unsustainable, perfumers asked chemists to search for new sources of synthetic musk.

Bio-based sources

Today, most musk ingredients used in perfumery are derived from nonrenewable petroleum feedstocks, other fossil fuels or sources with potential supply limitations.

As a part of our focus on sustainability, IFF has targeted development of classic musk molecules made from renewable sources through new technology and new

relationships. Through intensive research on a few diverse musk ingredients, we have created musk molecules from bio-based sources such as coconut oil, corn oil and responsibly sourced palm oil. To offer our customers the assurance of natural ingredients, we have confirmed via independent external sources that these molecules are composed exclusively of 100 percent renewable resources. Through these ingredients, IFF now offers customers affordable, effective sustainable options for musk molecules.

The techniques used to develop these renewable musk molecules have other applications as well. IFF has the expertise to broaden our fragrance ingredients portfolio by developing other bio-based ingredients that cover a wide range of floral notes and other scents.



*Cocoanuts are one source
for renewable synthetic musk*

Product Stewardship

Product stewardship means offering products that meet the highest standards of quality, safety, transparency and sustainability.

Every day, on every continent, millions of people enjoy delicious tastes or appealing scents because of our products. IFF touches consumers' lives all day long via our customers' brands. It may begin with the refreshing cleanliness of their morning shower gel and conclude with a bowl of vanilla ice cream for an evening treat.

In the process of protecting consumers, IFF also protects the brands and reputations of customers who use our products, including many of the world's best-known brands. This is an enormous responsibility we take with the utmost seriousness.

"In today's marketplace, it's not just the specification of an item that is regarded as the quality, it's also the ethics and environmental impact that reflect the true quality of a product," explains Stuart Mansfield, Vice President, Global Quality. "Our quality teams have adopted our sustainability principles to ensure that our customers can trust every aspect of an IFF product. In this way, when we consistently add quality and sustainability, it equals trust for our customers."

Ensuring product safety

IFF's Global Regulatory Affairs department is responsible for all aspects of regulatory compliance, toxicology and risk assessment, transportation and environment, health and safety, and regulatory and material information management. IFF operations follow a comprehensive set of policies and procedures to ensure that our products achieve the highest levels



A flavors R+D lab

of safety and comply with national, regional and international flavor and fragrance regulations in every market in which we operate. A list of these can be found in our GRI Index at iff.com/sustainability.

IFF is the only flavors and fragrances company to have graduated from the Sustainable Futures program, which aims to make new chemicals safer, available more quickly and obtainable at a lower cost. IFF relies on procedures and tools from the U.S. Environmental Protection Agency's Sustainable Futures initiative. We use its tools to evaluate the safety of new molecules, ingredients and chemicals.

IFF's approach to quality

Quality starts with our raw materials and supply chain and extends through manufacturing processes and distribution. Responsibility for

ensuring product quality lies with our global quality organization, which coordinates vendor quality, quality assurance and technical systems, food safety, formula administration and facility audits.

IFF helps to protect customers' brands and the health of consumers through rigorous quality systems and programs. While more than 400 of our 5,600 employees directly support the quality function, each IFF employee understands that quality is part of everyone's responsibility. Our comprehensive, integrated approach to quality includes a quality management system, a quality control process and a vendor management program. We focus on quality at critical points in the life cycle—such as inspecting incoming raw materials, closely supervising the manufacturing process and inspecting finished products prior to release. At each point, we rely on industry-recognized evaluation methods.

Quality +
Sustainability
= Trust

“Our quality teams are using a more holistic approach by adopting sustainability principles to ensure that our customers can consistently trust every aspect of an IFF product.”

Stuart Mansfield
Vice President, Global Quality

We reevaluate our product quality program on an ongoing basis to identify areas that we can strengthen and enhance our program in the following respects:

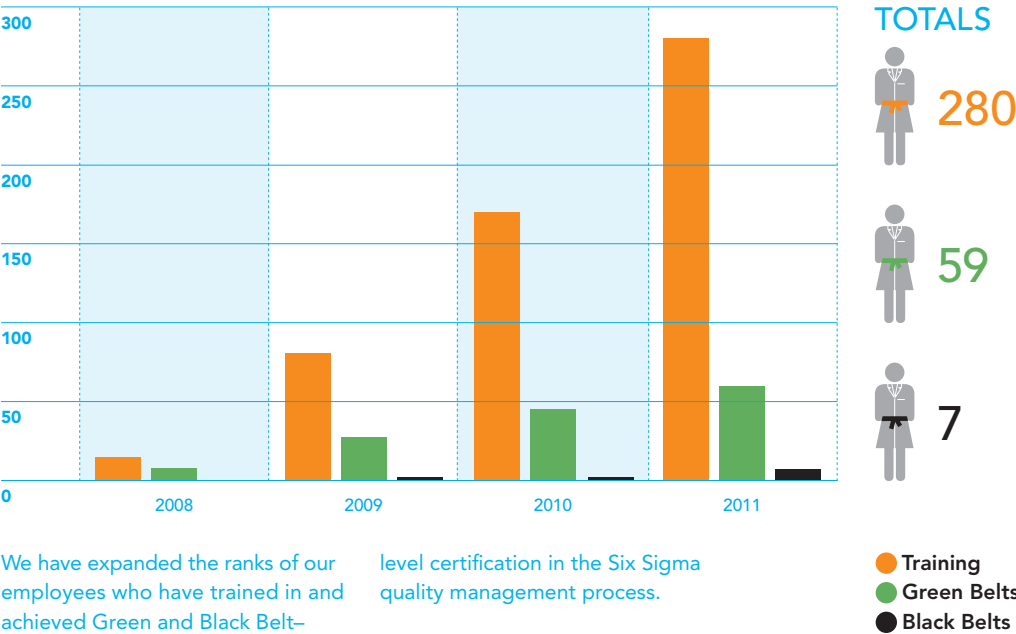
- Adding two new functions in global corporate quality: a director of product risk management, responsible for food safety and product liability programs, and a director of global technical information, responsible for the quality of technical product information processes for our customers.
- Add new vendor risk-assessment programs to use an enhanced risk-analysis algorithm, 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.
- Add a new holistic quality-management system to replace our current management system in 2013, to provide clear requirements for the policies, specifications and programs that guide our operations.
- By the end of 2011, almost 300 employees at facilities around the globe had completed training in fundamental quality engineering skills, including Six Sigma training. This builds our skills to design more exact processes that produce less waste and, overall, let us do more with less.

Providing meaningful ingredient information

While IFF has a strong record of close collaboration with our customers, we recognize their desire for more information about each product’s sourcing, environmental footprint and ingredients. Likewise, consumers are asking for greater product information to guide their purchasing decisions.

During 2011, we developed various options for responding to these requests while managing confidential business information. We are developing a more formal position that would provide the framework for specific conversations with customers, regulatory agencies, nongovernmental organizations and legislators.

Our Six Sigma Certifications & Training



Our Commitments for 2012 and Beyond

IFF will:

Further advance research on and expand portfolio for sodium, fat, sugar and MSG reduction

Leverage biotech pathways to sustainably and reliably source our raw materials and ingredients

Identify and adopt a framework for green chemistry principles

Train our research and development staff in green chemistry principles

Further incorporate green chemistry principles into product development processes

Identify and plan implementation of waste-reduction technologies for additional high-volume ingredients



Flavors research and
development lab



Our People


Engaging & Inspiring Our Employees

Engaging Employees 36

Empowering People 39


Embedding Sustainable Practices 46





“We believe that all of our people throughout IFF can make a difference, every day, by thinking about how they can do their job more sustainably.”

Angelica Cantlon
Senior Vice President and
Chief Human Resources Officer
Pillar Owner, Our People



Flavors research and
development lab

A chef preparing fresh herbs in the
North American Culinary Center



A Flavors manufacturing facility



Our intent:
Attract and retain the best talent
by creating a culture of sustainability
that maximizes our employees'
engagement

We create a learning organization to ensure that our employees flourish at IFF.

Our employees drive the success of IFF's business. Their *creativity* generates the innovative products that we deliver to our customers. Their *passion* fuels our drive to reach our goals. Their *expertise* enables us to achieve extraordinary levels of performance. IFF can only prosper to the extent to which we attract, develop and retain a talented, diverse workforce and *empower* them to apply their talent and passion.

Broad employee involvement is vital to advancing our sustainability strategy. Individual actions at all levels provide a foundation and inspiration for IFF's success. Our employees will always play the most critical role in implementing our strategy, with many taking on formal roles as members of facility Green Teams, Eco-Efficiency Champions or members of Pillar Teams. Everyone will participate in some way as a culture of sustainability is deeply fostered in our organization.

Under the leadership of Pillar Owner Angelica Cantlon, Senior Vice President, Chief Human Resources Officer, and Pillar Lead Francoise Caraguel, Vice President, Global Learning & Talent Development, we made progress toward the goals outlined in our sustainability strategy—engaging employees, empowering them and embedding a culture of sustainability.

2011 Performance Highlights

Engaging employees

- Developed IFF Employee Value Proposition—what it means to have a career at IFF
- Developed a refreshed Internet and intranet look and feel, launched in early 2012

Empowering people

- Senior management defined new set of Leadership Competencies
- Launched IFF Virtual University as a central hub for learning
- Developed an online performance management and development system
- Rolled out “For the Health of It” wellness program for North American employees
- Introduced Leadership Essentials Acceleration Program (LEAP) for individuals in roles that require informal leadership

Embedding sustainable practices

- Built a robust onboarding program for new employees in North America with a sustainability component
- Developed Green Team strategy to involve and recognize employee involvement
- Developed regional Eco-Efficiency Champion structure and identified champions

Engaging Employees

As part of our CEO's commitment to ensure the competitive advantage of our organization, IFF is focused on redefining an Employee Value Proposition, improving talent acquisition and expanding our learning organization.

Articulating our Employee Value Proposition (EVP)

Why would someone want to work at IFF? In 2011, we gathered input from nearly 500 of our employees across the organization, drawn from various levels, functions and regions as they answered that question. The feedback was remarkably consistent. The qualities that define IFFers, motivate us and set us apart from other companies are: creativity, passion, expertise and empowerment.

It is these qualities that attract new talent, involve current employees in advancing our business and entice people to remain at IFF. These qualities—which resonate so profoundly with our people—are our employee value proposition. In an appealing and accurate way, these four words simply and powerfully explain what people can expect when they join IFF. We plan to infuse and embed our EVP into our messaging internally and externally.

We communicate with our employees regularly through a variety of means including town halls, messages from our leaders and newsletters and our IFFConnect intranet. On a regular basis, we solicit feedback from employees through surveys that allow them to share their suggestions and points of view.

The poster for IFFConnect was created by Joan Yap, a graphic designer in our Singapore office, and features photos of IFFers at work.

IFFConnect

During 2011, we began development of a refreshed employee intranet to promote two-way communication, form internal communities, give voice to every function and site and bind our organization together as never before to support our growth. Our intranet, IFFConnect, serves as a warehouse of knowledge and provides easy access to expertise, no matter where it is located in the organization.

In an effort to further engage our employees and provide a greater sense of ownership, strategic effort was made to regularly inform and include them in the intranet's development during the run-up to its launch. In fact, the name IFFConnect was enthusiastically employee-created and selected. After the initial launch in early 2012, more features will be added to further enhance its effectiveness, leverage social media and deepen its value to employees and to the organization.



The search for talent

In an organization so dependent on creativity, passion, expertise and empowerment, our greatest challenge is to find talented, qualified individuals with specialized skills to contribute to our unique industry. As we grow our presence in emerging markets, we are expanding our footprint in China, Singapore, India and more to come in 2012. Because we strategically locate our facilities near key suppliers, primary markets and major customers, we must find talent in diverse locations. The vast majority of our workforce is made up of local hires. Under our regional recruiting model, senior-level recruiters search markets targeted for expansion and proactively map talent in preparation for hiring the right people. We have relationships with more than 100 universities, including 14 preferred partnerships, and in 2011 made 19 hires from those institutions.

Our robust career website provides vignettes tracing the career paths of actual employees, and our new Career Ladders for key technical and creative positions provide a clear line of sight. These tools show the career advancement possibilities that exist at IFF.

Attracting, developing and retaining employees is a particular challenge in certain developing markets. In these highly competitive labor markets, we have introduced additional programs to locate needed talent, such as an employee referral program in India, which offers cash incentives for referring qualified candidates.

Creativity
Passion
Expertise
Empowerment

Our Employee Value Proposition

Identifies:

the type of employee
we want to attract
and retain

Connects:

our employees to IFF
in a way that makes
them feel needed

Defines:

our employees' purpose
in making the larger
vision happen



Empowering People

IFF places a high priority on empowering our employees to apply their talent and passion. We significantly expanded our professional development programs to provide increased opportunities for professional advancement.

Creating a learning organization

In 2011, we revamped the onboarding program for North American employees. The expanded program fosters our new employees' enthusiasm as many of our senior leaders and managers speak about their business areas. These employees appreciate the access to leadership and the energy this brings to the training. Our speakers display remarkable creativity in developing interactive presentations, which involve activities such as product testing or evaluating fragrances.

The program also introduces participants to our sustainability strategy and invites their involvement through role-playing. In a presentation by our director of global sustainability, IFF's newest employees form mock Green Teams and are assigned projects such as developing a new logo or creating a facility greening plan. This process generates fresh ideas that are then shared as appropriate with plant managers.

A competency-based approach

IFF is transitioning to a competency-based approach to leadership that will let us better identify and develop our next generation of leaders. Leadership Competencies are those skills and behaviors that contribute to superior performance. During 2011, we defined the leadership competencies that are distinctive to our organization and that help to create competitive advantage. These Leadership

Competencies will serve as the foundation for leadership training and performance assessment instruments and all structured learning programs.

In a related effort, we are creating competency-based Career Ladders for various specialized career paths unique to our industry. Providing a visible path for career progression and articulating skills required for advancement will help attract, develop and retain the individuals needed to fill these critical positions.

Developing tomorrow's leaders

Our empowered, diverse work environment fosters employee growth and the long-term success of our business. At IFF we strongly 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.

Formal training is one of the platforms to prepare our employees for leadership roles. Each year, managers nominate promising individuals to participate in our Organizational Leadership Program and People Leadership Program. During 2011, IFF added a third leadership development program. Known as LEAP, Leadership Essentials Acceleration Program, this two-day course helps jump-start our new managers.

IFF's proprietary, world-class Perfumery School trains and develops tomorrow's perfumers and

fragrance development managers. This highly selective program based in New York teaches the IFF School of Creation to our next generation of artists from all our global regions.

Our Fragrances Business Unit piloted a three-day Business Core Competencies workshop in the United States for Fragrances sales, marketing and creative personnel. Employees from all our regions participated in this unique interactive workshop that focuses on IFF's core strengths. The program is a deep immersion in IFF culture and taps into our history and heritage while challenging participants to collaborate to create our future. The net result: employees are better equipped to effectively differentiate IFF in the marketplace and communicate how our innovative products provide relevant customer benefits. Following this successful pilot, the training will roll out to Fragrances employees in our other regions.

“Our employees at all levels have access to an array of leadership development courses. The door of opportunity is open wide for motivated individuals.”

Drew Von Tish
Manager, Training & Development

Through collaboration and relationships with their fellow team members, our employees can mentor and be mentored. Cross-fertilization is an IFF tradition that enriches us.



A Fragrances research and development lab



IFF Virtual University

Learning at IFF took a major step forward during 2011 with the launch of IFF Virtual University, our first online learning system. This Virtual University offers more than 1,800 courses, including both course packages tailored for particular employee groups as well as courses developed exclusively for our organization. We also increased the IFF customized learning content to support the achievement of our critical organizational and functional development goals. Employees responded enthusiastically, and by year end all employees were registered users on the site, with more than 1,300 active users completing courses.

Building on this momentum, we are implementing a development model that supplements self-paced job skills training with collaborative learning and formal training. Throughout 2012, we will build out

a fully integrated platform, adding features that encourage collaborative, social learning. As IFF builds out the content of this learning center, courses related to sustainability strategy and practices will be incorporated.

An empowered culture

Another unique mode of career development arises from the IFF culture itself. In addition to encouraging innovation and empowerment among our employees, we rely heavily on cross-functional, cross-regional project teams. Serving on these teams opens up exciting possibilities for personal and professional development. Employees learn about other markets, gain a new view of the organization, network with colleagues around the world and create a wider peer group. On any given day our people are connecting with colleagues

“IFF’s courses build on our key skills by encouraging our employees to explore a different way of thinking.... One great quote that I took away from the programs was ‘IFF doesn’t create managers, we create leaders.’”

Sandra Grogan
Creation & Application Manager,
Oceania, graduate of IFF’s PLP and
OLP programs

of dozens of nationalities in our four regions. Through relationships with their fellow team members, our employees can mentor and be mentored. Cross-fertilization is an IFF tradition that enriches us all.

IFF Employee Learning Programs

COURSE OFFERING	ELIGIBLE PARTICIPANTS	NUMBER OF PARTICIPANTS
EXPANDED. IFF offers a variety of self-directed learning options including webinars, recorded training and self-paced e-learning. The content is tailored for particular employee groups and covers topics such as leadership, communication and personal development.	All IFF employees	More than 3,000
NEW. IFF expanded its full-day employee onboarding program in North America. It now offers access to senior leaders, covers all specialized and functional areas, and includes an interactive sustainability module. Piloted in August 2010, the program grew in 2011 to include 90 percent of all new hires in North America. It will be rolled out to all IFF regions in 2012.	All new IFF employees	More than 85 in North America in 2011
NEW. IFF’s two-day Leadership Essentials Acceleration Program (LEAP) covers leadership fundamentals including emotional intelligence, communicating effectively, building influencing skills and making effective decisions.	Individuals in roles that require informal leadership	More than 60 in the initial roll-out
The three-and-a-half-day People Leader Program (PLP) emphasizes training on communication skills, building trust, motivating others, managing performance and leading and driving change	Supervisors and frontline leaders	More than 600 since its inception in 2005
The three-and-a-half-day Organizational Leader Program (OLP) addresses leadership competencies including developing organizational talent, coaching others, influencing people, delegating and managing conflict.	Mid- to senior-level managers	More than 270 since its inception in 2006
A weeklong quality-improvement initiative presents Six Sigma principles.	Supervisors, managers, directors and vice presidents	Almost 300 globally since its inception

V. SRINIVASAN

Finding New Flavors in Jakarta



Indonesia has been making the world a more flavorful place for centuries.

When exports of nutmeg, clove, cardamom and cinnamon first arrived in European ports from the Spice Islands—part of what today is Indonesia—those flavors revolutionized national cuisines and built giant fortunes. Indonesia continues to inspire palates to this day. To IFF flavor chemist V. Srinivasan, or Sрни, the country is a “flavorist’s paradise.”

Sрни relocated to Jakarta from IFF’s operation in Chennai, capital of Tamil Nadu State in southern India, in 2011, with his wife and daughter. He had realized the importance of the Indonesian market at the 2010 IFF Regional Flavorist Meeting in Shanghai. “I decided to try my luck relocating if an opportunity came my way,” he says. Opportunity knocked only a few months later with an offer for a short-term assignment to Jakarta. Sрни hesitated. “It would easily take two to three months to understand the Indonesian market and our

customers,” he explains. “I asked for a minimum of a two to three years’ stay.”

With a focus on Sweets and Beverages, his job in Jakarta requires much the same effort and creativity as in India, but he finds the demands of the Indonesian customer to be quite a change from those in India. “Flavor creation in Sweets, which includes Confectionary and Bakery, is not that different than in India,” he says. “But the legal and cultural requirements are quite different. It took some time to adjust and be familiar with Indonesian requirements. For instance, all flavors must be halal approved. In Beverage, Indonesia is almost entirely nonalcoholic—carbonated soft drinks, juices, dairy, coffee and tea—and the flavor creation is entirely different from India.”

After graduate school, Sрни, a chemist by training, took a product development post with an Indian extraction and distillation

company that supplied fragrances and flavor companies, including IFF. “I interacted with many perfumers and flavorists in that job. Their work seemed challenging, imaginative and creative. I knew I wanted to join the flavor industry,” he recalls.

In 2008 he joined IFF, where he practices what he calls the “scientific art” of flavor creation. “Flavorists need strong technical skills on the source, usage and regulation of flavor chemicals; to know what changes and interactions to expect in taste components during processing; familiarity with in-house technologies and patented chemicals; and an ability to relate flavor lexicons with chemicals.

“But you must also have many basic skills like motivation, curiosity, a great palate, patience, good teamwork and an ability to relate customer feedback into the creative process,” he says.



Performance and development management

As part of a multiyear drive to improve the performance and development management process, we introduced an online performance and development management system in 2011. This new system was rolled out to more than 3,000 employees along with training on setting effective objectives. This investment in infrastructure follows extensive live training seminars conducted throughout 2011. These seminars were recorded and are now available as webinars through our IFF Virtual University. By the end of 2012, users will have completed a full cycle of using the new system to set performance objectives, conduct both mid-year and annual reviews and also set and assess development objectives.

Employee health and wellness

Employees at IFF enjoy a comprehensive package of employee benefits, with some locations offering additional options relevant to their market conditions and local practices. In North America, for example, we introduced “For the Health of It,” an employee wellness program. Designed to promote and reward preventative care and healthy lifestyle practices, the program will also help reduce health costs for both our employees and the company. The program, which includes targeted behavior programs, health challenges and online health webinars, promotes preventive care. We encourage physical fitness throughout the IFF world in a variety of ways. For example, in The Netherlands and Brazil we have weekly yoga and running classes.



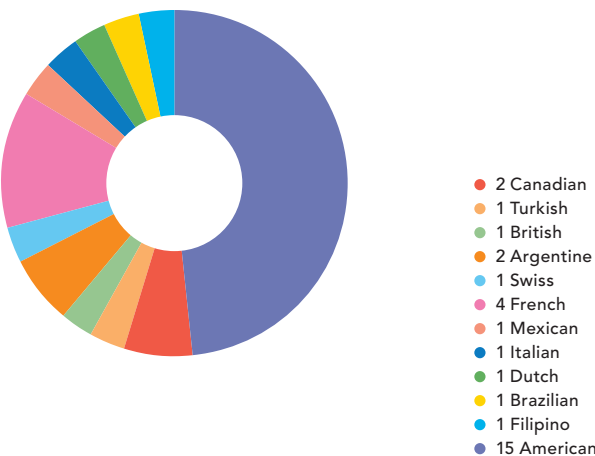
Embracing diversity

IFF’s culture is a rich tapestry of people of more than 80 nationalities from more than 32 countries. Our employees represent a remarkably broad assortment of cultures, races and ethnic backgrounds. The truly international scope of our employees mirrors the reality of our business; even though we are a New York-based company, more than 75 percent of our sales come from outside the U.S. This varied employee base provides a key strategic advantage as our people offer unique insights into the various markets we serve. More than half of our senior executives are non-Americans, which ensures that a full range of perspectives is brought to bear on critical business decisions at the highest levels.

During 2011, women held more than 100 operational and commercial positions, from supervisor to director, representing 18 percent of our workforce at these levels.

IFF is committed to equal employment opportunity, and we strive to hire and promote employees based on merit, without regard to race, color, creed, religion, national origin, ancestry, age, marital status, gender, sexual orientation, disability or military status. We are also committed to providing a work environment that is free from any form of harassment. We have clear anti-discrimination and anti-harassment policies. IFF’s U.S. operations have made steady progress in developing a more diverse workforce, and we will continue to advance our progress in this area.

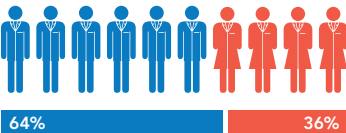
Global Executive Cultural Diversity



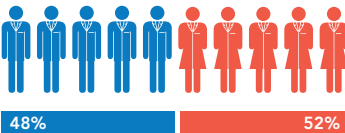
Global Gender Diversity

Data as of December 31, 2011

Board of Directors



Specialists



Executives



Hourly Employees



Mid- to Director-Level Managers



Overall



“Our people perform better when their goals and development plan align with IFF’s business strategy. Our company performs better, too.”

Francoise Caraguel
Vice President, Global Learning & Talent Development
Pillar Lead, Our People



Embedding Sustainable Practices

Our people possess a profound sense of responsibility for our planet and act on that concern in remarkable ways. Their passion took a leap forward last year, fueled by our first external sustainability report and the articulation of our four pillars.

Encouraging employees

Nowhere is our spirit of empowerment more apparent at IFF than in the area of sustainability. Employee support is essential for the success of our sustainability strategy. We welcome the many efforts of our employees and want to encourage them to greater levels of commitment.

To convey the value we place on employee involvement, our CEO Doug Tough hosted a global town hall upon the release of our inaugural external sustainability report. He reaffirmed IFF's commitment to acting responsibly toward our customers, employees, investors, suppliers, communities and the environment. We were gratified by the results of a follow-up employee survey in which more than 75 percent of respondents expressed the desire to take personal action to support our sustainability initiative. Several initiatives are under way to capture that readiness to act. For example, we have established Green Teams in various locations throughout IFF.

Sustainability training

We are moving to channel that passion through formal education on sustainability principles and practices. Our restructured North America employee onboarding program described earlier in this report includes a sustainability module that outlines our sustainability strategy, its business drivers and the value it adds to our organization. The training concludes with a call to action, encouraging our newest employees to get involved at their locations. During 2012 we plan to develop an online sustainability training course for current employees. This course will be available to all employees and offer guidance on steps for personal action.

Functional areas are adding training relevant to their needs, including a green chemistry curriculum for our R&D employees and responsible raw-material awareness briefing sessions for our procurement group.

During 2012, more than a dozen key IFF people globally will be trained in the SEDEX supplier management system to build our capacity to monitor our supply chain data via this international collaborative data sharing platform.

And in 2012 we will develop a Green Team structure and pilot four teams, one in each region and at each of our three major types of facilities: Flavors, Fragrances and Fragrance Ingredients.

Our Commitments for 2012 and Beyond

IFF will:

Communicate our new Employee Value Proposition

Continue to partner with universities globally

Roll out intranet enhancements including a significant section devoted to sustainability

Complete implementation of an online performance and development management and training system

Transition employee training to social learning

Launch further specialized Career Ladders

Continue to build leadership within the company by launching a new Mastering Business Agility program in conjunction with INSEAD Business School

Continue onboarding training in sustainability

Roll out functional sustainability training

Harvesting orange
flower in Tunisia





Our Sources


Sourcing Responsibly

Engaging with Suppliers 52

Improving Supply Chain Resiliency 56

Partnering with Communities 58






Harvesting
flower in T

“Through strategic sourcing,
IFF partners with vendors
around the world to provide the
responsibly sourced products
our customers are demanding.”

Francisco Fortanet
Senior Vice President, Operations
Pillar Owner, Our Sources

Raw materials storage at a Fragrances manufacturing facility





Our intent:
We seek to source our materials
in a manner that is socially and
environmentally sustainable

IFF recycles waste from the paper-making process as a component of our ISO E Super molecule, which is one of the most important molecules in perfumery.

We are cultivating a supply chain that delivers ethical, sustainable products.

IFF operates according to high levels of integrity in all aspects of our business, and we expect our suppliers to do the same. We share our social and environmental expectations, and those of our customers, with our vendors with the understanding that they will align their business practices to assure sustainability and provide transparency.

In a world of risk and uncertainty, IFF works to ensure the viability of the sources of the many raw materials on which we depend. This challenges us to overcome a host of difficulties, but presents opportunities for innovation.

We recognize our ability and responsibility to effect social change through our purchasing practices. In the interest of social equity and business success, IFF develops strategic relationships with our vendors and seeks to partner with communities to address the economic, social and environmental issues they face. IFF is led in this effort by Pillar Owner Francisco Fortanet, Senior Vice President, Operations, and Pillar Lead Carmelo Pennestri, Vice President of Global Procurement.

As we pursue these objectives, the positive impact of IFF's purchasing power is felt in villages and fields across the globe. In doing so, we continue to secure the trust of the customers and consumers who expect us to deliver ethical, sustainable products.

2011 Performance Highlights

Engaging with suppliers

- Suppliers representing 90 percent of IFF spending have been requested to register with SEDEX—to date more than 20 of our largest vendors have been registered with SEDEX
- Enhanced our rigorous audit program to include key dimensions related to sustainable sourcing

Improving supply chain resiliency

- Outlined global sourcing strategy that identifies and addresses sustainability and other potential risks to supply chain

Partnering with communities

- Entered long-term relationship with geranium oil supplier to improve distillation practices and yields
- Harvested first production of organic black currant buds grown by farmers under a contract signed in 2003
- Laid the groundwork for enhanced long-term relationships for vanilla and other natural products

Engaging with Suppliers

We are committed to conducting business in a sustainable and lawful manner that respects the human rights of workers and the health of the environment. IFF seeks to work with vendors who share and support these values.



Rose suppliers in Turkey

Our expectations for vendors

By asking vendors to meet our standards, we ensure the integrity of the supply chain and deliver products that our customers and consumers can trust. Responsibility for monitoring vendor compliance and quality lies within IFF's Global Quality organization, while procurement is handled by the Global Procurement function.

IFF's principles are set out in our Code of Business Conduct and Ethics and our Vendor Code of Conduct. The Vendor Code of Conduct includes our expectations for labor standards, health

and safety, the environment and business practices. We update our Vendor Code of Conduct regularly and provide it to all vendors on an ongoing basis with the expectation that they will fully comply with the standards outlined in it. It is a fundamental IFF principle that all of our vendors must also fully comply with all applicable national and local laws and regulations and treat their workers with respect. In addition, we expect vendors to provide a safe and healthy environment for workers. IFF has a series of programs to verify supplier compliance and to work with vendors to bring their practices into alignment with our expectations.

Ensuring compliance

IFF conducts on-site audits of its vendors worldwide to review compliance with our policies. Each year, we conduct audits of about 80 to 100 of our 2,200 vendors. During these audits, we determine compliance with IFF policies and evaluate vendors' compliance programs. Beginning in 2012, IFF audits will specifically include questions relating to SEDEX (Supplier Ethical Data Exchange) membership. Further, while conducting these audits, we will determine whether a vendor is certified with ISO 9000 and ISO 14001.

To encourage environmental sustainability, IFF also asks vendors to report on their performance in this area. We encourage them to reduce their carbon emissions, water consumption and energy use, and to increase process efficiencies.

Advancing through SEDEX

IFF’s Global Procurement group has developed a long-range plan to improve vendors’ social responsibility performance through the use of SEDEX. A membership organization for companies committed to advancing ethical performance within their supply chains, SEDEX offers powerful, convenient online data-sharing tools for vendor management.

We value the transparency and access to information provided through SEDEX and have incorporated it into our plan for managing the ethical and responsible practices of our vendors.

First, our target is to have vendors representing about 90 percent of our spending on raw materials registered with SEDEX. That will give us access to information in four critical areas of vendors’ social performance: labor standards, health and safety, the environment and business practices.

As a second step, we expect those vendors to complete the SEDEX Self-Assessment Questionnaire Risk Assessment Tool (SAQRAT). Updated by SEDEX in late 2011, the new SAQRAT will allow us to customize our analyses of vendor data and conduct more robust risk assessments.

We will also require these vendors to undergo a third-party audit, which will be reviewed by our quality team. This initiative is on track to deliver the intended results. Using this information will help us to identify and address risks in our supply chain in the years to come.

We fully embrace the values promulgated by SEDEX and have been a member since 2009. All IFF manufacturing sites are registered with SEDEX.



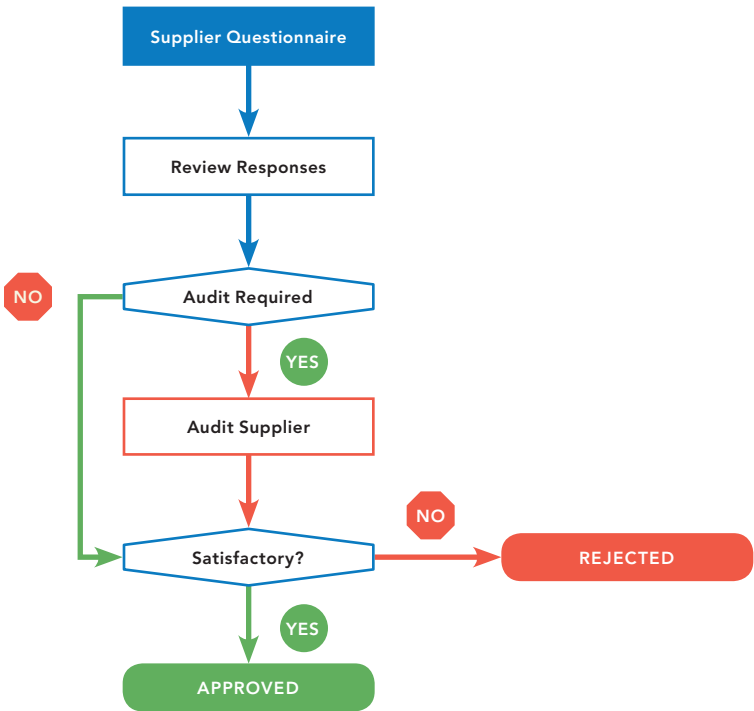
IFF’s Supplier Approval Process

Self-Assessed

Satisfactory Responses?
Third-Party Certification?
High-Risk Materials?

Verify Questionnaire
Responses
Additional Questions

Any Significant Issues?
Corrective Actions
Needed?



A Sustainable Business, from the Ground Up

IFF-LMR Naturals helps lead our sustainable innovation.

Amid the rolling, sun-drenched hills of Southern France, IFF-LMR Naturals™ (LMR) occupies but a few buildings in the city of Grasse and outlying fields in the surrounding hills—a relatively small footprint in physical terms. But the impact of this forward-thinking enterprise reverberates far beyond the fields of orris root, blackcurrant bud and organic roses. LMR's research on sustainable agricultural practices and efficient processing techniques and creation of high-end natural ingredients are changing the way that many in the flavors and fragrances ingredients industry think about sustainability.

LMR was founded in 1983 and was acquired by IFF in 2000. LMR was begun by Monique Rémy, a technical director and industry visionary committed to

purity, sustainability and transparency. LMR produces a limited supply of pure essences for perfumes and excels in cutting-edge research in organic agricultural techniques, extraction processes and even development of innovative harvesting equipment.

Learning from a life cycle assessment

Recently, LMR completed a comprehensive life cycle assessment (LCA) of rose extract to develop a model that can be applied to other products. Conducting the analysis enabled LMR to fully understand all the major environmental and social impacts of the product, from cultivation through processing to end use.

“The life cycle assessment initiative shows LMR's commitment to evaluate present conditions to create a better future,” states Bernard Toulemonde, LMR General Manager.

With this completed, LMR now has a model for measuring each product's total environmental performance and a standard for consistently communicating that performance, as well as working

on optimizing the environmental impact of each ingredient. Bernard predicts that LMR can use the model to provide ingredients data to customers who are increasingly asking for this type of information.

Rose Water Essential™: A sustainable breakthrough

In a recent breakthrough, LMR introduced Rose Water Essential™, a FiFi® Technology Award finalist, an ultra-concentrated alternative to traditional rose water. Created through a multistep process, Rose Water Essential retains its natural original proportions but in a concentrated form, without water, that offers numerous sustainability benefits over traditional rose water products. Rose Water Essential is more stable, more eco-efficient and less expensive because it contains all of the elements of rose water, except water. Due to its compact formula, it is also more energy-efficient to transport and requires less storage space. And because it does not require



=



Traditional Rose Water

3 metric tons

=

LMR Rose Water Essential™

1 kg

refrigeration, both IFF and its customers realize additional energy savings and reductions in greenhouse gas emissions.

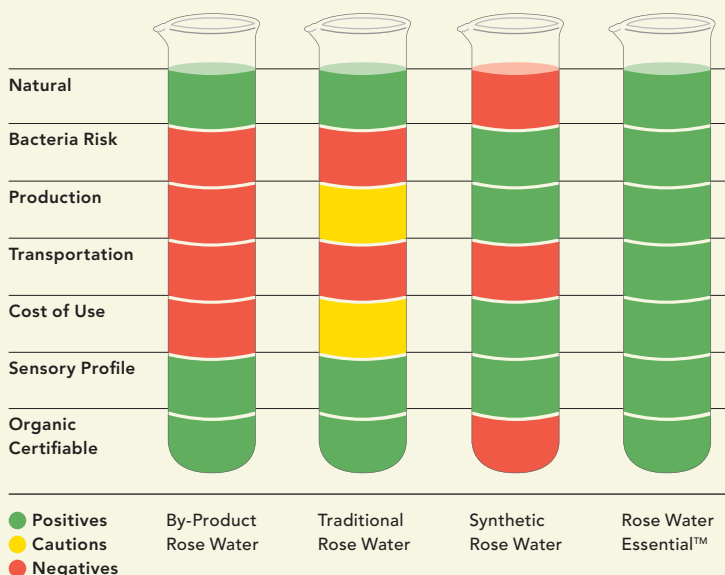
Sustainable in every respect

LMR is a truly sustainable business in every respect, having calculated its carbon footprint for its Grasse and Lozère plants annually since 2008. Energy-savings programs are ongoing, and LMR achieved a remarkable 97.3 percent non-hazardous solid waste recycling rate at its Grasse facility in 2011. LMR has certifications in leading international environmental and sustainability frameworks, including ISO 14001, ECOCERT and SEDEX.

LMR pursues social sustainability through long-term relationships with its growers as it explores the most effective agricultural techniques, including organic cultivation. For instance, during 2011, LMR harvested its first production of organic black-currant buds grown by farmers under a contract first signed in 2003 and renewed in 2010. Under these fair-trade contractual agreements, LMR commits to guarantee 17 growers in France a fair base payment each year, even for minimal harvests.

“We produce orris rhizomes (iris root), which require very long-term investments, since they need to spend a lot of time underground before they can be harvested,” says André Doudon, president of Copamivar, one of the farmers LMR works with. “We’re both supported by and equal partners with LMR. It’s quite unique for us to be involved upstream to the end product. When we see an opportunity to

Rose Water Essential: A Greener Alternative



make our orris rhizomes better, we propose it to LMR, who usually supports our initiatives. This is a win-win relationship.”

Sustainability extends to the way LMR treats its suppliers and employees—with honesty and respect. Supplier contracts always ensure a fair return for growers, and employees are supported as they advance their job-related skills. LMR is currently sponsoring employees pursuing PhD and master’s degrees as well as undergraduate coursework. During 2011, 78 percent of staff members participated in professional training programs.

Information and inspiration for the future

LMR’s principles exert a profound impact on all who learn of its activities. For employees elsewhere in IFF, LMR’s vision-

ary research and commitment to sustainability are points of corporate pride. Externally, LMR is a source of information and inspiration as it moves the flavors and fragrances ingredients industry toward a more sustainable future.

“LMR Naturals is the only natural flavors and fragrances ingredients company to cover such a large scope of activities, from vegetal selection and agricultural techniques to harvesting, mechanization and development of extraction processes.”

Bernard Toulemonde, PhD
General Manager, IFF-LMR Naturals



Improving Supply Chain Resiliency

Our success begins with a dependable, responsible and sustainable supply of raw materials required to produce the flavors and fragrances on which our customers rely. It is essential to maintain a resilient supply chain that responds to market fluctuations.

Assessing risks and opportunities

During 2011, we updated our global sourcing strategy by identifying the technological, economic, political, regulatory and social trends with the most potential to disrupt the stability of our supply chain. These include increasing regulatory and environmental requirements; demands from government agencies and NGOs; population growth and urbanization in developing countries; and growing consumer demand.

In particular, the strategy accounts for a range of sustainability-related trends that could affect IFF's supply chain, including:

- Increased consumer preference for green, renewable and natural products
- Ongoing debate about synthetic versus natural ingredients
- Customer and consumer demand for products with health and wellness benefits
- Depletion of natural resources and increased prices due to climate change, pressure to reduce waste, water use and energy consumption
- Market response to sustainability regulatory impact on product cost

IFF is preparing to deal with these impacts with continued investment in new technologies for processing and research and development, expanding vendor relationships and leveraging innovation capacity across our supply base, among other measures.

Sourcing materials sustainably

To ensure continued availability of the wide range of flavors and fragrances that our customers require, we source both natural and synthetic raw materials. As consumer demand for natural ingredients has increased, we have made a concerted effort to provide a larger number of natural ingredients and secure their availability through socially and environmentally responsible initiatives. By protecting the environment, safeguarding biodiversity and adopting

IFF sources more than 9,000 raw materials (synthetic and natural) from 2,200 vendors located in 87 countries.

responsible processing methods, IFF secures access to essential raw materials for our needs today and well into the future.

When sourcing synthetic materials, we find ways to carefully steward the world's resources. In some instances, synthetic ingredients are actually more sustainable than natural ingredients, such as when they are derived from manufacturing by-products or protect limited supplies of natural ingredients. Here are a few examples of our stewardship in action.

Terpene—Finding value in wood pulp waste

Many of today's ingredients come from derivatives of waste products of the wood pulp produced by the paper industry. For more than two decades, IFF has turned this waste product into synthetic fragrance ingredients. One example is the molecule known as ISO E Super, which is widely used in fine fragrances as well as those for personal care and household products. This molecule, one of the most important molecules in perfumery, was created and patented by IFF in 1975.

Clove oil—Ethically sourced, efficiently processed

Using a new processing technique developed by IFF, our clove oil supplier in Madagascar has totally eliminated the use of fresh water in the clove oil extraction process. Since the technique was introduced in March 2011, we have reduced freshwater use related to this process by 36 metric tons and waste water by 40 metric tons. We expect comparable savings to continue



Harvesting vetiver grass

during 2012 based on projected similar production volume. Eugenol, a key spicy-scented essential oil used in perfumes and flavorings, is obtained from clove oil.

Palm oil—Embracing global standards

Responsible sourcing of palm oil continues to be a concern among our customers and consumers in light of environmental destruction in tropical rain forests caused by some methods of palm oil production. Certain agricultural practices result in substantial and often irreversible damage to the natural environment, including deforestation, habitat loss for critically endangered species and a significant increase in greenhouse gas emissions. We use relatively little palm oil in our products, and we ensure that all the palm oil we use comes from ethical vendors who follow guidelines established by the Roundtable on Sustainable Palm Oil (RSPO). To further our stand on this issue, we have committed to joining the RSPO during

2012. We continue to work with our palm oil vendors to find ways to better meet customers' requests and deliver a more sustainable end product.

Vetiver root oil—Protecting biodiversity

Haiti is one of the largest producers of vetiver oil, an earthy fragrance ingredient that is very popular and very widely used. Vetiver oil is obtained from the roots of a grass that is also useful for soil stabilization and erosion control. Through our board-level membership in the Natural Resources Stewardship Circle (NRSC) network of raw material users, IFF is working to preserve the biodiversity of the vetiver supply chain and to develop cooperative, sustainable fair-trade projects with the local communities and farmers who grow this crop. As one of its first projects, the NRSC is conducting an experimental program in collaboration with distillers and local stakeholders in Haiti, to protect the environment during vetiver

cultivation and ensure the traceability of the vetiver supply chain. The NRSC is guided in its work by the principles of the United Nations Convention on Biological Diversity, the Declaration on the Rights of Indigenous Peoples, the UN Global Compact and the International Labor Organization.



Partnering with Communities

By paying fair wages and addressing community needs, IFF encourages the continued cultivation of essential raw materials.

During 2011, IFF entered into two new relationships with vendors who provide exceptional quality raw materials while improving the quality of life for the workers and communities that produce these crops. Each of these relationships is structured to ensure that we address the economic, social and environmental issues that foster sustainability.

Geranium oil—Improving local practices

IFF has expanded its 10-year relationship with a leading Egyptian vendor through a trial project to eliminate dramatic price fluctuations of geranium oil by controlling the supply chain from seed to final product. Partnering with IFF-LMR Naturals' R&D team based in France, our procurement team is working closely with this vendor to introduce improved distillation

practices to increase yields. The first growing phase concluded successfully in 2011 and will be expanded during 2012. We expect to realize our first production from these fields during 2012 and in the long term will have secure access to an organic product at a stable, sustainable price.

Vanilla—Fair wages for a fine product

Given the extraordinary demand for this ingredient used in both flavors and fragrances, IFF places a priority on ensuring a reliable, ethical supply that we obtain through a vendor who shares our commitment to social and environmental responsibility. Since 2007, IFF has partnered with a fair trade—certified vanilla distributor that provides us with direct sourcing and long-term relationships with growers. In addition to paying fair

wages to farmers in Madagascar, our vendor helps finance children's medical centers, education programs and school meals. During 2011, IFF worked to improve our vanilla supply chain. We will continue our efforts into 2012 to offer vanilla that is of higher quality and greater traceability, and is more economically profitable to the local farmers in Madagascar.



“IFF seeks to work with vendors who share our values and our commitment to social and environmental responsibility, we see them as an extension of our value chain and we expect their full compliance with our principles and ethics.”

Carmelo Pennestri
Vice President,
Global Procurement
Pillar Lead, Our Sources

Our Commitments for 2012 and Beyond

IFF will:

Require major vendors to register with SEDEX

Assess those vendors through the SEDEX SAQRAT and verify conformance through third-party auditing

Train key personnel globally in use of SEDEX

Distribute updated Vendor Code of Conduct to our 2,200 vendors

Become a member of the Roundtable on Sustainable Palm Oil

Partner with the Natural Resources Stewardship Circle

Assess our raw materials to better address related economic, social and environmental issues

Identify methods for improving performance and yields of targeted crops

Secure an enhanced long-term vendor relationship to procure vanilla and other natural ingredients in an environmentally and socially responsible manner

Formalize sustainability goals for LMR Naturals



High-efficiency water chillers
at a manufacturing facility




Our Impact

Strengthening Eco-Efficiency & Community Relationships

Improving Eco-Efficiency 64

Strengthening Employee Health and Safety 74

Enhance Relationships with Communities 77



Some of our facilities
purchase electricity from
renewable wind and
hydro power generation



“At every IFF location, we’re finding cleaner, more efficient solutions that are reducing our environmental footprint. From these beginnings, we expect our results to grow and yield an even greater impact.”

Francisco Fortanet
Senior Vice President, Operations
Pillar Owner, Our Impact



High-efficiency water chillers
at a manufacturing facility



Some of our facilities
purchase electricity from
renewable wind and
hydro power generation

Wastewater treatment at a
Fragrances manufacturing facility



Our intent:
Leverage innovation to continually
improve the environmental
efficiency and social responsibility
of our facilities

A deepening sense of stewardship is yielding a productive return.

What does it mean to be a good neighbor? What does it mean to be a good citizen?

With 5,600 employees who live and work in more than 30 countries on six continents, IFF is a neighbor to many. We share a world of diminishing resources where population is expected to reach 9 billion by 2050.

We have accelerated our efforts to conserve resources and minimize our waste. This is good for the environment and good for business. It reduces costs and drives innovation. It secures our license to operate. And it meets our customers' and suppliers' increasingly rigorous and comprehensive sustainability expectations.

We respect our employees and are committed to protecting their health and safety. IFF depends on them to drive our environmental efforts. We have always granted our people the platform to express themselves and initiate change. Now we are empowering them to channel their passion in new ways and foster greater change.

IFF also encourages our employees as they reach out to meet needs in their communities.

2011 Performance Highlights

Our eco-efficiency

- Advanced our comprehensive environmental data collection and management system
- Met and exceeded our 2007 goal to reduce water usage by 10 percent—we achieved a 27 percent reduction
- Met and exceeded our 2007 goal to reduce hazardous waste by 10 percent—we achieved a 23 percent reduction
- Met and exceeded our 2007 goal to reduce oil and natural gas use by 5 percent—we achieved a 10.7 percent reduction
- Established regional Eco-Efficiency Champions and a Green Team structure
- Increased number of ISO 14001–certified facilities
- Increased SEDEX participation to 100 percent of our facilities

Our employee health and safety programs

- Introduced a pilot behavior-based safety program to improve safety performance at facilities in Asia
- Achieved zero lost-time accidents at more than 70 percent of locations

Relationships within our communities

- IFF locations in all regions conducted programs to support their communities
- Donated 800 computers and 200 printers to schools in Senegal since 2007
- Promoted careers in science through participation in the World Science Festival, American Chemical Society's National Chemistry Week and Take Your Child to Work Day

Improving Eco-Efficiency

IFF operates in a world of threatened natural resources and growing regulations. To assure our continued business success and the viability of the communities we serve, we are compelled to operate with greater efficiency and accountability.

During 2011, IFF dramatically expanded our capacity for transformational change throughout our organization and operations. Determined to accelerate the change and more deeply embed sustainability across our enterprise, we have multiplied the number of people with direct responsibility for sustainability performance, established clear processes to guide them and equipped them with powerful new tools. We are already seeing returns from these actions, and we expect to realize far greater rewards in the years to come.

Building out our sustainability team

Led by Pillar Owner Francisco Fortanet and Pillar Lead Mike O'Neal, the Eco-Efficiency and Community Relationships Pillar Team bears responsibility for achieving the goals in this area. To drive progress toward pillar goals, we have developed a structure comprising regional Eco-Efficiency Champions and facility-based employee Green Teams.

We have appointed five Eco-Efficiency Champions who are aligned with our four global regions: Paulo Torres and Andre Alcantara, Latin America; Roger Chubin, North America; Ger Maasen, Europe, Africa and Middle East; and Edwin Cheng, Asia. These Eco-Efficiency Champions partner with Kip Cleverley, our Director of Global Sustainability, and are accountable to the Eco-Efficiency Pillar Team.

Eco-Efficiency Champions

are responsible for managing sustainability data and projects. They involve plant management by communicating global goals and requesting performance target input. They provide a vital communication link among local sites as part of the Pillar Team. By sharing best practices with their peers, they will accelerate innovation diffusion across our enterprise. These champions will also tap the extensive grassroots enthusiasm in each facility and encourage employees to help achieve our targets.

Employee Green Teams will provide the "feet on the ground" to implement IFF goals at the most tactical level. These facility-based teams will include representatives from various functional areas. During 2012, we will establish four pilot Green Teams, situating one in each of our four regions and at each type of facility: Flavors, Fragrances and Fragrance Ingredients.

Robust environmental management reporting systems

In 2011, IFF advanced a new global Web-based environmental data collection and reporting system to improve the accuracy and availability of environmental performance data. We are using this new system to monitor energy, waste, water and carbon emissions, which are tracked using a carbon accounting tool based on the Greenhouse Gas Protocol.

In light of this new data collection methodology, IFF will use 2010 data as its benchmark going forward. Local and regional Employee Health and Safety (EHS) managers have been trained in this system during 2010 and 2011. During 2012, we will provide system training to Eco-Efficiency Champions, plant contacts and plant managers.

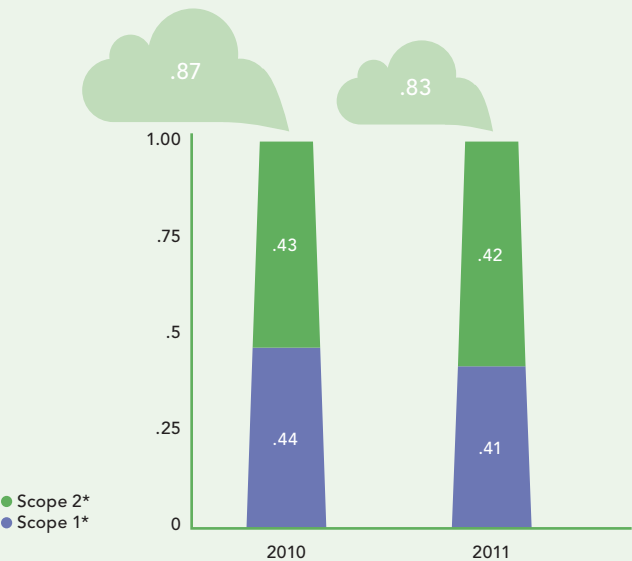
Improving our performance

We continue our efforts to improve our performance on key metrics. In this section, we provide an update on our progress toward five-year environmental targets set in 2008. During 2012, the Sustainability Business Council will evaluate the possibility of establishing more ambitious long-range goals on a wider range of performance metrics. See pages 10–11 for more details.

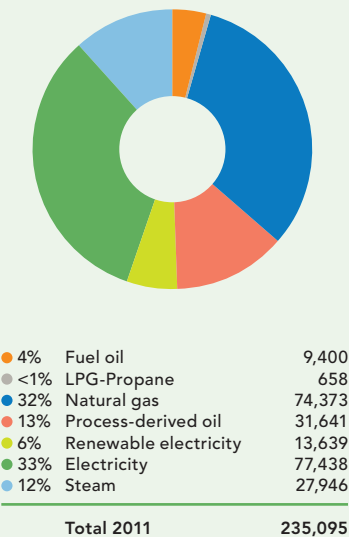
Carbon Emissions

We reduced our Scope 1 and Scope 2 emissions by 3% during 2011

Scope 1 & 2 CO₂ Emissions
metric tons per metric ton of production



Total CO₂ Emissions
Scope 1 and 2 in metric tons



The impacts of climate change are reverberating throughout the communities in which we live and work, and the regions from which IFF sources the many natural products on which its business depends. Climate change has the potential to present numerous physical and market-related risks to our business. Changes in climate can impact the growing cycle and availability of the agricultural products we require. IFF recognizes both our responsibility and the business imperative to address this global challenge. We are committed to effective, ongoing action to measure, manage and report on our carbon emissions. Reduction of energy use and all forms of carbon emissions are integral components of IFF’s sustainability strategy.

For the past three years, IFF has

reported our carbon emissions under the Carbon Disclosure Project. This exercise generated valuable feedback as it provides a framework for measuring and evaluating our carbon footprint. With a new data collection and reporting system in place, IFF has a powerful tool to help improve performance on this key industry benchmark. We are pleased to report that Scope 1 emissions decreased by 5 percent during 2011, due primarily to fuel efficiency initiatives as well as conversion to cleaner fuels. Our Scope 2 emissions decreased by 1.1 percent as the result of energy efficiency projects. Overall, we reduced our Scope 1 and Scope 2 emissions by 3 percent in 2011.

CARBON DISCLOSURE PROJECT

“At each IFF facility, environmental and safety performance are just as important as economic stewardship. We need this balance to ensure a sustainable future for our customers, employees, shareholders and the communities where we operate.”

Mike O’Neal, P.E.
Vice President, Global Engineering & Safety
Pillar Lead, Our Impact

* values in charts rounded for clarity

Energy

We reduced fuel oil & natural gas use by 10.7% since 2007, exceeding our goal of 5%

IFF operations use energy for heating and cooling buildings, lighting, refrigeration, generating hot water and steam, process operations and cleaning. Energy reduction is a key element of our eco-efficiency strategy because it strengthens our bottom line by reducing costs and helps drive down carbon emissions.

IFF reduced electricity use by 1.5 percent during 2011. Due to changes in our product mix, we have seen an overall increase in electricity use of 13 percent since 2007. We will continue to focus on and drive progress in this area as we look for energy efficiency projects to reduce this portion of our energy usage.

We reduced our use of fuel oil and natural gas per ton of production by 2.7 percent from 2010 to 2011, and saw an overall total

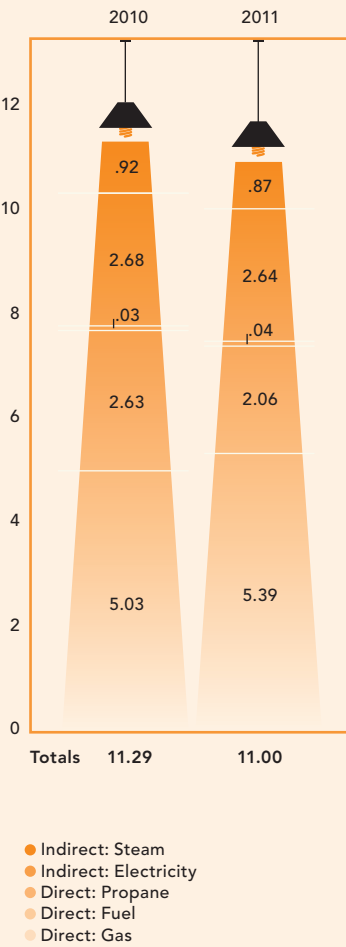
decrease of 10.7 percent since 2007 as a result of conservation and efficiency improvements. This exceeds our target of a 5 percent reduction by 2012.

As outlined in the GRI standards, starting in 2010 and going forward, we will measure our total energy consumption per metric ton of production and assess both direct and indirect energy use from renewable and non-renewable sources. When we compare our total energy consumption from 2010 to 2011, we have reduced our total energy usage from 11.29 to 11.00 gigajoules per metric ton of production due to energy conservation and efficiency improvements.

Our Flavors facility in South Brunswick, New Jersey, U.S., lowered electric use by more than 3,960 gigajoules annually by switching to energy-efficient lighting fixtures in the warehouse, replacing a cooling tower bypass and installing high-efficiency air handlers. Another example is our Tilburg facility in The Netherlands, which is saving 1,400 gigajoules annually as a result of upgrading the electrical power factor on electric motors.

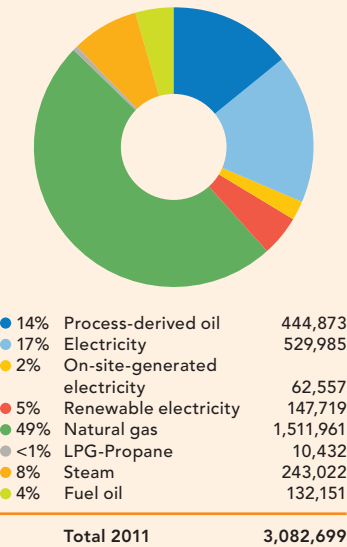
Energy Consumption

per energy source in gigajoules per metric ton of production



Total Energy Consumption

in gigajoules



Renewable energy

Renewable energy is an integral component of IFF's energy portfolio and we are committed to expanding the use of clean, carbon-free energy. Using renewable energy helps us fulfill our commitment to reduce carbon emissions and often makes economic sense as the cost of carbon-based fuels continues to rise. Several facilities are moving forward with the use

of renewable energy sources appropriate to their geographic characteristics and energy requirements. In 2011, we executed a feasibility study for wind power at our Tilburg facility. Our facilities in Hazlet and South Brunswick, New Jersey, U.S., will be conducting a feasibility study to determine the economic, social and environmental viability of solar power.

Conserving Water

We reduced water use by 27% since 2007, exceeding our goal of 10%

Water is a vital resource for IFF's operations. It is a component in some fragrance and flavor ingredients and is essential to many stages of manufacturing, from cooling and cleaning to creating steam. In many regions of the world, including those in which some of our facilities are located, water is becoming an increasingly scarce resource. As local regulations have become more stringent, and as a result of our own desire to use this limited natural resource more wisely, IFF locations have both steadily reduced their use of freshwater and improved the quality of the wastewater they generate. Efficient water management safeguards the viability of the communities in which we operate and contributes to our own business success by preparing us to continue to operate in a water-scarce world.

In 2008, IFF set a goal to reduce

freshwater use by 10 percent between 2007 and 2012, and we are pleased to report that we have surpassed that target and achieved an overall reduction of 27 percent as of the end of 2011. We have reduced our water usage by 15 percent during 2011 alone. We will continue to pursue our goals around water reduction.

Much of the improvement is as a result of changes in manufacturing processes at various IFF production sites, such as those implemented at our Jacksonville, Florida, U.S., fragrances ingredients plant. Water use has been reduced at other locations as a result of a variety of conservation measures as well as the adoption of more efficient manufacturing processes such as those described in our discussion of environmentally responsible chemistry on pages 22–23.

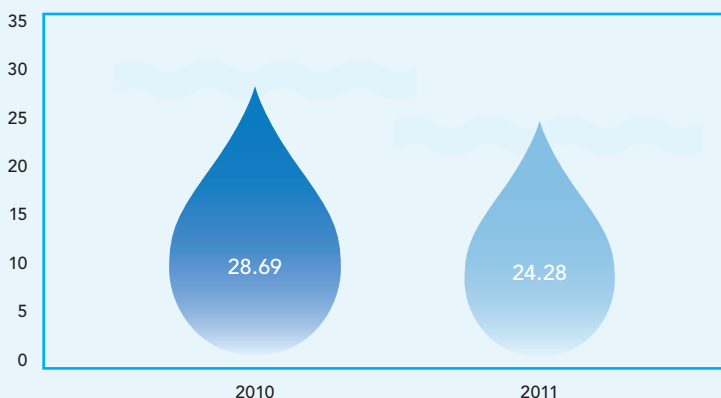


Conserving Florida's Freshwater Reserves

Water use at IFF's Jacksonville, Florida, facility has dropped from a peak of 5 million gallons per day in the 1960s to a current level of 300,000 gallons per day. Over the years, this facility replaced its one-pass cooling method with recirculation through evaporative cooling. In 2010, this facility began capital improvements to further reduce water use and completed this work in early 2011. These additional measures will reduce freshwater consumption by 365 million gallons per year, representing a 71 percent reduction in 2011 alone. Cooling towers use a fraction of the water consumed by one-pass cooling. Instead of drawing freshwater from local aquifers and discharging it after one use, recirculating towers reuse water repeatedly. "North Florida's fresh water springs [see photo above] have become stressed due to drought and increasing demand," says Roger Chubin, Manager, EHS, and Regional Eco-Efficiency Champion-NA. "IFF did not have to eliminate all of its one-pass cooling here, but we did that because it was the responsible thing to do."

Water Usage

in cubic meters per metric ton of production

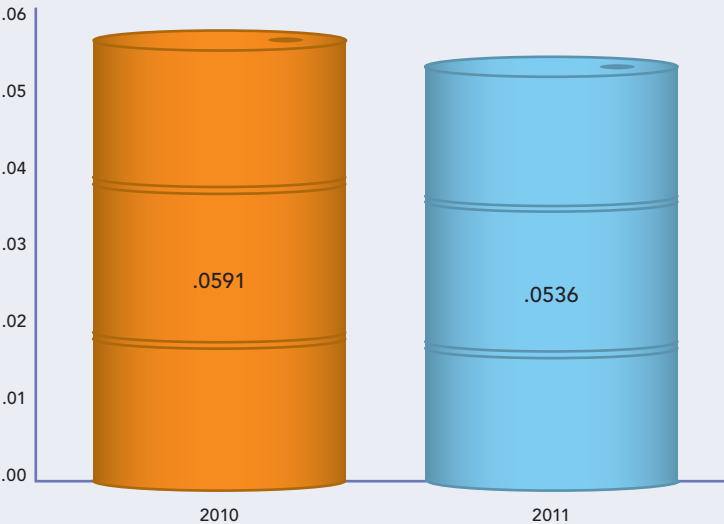


Eliminating Waste

We reduced hazardous waste by 23% since 2007, exceeding our goal of 10%

Hazardous Waste

mass per metric ton of production



In nature, there is no waste. The outcome of every process has a use. The efficiency of this “cradle to cradle” process inspires IFF to find new ways to reduce the waste we generate and to discover creative, yet practical, uses for the waste products we cannot eliminate. It’s the right thing to do and it makes good business sense because it makes our operations more efficient and more profitable.

The production of flavors and fragrances involves the use of many chemical ingredients as well as solvents, reagents and catalysts. This activity generates a number of hazardous waste materials that are increasingly difficult and costly to dispose of, besides presenting challenges to the environment. Thus, reducing hazardous waste is one of our sustainability goals. Through the use of biotechnology and green chemistry, IFF is

eliminating hazardous waste by strategically targeting high-volume ingredients and developing cleaner, safer manufacturing methods. During 2011, hazardous waste fell by 9 percent due to diligent waste management practices globally. And since 2007, hazardous waste has decreased by 23 percent, surpassing our goal of a 10 percent reduction in hazardous waste generation by 2012.

IFF has established a hierarchy of waste management that provides for waste prevention, reuse and recycling, beneficial energy recovery, waste treatment and disposal. Recycling offers an excellent way to decrease waste and is widely practiced throughout our facilities. In some markets such as South Africa, facilities are now required by law to institute a waste management system. Beyond that, IFF facilities involve

employees in numerous recycling programs for paper, corrugated cardboard, metal containers, glass, newspapers, magazines and other items. We have begun tracking this information and expect to report more comprehensive recycling in the years to come.

We are currently working to improve our tracking of non-hazardous waste so that we can provide verifiable data in future reporting cycles as well. In addition to non-hazardous waste from our operations, we generated construction-related waste during 2011 due to expansion activities. As construction continues throughout 2012, we are committed to finding methods for reducing construction-related waste.

Assurance through certification

IFF facilities strive to operate according to the highest levels of efficiency and quality, and we validate our performance by obtaining certifications according to internationally established standards. IFF utilizes various external bodies, including SEDEX, ISO and GFSI, for verification of our safety, quality, environmental performance and social responsibility processes. Our customers welcome this independent verification of our operations.

Environmental

IFF's Environment, Health and Safety guidelines correspond closely with the requirements set forth in the ISO 14001 Environmental Management System certification. Many plants have completed ISO 14001 certification. Other sites are working toward ISO 14001 certification, and we expect all sites to achieve this status in the near future. Following the widely accepted ISO 14001 standards provides assurance to our management, employees and external stakeholders that our environmental impact is being measured and improved. Using this framework also helps us reduce waste management costs, energy consumption and materials and distribution costs.

Social responsibility

All IFF facilities are registered with SEDEX. We are also in the process of conducting SEDEX self-assessments. See pages 52–53 for more information on SEDEX.

Optimizing transportation

Improving the efficiency of transportation related to shipping reduces fuel costs and lowers carbon emissions, which are priorities for both IFF and our customers. In collaboration with key customers, IFF has found creative ways to optimize shipping schedules, routes and delivery methods.

For one EU-based global customer, IFF conducted a joint logistics analysis of road transports

to this client and implemented changes which reduced trips by approximately 3 percent and also saved packaging materials. Performance improvements such as this demonstrate added value and have helped IFF to outperform our competitors and retain our position as this client's preferred provider.

In another instance, our Tilburg, The Netherlands, manufacturing facility reduced transportation requirements during 2011 by delivering materials in bulk via tanker truck rather than in individual drums.

Site Certifications

✓ = Complete
- = Not Complete

Type	Country	ISO 9001: Quality Management	GFSI: Global Food Safety Initiative	ISO 14001: Environmental Management	SEDEX: Supplier Ethical Data Exchange
Fragrances	The Netherlands	✓	n/a	✓	✓
	South Africa	✓	n/a	-	✓
	China	✓	n/a	-	✓
	Singapore	✓	n/a	-	✓
	India	✓	n/a	✓	✓
	Indonesia	✓	n/a	✓	✓
	Brazil	✓	n/a	✓	✓
	Mexico	✓	n/a	✓	✓
	Argentina	✓	n/a	-	✓
	U.S.—N.J.	✓	n/a	-	✓
Flavors	The Netherlands	✓	✓	✓	✓
	U.K.	✓	✓	-	✓
	South Africa	✓	✓	-	✓
	Egypt	✓	✓	✓	✓
	Turkey	✓	✓	-	✓
	Sweden	-	✓	-	✓
	India—Jammu	✓	✓	✓	✓
	India—Chennai	✓	✓	✓	✓
	Australia	-	✓	-	✓
	Indonesia	✓	✓	✓	✓
	China	✓	✓	-	✓
	Singapore	✓	-	-	✓
	Japan	✓	-	✓	✓
	Thailand	-	-	-	✓
	Phillippines	-	-	-	✓
	Argentina	✓	-	-	✓
	Brazil	-	-	✓	✓
	Mexico	-	✓	✓	✓
	U.S.—N.J.	-	✓	-	✓
	U.S.—Tex.	-	✓	-	✓
Ingredients	U.K.	✓	n/a	-	✓
	Spain	✓	n/a	✓	✓
	France	✓	n/a	✓	✓
	China—Hangzhou	✓	n/a	-	✓
	China—Zhejiang	✓	n/a	-	✓
	U.S.—Ga.	✓	n/a	-	✓
	U.S.—Fla.	✓	n/a	-	✓



A Fragrances manufacturing facility



Through the use of green chemistry,
we are eliminating waste by developing
cleaner, safer manufacturing methods

Eco-Efficiency Around the World

1. Mexico City, Mexico

Our facilities received the Mexican government's certification regarding Clean Industry and Environmental Responsibility, which lasts until 2014. This certification indicates low levels of atmospheric pollution, successful recycling programs and correct usage of renewable resources.

2. Jacksonville, Florida, U.S.

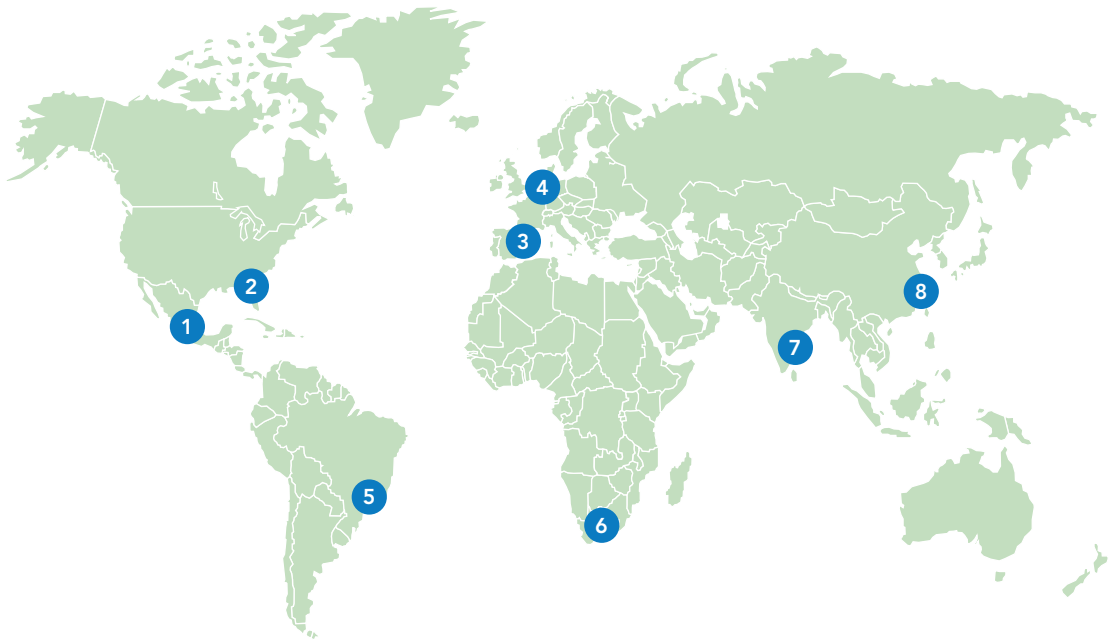
Our fragrances facility introduced a heat recovery project that saves \$120,000 in natural gas costs annually and significantly shrinks our carbon footprint. 2011 was also the first full year in which copper metal catalysts were recycled—totaling 66 metric tons.

3. Benicarlo, Spain

Our facility in Benicarlo has obtained 100 percent of its purchased electricity from renewable hydro and wind generation sources since 2010.

4. Tilburg, The Netherlands

By purchasing green electricity from Norwegian hydropower, indirect CO₂ emissions were reduced by about 50 percent during 2010–11. Overall energy consumption was reduced by 6 percent in 2011.



5. Tamboré, Brazil

A new air-conditioning control system reduced our facility's energy consumption by 21 percent and ensured comfort for our employees.

6. Isando, South Africa

Our Isando plant teamed up with a waste company to develop sustainable ways to recycle, reuse and reduce waste. Plastics are now recycled into pipes, clothing and furniture; paper and cardboard are mulched into new paper products; and glass is reborn into glass. A rebate offsets the cost of the company's services.

7. Chennai, India

All peripheral and street lighting at IFF's fragrances plant were converted to solar power, reducing annual energy consumption by 7,200 kWh.

8. Zhejiang, China

During lunch breaks at our Zhejiang plant, some 90 lamps are turned off, generating energy savings—and creating awareness of sustainability issues for local IFF employees.

CEDRIC DOBSON

Leading IFF's First Green Team



Cedric Dobson is practical about lightening the Hazlet, New Jersey, fragrance facility's environmental footprint. "Recycling, waste reduction, energy efficiency—it's all got to work from a business perspective. It can't cost extra," says Cedric.

Cedric is Maintenance/Health & Safety Supervisor at the Hazlet fragrances compounding plant and leads one of IFF's first Green Teams. Under his direction and encouragement, sustainable practices have seeped into every aspect of the facility's operations. In the cafeteria, bins for compost join the recycling receptacles. At the receiving dock, most packaging heads to a recycler. On the factory floor, lighting comes from high-efficiency fixtures that consume less than half the electricity of the metal halide fixtures they replaced.

Those practices and many more help the plant's bottom line. Rescuing instead of trashing extra Polyiff beads from the extrusion process cut the plant's disposal costs by half and keeps 30,000 pounds of plastic out of

local landfills. Upgrading natural gas absorbers to high-efficiency electric chillers pared \$100,000 annually from the electric tab.

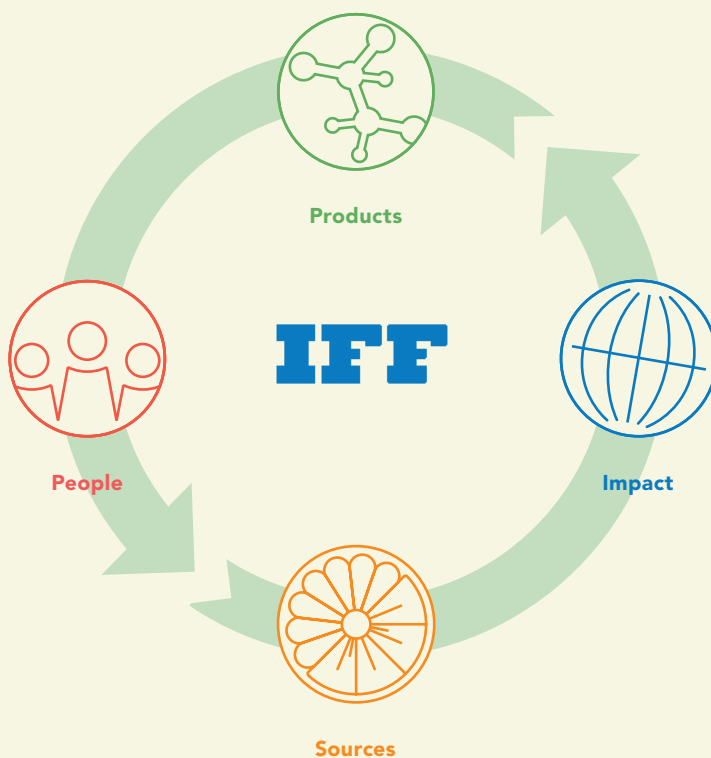
For Cedric, an instinct for thrift is second nature. "I grew up in southeastern North Carolina. 'Don't waste anything' was something I heard over and over. Granddad was a carpenter. He'd lay old lumber to the side and tell me, 'One of these days I'll need a board, and I'll have it.' Dad is a logger. Leave a truck engine running, and you'd hear about it from him. 'I'm paying for that gas,' he'd yell."

Cedric joined IFF in 2007. "Everywhere I've worked, I've been involved in sustainability, even before sustainability was a word you heard much," he says. Cedric was the natural pick to head IFF's pilot Green Team. Its members are drawn from all business areas, and they bring an interdisciplin-

ary approach to energy conservation. The Green Team's first target has been the plant's electric use—at \$1.1 million annually, far and away the biggest energy bill.

"We're using Six Sigma principles to quantify and grab the low-hanging fruit first—simple, no-cost stuff," says Cedric. Participation by all staff is key. Clear signage and constant reminders to conserve energy drive the point home. Cedric slaps a sticky note inscribed with "Save electricity" on any unattended computer he sees.

Achieving bigger energy savings will take more creativity and careful budgeting. Cedric has entered preliminary discussions with the local power utility to finance some more ambitious projects. He's also exploring the potential for an on-site solar energy system that would meet half the plant's electrical needs at a lower fixed rate per kilowatt.



Strengthening Employee Health and Safety

There can be no higher commitment than the goal of a safe work environment for our employees. We strive to reach our objective of zero lost-time accidents.

On a daily basis, our employees combine chemicals, operate complex machinery and handle heavy equipment. This is the nature of our industry, and it requires a conscientious, intentional safety approach to ensure the protection of our employees. For this reason, employee health and safety comprises a critical goal within our overall sustainability strategy.

Responsibility and reporting

Plant managers are directly responsible for employee safety and are held accountable through

key performance indicators as part of their performance evaluations. They are supported in this role by a comprehensive set of safety policies, procedures, tools and training. IFF maintains a safety management software that tracks accidents and injuries, recommended corrective actions and implementation of those actions. Each site must implement policies and procedures for workplace safety but is granted authority to adapt these procedures as necessary to accommodate the local needs of the facility.

This safety process is complemented by behavior-based safety practices and tactics implemented

at the facility level. Through the empowering culture of IFF, local facilities have developed a veritable pipeline of successful behavior-based safety programs.

Imagination at work

During 2011, IFF embarked on an initiative to combine our global safety processes with behavior-based safety practices. We have identified our top-performing safety region—Asia—as the pilot site. This region will act as an incubator to introduce, evaluate and standardize a safety system incorporating both process- and



behavior-based safety approaches. The basis of this initiative is safety imaging, a non-threatening, non-judgmental process in which managers, staff supervisors and workers visualize a scenario before it happens in order to anticipate—and avoid—potential accidents.

By the end of 2011, safety imaging had been formalized and become standard practice in more than 80 percent of Asia’s manufacturing facilities. The program will be fully implemented throughout Asia and select European locations, by the end of 2012. After evaluating the results of this pilot, the resulting methodology will be adopted as standard practice and rolled out to the other regions.

Our progress toward a safer workplace

With a strong culture of safety firmly in place, IFF continues to report superior safety performance results. Through benchmarking our performance against industry

peers, we know that our safety data compares favorably.

During 2011, many locations achieved our corporate goal of zero lost-time accidents, and lost-time accidents decreased from 25 in 2010 to 22 in 2011. Almost 70 percent of IFF manufacturing locations reported zero lost-time accidents for 2011, while 86 percent of our creative and sales locations reported zero lost-time accidents. We also monitor our performance by tracking total lost workdays and are gratified that the number of these incidents decreased from 426 in 2010 to 383 in 2011, a decline of about 9 percent. By monitoring trends in accident rates, we are able to determine causes, identify solutions and take action to avoid future incidents.

Construction projects pose unique risks and demand safety procedures specific to the hazards related to that situation. We are especially proud that during the construction phase of our new Greater Asia Plant in Singapore, the project team recorded 1.2 mil-



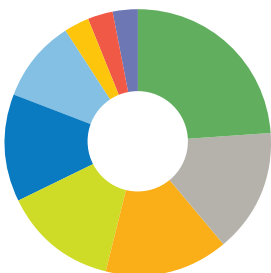
Safety record at Union Beach, New Jersey, U.S.

lion man-hours worked without a regulatory reportable incident.

During 2012, we will build on this progress and continue to work toward zero lost-time accidents in all our facilities.

Promoting Safe Behaviors in Our Workplaces

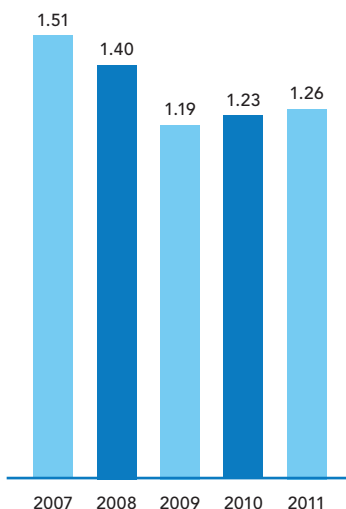
Types of Accidents



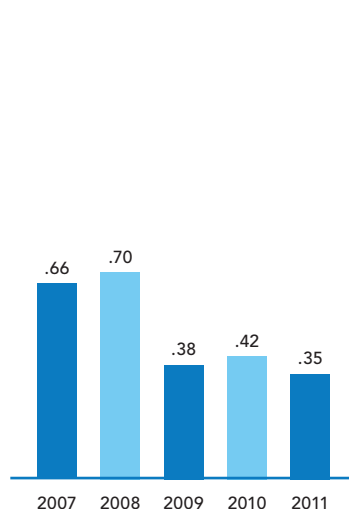
- 24% Strains/sprains
- 15% Struck by object
- 15% Trips/falls
- 14% Contact with objects
- 13% Burns
- 10% Chemical exposure
- 3% Eye injuries
- 3% Falls to different level
- 3% Other

Safety Data

Total recordable accidents per 100 employees



Lost-time accidents per 100 employees





Community events around the world

Enhance Relationships with Communities

In communities around the world, IFF strives to fulfill its role as a good corporate citizen. We benefit from the resources surrounding our facilities, and we recognize our responsibility to contribute to their sustainability.

Our social responsibility begins with providing meaningful, safe work for fair wages. It continues as IFF carefully stewards natural resources to maintain a clean, healthy environment.

We are proud of the many ways in which the people of IFF contribute to the social infrastructure of their communities. We applaud their work and support them in a variety of ways.

Local presence, local programs

It is part of IFF's business strategy to have a local presence in many locations worldwide, and we were one of the first in our industry to develop operations in emerging markets. Our sales office and manufacturing facilities are strategically placed to be close to our markets, close to our customers and close to our suppliers. A local presence is important for several reasons. Many of our flavor and fragrances ingredients depend on a reliable supply of fresh fruits, vegetables, flowers and other natural raw materials. Being located close to our suppliers improves access to these essential raw ingredients. Staying close to consumers is also critical since culture influences local cuisine and taste preferences are unique to regional markets. Many of our customers' key products require adaptation to appeal to local markets. Finally, proximity to customers reduces transportation costs, energy use and carbon emissions.

For all these reasons, responsibility for IFF's social commitments rests primarily at the facility level. Employees and managers at IFF locations are most familiar with the needs of their communities and are the best qualified to determine how to make the most valuable contribution. Our facilities implement programs that respond to these needs and engage the interests of our employees.

Many of the programs conducted by our facilities focus on the education of children, particularly those from underprivileged families. Notably, several programs leverage our uniqueness as a fragrances manufacturer through educational exhibits or by using scent to provide job training for the blind or rehabilitation for patients.

Bring Your Child to Work Day

Children of IFF employees in South Brunswick, New Jersey, U.S., have the opportunity to learn what it takes to be a flavorist at the company's annual Bring Your Child to Work Day. Now in its fifth year, IFF's program provides a hands-on, multisensory experience for children ages 7 to 12. Sherry Irizarry, Regional Account Manager, coordinates the event. More than 20 IFF employees supervise the several dozen attendees.

In 2011, participants explored six different activity centers. In IFF's Culinary Center, they learned about culinary trends and then combined an assortment of dry flavor ingredients to add to the

snack mix of their choice. They also made their own gum flavor in the Sweet Lab, crafted carbonated beverages and even tackled a flavored lip-gloss project. In the Sensory Lab, Andrew Livermore, IFF's Manager of Consumer Insights, detailed how all five senses contribute to how food tastes. Finally, the children worked with IFF flavor chemists to create a flavor from scratch—in this case, strawberry. In 2012, we plan to add a sustainability component to this program.

For many children, this experience at IFF opened their eyes to a potential career that they weren't previously aware existed. One employee fondly recalls his son returning home and declaring that he no longer wanted to be a dentist—a being a flavorist was his new goal!

“The people of IFF are in tune with the needs of their local communities and find creative ways to make a tangible difference in the lives of others.”

Ger Maasen
Manager, EHS, and Regional
Eco-Efficiency Champion—EAME

Computers for Senegalese school-children

Hundreds of schoolchildren in Senegal now learn from classroom computers that once sat on IFF employee desks in The Netherlands, thanks to the efforts of Mustafa Al-Harazi and Babou Manne of IFF Tilburg. More than 800 computers and 200 printers have been donated to schools in the capital of Dakar since the program began.

A native of Uganda, Mustafa fled that country at the age of 13 to escape the dangers of living under a dictator, emigrated to The Netherlands and later found employment with IFF. But he never forgot those who remained in Africa. As an IT analyst with IFF, he was particularly aware when computer equipment was replaced or upgraded and he saw the potential in the discarded equipment. In 2007, he began the computer collection initiative with the help of friend and coworker Babou, a native of Gambia.

Computers and printers no longer needed by IFF are gathered at Hilversum for storage, processing and packing in Tilburg. Before shipping, all hardware is checked to assure it is in good working order, and all IFF data is removed.



Building Stronger Communities

Around the world, the people of IFF give their time and talents to meet the needs of their local communities.

Mangrove Restoration Klong Khone, Thailand

Forty IFF employees joined a community service effort that planted 100 young mangroves at the Klong Khone Mangrove Conservation Center.

Tree Planting Taubaté, Brazil

The IFF plant in Taubaté is near the rain forest, which inspires employees to preserve and contribute to the environment where they work. IFF employees planted trees in a 300,000-square-meter area of unutilized swampland, improving water conservation.

Mão Amiga Tamboré, Brazil

In Mão Amiga's "godfather" child education program, an employee chooses a student and pays 50 percent of their monthly education costs, with IFF matching the other 50 percent.

Olfactory Training for the Blind Tamboré, Brazil

We partnered with the Dorina Nowill Foundation to develop olfactory training for the blind. Participants begin with trainings and an internship, and many are hired as full-time IFF employees.

World Science Festival New York, New York, U.S.

Our New York and New Jersey employees designed, created and hosted the Smell Lab at the World Science Festival (WSF) for the second year in a row. WSF is an annual celebration and

exploration of science held in New York City. The Smell Lab is a perfumery lab in which we taught the basics of the art and science of perfumery to festivalgoers, introduced them to a selection of ingredients and helped them create their own personal perfume.

Charity Golf Tournament Augusta, Georgia, U.S.

The Boys and Girls Club is one of America's leading organizations in supporting disenfranchised youth. IFFers in Augusta, Georgia, raised over \$1,400 for their local chapter with a charity golf tournament.

Breast Cancer Fund-raising Hazlet, New Jersey, U.S.

When one of our employees was diagnosed with breast cancer, she found an incredible community of support. Her coworkers began an annual bake sale to raise money for the American Cancer Society's Making Strides Against Breast Cancer Walk.

Food Bank and Head Start Donations Hazlet and South Brunswick, New Jersey, U.S.

In 2011, our employees donated more than \$3,300 to the Food Bank of Mercer, Ocean, and Monmouth Counties to ensure that several families could have a great Thanksgiving. For Christmas, they donated presents for 50 children who attend the local Head Start program.

American Chemical Society's National Chemistry Week New York, New York, U.S.

The American Chemical Society holds activities across the country to encourage careers in science for children. For five years, IFF employees have been exposing attendees to the science of taste and scent through interactive exhibits that test their sense of smell and their concept of what makes a flavor.

Our Commitments for 2012 and Beyond

IFF will:

Establish long-term sustainability performance targets

Achieve ISO 14001 and SEDEX certification for all manufacturing facilities

Appoint and train regional Eco-Efficiency Champions to manage sustainability data and projects

Train Eco-Efficiency Champions, plant contacts and plant managers on environmental data management system and sustainability

Evaluate the potential value of LEED certification for our manufacturing facilities and identify pilot site

Continue to evaluate potential uses of renewable energy, such as wind and solar

Pilot Green Teams in four locations in 2012 and additional locations beyond 2012

Expand our use of behavior-based safety globally

Analyze the possibility of additional health and safety systems toward the end of 2012

Governance Stakeholder Engagement About this Report

Governance

Ethical behavior is the foundation on which a sustainable business is built. By operating according to sound principles and demonstrating integrity, we earn the trust of our stakeholders.

Our governance structure

IFF's standards of behavior are governed by our Board of Directors, executive officers and other senior management, codes of conduct and supporting policies. Given that the flavor and fragrances industry is self-regulated in many parts of the world, IFF complies with the established standards of our industry trade associations, as well as applicable law.

The IFF 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.

While these individuals have always been bound by the IFF Code of Business Conduct and Ethics, which sets forth our expectations for all employees, we recently clarified our expectations for the Board as well as our Executive Officers. In early 2012, we adopted a Code of Conduct for the Board of Directors and a Code of Conduct for our Executive Officers. These codes incorporate the provisions of our Employee Code of Conduct and expand on them by articulating the specific responsibilities of these individuals who set the ethical tone for our organization.

During 2011, we also reviewed and updated other organizational documents including our company's bylaws, Board committee charters

and our Vendor Code of Conduct. IFF sets forth clear expectations for our vendors and has an active program for ensuring adherence to our standards. We provide this Code of Conduct to all vendors on an ongoing basis and conduct on-site audits to review compliance with our policies. For more information, see page 52 of this report.

Ethics and compliance

At IFF we hold our employees and leaders to clear, uncompromising principles. To this end, we refreshed our Code of Business Conduct and Ethics for employees during 2011 to make it more relevant to our business and industry. We rolled out the new Code through a new live training program to all our locations globally. Organized according to the issues of people, loyalty, integrity, and government and fair trade practices, the new Code comes alive through real-life examples, including environmental and social issues in line with our sustainability program. The Code also addresses and guides our employees in the area of anti-bribery, with an emphasis on compliance with the U.S. Foreign Corrupt Practices Act and the U.K. anti-bribery law. We have recently conducted international business policy training for employees who interact with government officials and have adopted an International Business Transactions Policy, which further emphasizes compliance with anti-bribery laws.

IFF honored by Women's Forum of New York

IFF was honored by the Women's Forum of New York at its 2011 "Breakfast of Corporate Champions" for the number of women on its Board of Directors. IFF was highlighted with a Silver designation and recognized as a company with at least 30 percent female representation on the Board of Directors. In 2011, IFF's Board had 12 directors, four of whom were women. As of August 2012, we now have 11 directors, three of whom are women.



Regulation: our approach

We protect our customers and consumers through regulatory compliance, assuring that all of our products are safe and meet or exceed all applicable requirements. Our industry is largely self-regulated and IFF belongs to the key organizations that regulate our business in the various regions and countries in which we operate.

We monitor chemical registration requirements very carefully as they continue to develop around the world. In most cases, the emerging chemical registrations are closely modeled on existing chemical registration processes from other countries/regions, and we are able to leverage our global expertise for compliance. Chemical registration is an integral part of our R&D process, and allows us to ensure that business decisions regarding registration requirements are included in the overall cost/benefit of any new developments. In Europe, we are preparing for the next REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) product registration deadline in 2013. IFF has been integrally involved with the development of European regula-

tions for many years. The process by which regulations are enacted in Europe provides ample time for proactive work to ensure compliance when the regulation is finalized. This is the case with both the REACH regulations as well as forthcoming regulations involving the EU Union List. In the U.S., we are closely monitoring developments related to the Toxic Substances Control Act (TSCA) under consideration to ensure that we are equipped and prepared for TSCA reform should it be enacted. This is also the case with a variety of other federal- and state-level proposals that could affect our industry.

Environmental, health and safety governance

All of IFF's environmental, health and safety (EHS) activities are governed by the IFF Global EHS Policy, which sets forth the standards by which our facilities and employees are expected to operate. This policy is endorsed by our CEO and is implemented by IFF's EHS team, which is encompassed in the Global Regulatory Affairs (GRA) department. The EHS team has established detailed policies and procedures that align with our

policy and help to ensure workplace health and safety, environmental protection and compliance with relevant regulations.

In addition to setting our EHS policy, our GRA group audits our facilities for compliance against that policy. IFF's GRA group audits our manufacturing sites every three years and smaller creative locations every five years. In 2011, we conducted site audits at our facilities in Augusta, Georgia, U.S.; Benicarlo, Spain; Tilburg and Hilversum in The Netherlands; and Mumbai and Chennai in India. We also conducted a Process Safety Management audit of our South Brunswick, N.J., U.S., site in 2011.

Public policy

IFF periodically comments on pending legislation and regulations in the markets in which we operate through the various industry associations to which we belong. As a member of International Organization of the Flavor Industry and the International Fragrance Association, we participate in their respective Regulatory Advisory and Advocacy Committees. These groups coordinate advocacy and regulatory communication between the association, their member associations, 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.

"In its fullest sense, true sustainability means managing and minimizing risk while behaving with integrity at all times."

Joseph Leightner
Assistant General Counsel



ANNE CHWAT

Doing the right thing



Numbers tell the story of IFF's global reach—29 manufacturing facilities and products sold in more than 100 countries—but according to General Counsel Anne Chwat, there is a single way to do business: ethically.

"The way we achieve our goals is equally important as getting there," says Anne, who leads a team of lawyers based in New York City, India and The Netherlands, and regulatory affairs experts posted in most countries where IFF operates around the world. "Ethics and compliance is the 'how' of our business strategy."

"It's incredibly important not to cut corners," she continues. "At the end of the day, cutting corners always comes back and bites you. As the person in charge of legal and regulatory compliance, my job is to keep the company and our employees out of trouble and off the front page of the business press—and support and drive our business activities forward in a legal and proper way."

Since coming to IFF in 2011, after holding the general counsel

post at several other major companies, Anne has made a priority of training employees worldwide in understanding and adhering to our freshly updated Code of Business Conduct and Ethics. She emphasizes the Code's relevance to daily business decision-making through role-playing exercises followed by discussion sessions. Anne personally launched the learning program as she traveled throughout the IFF world. Local managers have been trained to lead subsequent sessions.

"I try to make the training something that's fun and relevant," says Anne, who early in her career trained to be a teacher and learned an important lesson equally applicable to students and employees: "If you make it interesting and relevant, people will listen."

"We operate in certain high-risk countries where our people need guidance," she continues. "They really want to do things the right way, but things come at them all the time. For example, what do you do when the tax man says he isn't going to process your taxes unless you give him a bribe? You don't pay the bribe. You can't."

Different customs call for some flexibility. A hot topic of conversation at most training sessions involves entertainment and gifts. "I was just in Asia, where it's customary when visiting a business partner to give and receive a gift," Anne explains. "We were meeting with the Chinese government, with whom we have a joint venture, and we gave them perfume and they gave us beautiful boxes of tea. Would that be considered an appropriate gift? Yes, and it would have been rude not to accept the gift."

"Ethics and compliance come alive at IFF through interactive, live training, contests and other creative learning techniques. We make compliance relevant and easy to remember."

Anne Chwat

Senior Vice President, General Counsel and Corporate Secretary

Stakeholder Engagement

IFF interacts with a diverse array of people and organizations, each with a distinct set of interests, concerns and perspectives. Through a range of formal and informal methods, we both listen to these stakeholders and convey our messages to them.



Culinary Corps' Cooking at the Chefs

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. Early in 2011 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 stakeholders, potential impact on IFF's business and the degree of influence IFF has on the issue. Through this materiality analysis, IFF identified issues which are relevant to our

business and have global impact. These issues include: product and employee safety; consumer health and wellness; green chemistry; employee engagement; greenhouse gas emissions; and waste, water and energy management.

The prioritization of these issues has guided the development of this year's report and informed the deliberations of the newly formed Sustainable Business Council as it identified priorities for 2012. In preparing this report, we sought input from IFF employees in key markets who have ongoing interaction with key stakeholder groups, including customers, suppliers, investors, regulators, community groups and consumers.

In addition to this formal exercise, IFF interacts with our stakeholders in

a variety of ways to understand their concerns. The ways in which we respond to these issues are described throughout this report.

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.



Employees

Employees look to IFF for a work environment that empowers and equips them to provide innovative thinking, fosters their long-term growth and respects their diversity. 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 provide communication vehicles at various levels and according to business unit and functional group. During 2011, we designed a new intranet site for launch in early 2012 and held a global town hall to communicate our sustainability strategy. 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. Our customers are interested in supply chain responsibility, product safety, health and wellness, and environmental

and social responsibility. 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 regional customer events.

Investors

Investors look to IFF for solid financial performance and expect sound corporate governance. IFF Investor Relations conducts a year-round calendar of events, including quarterly investor calls and an annual meeting, through which we keep investors apprised of our strategy and performance. In addition, senior leaders frequently present at major consumer products industry conferences. All of these events provide the opportunity for our leaders to gauge investor concerns and areas of interest.

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.

Regulators

IFF is an active member of many flavors and fragrances industry associations and organizations at the national, regional and global levels. Through these groups, we convey our views to regulators and legislators, and keep abreast of regulatory and professional issues. We serve on the boards of the International Fragrance Association, the International Organization of the Flavor Industry and the Research Institute for Fragrance Materials.

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.



The IFF Foundation

Another means by which IFF engages with stakeholders is through corporate philanthropy. At IFF, this is coordinated on a global basis by the IFF Foundation, a not-for-profit entity formed in 1963.

A global focus on children's education

Responsible corporate citizenship carries with it the opportunity and obligation to assist in meeting societal needs. IFF operates the IFF Foundation, a 501(c)3 entity through which we fund causes that resonate with our employees and align with our business objectives.

In the U.S., the IFF Foundation funds both an Employee Gift Matching Program, as well as the external IFF Giving Program. The Foundation focuses its external support on programs targeting education.

Supporting culinary arts students

IFF helps nurture the next generation of culinary professionals through scholarships for aspiring chefs. Each year IFF funds eight scholarships to help needy students who would otherwise struggle to fulfill their dream of becoming a chef. IFF's scholarships benefit students enrolled in the College of Culinary Arts at Johnson & Wales University in Providence, Rhode Island, U.S., and The Culinary Institute of America in Hyde Park, New York, U.S.

Children enjoy "Cooking at the Club"

Preparing and enjoying delicious food is one of the great joys in life—plus it can lead to healthy eating habits. To help young people experience this firsthand, IFF provided funding during 2011 for the development of an eight-week after-school cooking class series for children in the Mississippi Gulf Coast in the U.S. Entitled "Cooking at the Club," the program encourages young people to get involved in their health, their community, and their own futures by getting involved in the kitchen. The program curriculum was developed by the CulinaryCorps®, a chef-driven charitable organization that mobilizes skilled culinary volunteers to assist underserved communities.

As a Platinum Patron of the CulinaryCorps, IFF's funding also enabled CulinaryCorps volunteers to travel to Mississippi to launch the program in a series of TV-show-style cooking and tasting events. The team of volunteer chefs trained local instructors responsible for presenting the curriculum and generated excitement for the program, which will launch in early 2012.

Promoting the arts

In keeping with our passion for beauty and the pursuit of innovation, IFF uses its platform as a global leader to support the arts. In 2011, we supported the 18th Annual Watermill Summer Benefit by having one of our perfumers, Celine Barel, participate in their artist-in-residency program. Additionally, another of our perfumers, Loc Dong, created a limited-edition fragrance, Black Rider, which we contributed to their fund-raising auction. This marks the second collaboration between IFF and Watermill, an interdisciplinary laboratory

for the arts and humanities on Long Island, New York, U.S. We participate in benefits such as this because it supports the collaboration of visual and olfactive arts.

Meeting local needs

Beyond these formal programs, the IFF Foundation also supports employee outreach. IFF employees have a deep sense of public service and engage in many charitable and volunteer activities at the site and local levels to benefit their communities or even their colleagues. IFF often backs these efforts through gift matching or in-kind giving.

When disaster strikes

When disaster strikes, the people of IFF respond with compassion and generosity. Following the massive earthquake and tsunami in Japan, IFF and our employees made a combined donation of more than \$95,000 to the Japanese Red Cross Society to aid victims of the Great East Japan Earthquake. In addition, employees donated another \$22,000 directly to the Red Cross.



About this Report

IFF reports on our sustainability performance on an annual basis. This report covers IFF's sustainability initiatives and performance during the calendar year 2011. IFF's first external sustainability report covered the calendar year 2010. We have prepared this B+ Level 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 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.

In addition, we have sought and obtained external assurance for the report content from the ISOS Group, an integrated sustainability consultancy firm and GRI-Certified training partner in the U.S. A letter detailing that assurance can also be found at iff.com/sustainability.

“Through ISOS’ careful review of IFF’s 2011 Sustainability Report, we concluded that the company has made every attempt to communicate its practices in a very clear and concise manner, while maintaining an authentic voice in relaying the alignment of the organization’s mission to its vision for the sustainability program.”

Nancy Mancilla
CEO and Co-founder of ISOS

Report content

The content for this report was defined in part by a structured materiality analysis conducted in 2011 by SustainAbility, a sustainability 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 also have global impact. Content for this report was also determined by senior IFF executives who serve as owners and leads of the four pillars of IFF’s sustainability strategy as well as consideration of IFF’s core values, business strategy and stakeholder concerns. A detailed review of IFF’s previous sustainability report 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. 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. 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, 2011 Form 10-K, and governance documents—can be found on our website at www.iff.com.

Awards

Our Flavors and Fragrances Business Units received numerous recognitions from customers and local and regional governments for exceptional performance and accomplishments in innovation, product development, sourcing and customer service. During 2011, IFF Fragrances won the FiFi® Award, the highest honor in the fragrance industry, for Technological Breakthrough of the Year for its unique encapsulation technology in a Hair Care product.



isosgroup.com



Statement GRI Application Level Check

GRI hereby states that **International Flavors & Fragrances Inc.** has presented its report "Seeds of Growth" (2011) 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.

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

Amsterdam, 31 July 2012

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 26 July 2012. 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 provided to
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Sustainability:
The Essence of IFF