

A close-up photograph of several vibrant green leaves, likely from a citrus tree, with numerous small, clear water droplets clinging to their surfaces. The leaves are in sharp focus, showing their distinct vein patterns, while the background is softly blurred, creating a sense of depth and freshness.

Sustainability

The Essence of IFF

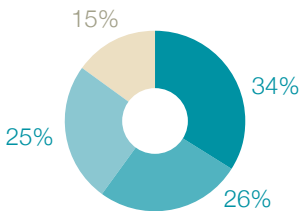
2010 SUSTAINABILITY REPORT

Company profile

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, USA. From beverages and food products to fine fragrances, beauty care, personal wash, and fabric and home care products, ***we create unique scent and taste experiences people love.***



- 54% of sales are fragrance products
- 46% of sales are flavor products



- 34% of sales are in Europe, Africa, and the Middle East
- 26% of sales are in Greater Asia
- 25% of sales are in North America
- 15% of sales are in Latin America



- 56% of sales are in developed markets
- 44% of sales are in emerging markets

All data on this page are for 2010.

5,500
employees worldwide

100+
countries in which IFF
products are sold

33
product development
laboratories in 26 countries

30
manufacturing facilities
in 21 countries

2.6
billion dollars net sales

17%
share of the global flavor
and fragrance industry market

264
million dollars net income

38%
shareholder return

Welcome

Welcome to *Sustainability: The Essence of IFF*. Sustainability has long been part of the essence of how we do business at International Flavors & Fragrances Inc. (IFF). This sustainability report, our first, describes our strategy and discusses where we stand in providing creative solutions to key sustainability challenges. We have designed the report to be useful for our customers, suppliers, business partners, employees, community members, and investors, as well as interested parties in the governmental and nongovernmental arenas. We plan to report annually going forward.

ABOUT THIS REPORT

We have prepared this report using the G3 guidelines of the Global Reporting Initiative (GRI), the respected global standard for such reporting. A GRI index — which notes the GRI indicators covered in this report and includes additional substantive information about IFF — is available online at www.iff.com/company/sustainability.aspx. We are reporting at a self-checked application level of “B.” More information on the GRI standard can be found at www.globalreporting.org.

This report covers IFF’s operations worldwide, including all of our wholly owned and majority-owned subsidiaries. IFF’s legal structure is such that each operating unit around the world is organized as a subsidiary. We have a total of 81 wholly owned and four majority-owned subsidiaries. The data in the report are for calendar year 2010, unless otherwise noted.

Additional information about IFF — including our annual report, Form 10-K, and governance documents — can be found on our website at www.iff.com.

CONTENTS

A Message from Our Chairman	2
Sustainability Strategy & Management	4
Our Sustainability Strategy	7
Creating Innovative Customer Solutions	9
Engaging & Inspiring Our Employees	27
Sourcing Responsibly	37
Strengthening Our Eco-Efficiency & Community Relationships	49
Corporate Governance & Stakeholder Engagement	66

A message from our chairman



“My goal, five to ten years in the future, is to look at what we’ve achieved...and see that we have done so in ways that have benefited our customers, our employees, the environment, and society.”

IFF has a history rich in innovation, customer focus, and a sense of responsibility. A look at our past confirms our early commitment to responsible operations and sourcing, and respect for people and the environment. As I travel to our sites around the world today, I see countless initiatives focused on efficiency and sustainability.

While we are proud of our achievements past and present, many of our people called for further efforts in the area of sustainability, including a more defined set of shared goals that leverage our passion for doing the right thing. As a father and good citizen, it is extremely important to me to make sure we are leaving the world a better place for our children. As IFF’s chairman and CEO, I recognize the positive impact that the shared efforts of 5,500 employees can have on our business, our sustainable performance, and our shareholders, particularly as we work to meet the health and wellness needs of a consumer base that places increasing demands on natural resources.

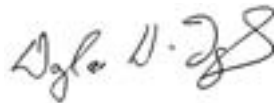
My goal, five to ten years in the future, is to look at what we’ve achieved — excellent sales and profitable growth, along with game-changing innovation — and see that we have done so in ways that have benefited our customers, our employees, the environment, and society. I know this is within our reach.

I am determined to further move IFF in the right direction — a direction in which we never lose sight of our commitment to consumers, our customers, or our shareholders, while ensuring that we use resources wisely, treat our people, partners, and suppliers fairly, and minimize our environmental footprint.

I am pleased that our cross-functional Core Sustainability Team — with the contributions of many others along the way — has helped us to formalize our strategy, which is highlighted in this report. IFF's efforts are now organized with a dedicated director of global sustainability who will work with our most senior leaders to drive sustainable practices throughout our company.

Our sustainability strategy is based on four key pillars: furthering the development of innovative customer solutions, engaging our exceptional employee base, ensuring the steady and responsible supply of high-quality raw materials, and promoting continued improvement in the eco-efficiency of our facilities as well as the health and safety of our employees and the communities in which we operate. Our teams are highly engaged and working to set measurable goals under each of these pillars, thus addressing the major sustainability impacts of our business.

This sustainability report, IFF's first, reflects the considerable work that we have completed to date in the name of responsible performance. I know that the formalization of our strategy, the development of new goals, and the publication of this report will galvanize the efforts of our people. I look forward to seeing the collective excellent work of everyone at IFF in the coming year and to sharing the results in our next report.

A handwritten signature in black ink, appearing to read "Douglas D. Tough". The signature is stylized and cursive.

Douglas D. Tough

Chairman of the Board and Chief Executive Officer

Sustainability strategy & management

In 2010, IFF launched an initiative to enhance, accelerate, and formalize our existing sustainability efforts, as well as to renew our promise to embrace opportunities and face challenges.

This initiative was led by Nicolas Mirzayantz, who has held multiple positions throughout IFF over the past 20 years and currently serves as group president of our Fragrances business unit. Mr. Mirzayantz was assisted by a cross-functional Core Sustainability Team of IFF leaders who have appropriate expertise and a passion for the topic (see photo at right). Members of IFF's senior management and the Board of Directors were engaged throughout the process.

We conducted a structured materiality analysis to identify the issues of most importance to our company and its stakeholders. As part of this process, SustainAbility, a strategy consultancy, 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. These include product and employee safety; consumer health and wellness; green chemistry; employee engagement; and waste, water, and energy management.

“I believe a sustainability strategy can advance the needs of the planet and all its inhabitants while being economically beneficial.”

— KIP CLEVERLEY
Director, Global Sustainability

PHOTO: MEMBERS OF THE CROSS-FUNCTIONAL CORE SUSTAINABILITY TEAM (left to right)

Carol Brys — Manager, Flavors Business Unit and Internal Corporate Communications

Denise Gillen — Manager, Fragrances Business Unit Communications


Shawn Blythe — Vice President, Global Regulatory Affairs

Nicolas Mirzayantz — Group President, Fragrances

Kip Cleverley — Director, Global Sustainability

Theresa Barry — Senior Manager, Global Environmental Affairs

Deborah Wright — Vice President, Director, Applied Development

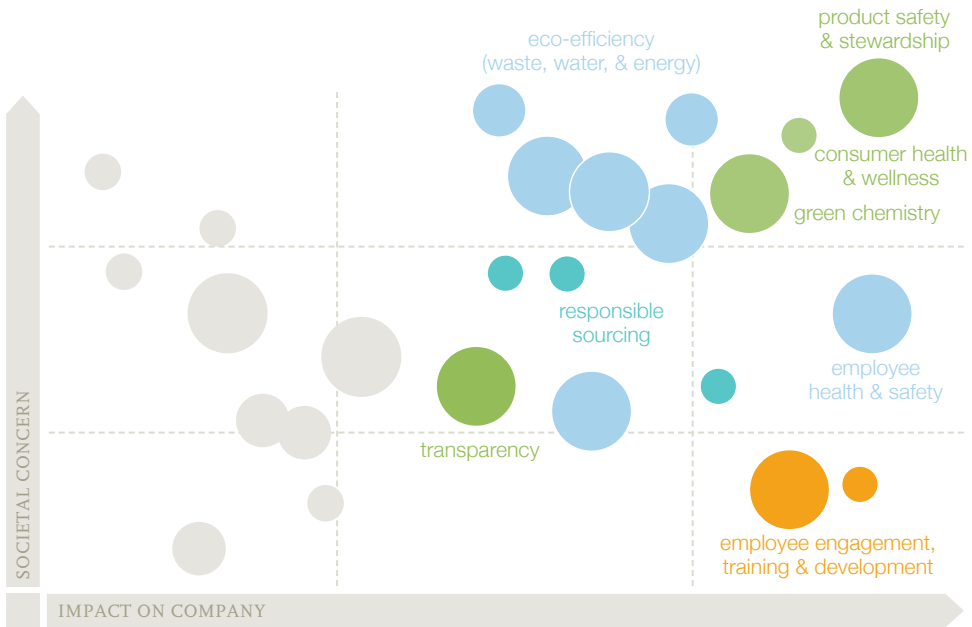


“We depend on nature’s precious resources for inspiration and product sourcing. Our longstanding commitment to sustainable business practices is the essence of who we are at IFF.

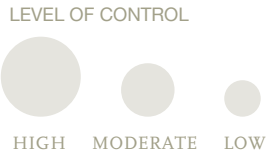
Going forward, we will accelerate that commitment for the benefit of all our current stakeholders and future generations.”

— NICOLAS MIRZAYANTZ
Group President, Fragrances

MATERIALITY MATRIX



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



Based on the materiality analysis, our core values, and our focus on customer needs, we developed four pillars that provide the organizing framework for our sustainability strategy: Creating Innovative Customer Solutions; Engaging & Inspiring Our Employees; Sourcing Responsibly; and Strengthening Our Eco-Efficiency & Community Relationships. We identified an IFF senior executive as the owner of each pillar and worked with them to set overall goals. Our director of global sustainability is responsible for finalizing the strategy elements, including targets and key performance indicators, and driving progress on the strategy in collaboration with the pillar owners, who have ultimate responsibility for performance.

*In assessing materiality, we considered many issues that, while significant enough to be on our diagram, were deemed to have less impact on and concern for IFF and our stakeholders and therefore to be less of a priority at this time. These types of less-material issues are represented on the left-hand part of the diagram in gray.

Our sustainability strategy

This report is organized according to our four strategy pillars and provides a snapshot of our sustainability performance. In the future we will report on progress relative to the strategy and its targets.

Creating Innovative Customer Solutions

OUR INTENT

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

Engaging & Inspiring Our Employees

OUR INTENT

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

Sourcing Responsibly

OUR INTENT

Seek to source our materials and product ingredients in a manner that is socially and environmentally sustainable.

Strengthening Our Eco-Efficiency & Community Relationships

OUR INTENT

Leverage innovation to continually improve the environmental efficiency and social responsibility of our facilities.

BUSINESS DRIVERS FOR SUSTAINABILITY

Sustainability has strong and direct implications for our financial competitiveness and success. While formalizing our sustainability strategy, we ensured that each of our four pillars addressed not only issues of environmental and social sustainability, but our company's financial sustainability as well. In this way, our sustainability strategy aligns with our business strategy to foster long-term financial success.

So, for example, our focus on creating innovative customer solutions ensures that we continue to win new business, develop creative and unique new products for our customers, and increase our sales and profitability. By engaging and inspiring our employees, we will continue to attract and retain a productive, motivated, and highly skilled workforce that is loyal to the company and focused on driving business results. By implementing a responsible sourcing strategy, we will maintain long-term access to key raw materials as well as build goodwill in our supplier communities. And by strengthening our eco-efficiency and community relationships we will build long-term partnerships with our neighbors and reduce the costs associated with workplace accidents, energy use, water use, and waste.

“With concerns for consumer health and wellness increasing globally, IFF has the unique opportunity to support the development of healthier products through the use of our innovative solutions.”

— HERNAN VAISMAN
Group President, Flavors

CREATING INNOVATIVE CUSTOMER SOLUTIONS

OUR INTENT

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

OUR GOALS

- › *Define* and *expand* our health and wellness portfolio of products in both flavors and fragrances.
- › *Integrate* green chemistry principles and practices into product and process development.
- › *Establish* a material and product stewardship strategy that meets the expectations of an increasingly transparent world.

As our customers succeed, so do we. And the cornerstone of our mutual success is innovation. We combine creativity and imagination with scientific know-how to improve millions of lives each and every day. Our expertise helps support the formation and expansion of many of our customers' beloved, iconic brands.

Our flavor and fragrance products consist of multiple ingredients blended in proprietary formulas for our customers by our talented flavorists and perfumers. We produce thousands of individual flavors and fragrances – and we're constantly working to create new ones that meet the evolving needs of our customers as they, in turn, meet the ever-changing needs of the consumer.

We put special focus on developing products that help our customers make a positive impact on consumer health and wellness. We are also committed to integrating green chemistry into product development, with an eye toward more sustainable processes. And we prioritize product safety and quality, while striving for openness and transparency about our ingredients and our operations. We intend to develop specific targets for these areas and will include them in future reports.

PHOTO: IFF-LMR Naturals works with farmers to optimize harvesting processes and secure the sustainability of natural resources. Shown here: a unique narcissus harvesting machine invented by IFF-LMR.

IFF has been a leader
in product and process
innovation for more
than 100 years.





We are committed to creating innovative products that support the health and wellness of consumers globally.



Contributing to improved health & wellness

Our customers are increasingly looking to us to go a step beyond creating delicious flavors and inspiring scents. They seek our expertise to boost the health and wellness aspects of their product portfolios. And we are responding to their needs.

Health and wellness has been a core component of our business for many years. We are elevating our commitments and focus in this area as consumers demand more from the products they purchase from our customers.

HEALTH AND WELLNESS AWARDS

We were recognized in Australia and India by a multinational food and beverage customer for our outstanding contribution to their business in 2010. Specifically, these honors cite our quality, service, innovation, and technology. Our customer noted the work we have done to upgrade their offerings to achieve healthier profiles through our sodium- and sugar-reduction tools, as well as through our extensive work in naturals.

30-40%

Between 30 and 40 percent of our customers' flavor requests include a health and wellness component.

PHOTO: IFF's expert creative, culinary, and technical teams test our proprietary sodium-modulation solutions for soups.

Enhancing health & wellness through our flavors

Our opportunity to address global health and wellness needs increases as our customers recognize the growing imperative to reduce salt, sugar, and fat in their product portfolios without compromising taste and quality. In fact, between 30 and 40 percent of our customers' flavor requests include a health and wellness component.

We have invested substantial resources to discover and develop new health and wellness solutions. There is no one-size-fits-all approach to improving a product's nutrition credentials. Virtually every solution we create is customized for a specific product to be sold by a specific customer in a particular target market.

In recent years, numerous popular global food brands have

introduced new products, or reinvented existing products, with reduced salt, sugar, and fat content. The challenge now — for us and for our customers — is to continue these kinds of nutritional improvements without negatively affecting taste and enjoyment. After all, if the healthier food doesn't taste good, people won't buy it.

Our customers look to IFF as a partner to provide flavor solutions when reformulating existing products and developing new ones. We are advancing our capabilities in the health and wellness arena with cutting-edge breakthroughs in sweetness modulation and salt- and fat-reduction solutions, as well as bitter-masking technologies that can improve the taste of pharmaceutical products

and nutritive ingredients. In addition, many of our health and wellness initiatives use ingredients derived from natural and sustainable sources.

We frequently use a method called Generessence® in the pursuit of health and wellness. This method allows us to recreate flavors as nature designed. For example, if we're working to create an orange flavor, we will only use compounds that naturally occur in the orange itself.

We continue our quest to explore the emotional impact that flavors have on consumers. We view taste as an emotionally evocative and transportive sense that has not yet been fully investigated. IFF's proprietary FlavorFeelings™ technique uncovers the emotional profiles of flavors, helping guide our customers to create products that not only taste great, but support the product's emotional intent.



PHOTO: Testing our proprietary sweetness-modulation solutions for smoothies.

Enhancing health & wellness through our fragrances

The human sense of smell is the oldest of the senses. That is, it's the first of the five senses that a fetus in the womb develops. And it's the sense that most closely connects us to our memories, since it is hardwired to the brain's limbic system.

IFF was the first fragrance supplier to pioneer the notion that fragrance has the power to influence an individual's mood and emotional well-being. For more than 25 years, we have worked scientifically to measure the subjective, behavioral, and physiological effects of scent on emotions. Today, as one of

the world's largest producers of fragrance ingredients, we're leading our industry through the design of mood-enhancing fragrances that can evoke positive human emotions, such as relaxation, happiness, stimulation, and sensuality.

Our method, which we call Mood Mapping™, reliably measures the mood associations of aromas — from simple, individual ingredients to finished fragrances in consumer products. Mood Mapping enables our perfumers to improve their understanding of the emotional impacts of our fragrances on consumers,

thereby providing them with a better scent experience. Our "ScentEmotions" database captures the emotional, imagery, and sensorial associations of hundreds of specific ingredients tested with consumers all around the world.

By accessing this information, our perfumers have created numerous successful fragrances that resonate emotionally with consumers. These include the top-ten best-selling fragrance Clinique Happy, which was developed and proven to foster a positive, happy mood in consumers.

The Monell Center was established in 1968 with Hank Walter, IFF's chairman from 1970 to 1985, as a founding member of the governing board. IFF was a central driving force in Monell's creation, growth, and development and continues to be a significant partner and friend to the Center.

Today, Monell is a world-renowned institution and the world's only independent, nonprofit scientific institute dedicated to interdisciplinary research on the senses of taste and smell and their impact on health, behavior, and the environment.



Innovating with green chemistry

IFF has been a leader in product and process innovation in the field of organic chemistry for more than 100 years. Long before these types of innovations were known as green chemistry, we were incorporating them into our operations. (Green chemistry is the design of products and processes in a way that reduces or eliminates waste, uses renewable feedstocks, and promotes biodegradability and energy efficiency.) While our past efforts have achieved significant results, we now plan to set targets for the further integration of green chemistry into our products and processes.

As one example of our work thus far, we have pioneered green chemistry manufacturing processes for a number of popular floral and woody scents. In these cases, we replaced complex, multi-step manufacturing processes with a single-step process that eliminates waste and requires fewer raw materials. Reducing the complexity of the process also frees up equipment to increase capacity and improve overall quality.

Biodegradable PolyIFF® is an example of one of our green chemistry product innovations.

Original PolyIFF is a plastic bead that is embedded with a fragrance and used to scent consumer products. Biodegradable PolyIFF is derived from compostable, renewable feedstocks, permitting its use in biodegradable plastic products, such as plastic bags made from corn starch.

These types of innovations demonstrate how green chemistry is good for business and good for the environment. We are sharing these learnings globally within IFF to further drive green chemistry in all of our operations.

“Green chemistry is quickly becoming part of IFF’s day-to-day approach to creating new molecules and novel engineering processes and technologies.”

— AHMET BAYDAR
Senior Vice President,
Research and Development



The revolutionary “Livings”

More than two decades ago, IFF revolutionized the way that perfumes were created, thanks to a radical new fragrance technology that we call Living Flower®. In the 1980s, the late Dr. Braja Mookherjee, a world-renowned IFF scientist, questioned if the scent of a living flower was fundamentally different from the scent of one that had been plucked from its stem. He analyzed two specimens — one still living, one cut — and discovered that their scents were, in his words, “like night and day,” with different chemical components to them. He observed the same phenomenon with other botanicals, including fruits, leaves, and bark.

Dr. Mookherjee developed a technique that uses a special needle to extract odor molecules from a living flower, so they could then be analyzed and reproduced. This new technique meant that IFF could capture and study the aroma components of a flower, any flower, at any time of day or night, while it was still alive on the plant. No flowers had to be cut in the process. And as a result, our perfumers gained limitless access to natural scents, including rare flowers, species that are impossible to cultivate in large numbers, and scents that were previously difficult to reproduce in the lab, including lily of the valley, freesia, and honeysuckle. In 1992, Dr. Mookherjee received international recognition for this pioneering work, which has played a major role in many of IFF's most successful fragrances and led to multiple FiFi® Awards. We maintain a Living Fragrance Library database — used by our perfumers all around the world — that preserves all the information needed to recreate a scent.

Our Living Flower program continues at the 5,000-square-foot, state-of-the-art botanical garden at our global R&D center in New Jersey, USA.



Leveraging the breakthrough learnings from our Fragrance division, IFF created Living Flavors®, which captures the flavor of living fruits, vegetables, herbs, and spices at the peak of ripeness. As in Dr. Mookherjee's explorations with flowers, dramatic differences were revealed in the analysis of a living fruit versus one that had been picked. While this approach was eventually superseded as more sensitive analysis techniques came into use, Living Flavors represented a milestone in delivering more authentic and delicious flavors to the consumer.

Our Living Flower program continues at the 5,000-square-foot, state-of-the-art botanical garden at our global R&D center in New Jersey, USA. Here, our researchers cultivate, analyze, and reproduce fragrances and flavors from a rare collection of plants from around the world, under the guidance of Subha Patel, our director of nature-inspired fragrance technology. This garden, which hosts the largest collection of scented plants in the world, serves as a unique source of inspiration for our creative teams and our customers.





Our highest priority is the safety
and responsible stewardship of
all our products.





Our commitment to product stewardship

The safety and responsible stewardship of our products is our highest priority. Key areas of our product stewardship strategy include staying ahead of ever-changing regulations, product safety, quality, and transparency. Our flavors and fragrances are incorporated into thousands of food, beverage, beauty, and household products used by consumers and regulated by governments in the countries where we do business. Consequently, we have developed a comprehensive program to ensure product safety, compliance, and quality — for the

safety of our employees, for the safety of the environment, for the brand reputations of our customers, and ultimately for the safety of consumers.

Our systems help to protect and support our customers' brands, to drive mutual success. We work with our customers to ensure that we meet each company's specifications and standards, which often go beyond legal requirements.

New suppliers undergo safety, quality, and regulatory audits of their businesses; existing suppliers undergo periodic

audits. In 2010, we conducted more than 100 vendor audits, which included site visits by IFF employees and/or third-party reviews. (See the Sourcing Responsibly section of this report for more information about our supply chain.)

Our facilities are held to even higher standards. Many have achieved ISO 9001 certification, and our management team undergoes Six Sigma quality training. Many of our Six Sigma projects are also helping us to reduce waste and enhance our sustainability efforts.



PHOTO: Our employees are highly trained and dedicated to ensuring that our products are safe, consistent, and compliant.

An increasingly transparent world

In our industry, the issue of transparency around chemicals is complicated and challenging.

Consequently, we are updating our material and product stewardship strategy to meet the expectations of an increasingly transparent world. We are exploring what those expectations are and how we can address them in a way that meets the needs of our customers and consumers, while protecting our intellectual property.

We believe that the real goal of transparency is to provide the consumer with sufficient information to make an informed decision about the safe use of a particular product or brand. Simply identifying ingredients without identifying the actual risk not only provides incomplete information, it also may cause a consumer to make an incorrect choice.

IFF advocates, along with our trade association partners, for a more holistic, science-based approach that addresses short-term and long-term concerns, while specifically addressing risk.

BUILDING A "SUSTAINABLE FUTURE"

IFF is the only flavor and fragrance company (and one of only a handful of companies from a wide range of industries) to have graduated from the U.S. Environmental Protection Agency's Sustainable Futures program, which aims to make new chemicals safer, available faster, and at a lower cost. Participants learn how to develop new products by evaluating new materials, identifying risks early, and replacing materials with safer and greener ingredients. Our R&D and Global Regulatory Affairs departments are using the program's procedures and screening tools to evaluate the safety of new molecules, ingredients, and chemicals and identify substitutes where needed. For more information, visit: www.epa.gov/opptintr/sf/pubs/benefits.htm#sf.



Staying ahead of regulatory challenges

The manufacture and sale of our products are subject to national, regional, and industry regulations in the countries in which our products are manufactured and sold. We use a variety of strategies, methodologies, and tools to minimize the likelihood of product or process noncompliance.

In addition, IFF is proud to be a founding member of the International Fragrance Association (IFRA). IFRA is the official representative body of the fragrances industry worldwide, with the main purpose of ensuring the safety of fragrance materials. Also, after a long association with the Research Institute for Fragrance Materials (RIFM), we recently partnered with them to conduct a life-cycle analysis of popular fragrance materials to determine their overall sustainability. In addition, IFF is an active member of and participant in the International

Organization of the Flavor Industry (IOFI) as well as the Flavor and Extract Manufacturers Association, whose missions are to ensure the safe use of flavorings to protect the health of consumers, employees, and the environment. The combination of industry participation and IFF-specific tools and procedures positions us well to keep ahead of the constantly changing regulatory environment.

For example, to stay ahead of regulatory changes in Europe, we introduced in 2010 a new range of EU-compliant natural flavors for beef and chicken. The flavors, which expanded our health and wellness portfolio, were introduced nearly six months before a new EU regulation was set to take effect. These solutions enabled food companies to accelerate the development of products that complied with the new EU legislation, which strengthened the definition of a “natural” ingredient.

Moreover, our innovation saved our European customers the expense and the trouble of changing their labels once the new regulations took effect.

Another example of IFF staying ahead of regulations is the EU REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) program. REACH represents a groundbreaking regulatory change in Europe, and it is setting the stage for similar approaches in other countries and regions. IFF played a leading role in the practical application of the legislation and has assembled a respected team of acknowledged experts to guide our implementation of REACH registrations. As a result, IFF has successfully met all registration deadlines to date and is well positioned for the next round of registrations due in 2013.

Going forward

Product innovation has always been a hallmark of our existence. Today, we're taking innovation to the next level, engaging our employees to drive our sustainability strategy into IFF's processes. We're exploring new ways to improve the health of consumers and the health of the environment through our products and the processes used to make them.

We recognize there are great opportunities for our company as we further embed sustainability

into our operations. Yet there are also some very real challenges, including finding new innovative solutions that will enable food manufacturers to continue to make strides in nutrition. We also face the continued challenges of expanding green chemistry throughout our global operations and of a widely varying regulatory environment. We believe we're well positioned to meet these challenges as we build on our history of innovation and further drive progress.

IFF is proud to be a founding member of the International Fragrance Association and a member of the International Organization of the Flavor Industry.



The power of scent

Fine fragrances, beauty care products, and scented items such as fabric and home care products are the mainstays of our fragrance division. However, we sometimes share our expertise and fund research in areas that stretch far beyond these traditional markets. For example, we are particularly proud of the work we do in France with the Raymond Poincaré Hospital and Cosmetic Executive Women (CEW), a fragrance industry nonprofit organization whose mission is to develop the leadership potential of its members.

This partnership focuses on the power of scent in neurological rehabilitation and memory restoration. Hospital therapists integrate scent into rehabilitation sessions with patients to connect them to their pasts. This groundbreaking work helps patients who have suffered serious trauma and injuries resulting in lost memory or the ability to speak. For example, a 19-year-old patient who had awakened from a year-long coma was unable to speak until he smelled a spice bread note that reminded him of a popular character from a spice bread commercial he had seen as a child.

IFF supports this important work because we feel strongly that smell can make a dramatic difference in peoples' lives – including their power to heal. We see this as an extraordinary humanitarian benefit of scent, and it reinforces our long-term commitment to improving consumers' lives and well-being.

“The sense of smell is even more tied to our emotions than that of vision or touch. We try to evoke those memories that patients couldn't recall by viewing images or through language.”

— BERNARD BUSSEL, Ph.D.
Raymond Poincaré Hospital



Engaging &
Inspiring
Our Employees

ENGAGING & INSPIRING OUR EMPLOYEES

OUR INTENT

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

OUR GOALS

- › *Engage, inspire, and equip* our employees to execute sustainable, innovative thinking in their everyday work.
- › *Empower* employees to apply their talent and passion in a work environment that fosters their growth and the long-term success of our business.
- › *Embed* sustainable practices in all areas of the business, ensuring that we respect the rights of our employees and the citizens of communities in which we operate.

As an innovation-driven organization with a uniquely collaborative culture, IFF depends on the creativity, drive, and productivity that our people bring to the job every day. We are committed to attracting, engaging, developing, and retaining the best talent, from all over the globe.

Our people are focused on delivering innovative solutions for our customers to meet the ever-increasing demands of today's consumer. Our employees are highly skilled, culturally diverse, dedicated, and passionate about what they do. They use organic chemistry to turn raw materials into ingredient molecules, design and implement precise manufacturing processes, and employ creativity and innovation to develop cutting-edge flavors and fragrances. In fact, all of our 5,500 people make an important contribution to supporting our vision of creating unique scent and taste experiences people love. And it's a testament to our collaborative culture that many of our employees choose to build lifelong careers at IFF.

The employee-related strategic intent and goals of our sustainability strategy are outlined at left. We are setting five-year metrics for each of the goals and look forward to reporting on them in the future.

In this section, we discuss three key employee-related topics that directly affect our ability to attract and retain the best talent: workforce learning and development, our corporate health and wellness programs, and employee diversity.



Our employees
are highly skilled,
culturally diverse,
dedicated, and
passionate about
what they do.





Cultivating a highly qualified workforce

We believe that, to a large degree, the continued success of our company lies in the hands of people we already employ, and we work to create a continuous learning environment in which we develop individual contributors and leaders at all levels. By building and maintaining a highly qualified workforce, we ensure that we can exceed the expectations of our customers and our shareholders. We can also ensure IFF's adaptability to changes in technology and market needs, and engage our employees in their own personal development and growth.

We offer a wide range of learning and development opportunities, including a tuition reimbursement program that helps our

employees gain critical knowledge and credentials to help keep us competitive. The table below shows a sampling of the major internal programs available to our employees globally (in addition to the Perfumery School, discussed on p. 36).

In 2010 and early 2011, we began several initiatives to further strengthen our learning offerings. First, we have developed a new, web-based learning management system called IFF Virtual University that will become operational during 2011. This new system will greatly increase the content offered online and will better reach IFF employees around the world.

Second, we have organized a global team of facilitators — with representatives in each

IFF region — to deliver our key leadership development programs around the world. This will allow the programs to be more closely tailored to the needs of our people in each region, and will reduce travel-related costs and environmental impacts.

Third, we are developing several new programs for our global workforce that are or will be available in 2011. These are expected to include specific training on economic profit for all employees, to support our value-creation strategy; webinars on targeted topics such as performance management, leadership competencies, and coaching; and a three-day fragrance core competencies class for our Fragrances sales and marketing teams.

IFF EMPLOYEE LEARNING PROGRAMS

COURSE OFFERINGS	ELIGIBLE PARTICIPANTS	NUMBER OF PARTICIPANTS
Live and recorded webinars on nearly 60 topics — from interviewing skills to people management to English as a second language	All IFF employees	More than 2,000 have completed at least one course
Week-long training on communication skills, building trust, motivating others, managing performance, and leading change	Supervisors and front-line leaders	More than 550 since its inception in 2005
Week-long program that addresses leadership competencies, developing organizational talent, coaching others, delegation, and managing conflict	Mid-level managers	More than 200 since its inception in 2006
Week-long quality-improvement initiative based on Six Sigma	Supervisors, managers, directors, and vice presidents	More than 250 globally

PHOTO: More than 80 nationalities are represented in IFF's global employee population.

Promoting healthy lifestyles among our employees

As a company increasingly focused on providing products for our customers that promote health and wellness, we are likewise focused on promoting healthy lifestyles among our employees.

Around the world, IFF sites have programs and activities, tailored to local needs, that encourage employees to take responsibility for their own fitness, health, and wellness.

For example:

- > In the United States, we have recently established an online voluntary program that sets specific targets for healthy behaviors and actions to encourage increased responsibility for one's well-being.

These targets, once met, lead to a reduction in participants' insurance costs the following year.

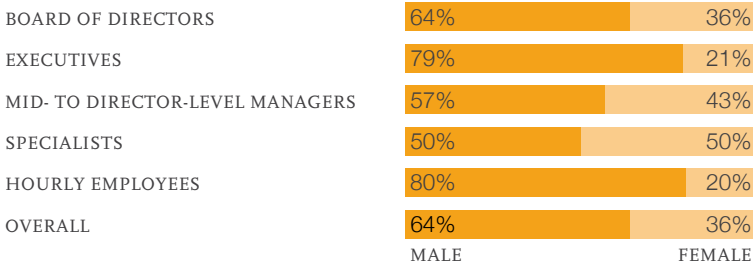
- > For the past three years, IFF Singapore has organized and paid in full for employees to take part in long-distance races. In 2010, 43 of our people took part in either a 10km or 21km run.
- > In 2010 in Australia, three IFF teams successfully completed a relay-format triathlon — 400m swim, 10km bike ride, and 4km run.

These and similar activities and programs help to create a culture of health and wellness in IFF's locations around the world.

235+
EMPLOYEE PROMOTIONS
SINCE 2009

100+
SPECIAL ASSIGNMENTS
SINCE 2009

GLOBAL GENDER DIVERSITY (AS OF 3/31/11)



Fostering a diverse & inclusive workforce

With more than 5,500 employees in 33 countries, spread across four global regions, IFF is a truly multinational, multicultural company. We employ people with a wide range of nationalities, cultures, and backgrounds. In fact, we employ people of more than 80 nationalities. The vast majority of our workforce is made up of local hires in each location. We do, however, provide the opportunity for our employees to live and work in other countries as expatriates or through special assignments. We truly value the contributions that such a multi-cultural workforce can make.

We are 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 strong anti-discrimination and anti-harassment policies.

In recent years, the representation of women in executive positions at IFF has tripled — from 7% in 2006 to 21% in 2011.



Going forward

IFF offers unique challenges and opportunities to employees in the service of developing products that touch peoples' lives every day. Four principles that relate directly to employees have long been embedded in our corporate culture: respect for all people; open and honest communication; diversity; and teamwork and collaboration.

Going forward, we will face challenges and drive further progress by focusing on the employee-related aspects of our sustainability strategy and solidifying targets to help us achieve our goals. For example, we will attract, develop, and retain the best talent by recognizing that varied markets have specific needs, and we will engage, inspire, and equip our employees to execute sustainable, innovative thinking in their everyday work.

“We offer a continuous learning environment in which individuals and their careers grow and flourish.”

— ANGELICA T. CANTLON
Senior Vice President,
Chief Human Resources Officer



EUROPE, AFRICA, MIDDLE EAST

1,800
33%

GREATER ASIA

1,600
29%

IFF employees reap the benefits of our perfumery school

“Don’t think, just smell.”

At IFF, we provide aspiring perfumers with a full-time, multi-year course of study in the IFF Perfumery School under the tutelage of Ron Winnegrad, a fragrance industry legend. We believe the depth and breadth of the School’s programs are unmatched in our industry.

For future perfumers, the curriculum includes significant time in the United States at our New York creative center, followed by rotations at our creative centers in Hilversum, the Netherlands; Paris and Grasse, France; Sao Paulo, Brazil; and Union Beach, New Jersey, USA. Students then apprentice with a senior perfumer at one of IFF’s global creative centers.

Applicants for this highly coveted training do not need any particular educational degree nor work experience; the program is open to all IFF employees. However, applicants must show promise on olfactory and psychological tests to be considered.

Our Perfumery School also trains aspiring fragrance development managers (FDMs) and experienced FDMs who want to enhance their skills and expertise. FDMs play a key role at IFF, as they are our liaisons between perfumers and customers. In addition, our Fragrances marketing and sales departments, as well as many of our customers, meet with Mr. Winnegrad regularly to learn more about the art and science of perfumery.

The Perfumery School offers its students meticulous in-depth instruction on the fundamentals of perfumery, from individual ingredients and their identification in fragrance accords, to fragrance creation and practice with customer briefs. Mr. Winnegrad uses an innovative approach and challenges his students, “Don’t think, just smell.”

While we have been training and developing perfumers for decades, we brought Mr. Winnegrad on board in 2001 to strengthen the course of study. In the years since, 19 perfumers have completed the rigorous, world-class program.

Our investment in this professional program provides a unique career path for IFF employees, and also develops a creative talent pool.



Sourcing Responsibly

SOURCING RESPONSIBLY

OUR INTENT

Seek to source our materials and product ingredients in a manner that is socially and environmentally sustainable.

OUR GOALS

- › *Engage* with suppliers to align their performance with our social and environmental expectations, and those of our customers.
- › *Improve* supply chain resiliency and create opportunities by understanding and addressing related economic, social, and environmental issues.
- › *Partner* with the communities from which our materials are sourced to foster sustainability.

The supply chain for the flavor and fragrance industry is vast and far-reaching. To make our products, IFF relies on some 3,500 suppliers, from all corners of the globe, to provide more than 10,000 natural and synthetic raw materials. Our suppliers range from small family farms to major international chemical companies.

Ensuring a sustainable supply chain is critical for the success of our business. When we help our suppliers to succeed, we simultaneously help to secure long-term access to the raw material ingredients we need. Responsible sourcing is, therefore, one of the four key pillars of our sustainability strategy.

We are committed to sourcing materials in a manner that is socially and environmentally responsible.

VANIPRO

ZI de la Sarrée-Route de Gourdon
06620 LE BAR SUR LOUP (FRANCE)

Vani

100% Natural Vanilla Beans
DAGASCAR



We believe we can play a role in improving the quality of life in the areas in which our natural raw ingredients are grown and harvested.



Promoting social sustainability

One of IFF's goals is to continuously improve the social sustainability of our overall supply chain. Our Supplier Code of Conduct clearly communicates our expectations that suppliers must conduct their businesses ethically and comply with all IFF and legal requirements. We distribute the code regularly to reinforce our expectations around six critical areas: legal requirements; ethical practices; labor practices; health, safety, and environmental protection; human rights; and antitrust/competition laws.

In addition, we are encouraging our suppliers to participate in the Supplier Ethical Data Exchange (Sedex), a membership organization for companies committed to improving ethical performance within their supply chains. Sedex provides a secure database for companies to store and share with other member companies ethical data, including self-assessments, ethical audit reports, and corrective action reports. We are asking our largest suppliers — which represent more than 90 percent of our supply chain purchases — to register with Sedex.

IFF has been a Sedex member company since 2009. All of our manufacturing sites are registered with Sedex, and we are in the process of self-assessments. As part of our strategy, we are working toward having all of our facilities undergo third-party audits in the near future.

(For more information on Sedex, see www.sedexglobal.com.)



NATURALS VERSUS SYNTHETICS

IFF sources both synthetic and natural ingredients to create our flavors and fragrances. Consumers often assume that natural ingredients are more sustainable — and better for you — than synthetic ingredients. In some cases, synthetically derived products may be more environmentally sustainable than their natural counterparts, while in other cases the opposite may be true. It is IFF's intention to work toward the more sustainable solution — regardless of natural or synthetic status.

PHOTO: IFF-LMR Naturals works with families at our rose operations in Turkey's Isparta region.

Encouraging environmental sustainability

We are committed to sourcing materials and products in a manner that is environmentally responsible. As part of our sustainability strategy, we encourage our suppliers to align their performance with our environmental expectations and the expectations of our customers.

Currently, we ask our suppliers to report on their environmental sustainability efforts, to encourage them to reduce emissions

and waste, decrease energy consumption and water use, and increase process efficiencies.

We also ask each new supplier company if it has a documented environmental strategy in place with sustainable practices such as plans to reduce greenhouse gas emissions, fuel, and electricity use; water conservation programs; waste reduction programs; ethical sourcing standards; and environmental goals.

IFF has also joined with other companies to increase our collective impact through the Natural Resources Stewardship Circle (NRSC), which works to promote the responsible and ethical management of natural resources used in the beauty, cosmetics, fragrance, and flavor industries.



SOURCING PALM OIL RESPONSIBLY

Palm oil is a key ingredient in many foods. Yet the production of palm oil has caused significant environmental damage, including deforestation and species loss, particularly in parts of Asia, Africa, and South America.

Although we are not a major user of palm oil, IFF is committed to responsible sourcing practices for palm oil. We use several suppliers for palm oil and palm-oil-derived raw materials. All of these suppliers are members of the Roundtable on Sustainable Palm Oil (RSPO), which created global standards in support of sustainable palm oil products.

Members of the RSPO are required to abide by the RSPO Code of Conduct, actively support the implementation of RSPO projects, and execute action plans within their own organizations to promote sustainable palm oil production, procurement, and consumption.

IFF has worked with our palm oil suppliers for many years, and we have visited plantations and facilities to ensure that every effort is being made to comply with the RSPO's mission.

Partnering with communities

One of our practices is to partner with the communities from which our materials are sourced to foster sustainability. We believe we can play a role in improving the quality of life and standards of living in the areas where our natural raw ingredients are grown and harvested.

Our supplier community engagement program follows four of our corporate principles:

- > *Respect*: Promote cultural diversity and social well-being
- > *Good neighbor*: Care for the communities from which we source
- > *Sustainability*: Support commercial and social initiatives to sustain revenue and higher living standards
- > *Teamwork and collaboration*: Work closely with local residents, suppliers, and nongovernmental organizations to implement initiatives that ensure success

“Our ongoing partnerships with suppliers further our goal of a socially and environmentally responsible supply chain.”

— CARMELO PENNESTRI
Vice President,
Global Procurement



SOURCING VANILLA FROM MADAGASCAR

IFF is a major player in the vanilla market for flavors and fragrances. Madagascar is the world's largest vanilla supplier and has the most widely preferred vanilla flavor by consumers. In 2007, we began a strategic partnership with Vanipro (www.vanipro.com), a curer and exporter of high-quality vanillas. As a Fair Trade-certified supplier, Vanipro provides IFF with direct sourcing and long-term relationships with growers.

Vanipro's direct dealings with farmers give IFF visibility into their operations and allow us to assess firsthand if the operations are responsible and reliable. We also audit Vanipro to ensure they comply with our standards. Vanipro maintains a code of conduct and provides documentation on their compliance and commitment to work within ethical guidelines.

Vanipro believes that offering Fair Trade vanilla is only one step toward sustaining farmers in Madagascar. Thus, they are also helping to finance the creation of three children's medical centers, funding education programs, and providing rice to schoolchildren.

Going forward

We believe that all companies can influence supply chain sustainability. Even incremental improvements can make a difference to the planet and to our business.

We have been addressing sustainable supply chain challenges for some time and have made good progress to date sourcing materials in an environmentally and socially responsible

way. Through the responsible sourcing pillar of our sustainability strategy, we are stepping up our focus in this area. We look forward to developing specific targets around responsible sourcing that will help our supplier communities and help our own business by securing long-term access to raw materials.

SYNTHETIC SASSAFRAS

Natural oils from the roots of the sassafras tree produce a hay-like, floral aroma that blends well in perfumes, soaps, and other products. Several years ago, however, we began to explore synthetic alternatives to address a worrisome practice: farmers in Asia were cutting down thousands of increasingly rare sassafras trees each year just to harvest their roots. We changed our approach to use a molecule developed by IFF — called Helional™ — that mirrors the scent of the natural product. The switch has saved 110,000 trees per year.



Sustainability as an ongoing commitment to action: IFF-LMR Naturals

The southern French town of Grasse is the historical capital of perfume, and some of the most cutting-edge supply chain work we do begins here, at IFF-LMR™ Naturals. For more than 25 years, Laboratoire Monique Rémy (LMR) has been defined by its four guiding principles: purity, quality, transparency, and sustainability. At IFF-LMR, we have been perfecting the process of transforming natural raw materials — such as narcissus, jasmine, roses, and hundreds of other ingredients — into fragrances and flavors for inclusion in our customers’ products sold all over the world.

When buying certain agricultural goods, IFF-LMR contracts directly with farmers and helps them optimize their cultivation and harvesting processes, which sets us apart from others within our industry. We control the sourcing process, from field to extraction or distillation and transformation, ensuring incomparable ingredient quality and traceability.

We are guided by the principles of fair trade, and have developed fair trade contractual agreements with farmers and cooperatives that are mutually beneficial for the growers and for IFF-LMR. To appreciate our commitment, it helps to understand crop growing cycles. Most floral crops are grown on five- to ten-year cycles, but the first few years have low, or even nonexistent, yields. Understandably, farmers are reluctant to plant new crops when they face great uncertainties about cash flow and production. When possible, we try to structure grower contracts that address their concerns. For the farmers, the contracts guarantee steady income. For IFF-LMR, they guarantee a steady supply of a key ingredient.

“Sustainability is not a philosophy. Sustainability is not a theory. Sustainability is not trendy. Sustainability is a day after day, long-term commitment to action. Sustainability is the direct result of individual and corporate dedication. Sustainability must be taken seriously.”

— IFF-LMR:
“The 7 Laws of Nature”



For example, we set up fair trade contractual arrangements beginning in 2003 for the blackcurrant bud, the extract of which is used in many scent creations. To encourage farmers to work with us, we established decade-long contracts with 17 blackcurrant farmers on 100 acres in the Burgundy region of France, committing to guarantee the growers the same base amount each year — even for minimal harvests. We renewed the blackcurrant contracts in 2010 for another ten years. And we have a similar long-term agreement with iris producers in the Tuscany region of Italy.

Our IFF-LMR facilities include 40 acres on which we are experimenting with new types of plants and new organic growing techniques that will minimize a crop's environmental impacts. For example, we have a two-acre field of rare centifolia roses on which we stopped spraying pesticides in 2007, to restore the balance of insects and nature. In the first year we lost 80 percent of the crop, but by the spring of 2011, progressive restoration of the balance of insects had enabled a return to better yields, with magnificent results — and still without the use of pesticides. We will ultimately be taking what we have learned from our organic growing techniques to some 1,100 farmers in Turkey who provide the roses for our natural extracts.

M R



Countries from which IFF sources products

- ALBANIA
- ARGENTINA
- AUSTRALIA
- AUSTRIA
- BELGIUM
- BRAZIL
- BRITISH INDIAN OCEAN TERRITORY
- BULGARIA
- CANADA
- CHILE
- CHINA
- COLOMBIA
- COSTA RICA
- CZECH REPUBLIC
- DENMARK
- DOMINICA
- ECUADOR
- EGYPT
- EL SALVADOR
- ESTONIA
- ETHIOPIA
- FINLAND
- FRANCE
- GEORGIA
- GERMANY
- GREECE
- GUATEMALA
- GUYANA
- HAITI
- HONDURAS
- HONG KONG
- HUNGARY
- INDIA
- INDONESIA
- IRELAND
- ISRAEL
- ITALY
- IVORY COAST
- JAMAICA
- JAPAN
- KENYA
- LAOS
- MADAGASCAR
- MALAYSIA
- MEXICO
- MOROCCO
- NETHERLANDS
- NEW ZEALAND
- NIGER
- NIGERIA
- NORWAY
- PAPUA NEW GUINEA
- PARAGUAY
- PERU
- PHILIPPINES
- POLAND
- PORTUGAL
- ROMANIA
- RUSSIA
- SAUDI ARABIA
- SERBIA
- SINGAPORE
- SLOVAKIA
- SOMALIA
- SOUTH AFRICA
- SOUTH KOREA
- SPAIN
- SRI LANKA
- SWAZILAND
- SWEDEN
- SWITZERLAND
- TAIWAN
- THAILAND
- TOGO
- TUNISIA
- TURKEY
- UGANDA
- UKRAINE
- UNITED KINGDOM
- UNITED STATES
- URUGUAY
- VIETNAM

SOURCING FACTS & FIGURES

10,000

RAW MATERIALS IN IFF PRODUCTS

5,000

NATURAL RAW MATERIALS IN IFF PRODUCTS

3,500

SUPPLIERS IN IFF'S SUPPLY CHAIN

about 80

COUNTRIES FROM WHICH WE SOURCE INGREDIENTS



STRENGTHENING OUR ECO-EFFICIENCY & COMMUNITY RELATIONSHIPS

OUR INTENT

Leverage innovation to continually improve the environmental efficiency and social responsibility of our facilities.

OUR GOALS

- › Continuously *improve* the eco-efficiency of our operations.
- › *Strengthen* employee health and safety programs.
- › *Enhance* relationships within the communities in which we operate.

At IFF, we create, design, and manufacture products that touch people's lives every day. But it's not just what we make that's important, it's how we make it.

Our longstanding corporate principles demand that we continuously improve our environmental practices, that we provide a safe and healthy working environment for our employees, and that we be a good neighbor in the communities in which our facilities are located. Our sustainability strategy echoes and builds upon these principles. We know that strengthening eco-efficiency and community relationships is critical to our employees, our customers, our neighbors, and the planet.

This aspect of our strategy is also critical to the financial sustainability of our company. By implementing environmental best practices, we can improve our efficiency and reduce energy use, water use, and waste. By maintaining strong safety management practices, we can prevent accidents and injuries. And by engaging with the communities in which we operate, we can build long-term relationships with these important stakeholders. All of these activities can have measurable impacts on our bottom line.

In 2008 we set several five-year environmental targets, as noted at right. We have undertaken numerous projects and initiatives to help us meet those targets, and we have made good progress. Going forward, we will be reviewing these targets and may formulate new or additional goals.

PHOTO: The orris root farm of a strategic IFF partner in the south of France.

* per metric ton of production, using 2007 as a baseline

** per metric ton of production, using 2008 as a baseline

↓10% reduction in electricity use*

↓5% reduction in natural gas and oil use*

↓10% reduction in water use*

↓10% reduction in hazardous waste generation**

0 lost-time accidents





We are committed to reducing
our energy use and its associated
carbon footprint globally.



Managing our environmental and safety performance

Since 1998, IFF's environmental, health, and safety (EHS) efforts have been guided by a Global EHS Policy endorsed by our chairman and CEO. Our EHS team — which sits within our Global Regulatory Affairs department — has established detailed policies and procedures aligned with our global policy. These policies and procedures are applicable to all IFF sites and help to ensure strong performance in workplace health and safety and environmental protection, including compliance with relevant government regulations. The policies and procedures incorporate requirements similar to those for ISO 14001 environmental management certification. Ten of our 30 manufacturing plants have taken the extra step of becoming ISO 14001 certified.

IFF facility managers are ultimately responsible for putting our policies and procedures into practice and for their sites' safety and environmental performance. At the supervisor level and above, EHS-related performance is a component of each employee's performance review process and is a factor in compensation and promotion decisions.

Our EHS team conducts regular internal audits to confirm compliance with our EHS policies and procedures and relevant government regulations. In 2010, we audited nine IFF facilities in six countries: Australia, China, Egypt, Mexico, South Africa, and the United States.

We have also established an EHS training program for employees. Our internal and external trainings cover a number of EHS topics. An e-learning module addressing carbon footprint and energy efficiency was added in 2011.

In 2010, we began to consider sustainability issues more directly in our capital improvement approval process, such that the environmental benefits of a project, including energy, are now explicitly considered in decision making.

We recently implemented a new, global, web-based data collection and reporting system in order to improve the accuracy and availability of our environmental performance data. The new system includes a carbon accounting tool, based on the Greenhouse Gas (GHG) Protocol, that allows us to better estimate carbon dioxide (CO₂) emissions and optimize environmental impacts across all internal operations. Our locations report their performance regularly to operations management and the EHS team.

“Eco-efficiency is critical to the health of the planet and its people, and to IFF's financial sustainability.”

— BETH E. FORD
Executive Vice President,
Head of Supply Chain

Reducing our energy use & greenhouse gas emissions

Climate change is an issue of unprecedented global scope and potential impact, and it's of increasing concern to our customers and consumers. We're committed to doing our part to address this issue by reducing our energy use and its associated CO₂ emissions. We use energy for heating and cooling buildings, lighting, generating hot water and steam, process operations, and cleaning.

Climate change presents a range of potential physical and market-related risks for our company. For example, changes in the frequency of extreme weather events and changes in natural resource availability may affect supplies of agriculture-derived ingredients. To minimize these risks, we maintain strategic stock levels of critical raw materials. We also have emergency procedures in place for our own

operations. We are prepared to support market demands for green products as they arise. We do not see climate change as posing any regulatory risks for our company. We also have not identified any opportunities for IFF relating to climate change; however, maximizing our energy efficiency makes sense both environmentally and economically.

In 2010, we expanded our vendor quality audit process to include questions regarding the tracking of GHG emissions and energy use, as well as water use and waste.

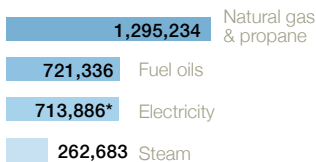
As noted on p. 51, we set targets in 2008 to reduce our energy use 5 to 10 percent by 2012 (per metric ton of production). To achieve those targets and reduce associated CO₂ emissions, our manufacturing locations have been implementing a variety of improvements, including energy-awareness

programs, high-efficiency lighting, and installing energy efficient process equipment.

Interestingly, we have discovered that our ever-changing product mix poses a challenge to our energy-reduction efforts. Some products require more heating, cooling, and/or cleaning than others. Consequently, changes in our product portfolio may offset energy-reduction projects.

As of 2010, we had already achieved some of our energy-use targets, even as we continue to work toward others. For instance, our electricity use per metric ton of production has risen slightly since 2007 (up 3 percent), fuel oil use has decreased significantly (down 22 percent), while natural gas use has remained stable. Overall, our energy use per metric ton has decreased by approximately 5 percent.

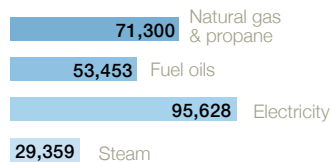
2010 ENERGY USE (in gigajoules)



2,993,139
TOTAL ENERGY USED

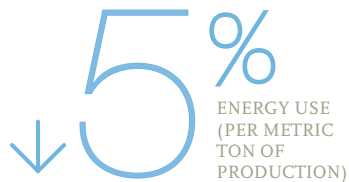
10.6
TOTAL ENERGY USED PER METRIC TON OF PRODUCTION

2010 CO₂ EMISSIONS (in metric tons)



249,740
TOTAL CO₂ EMISSIONS

0.88
TOTAL CO₂ EMISSIONS PER METRIC TON OF PRODUCTION



* includes co-generation and purchased green energy

Using water wisely

Clean, fresh water is a vital natural resource. It is essential to agriculture, biodiversity, and community development — in fact, to the very survival of life on Earth. It's also a resource that is becoming increasingly scarce, as global population grows and climate change threatens to disrupt hydrologic cycles.

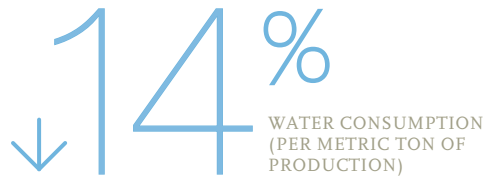
Water is critical for our operational success at IFF. It is an ingredient in some of our fragrance and flavor products; we also use it in our manufacturing processes.

In 2008 we set out to reduce our water use by 10 percent (per metric ton of production) between 2007 and 2012. We have already surpassed that target, with a decrease of approximately 14 percent by the end of 2010. This decrease has been due to a variety of measures undertaken at our facilities to conserve water. In 2010, we used nearly 8.2 million cubic meters of water, or 29 cubic meters per metric ton of production.

We have also been working to reduce the generation of

wastewater. IFF plants in Argentina, China, Indonesia, Mexico, Spain, Turkey, and the United States have recently upgraded their wastewater pretreatment systems. The new systems offer better control, improved effluent quality, and minimized energy costs.

Clean, fresh water is a vital natural resource. In 2008 we set out to reduce our normalized water use by 10 percent, and we have already achieved that goal.



Minimizing waste

Broadly speaking, waste equals inefficiency. We are committed to minimizing our generation of solid and hazardous waste wherever possible. Our green chemistry initiatives (described on p. 16) help us design our products and processes to use materials that are better for the environment and generate less waste.

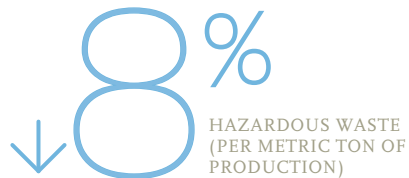
IFF has established a hierarchy of waste management that provides for waste prevention, reuse, recycling, beneficial energy recovery, waste treatment, and disposal. We have numerous recycling programs in place around the world, including for paper, corrugated cardboard,

metal containers, glass, newspapers, and magazines, in addition to process recycling initiatives.

As a good corporate citizen, the minimization and proper handling of hazardous waste is a particular focus for us, as such waste is highly regulated and expensive to dispose.

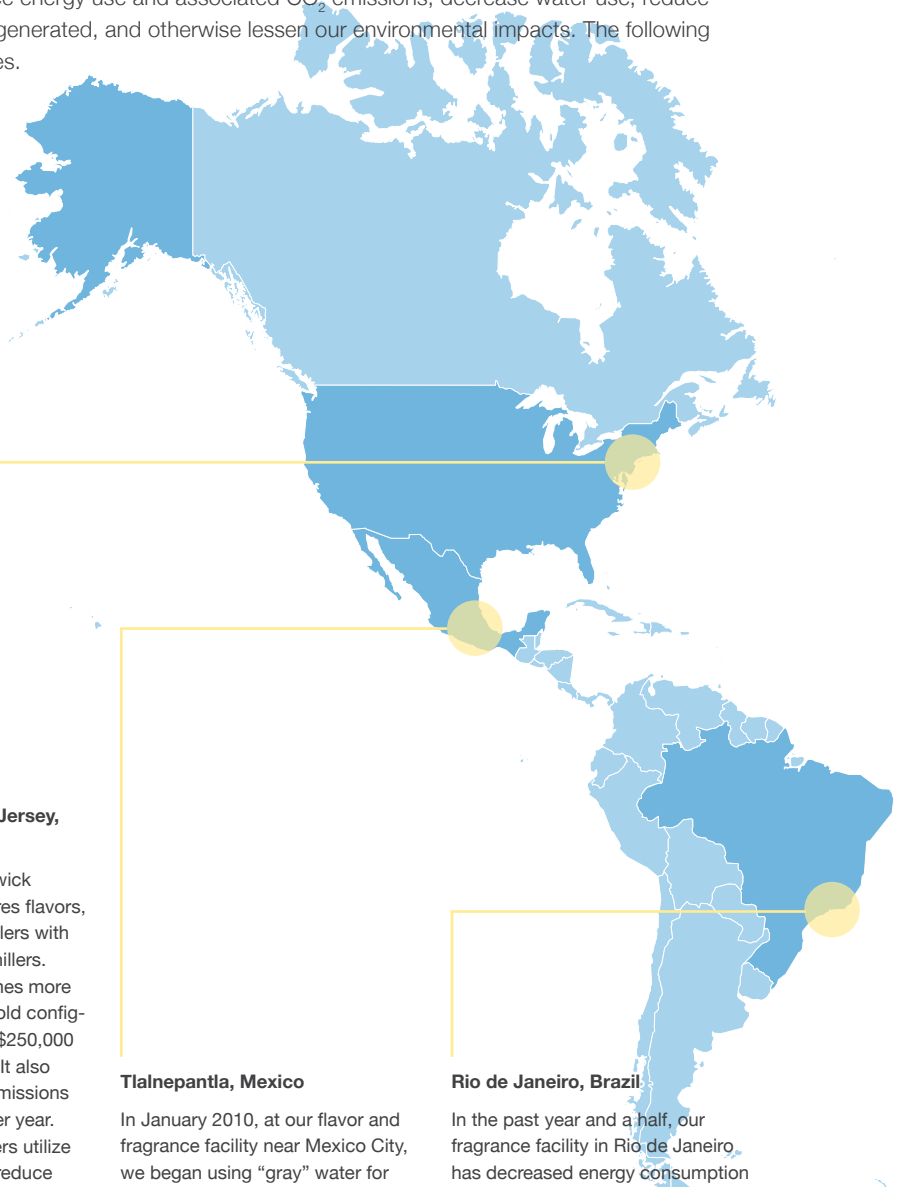
In 2008 we set out to reduce our generation of hazardous waste (per metric ton of production) by 10 percent by 2012, using 2008 as a baseline. Thus far, we have achieved an 8 percent reduction. In 2010, we generated approximately 18,000 metric tons of hazardous waste, or .065 metric tons per metric ton of production.

Broadly speaking, waste equals inefficiency. We are committed to minimizing our waste whenever possible.



Site-specific accomplishments

Our facilities around the world have undertaken numerous initiatives and projects in the past several years to reduce energy use and associated CO₂ emissions, decrease water use, reduce the amount of waste generated, and otherwise lessen our environmental impacts. The following are but a few examples.



South Brunswick, New Jersey, USA

In 2009 our South Brunswick facility, which manufactures flavors, replaced older steam chillers with high-efficiency electric chillers. The new system is six times more energy efficient than the old configuration and saves about \$250,000 per year in energy costs. It also reduces CO₂ and other emissions by more than 600 tons per year. In addition, the new chillers utilize “green” refrigerants that reduce potential harm to the ozone layer.

Hazlet, New Jersey, USA

At our fragrance plant in Hazlet we have an extensive recycling program for drums, fiber containers, and pallets. In 2010, Hazlet recycled nearly 900,000 pounds of steel containers and approximately 15,000 pounds of plastic containers.

Tlalnepantla, Mexico

In January 2010, at our flavor and fragrance facility near Mexico City, we began using “gray” water for landscape irrigation. This improvement is saving 400,000 liters of water per year. In addition, in 2009 and 2010 we installed low-flow fixtures, saving more than 1 million liters of water per year. These improvements have resulted in a 2.5 percent decrease in water use at this facility.

Rio de Janeiro, Brazil

In the past year and a half, our fragrance facility in Rio de Janeiro, has decreased energy consumption by 7 percent. We achieved this by reducing electrical consumption from HVAC systems, upgrading transformers, and installing translucent and thermal-insulated roof tiles in the storage area. With this latter change, we only need to use electrical lighting in the storage area after 4pm.



Tilburg, the Netherlands

In 2010 our Tilburg manufacturing facility, which makes both flavors and fragrances, reduced its energy use by 8.4 percent compared to 2009, in part by installing equipment that improves the efficiency of electric motors. The facility also began purchasing green electricity from hydroelectric power stations, thereby cutting its indirect CO₂ emissions in half.

Multiple Locations

Biofilters treat ventilation exhaust in manufacturing settings using biomass (wood chips and compost); these filters provide a natural way to reduce odor and eliminate the use of carbon and fuels. We have 12 biofilter units in place globally, including installations in Union Beach and Hazlet, New Jersey, USA; Tilburg, the Netherlands; and Zhejiang and Hangzhou, China. A new biofilter is planned in Guangzhou, China.

Benicarlo, Spain


At our fragrance ingredients plant in Benicarlo we reduced the volume of waste by 82 metric tons per year in 2010, with savings of nearly €10,000 per year, in part through redesigning manufacturing processes. In one process, for example, we completely eliminated a waste byproduct. In another, secondary sludge from our wastewater pretreatment system was recycled for use by the ceramic industry in the manufacture of bricks.

Chennai, India

At our flavor plant in the water-stressed region of Chennai we installed a system in 2008 that effectively catches the rainfall from our 60,000-square-foot roof, diverts it to two "harvesting stations," and then redirects it back into the groundwater, thereby helping to measurably raise the water table. Due to the success of this system, a similar system was installed more recently at our nearby and newly upgraded fragrance plant.

Zhejiang, China

Our fragrance ingredients facility in Zhejiang has worked to reduce both water use and wastewater production. Beginning in 2009, for example, the plant began collecting steam condensate from the equipment heating system and using the resulting water for cleaning, saving 16,500 metric tons of water, 3,500 gigajoules of energy, and approximately \$45,000 per year. In 2008, the plant began recycling process washing water, reducing wastewater discharge by 1,500 metric tons per year and improving ingredient yield.

A person wearing a white short-sleeved button-down shirt and white pants is leaning over a large white bin in a warehouse. The background shows blue shelving units with white bins. The text is overlaid on the lower left side of the image.

IFF is committed to a culture of safety. We have set the bar high, with an ultimate goal of zero lost-time accidents.



Promoting safe behaviors in our workplaces

IFF is committed to a culture of safety within all IFF workplaces around the world and to maintaining world-class health and safety performance. We have set the bar high, with an ultimate goal of zero lost-time accidents.

Strains and sprains are the most common safety issue that arises in our workplaces. In fact, these types of injuries make up 24 percent of the accidents we see. Though most of our workers deal with chemicals on a daily basis, safety problems relating to chemical exposure make up only about 10 percent of our incidents. (See chart below.)

We employ safety management software to track accidents and injuries, the corrective actions that were recommended (after an incident occurs or during a safety audit), and the implementation

of those actions. Our software system gives us visibility into where safety incidents are taking place and why, so that we can communicate to all facilities that may be at risk for similar incidents.

All of our sites must implement our robust policies and procedures governing workplace safety. Each site may tailor the implementation of those policies to its specific location, taking into account the type of work done at the site and the culture of the country in which it is located.

Many of our sites utilize some form of “safety imaging,” for example. This is a process of having workers visualize and discuss a scenario before it happens, in order to identify risks, the potential for accidents, procedures for preventing accidents, and appropriate post-accident emergency protocols.

Our flavor and fragrance facility in Huangpu, China, for instance, has organized employees into six discussion groups to conduct safety imaging. Huangpu employees have completed 20 safety imaging exercises to date. Similarly, our flavor and fragrance facility in Mexico incorporates safety imaging into a broad safety program they call “360° Safety,” through which they have eliminated more than 300 identified unsafe behaviors and conditions since 2009. And at our fragrance plant in Hazlet, New Jersey, USA, a safety imaging discussion on the safe handling of 55-gallon drums led to the purchase of a mechanized “drum hauler” and the consequent decrease in injuries relating to drum handling.

TYPES OF ACCIDENTS

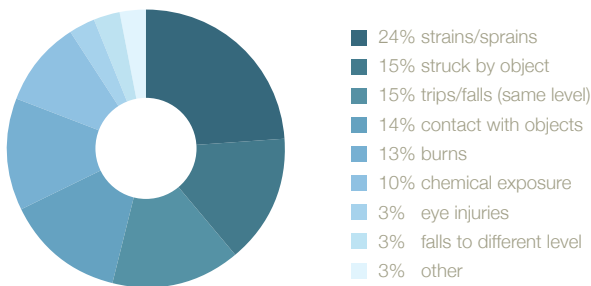


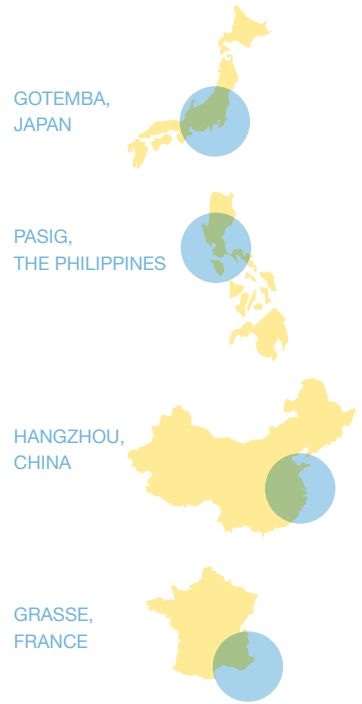
PHOTO: An IFF worker at our manufacturing facility in South Brunswick, New Jersey, USA.

Achieving superior safety results

Our safety performance in recent years has been strong, and our safety data compares favorably with our industry peers. A number of our locations, as noted at right, have achieved outstanding health and safety results.

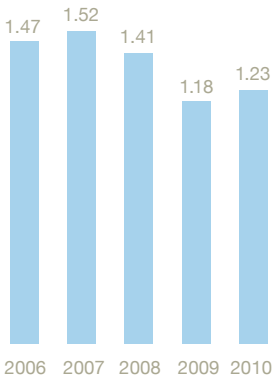
In addition, our Greater Asia region has seen its lost-time accident rate drop from 1.06 in 2006 (per 100 workers) to .83 in 2010. This improvement has been driven by a number of specific safety-related programs, such as the reporting of near misses, which enables us to make improvements on an ongoing basis.

Four of our manufacturing sites have had zero lost-time accidents since 2006. During the same time period, more than 90 percent of our Creative and Sales locations also reported zero lost-time accidents.

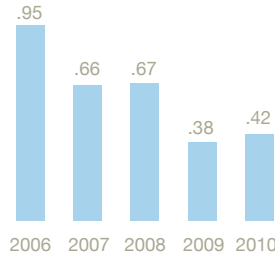


SAFETY DATA

Total Recordable Accidents per 100 Employees



Lost-Time Accidents per 100 Employees



Working with the community on health and safety

Our focus on safety goes beyond our employees and workplaces to include the communities in which we are located. In an effort to be a good neighbor and build long-term relationships with key community partners, safety experts at our manufacturing facilities and laboratories regularly interact with local fire crews and other emergency responders. This kind of engagement helps emergency responders to understand our operations, procedures, and capabilities, so that we can work together should any serious incident arise.

At our large fragrance ingredients facility in Haverhill, UK, for instance, our IFF emergency response team has been trained in local firefighting techniques. Twenty-one IFF workers from various departments have been trained as “fire operatives,” with three further trained as fire team leaders. The team receives training in emergency response annually, in accordance with the standards and procedures preferred by the local Suffolk Fire and Rescue department. In fact, our fire team leaders serve as volunteer firefighters with the Suffolk department.

Every three years, the Haverhill plant runs an emergency response scenario in partnership with the local authorities. The IFF fire team leaders also make a point of working regularly with the Suffolk department on community outreach projects, including conducting home safety checks and visiting with Scout troops and schoolchildren at the local fire station.

For information about IFF's other community-related efforts, see pp. 43 and 70.



Going forward

Looking ahead, we will remain focused on driving continuous improvement in our environmental and workplace safety performance. In the environmental arena, we will continue to reduce our environmental footprint in the areas of energy use, CO₂ emissions, water use, and waste. In the workplace safety arena, we will continue to work toward our

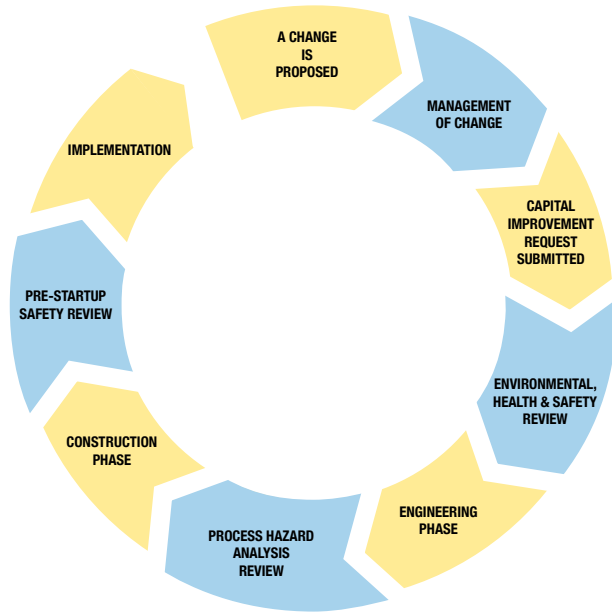
goal of zero lost-time accidents throughout the organization. It's a challenging target, particularly because our safety performance is already very good, but we know it is achievable. And finally, we will continue to build and maintain relationships with community partners in the areas in which our facilities are located.

INCORPORATING SAFETY INTO PLANNING PROCESSES

When a new capital project or facility process change is contemplated at an IFF plant, we consider the safety implications of such an action from the very beginning. In fact, we incorporate risk management and safety reviews at four points in decision making, as shown in the graphic below.

PROCESS SAFETY FOUR-POINT REVIEW

1. **Management of Change** A mechanism for evaluating contemplated changes to a facility to ensure that the impacts of the change on safety, health, and the environment are properly assessed
2. **Environmental, Health, & Safety Review** A management review of the capital project's scope and action plan
3. **Process Hazard Analysis Review** A thorough, orderly, and systematic approach for identifying, evaluating, and controlling potential process hazards
4. **Pre-Startup Safety Review** A validation process to ensure that all aspects of safety related to the project have been successfully completed



Corporate governance

Adhering to sound principles of corporate governance is critical to earning and maintaining the trust of our key stakeholders and to achieving our financial goals. IFF is fortunate to be overseen by an independent, diverse, and highly accomplished Board of Directors that brings experience, commitment, and rigor to our business. Our Board supports IFF's approach to sustainability as a business issue and as a matter of corporate responsibility. More information on our Board, its committees, and our corporate governance guidelines is available online at ir.iff.biz.

IFF PRINCIPLES

- | | | |
|--------------------|----------------------------|-----------------------|
| › Trust | › Integrity | › Positive Attitude |
| › Quality | › Respect | › Make Choices |
| › Uniqueness | › Transparency & Openness | › Sustainability |
| › Market Insight | › Teamwork & Collaboration | › Operate Responsibly |
| › Customer Service | | › Good Neighbor |

ETHICS AND GLOBAL COMPLIANCE

Ethical business practices are fundamental to our work at IFF. We expect that our employees and our suppliers will act with integrity and uphold the highest business ethics in everything they do. Our business — and our sustainability strategy — are underpinned by our 14 corporate principles, listed above.

In furtherance of these principles we have a Code of Business Conduct and Ethics — a comprehensive document that sets forth our expectations for sound and ethical business practices. This Code is applicable to our directors, officers, and all employees. It covers issues relating to conflicts of interest, antitrust, corruption, securities laws, health and safety, and equal opportunity, among many others. We have a multidisciplinary internal Global Compliance Committee that oversees the process for communicating the Code and handling investigations of suspected violations.

Each year, the Code is distributed to IFF employees globally, and employees are required to affirm and certify that they have read it. A companion document outlines procedures for reporting violations of the Code, including violations related to accounting, auditing, financial reporting, and internal controls. We maintain a 24-hour telephone hotline whereby employees and others may anonymously report suspected violations. Our Code of Business Conduct and Ethics, along with the companion complaint-reporting procedures document, can be found through the Investors page of our website (ir.iff.biz).

The Audit Committee of our Board of Directors oversees and reviews the procedures for monitoring compliance with laws and regulations and with the Code. We also have an internal audit function that assists in evaluating and improving the effectiveness of our risk management, internal control, financial reporting, and governance processes.

In addition, we maintain a code of conduct for our suppliers, outlining our expectations for the practice of ethical conduct and sound working conditions in supplier operations (see p. 41).

PUBLIC POLICY PARTICIPATION

IFF does not make monetary contributions to political candidates nor campaigns. We do sometimes participate in policy-making processes regarding proposed laws and regulations — either individually or, more commonly, through our support of and membership in industry associations. In recent years, we have participated in public policy-related discussions regarding climate change, for example — in particular relating to greenhouse gas emissions inventories, emission trading schemes, and other regulations designed to mitigate climate change.



Stakeholder engagement

IFF's stakeholders include our customers, suppliers, business partners, employees, investors, members of the communities in which our facilities are located, and the ultimate consumers of our products.

We engage with each of these types of stakeholders in different ways. For example, we are a leader in consumer insights research, and we identify the preferences and tastes of consumers through a robust process of consumer surveys and focus groups. Also, we engage with our industry peers and business partners through active membership in numerous industry organizations and associations. See the GRI index associated with this report (at www.iff.com/company/sustainability.aspx) for a list of our industry memberships.

We stay attuned to the needs and requirements of our business customers through regular formal and informal interactions with them. This report, and the formalization of our sustainability strategy, are examples of how we respond to stakeholder input. One of the drivers behind the report and the strategy was requests for information from our customers regarding our sustainability-related activities and performance. When customers have requested such information, we have actively interacted with them to develop metrics and processes to not only measure our current performance, but to chart a path forward for improvement. We will continue to do this, as we recognize that we play an important role in the supply chain, and our ability to provide value to all of our stakeholders relies on our participation directly with our upstream and downstream partners, as well as through our various trade associations.

Bellow, we address in some detail how we engage with communities, investors, and employees. Elsewhere in this report we have discussed additional examples of our stakeholder engagement activities. See the Sourcing Responsibly section, for example, for information on how we interact with suppliers.

GIVING BACK TO OUR COMMUNITIES

We believe that excellent companies must also be excellent corporate citizens. We look for ways to give back to society, from the locations where we have facilities to the communities from which we source our products. Through our charitable foundation, we also support a variety of global programs, with special emphasis on education initiatives. These education-related donations link back to our business strategy of fostering a robust talent pool of future scientists.

Concern for the needs of others is part of the culture at IFF. A global survey of our employees revealed a particular passion for children's education and, since then, every region has been empowered to address that issue in the manner most appropriate to the specific needs of the area. In Greater Asia, for example, funds are used to ensure that struggling families can pay for needed supplies so their daughters can go to school. Our Latin American affiliates fund a program that educates underprivileged children, while our Europe, Africa, and Middle East affiliates look to meet the educational needs of African schoolchildren.

We believe
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companies
must also
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citizens.

Our employees also volunteer their time and talents to many causes, from building homes for the needy to mentoring young scientists to raising money for cancer research. Our corporate matching program supports programs and organizations that are important to our employees.

THE IFF FOUNDATION

The IFF Foundation was founded and incorporated in 1963 in the state of New York as a not-for-profit to “provide aid to charitable, scientific, literary, and educational organizations.” Over the years the focus has changed, and the Foundation now funds both an Employee Gift Matching Program and our external giving program. The Foundation focuses its external support on programs targeting children’s education, but will match employee donations for a variety of causes.

Outside the formal programs are the many charitable and volunteer activities our employees engage in at the local level to benefit their communities or even their colleagues, particularly after natural disasters. Spearheaded by our employees, these programs are supported by IFF through gift matching or in-kind giving.

DISASTER RELIEF

When natural disasters strike, IFF — and individual employees — frequently respond with cash contributions. We often talk about the spirit and passion of our employees, and that shows through time and again when a community is in need.

Donations in recent years include:

- > Approximately \$115,000, including \$45,000 in donations from employees, in response to the 2011 earthquake and tsunami in Japan
- > About \$118,000, including \$46,000 from employees, to the Red Cross for relief efforts following the 2010 earthquake in Haiti
- > More than \$71,000, including, \$10,000 from employees, following a 2008 earthquake in China
- > More than \$100,000, about half of which came from employees, after massive flooding struck Jakarta, Indonesia, in 2007. Twenty-seven IFF families lost their homes in this disaster, and a call went out to IFF employees globally to give what they could to help these families.



REGION-SPECIFIC EXAMPLES

Around the world, our operations provide funding and volunteer efforts for a variety of projects that are important to our communities and to our employees. The following are some examples.

- > Our Brazilian operations co-sponsored a project called “Somos Terra” or “We Are Earth,” an environmental education exhibit and accompanying book aimed at schoolchildren. In an interactive way, children and adults could make their way through the exhibit experiencing air, water, earth, flowers, and leaves. For example, the exhibit included a “Life Room” that showed how the universe was formed, and a “Forest Room” illustrating the life of forest peoples in Brazil. The exhibit ran from June to August 2011 at Ibirapuera Park in Sao Paulo City. The book was distributed to public schools in Sao Paulo.
- > Our Indian operations subsidize 75 percent of the annual school fees for 33 students in the Chennai region.
- > For the past two years, IFF Singapore has sponsored a holiday food donation drive through a local charity. The efforts have supplied basic food items to 2,000 families.
- > IFF employees in New York and New Jersey, USA, volunteer in support of National Chemistry Day, an event dedicated to getting children interested in science. This yearly event attracts hundreds of children and their families and is supported by major educational institutions throughout the northeastern United States.

ENCOURAGING FUTURE CHEFS



As part of our focus on education and corporate efforts to train future generations of talent, we support programs that encourage students to become chefs. In 2010, we gave \$10,000 each to the Culinary Institute of America and Johnson & Wales University, both of which specialize in the culinary arts. The money at each institution funds four student scholarships.



On a similar theme, we donated \$15,000 in 2010 to Culinary Corps, Inc., which enables chefs and culinary students to volunteer their professional skills to tackle hunger relief, cooking, and nutrition education.

KEEPING IN TOUCH WITH INVESTORS

Investor relations at IFF is not a one-way communication from the company to the market. We also seek and encourage real-time feedback from the investment community to continuously improve communication with our shareholders.

In the past year we have improved and expanded our engagement with institutional investors and analysts worldwide. We completed an extensive perception study of current and potential shareholders to better understand how our messaging was resonating. Using the findings, we more closely aligned our investor-based messaging with our long-term financial goals, targeted appropriate institutional investors, and built a calendar of events to increase our visibility.

Our corporate strategy in 2011 and beyond, which we unveiled at our Investor Day in March, will focus on improving both growth and profitability as we leverage our emerging market reach, strengthen our innovation platform, and maximize our portfolio.

ENGAGING WITH EMPLOYEES

We engage with our global workforce in many ways, communicating regularly to provide information that supports them in their roles with IFF.

We have a robust communication program that starts at the top. Our CEO shares his perspectives with all employees through a regular series of emails addressing our financial and operational performance. In addition, as he travels around the world he meets with local IFF management and their teams. He uses these visits as a means of gaining insights into our business from the employee point of view.

The Flavors and Fragrances business units and many of the corporate departments hold regular town hall meetings — both live and virtual — to share strategic priorities, best practices, and financial results.

We also conduct regular surveys of employees on a wide variety of topics, and then use the feedback obtained to drive continuous improvement in our processes.

Our intranet, which is currently undergoing a significant refresh, will help to foster even greater teamwork, conversation, and interaction.



“Few businesses have the opportunity that we have to improve the quality of daily life of people all over the world. Let us be worthy of this opportunity.”

— HANK WALTER, OCTOBER 17, 1983
IFF President, 1958 – 1969
Chairman, 1970 – 1985

IFF's sustainability history

- 1963 Under the leadership of Chairman A.L. van Ameringen, the IFF Foundation is established.
IFF issues *The Pursuit of Excellence*, outlining principles of Integrity, Knowledge, Respect, and Quality.
- 1968 Hank Walter is a founding member of the Monell Center, a nonprofit scientific institute dedicated to the senses of taste and smell.
- 1974 IFF creates synthetic ambergris to replace the natural product from whales.
- 1979 IFF funds a Harvard study of lifestyle impact on health and happiness.
- 1981 IFF creates *The Better Way* program to empower employee innovation.
- 1982 IFF and Yale University pioneer *Aroma Science*, the study of the effect of fragrances on human emotions.
- 1985 IFF invents groundbreaking, award-winning *Living Flower®* technology.
- 1988 IFF produces the first all-natural flavor ingredient on an industrial scale by pure culture, sterile fermentation.
- 1994 IFF launches award-winning *Living Flavor®* technology.
- 1995 IFF opens state-of-the-art botanical gardens with more than 750 varieties of plants from all over the world.
- 1996 IFF's R&D department installs an organic filtering system at our facility in Union Beach, New Jersey, USA.
- 2000 IFF acquires *Laboratoire Monique Rémy*, a global leader in fair trade, sustainability, and natural raw materials.
- 2006 IFF introduces new *Vision, Mission, and Principles* with a focus on sustainability.
- 2007 IFF shifts global charitable focus to children's education.
IFF sets new goals to minimize water use, waste, and carbon footprint.
- 2011 IFF refreshes and formalizes sustainability strategy.

A close-up, vertical photograph of several green leaves, likely from a plant like celery or asparagus, showing their texture and veins. The leaves are arranged in a cluster, with some in sharp focus and others blurred in the background.

INTERNATIONAL FLAVORS & FRAGRANCES INC.
2010 SUSTAINABILITY REPORT

Contact the Office of Sustainability at
sustainability@iff.com with your comments.

DESIGN
Celery Design Collaborative

EDITORIAL
BuzzWord

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