

2016 SUSTAINABILITY REPORT

# Circular by Design

**IFF**

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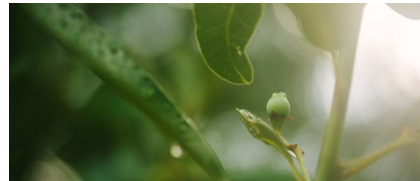
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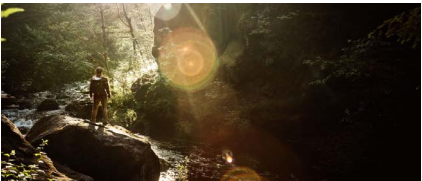
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# Performance Highlights

## New sustainability vision and strategy:

Lead positive transformational changes toward a regenerative, healthy and abundant world



Chairman & CEO Andreas Fibig was elected to the Executive Committee of the **World Business Council for Sustainable Development**

## Top 100

Ranked among the top 100 Green Companies in the US on the annual **Newsweek Green Rankings**

Joined the **World Economic Forum**

First flavors and fragrances company to join **Together for Sustainability (TfS)**, driving responsible sourcing throughout our supply chain

## “A” Lister

Awarded a place on the **CDP Climate “A” List** for the 2nd year in a row

Named to the **Euronext Vigeo Eiris Index — U.S. 50**

**Gold status with EcoVadis**, a social responsibility rating system that assesses suppliers in sustainable business practices

## 1st

Developed **PuraVita**, first-ever Cradle to Cradle Certified™ fragrance

Initiated Vetiver Together partnership with a key customer and several NGOs to strengthen the supply chain and **improve the lives of Haitian vetiver farmers**

Achieved goal to have **all major facilities certified ISO 14001**



Opened the flavor and fragrance industry's **first-ever on-site wind turbine** at our Tilburg, Netherlands, manufacturing facility

Obtained **Roundtable on Sustainable Palm Oil (RSPO)** certification for multiple facilities

Achieved new **For Life Certification** for geranium oil (Egypt) and orris root (France)

## 2020 Environmental Sustainability Goals

Our 2016 Progress (vs. 2010 Baseline):



Reduce energy intensity by 20%

## ↓16.2%



Reduce GHG emissions intensity by 25%

## ↓22.0%

Approximately 7% year-over-year reduction



Reduce water use intensity by 50%

## ↓58.5%

Achieved goal in 2016



Reduce hazardous waste intensity by 25%

## ↓18.1%

# A Message from Our Chairman

At the heart of IFF is our focus on forging new possibilities for a more healthy and abundant world. In 2016, we took great strides in re-envisioning this path by launching our new sustainability vision and strategy — which deepens the role of sustainability as an enabler of our overall Vision 2020 business strategy.

In many ways, our dedication to safeguarding our environment and society has always been part of our foundation. As we further bridge our innovative nature with advances in technology, we have the ability to expand beyond the aspirations of our founders. Our new sustainability strategy, directed by our vision to lead positive transformational changes toward a regenerative, healthy and abundant world, is fueled by the ideal of a circular economy. Either by circumstance or heightened awareness, consumers are increasingly calling for products that are environmentally and socially responsible, with health and well-being as central elements. Given our focus on a circular economy, we strive to create products and



# A Message from Our Chairman

CONTINUED

processes that are restorative and regenerative by design. This bolsters our ability to meet the needs of our customers, as well as address the challenges and opportunities of global megatrends. I am proud to say that from our sustainable sourcing program to staying abreast of rigorous regulatory changes, we have created strong pathways to advancing our objectives.

Our sustainability strategy is based on three wholly interconnected platforms: positive principles, regenerative products and sensational people. This framework reaffirms our commitment to our 2020 eco-effectiveness goals. For us, increasing eco-effectiveness in carbon, energy, waste and water is as fundamental to being Earth-friendly as it is to reducing costs. The grand opening of our on-site wind turbine in Tilburg — the first in the industry — is a working example of how our positive principles support those goals.

Last year, we continued to step beyond our own internal expertise to pursue external partnerships and collaborations, which increased our ability to make an impact. For example, we worked closely with leaders in circular sustainable design to launch PuraVita, a regenerative product that is the first-ever Cradle to Cradle Certified fragrance. In addition, we united with global partners, including a key customer, for Vetiver Together.

This collaboration is designed to enhance the livelihoods of smallholder vetiver farmers in Haiti and secure our supply chain for this precious ingredient. Unfortunately, Hurricane Matthew devastated the island of Haiti in 2016, but this program allowed us to quickly offer assistance by re-establishing access to drinkable water in the communities we served. Our commitment to these farmers and a sustainable infrastructure remains strong, and we will continue to build on these efforts.

For the second consecutive year, we achieved the CDP Climate “A” List rating for our leadership in carbon management and disclosure. Additionally in 2016, we accomplished our goal of expanding ISO 14001 certification to all of our manufacturing facilities around the world. And in Mexico and Spain, we honored the efforts of our manufacturing sites with IFF’s Most Sustainable Site award for their inspiring advances in eco-effectiveness.

Even as we make these advances, our Safety teams diligently monitor our operations for ways to safeguard the well-being of our employees. Last year, even though we experienced a slight rise in the number of incidents requiring lost time from work, we were able to improve our overall safety incident rate — which is a notable achievement. We are deeply appreciative of the hard work our sensational people contribute every day to make our world — and our company — a better place.

In addition to fortifying our own best practices, we worked closely with those in our supply chain to achieve two new For Life certifications, for Egyptian geranium and French orris root. We enhanced our vigilance on the ethics and protocol of our partners by revising our Vendor Code of Conduct and Anti-Corruption Policy. We also released our pledge to protect the rights of our employees and the employees of those with whom we do business through our Global Human Rights Policy.

I was honored to be elected to the Executive Committee of the World Business Council for Sustainable Development. With that seat, I join other forward thinking CEOs in efforts to accelerate the transition of businesses into a more sustainable world.

I am very proud to lead IFF, as we are a company of pioneering firsts and thrive on pushing the boundaries of limitless possibilities. With our new sustainability strategy and our personal and corporate commitment to transform the everyday, we are creating a sustainable and healthy future.



**Andreas Fibig**  
Chairman and Chief Executive Officer

# About IFF

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# Organizational Profile

International Flavors & Fragrances Inc. (IFF) is a leading innovator of sensorial experiences, co-creating unique products that consumers taste, smell, or feel in fine fragrances and cosmetics, detergents and household goods, and food and beverages. Our flavors and fragrance compounds combine a number of ingredients that are blended, mixed or reacted together to produce proprietary formulas created by our flavorists and perfumers.

IFF is headquartered at 521 West 57th Street, New York, New York, U.S.A. Detailed information about the scale of our organization and operational structure, markets served and geographical footprint is available in our [2016 Annual Report](#) and [U.S. Securities and Exchange Commission \(SEC\) Form 10-K](#).



# Our Operating Footprint

The flavors, fragrances and cosmetic active ingredients market, in which we compete, was estimated by IFF management to be \$20.0 billion, and is forecasted to grow approximately 2–3 percent by 2020, primarily driven by expected growth in emerging markets.

The flavors and fragrances market is part of a larger market that supplies a wide variety of ingredients and compounds used in consumer products. The flavored products for which we supply ingredients and compounds include savory packaged foods, such as soups, sauces, condiments, prepared meals, meat and poultry, potato chips and other savory snacks; beverages, including juice drinks, carbonated beverages, flavored waters and spirits; sweet goods, including bakery products, candy, chewing gum and cereal; and dairy products, including yogurt, ice cream, cheese and other products. We also offer a wide range of quality vanilla extracts and a variety of vanilla flavor solutions.

The fragrances side of the business comprises two main areas: consumer and fine fragrances. Consumer fragrance applications include fabric care (detergent, softener, and specialty), home care (household cleaners, dish washing liquids, and air care, including candles and air fresheners) personal wash (including bar soap and shower gel), and toiletries and hair care products.

We design and create many fine fragrance compounds, where the product we create is directly experienced by consumers and is not part of a larger formulation. We also source and distill natural fragrance ingredients and create and commercialize other synthetic fragrance ingredients for use in our own formulations or for sale to the larger market. We expanded our business into the cosmetic active ingredients market with our 2015 acquisition of Lucas Meyer Cosmetics.

We sell our products to many global, regional and local manufacturers. The global market for flavors and fragrances has expanded consistently, primarily as a result of an increase in demand for, as well as an increase in the variety of, consumer products containing flavors and fragrances. In 2016, the flavors, fragrances and cosmetic active and functional ingredients market, in which we compete, was estimated by IFF management to be approximately \$20.0 billion, and is forecasted to grow approximately 2–3 percent by 2020, primarily driven by expected growth in emerging markets. In 2016, our Flavors business represented 48 percent of our sales, while our Fragrances business represented 52 percent of sales. For more information, see Item 1 of our [2016 Annual Report and SEC Form 10-K](#).

# Our Operating Footprint

CONTINUED

## Our Markets

Our approximately 6,900 employees are located across 42 manufacturing facilities and 70 creative centers and application laboratories in 35 countries. Our more than 35,000 individual products reach customers in approximately 160 countries. In 2016, we achieved sales of approximately \$3.1 billion, making us one of the top four companies in the global flavors and fragrances sub-segment of the broader ingredients and compounds market. Within this sub-segment, the top four companies represent approximately two-thirds of the total estimated sales.

8% of Sales

Spent on R&D



6,900

Employees Worldwide



160

Countries in which  
IFF's Customers'  
Products Are Sold



\$405 Million

in Net Income



\$3.1 Billion

in Net Sales



## Our Products

### FLAVORS

Beverages  
Dairy  
Savory  
Sweet

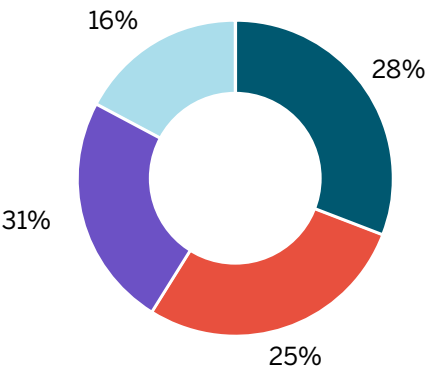
### OTHER

Cosmetic Actives

### FRAGRANCES

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

## Percentage of 2016 Sales



- Greater Asia
- North America
- Latin America
- Europe, Africa, Middle East

We believe that our diversified business platform positions us to achieve long-term growth as the flavors and fragrances markets expand.

## Our Supply Chain

We have an integrated supply chain, from raw material sourcing through manufacturing, quality assurance, regulatory compliance and distribution, which permits us to provide our customers with consistent quality products on a timely and cost-effective basis. We use both natural and synthetic ingredients in our compounds. We purchase approximately 9,000 different raw materials from about 2,500 domestic and international suppliers and distributors (excluding our recent acquisitions of David Michael and Fragrance Resources). Approximately half of the materials we purchase are naturals or crop-related items and the other half are synthetics or chemicals. Natural ingredients are derived from flowers, fruits and other botanical products as well as from animal products. More information about our supply chain is available in our [SEC Form 10-K](#) and the Our Supply Chain section later in this report.

## Expanding Our Business

We believe that our diversified business platform, consisting of expansive geographic coverage, a broad product portfolio and a global and regional customer base, positions us to achieve long-term growth as the flavors and fragrances markets expand. As part of our Vision 2020 strategy, we intend to add sales growth through acquisitions within the flavors and fragrances industries and adjacencies. In 2015, we acquired Lucas Meyer Cosmetics, which allowed us to add to our portfolio active and functional ingredients, botanicals and delivery systems to support our customers' cosmetic and personal care product lines. The cosmetic actives market is estimated to be approximately \$1.5 billion. We also acquired Ottens Flavors, a flavor supplier and developer, which has strengthened our flavors market position in North America and increased our capabilities to serve small and mid-sized customers.

In 2016, we acquired David Michael, a privately held flavors company, and announced our acquisition of Fragrance Resources, a privately held fragrance company.

## External Partnerships and Voluntary Initiatives

We are members of several organizations and associations. These include the following (parentheses indicate leadership positions held):

- American Chemical Society
- American Cleaning Institute
- Association for Chemoreception Sciences
- Cosmetic Executive Women (Board of Governors)
- Flavor and Extract Manufacturers Association (Board of Governors)
- Fragrance Foundation (Board of Directors)
- International Fragrance Association (Board of Directors)
- International Fragrance Association North America (Board of Directors)
- International Organization of the Flavor Industry (Board of Directors, Communications Board, and Internal Communications Working Group)
- Monell Chemical Senses Center
- Research Institute for Fragrance Materials (Board of Directors)
- Society of Flavor Chemists
- World Economic Forum

We also engage in the following environmental and sustainability-related organizations and partnerships:

- AIM-PROGRESS
- Clean the World
- EcoVadis
- Natural Resources Stewardship Circle
- Renewable Citrus Products Association
- Roundtable on Sustainable Palm Oil
- Sedex
- Together for Sustainability
- United Nations Global Compact
- World Business Council for Sustainable Development



# Our Commitment to Sustainability

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Vision and Strategy**

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**IFF and the United  
Nations Sustainable  
Development Goals**

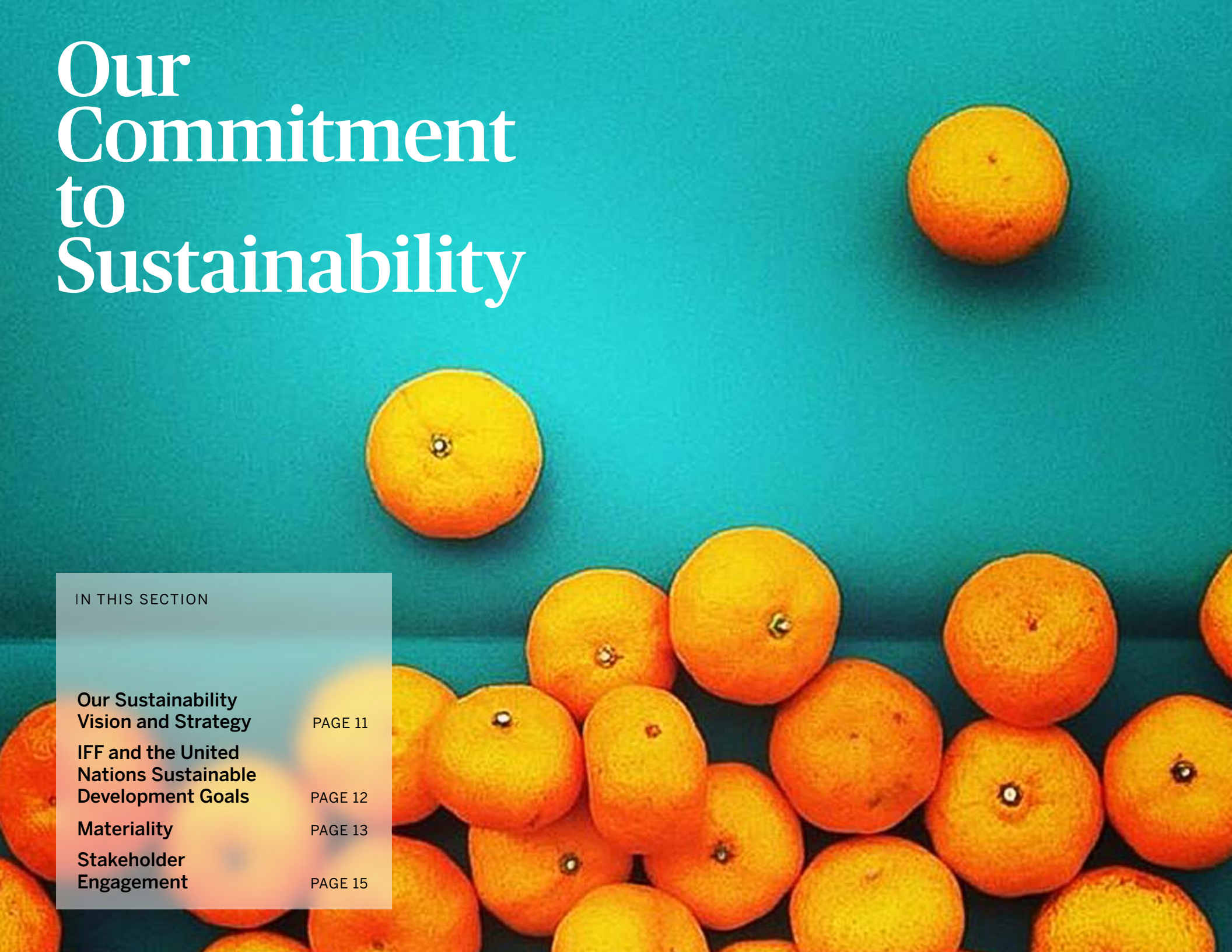
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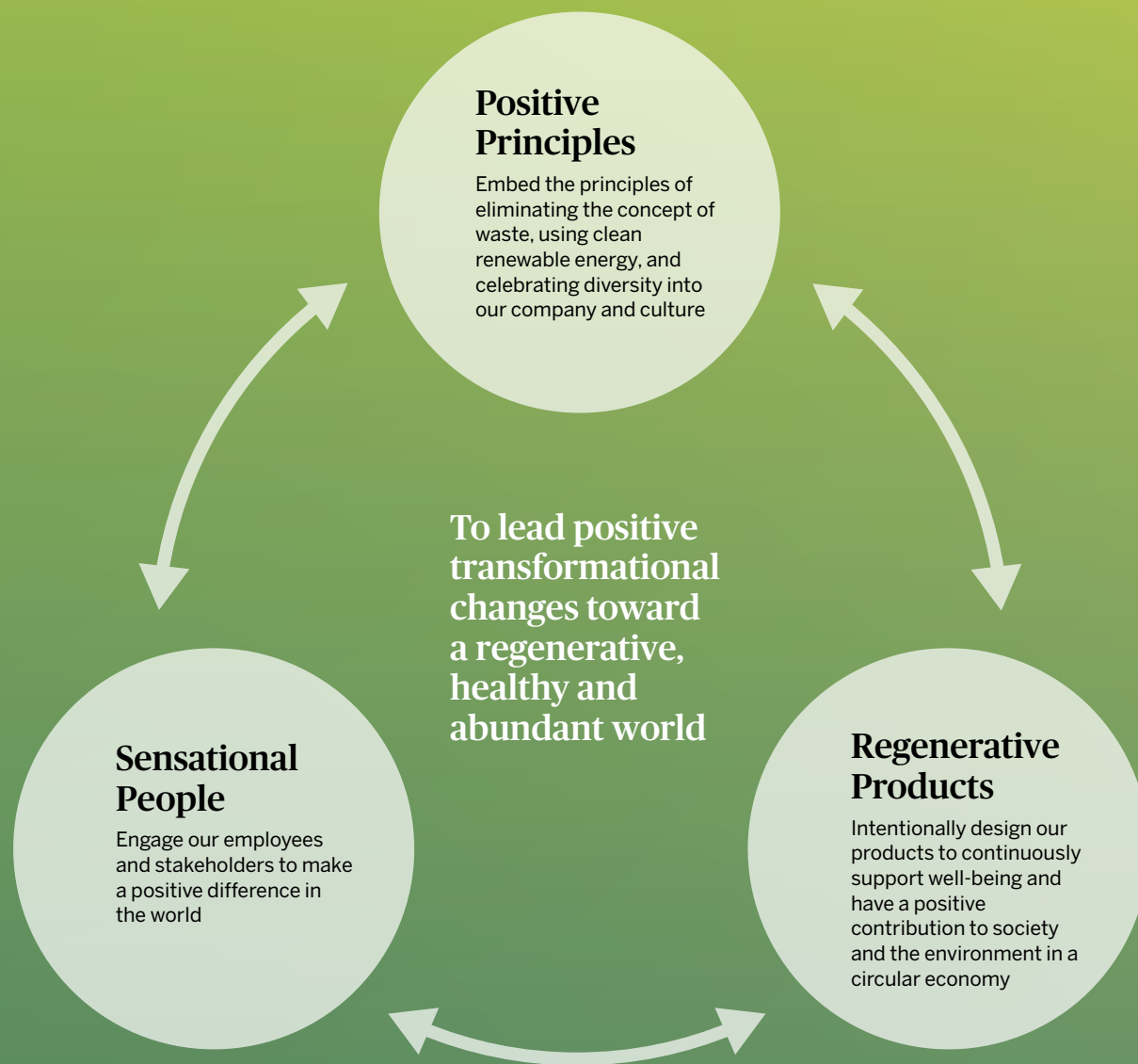


# Our Sustainability Vision & Strategy

Creating a sustainable future is essential to IFF's long-term growth. Although we are only one company, we understand how our decisions and actions ripple across a global value chain. To maintain our success, we must change our perspectives and continuously improve our practices. This is why we've made sustainability a key enabler of our Vision 2020 business strategy, embedding a sustainable mindset deeper into our company and throughout our culture.

Earlier this year, we set a new vision for sustainability at IFF: To lead positive transformational changes toward a regenerative, healthy and abundant world. Our strategy is based on the concept of a circular economy — one that is restorative and regenerative by design. We aim to incorporate this way of thinking into transforming how we design our products, operate our facilities and engage our employees, customers, suppliers and communities.

Transformation is an enterprising goal, and we plan to accomplish it through the three platforms of our sustainability strategy: **positive principles**, **regenerative products** and **sensational people**.



# IFF and the United Nations Sustainable Development Goals

The United Nations (UN) has adopted the Sustainable Development Goals (SDGs), which define global priorities and aspirations for 2030. The 17 goals build on and replace the previous eight Millennium Development Goals.

This next-generation set of goals aims to address the many social, economic and environmental challenges facing companies and the world, by focusing on progress with respect to human rights, health, the human and natural environment and economic growth.

We believe that companies such as IFF have an important role to play in advancing sustainable development. IFF has embraced and actively supports the SDGs and has worked to identify how these goals relate to our sustainability strategy and business, as well as where our efforts can provide the most value in advancing these goals.

We partnered with the World Business Council for Sustainable Development to pilot the SDG Compass Tool, which provides guidance to companies on how to properly align their strategies to the SDGs. Based on this analysis, our strategy aligns with several SDGs. As we accomplish our 2020 sustainability goals and continue to embed our new sustainability strategy throughout our company, we will do our part to help realize the SDGs and driving transformational change.



## 2 Zero Hunger

We promote sustainable agriculture and food security through our responsible sourcing programs.

## 3 Good Health and Well-being

With consumers' growing demand for healthier and better-for-you flavors and fragrances, we are increasingly focused on developing products that help our customers provide healthier options.

## 5 Gender Equality

We believe diversity and inclusion propel creativity and create a workplace that fosters our values.

## 6 Clean Water and Sanitation

We exceeded our 50% water use reduction goal.

## 9 Industry, Innovation and Infrastructure

We have developed a fragrance innovation platform focused on health and wellness, and reorganized our global food and beverage innovation efforts.

## 12 Responsible Consumption and Production

We have 2020 goals in place that support our commitment to sustainable production patterns. With the launch of our new sustainability strategy, we are embedding a circular mindset throughout our operations.

## 13 Climate Action

We have taken a proactive role on climate action through emissions reduction goals and our support of climate-related initiatives. We support the RE100 renewable energy initiative and were awarded a place on the CDP Climate "A" List.

## 15 Life on Land

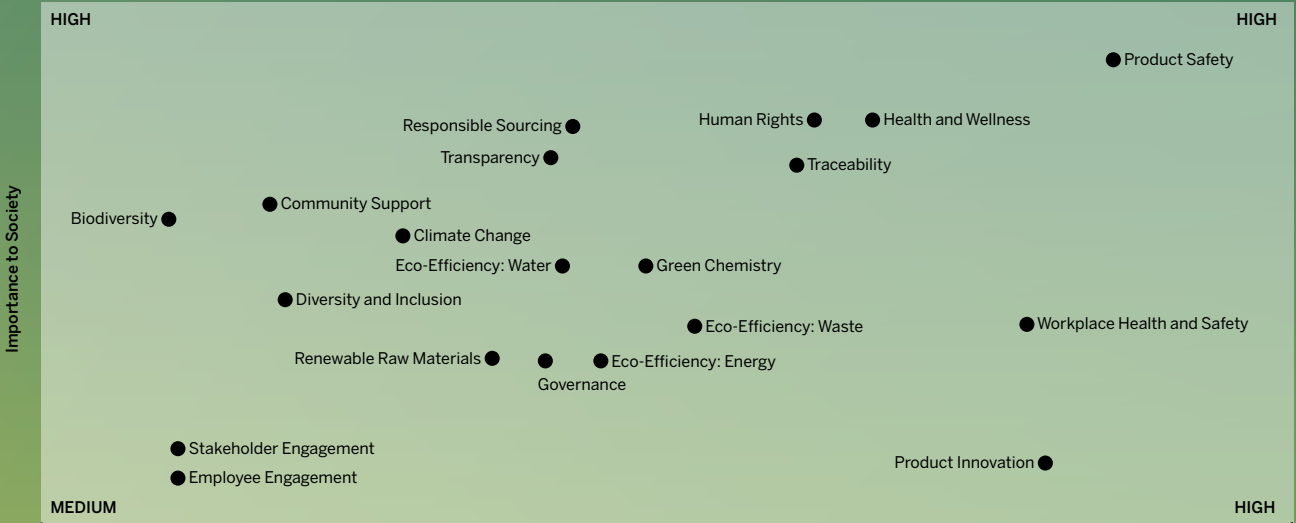
Our greatest opportunity to promote sustainable use of terrestrial ecosystems is in our supply chain. We have initiatives to support reforestation with several of our ingredients, including a goal to have 100 percent of the palm oil used in our products to be RSPO-certified by 2020.

# Materiality

We conducted a formal materiality assessment in 2014 by surveying internal stakeholders, including members of our senior leadership team, our Sustainability Business Council and representatives from our business units, as well as external stakeholders, including customers, non-governmental organizations and regulatory bodies. We also conducted in-depth interviews with key customers to better understand their sustainability needs and expectations of our business.

The assessment allowed us to prioritize issues based on their importance to our business and society, as illustrated in the matrix at right. The material issues we identified during this process have informed our core strategy, and emerging issues will continue to shape our strategy and activities as we move forward.

Based on this, our reporting focuses on those issues identified as most material and those of increasing importance to stakeholders. In 2015 and 2016, we continued to engage internally and externally with our customers and suppliers and leveraged this engagement in the development of our new sustainability strategy. We plan to evaluate materiality regularly to identify new opportunities and risks and to determine our material topics for future reporting.



This matrix depicts the issues that we have identified as most material based on their importance to our business and to society.

High	
Low	High

# Materiality

CONTINUED

Our  
Commitment

The following table shows how IFF's material issues relate to the categories and material aspects outlined by the Global Reporting Initiative (GRI). It also summarizes the boundaries of each issue.

ISSUES MATERIAL TO IFF	EQUIVALENT G4 CATEGORY	EQUIVALENT G4 MATERIAL ASPECTS	BOUNDARIES		
			Within IFF	Outside IFF: Our Supply Chain	Outside IFF: Our Customers and Consumers
Governance, Ethics and Society					
Governance	Social: Society	Anti-Corruption; Public Policy	●		
	Standard Disclosure	Ethics and Integrity; Governance	●		
Stakeholder Engagement	Standard Disclosure	Stakeholder Engagement	●	●	●
Environment					
Eco-Efficiency: Water	Environmental	Water	●		
Eco-Efficiency: Energy	Environmental	Energy	●		
Eco-Efficiency: Waste	Environmental	Effluents & Waste	●		
Climate Change	Environmental	Emissions	●		
Green Chemistry	Environmental	Energy; Effluents & Waste	●		
Biodiversity	Environmental	Biodiversity		●	
Supply Chain					
Responsible Sourcing	Economic	Procurement Practices		●	
	Environmental	Supplier Environmental Assessment		●	
	Social: Human Rights	Child Labor; Forced or Compulsory Labor; Supplier Human Rights Assessment		●	
	Social: Society	Supplier Assessment for Impacts on Society		●	
Traceability	Economic	Procurement Practices		●	
	Environmental	Supplier Environmental Assessment		●	

ISSUES MATERIAL TO IFF	EQUIVALENT G4 CATEGORY	EQUIVALENT G4 MATERIAL ASPECTS	BOUNDARIES		
			Within IFF	Outside IFF: Our Supply Chain	Outside IFF: Our Customers and Consumers
	Social: Product Responsibility	Product & Service Labeling	●		
	Social: Society	Supplier Assessment for Impacts on Society		●	
<b>Labor Practices</b>					
Employee Engagement	Social: Labor Practices and Decent Work	Employment; Training and Education	●		
Workplace Health and Safety	Social: Labor Practices and Decent Work	Occupational Health & Safety	●		
<b>Human Rights</b>					
Human Rights	Social: Human Rights	Child Labor; Forced or Compulsory Labor; Freedom of Association & Collective Bargaining; Human Rights Grievance Mechanisms; Supplier Human Rights Assessment	●	●	
	Social: Labor Practices and Decent Work	Employment; Supplier Assessment for Labor Practices; Labor Practices Grievance Mechanisms	●	●	
<b>Product Responsibility</b>					
Product Safety	Social: Product Responsibility	Customer Health & Safety; Product & Service Labeling	●		
Health and Wellness	Social: Product Responsibility	Customer Health & Safety	●		●
Transparency	Social: Product Responsibility	Product & Service Labeling	●		

# Stakeholder Engagement

## Engaging with Our Stakeholders

We are determined to create value by engaging with our stakeholders — which include employees, customers, investors, regulators, suppliers, consumers, communities and the sustainability community — on issues that are important to them and to our company. Our goal is to collaboratively identify mutually beneficial opportunities for our stakeholders and our business. Input from these groups is an essential component of our materiality assessment. Specific examples of recent engagement are detailed in this section.

### Employees

IFF informs employees about company strategy, performance, policy and procedures through regular print and digital communications, town halls and face-to-face meetings. Sustainability issues and other happenings are communicated through a dedicated intranet portal. Green Teams, in place at all of our manufacturing facilities and several of our offices and creative centers, enable us to embed our global sustainability strategy with employees locally and on a broad scale.

### Customers

Maintaining dialogue with our customers on sustainability issues is a key part of our sustainability strategy. In 2016, we engaged with our customers via meetings, surveys, presentations and formal and informal sustainability performance reviews. We also attended and presented at industry events with dedicated sustainability agendas, including the American Cleaning Institute® Annual Meeting and Industry Convention, the World Perfumery Congress and the Sustainable Cosmetics Summit.

### Shareholders and Investors

IFF engages with the investor community throughout the year. In addition to quarterly earnings calls, we participated in several events in 2016, including the Consumer Analyst Group of New York conference, the Consumer Analyst Group of Europe conference, the Berenberg European Conference, the Exane CEO Conference, the Bernstein Strategic Decisions conference, the Barclay's Back to School conference, the Deutsche Bank Global Consumer conference, the Morgan Stanley Global Consumer and Retail Conference, the JP Morgan All Star Conference and the UBS Global Chemicals Conference.

### Regulators

IFF is a member of the Research Institute for Fragrance Materials, the International Fragrance Association and the International Organization of the Flavor Industry, which are the principal trade associations representing the interests of the global flavors and fragrances industry. We are actively engaged in both global and local trade associations as well as directly with regulators, as applicable, in order to ensure that developing regulations increase both protection to consumers and confidence by governments in our industry.

### Suppliers

Relationships with our suppliers are managed by our Global Procurement group, and we continue to leverage global platforms such as Sedex and EcoVadis to assess the performance of our suppliers and communicate our sustainability performance to our customers. Our Global Quality team monitors our suppliers through periodic audits, and our IFF-LMR Naturals division works directly with growers on research and development projects. In addition, we were the first flavors and fragrances company to join Together for Sustainability, an initiative to assess, audit and improve sustainability practices in the supply chains of the chemical industry.

# Stakeholder Engagement

CONTINUED

## Consumers

Although we do not market to consumers directly, our Consumer Research, Consumer Insight and Marketing teams engage with consumers through extensive market research, interpreting key market trends, monitoring product launches and conducting interviews throughout the year.

## Communities

IFF is actively involved in the communities in which we operate around the world. Through a range of volunteer and charitable activities that are implemented locally by our sites, we aim to address the specific needs of local communities.

## Sustainability Community

We are actively engaged in several sustainability-focused organizations, including the Environmental, Health, Safety & Sustainability Management Roundtable, the Sustainability Leadership Forum and the Natural Resources Stewardship Circle. We formally support the climate change agreement that emerged from the UN Climate Change Conference (COP21) in Paris as well as the 10 Principles of the UN Global Compact. In 2016, our Chairman and CEO was named to the Executive Committee of the World Business Council for Sustainable Development, and we joined the World Economic Forum. We also contribute to the sustainability community through media outlets and panels on emerging issues.



# About This Report



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# Reporting Cycle, Boundaries and Scope

IFF's annual sustainability report is prepared by our Global Sustainability team and follows a robust content development and review process with key internal stakeholders.

We annually report our sustainability performance in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. This 2016 report meets the GRI G4 Core option. The report describes our strategy and performance with respect to environmental, social and governance issues in 2016. A GRI G4 Content Index, cross-referenced with the UN Global Compact principles, is available at the end of this report.

The scope of this report includes facilities owned and operated by International Flavors & Fragrances Inc. during calendar year 2016 and all entities included in IFF's 2016 consolidated financial statements. For more information on our legal entities, see Exhibit 21 of our [2016 SEC Form 10-K](#).

Our recent acquisitions include Aromor Flavors and Fragrances Ltd. (acquired in 2014) and Ottens Flavors (acquired in 2015). In 2015, prior years' environmental data were restated to 2010 to reflect these acquisitions. Lucas Meyer Cosmetics, which we also acquired in 2015, does not have in-house manufacturing operations, so no environmental data were integrated as a result of that acquisition.

During 2016, we acquired flavors company David Michael & Company, Inc. In 2017, we expect to incorporate these environmental data into our reporting and adjust our 2010 environmental targets baseline to account for this acquisition.

Within this report, employee demographics data include all of these recent acquisitions with the exception of Aromor. Reported safety data do not include the recent acquisitions.

No significant changes have been made from previous reporting periods in the scope and aspect boundaries. Financial and governance information, including our Annual Report, [SEC Form 10-K filing and Proxy Statement](#), is available on our website. Prior years' sustainability reports can also be found [on our website](#).

## Data Measurement Techniques and Basis of Calculations

We have internal systems in place to ensure consistent and accurate data collection and aggregation from our facilities. We conduct quarterly quality assurance/quality control processes to evaluate the reliability of facility-specific and aggregated data. Due to rounding, individual numbers in text, charts and tables may not sum to the totals shown. The unit of currency used in this report is the U.S. dollar.

ERM Certification and Verification Services (ERM CVS) has conducted third-party assurance of our sustainability report. To understand the scope, activities and conclusions of the assurance process, please see [ERM CVS Assurance Statement](#) at the end of this report. More detail about our energy and greenhouse gas (GHG) emissions calculations methodologies are provided in the Environment section.

# Reporting Cycle, Boundaries and Scope

CONTINUED

## Reporting Process

The content of the report is based on our sustainability strategy and materiality assessment and is developed through an in-depth consultation process with relevant subject matter experts. The report is then reviewed by representatives from each business function. Feedback is incorporated, and the final draft is reviewed by senior management and our CEO prior to publication.

## Feedback

For copies of our policies, or for more information regarding our operations, please visit our website at [iff.com](http://iff.com). We invite your questions, comments and suggestions regarding our 2016 report. Please email us at [sustainability@iff.com](mailto:sustainability@iff.com).

## External Assurance

ERM CVS has conducted third-party assurance of our sustainability report to ensure the information presented is a reliable representation of our performance in 2016. The assurance scope covered specific 2016 data for a number of key indicators as well as the overall presentation of our 2016 sustainability performance, including completeness and balance. As part of this process, ERM CVS conducted representative site visits and interviews and reviewed our data collection and aggregation systems. ERM CVS also provided an opinion on the GRI "In Accordance — Core" option. An Assurance Statement is included at the end of this report.



# Governance



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# Governance Structure

Governance, risk, compliance and ethics are priorities at IFF. Everything we do to drive growth and profitability must be done with the highest standards of ethics, honesty and integrity.

## Our Approach

Our commitment to good governance starts with our Board of Directors and Executive Committee and is supported by our governance framework. This framework is driven through our organization with continual communication and training on best practices in governance, risk management, business conduct, compliance and ethics.

We have a [Code of Business Conduct and Ethics](#) ("Code"), a Code of Conduct for the Board of Directors, and a Code of Conduct for Executive Officers, each of which sets the ethical tone for our organization. These Codes apply to each of our employees, officers and directors, including the employees, officers and directors of our subsidiaries. We expect our employees to comply with our Code and to annually affirm that they have read and understand it.

In 2015, our Code was refreshed to adapt it to a quickly changing compliance landscape, make it more user-friendly and highlight frequently asked questions. The new Code was officially rolled out in 2016 and is prominently featured on IFF's intranet. In addition, IFF conducts training on a global basis on the Code and other compliance topics. For more information, see the Society section of this report.

IFF's Board of Directors ("Board") provides the highest level of oversight in our organization. Our diverse, independent Board of highly accomplished directors brings value to our organization, and we benefit from their guidance. Our Board has three

committees: Audit, Compensation, and Nominating and Governance. The Audit Committee oversees and reviews the financial reporting process and the integrity of IFF's financial statements and related financial information.

The Audit Committee is also focused on IFF's procedures for monitoring compliance with our Code, policies and applicable laws and regulations. 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.

The Compensation Committee is responsible for ensuring that a proper system of compensation is in place and that compensation plans are appropriate, competitive and properly reflect the objectives and performance of management and the Company. The Nominating and Governance Committee handles matters related to Board nominees for election, the size and composition of the Board and Board committees and evaluations of the Board, Board committees, and the CEO.

IFF is governed by the Executive Committee (EC), which is chaired by our CEO and comprises IFF's most senior executives. The EC is 75 percent male and 25 percent female. The EC addresses strategic, operational and financial matters and is the highest approval body before the Board of Directors.

# Governance Structure

CONTINUED

Our cross-functional Global Compliance and Ethics Committee meets regularly and reports to the Chief Compliance Officer. The purpose of the committee is to oversee IFF's implementation of programs, policies and procedures that are designed to respond to various compliance and regulatory risks facing the company. For more information about the overall governance structure of our organization, please refer to our [Proxy Statement \(SEC Form DEF14A\)](#), the Governance Section of our website and our [Corporate Governance Guidelines](#).

## Governance Structure for Sustainability

Our sustainability governance model provides oversight for the execution of our global sustainability strategy. An EC member, who reports directly to our CEO, serves as Executive Sustainability Champion providing leadership and executive oversight.

Sustainability is embedded in the organization by a cross-functional group led by our Vice President of Global Sustainability and comprises representatives of business units and functions across our company, including Operations, Sourcing, Human Resources, Engineering, Product Development, Law, Finance, Communications and IT. Our governance model relies on functional integration of our sustainability strategy across IFF, including goal development, implementation and progress toward goals.



# Risk and Crisis Management

## Risk Management

IFF has a multidisciplinary enterprise risk management program designed to identify and assess global risks to our business, including sustainability risks, and develop steps to continually mitigate and manage those risks. Our approach relies on our management's evaluation of current events and our expectations regarding future developments.

Our Board of Directors is actively involved in the oversight of IFF's risks, primarily through the Audit and Compensation Committees. Our CEO and other senior management oversee the day-to-day execution of the risk management process. The Board receives regular reports on IFF's enterprise risk management process and oversees and reviews with management the company's enterprise wide risks and the policies and practices established to manage such risks.

The Board and the Audit Committee focus on the most significant risks, including operational, financial, regulatory, litigation, cyber security, tax, credit, and liquidity, as well as our general risk management strategy. The Compensation Committee focuses on risks associated with compensation policies and practices, our compensation plans (including equity compensation plans and programs), severance, change in control and other employment-related matters.

Please refer to the Risk Management Oversight section of our [Proxy Statement, SEC Form DEF14A](#) for more information.

## The Precautionary Principle

While we do not formally apply the precautionary principle, our enterprise risk management program is designed to identify significant risks faced by our company. This tool involves surveying employees to gauge their assessment of risks and then consolidating their responses into a set of key risks, such as the quality of or disruptions to our supply chain. The consolidated set is communicated to the operating committee and Board of Directors at least annually. Our annual [SEC Form 10-K](#) filing includes a detailed description of company wide risks.

## Crisis Management

Unexpected events can disrupt our operations. We have a comprehensive Crisis Management Plan, which outlines preparation for and responses to emergency situations that may imperil the safety of our employees, customers, facilities, operations or reputation. We also have Crisis Management Teams in place to ensure that situations are handled appropriately and quickly by the best-trained employees, who regularly receive crisis response training. In 2016, we conducted Global Crisis Management Training for all of our cross-functional local, regional and global crisis teams. In addition, all e-mail enabled employees

were provided a document entitled "If a Crisis Occurs at IFF," which outlines some of the incidents IFF considers to be crises and how employees should react in the event of a crisis situation.

## Managing Operational Challenges

In each of the 35 countries where we conduct business, we take seriously our responsibility to follow local regulations and respond to community and employee concerns. Where challenges arise, we do our best to uphold our high ethical standards of doing business.

## China

During 2015, the Company was notified by Chinese authorities of compliance issues pertaining to the emission of odors from several of its plants in China. As a result, the Company's Flavors facility in China was temporarily idled. Accordingly, IFF invested in odor-abatement equipment at these facilities to address these issues and is in the process of building a second Flavors site in China, which is expected to be operating in the first quarter of 2019. The Company has also received a request from the Chinese government to relocate its Fragrance Ingredients plant in Zhejiang, China, and is in discussions with the government regarding the timing of the requested relocation.

# Environment

Inspired by nature and dedicated  
to helping it thrive

## IN THIS SECTION

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# Environment

One of the platforms of our sustainability strategy is a commitment to embed the positive principles of eliminating the concept of waste, using clean renewable energy and celebrating diversity into our company and culture.

## Our Approach

Energy, emissions, water and waste are key components of our commitment to positive principles. We have a series of 2020 goals for energy, hazardous waste, water and greenhouse gas emissions that support these principles.

We use a centralized management system to track the majority of our environmental performance metrics at each site. Performance is reviewed on a quarterly basis by our Eco-Effectiveness Management Team, which is composed of senior management from Operations and our Green Teams.

Green Teams are cross-functional groups of employees who have a demonstrated passion for sustainability. They identify and implement eco-effectiveness projects to help their locations operate more sustainably and meet monthly to share best practices. To ensure integration of the positive principles across IFF globally, we have Green Teams in place at all of our manufacturing facilities and several of our creative centers and offices, excluding recent acquisitions.

Through this structure, facility leadership and the Green Team at each site benefit from the resources and learnings of other sites, while taking responsibility to minimize the footprint at their own facility. This autonomy allows each site to focus on the projects that will result in the most significant improvements.

## Performance in 2016

Through the implementation of our new strategy, we are doing our part to address critical environmental issues, such as global climate change and water scarcity. We were pleased to be recognized by the CDP by achieving the CDP Climate “A” List for the second year in a row — placing us in the top 9 percent of companies participating in the CDP’s global climate change program. We continued our commitments to environmental stewardship via our formal support of the UN Global Compact, the Renewable Energy 100 (RE100) effort and the World Business Council for Sustainable Development. Our improvements in energy, emissions, water use and waste are described in the following sections.

## Assuring Through Certification

We rely on external certification systems to measure and manage our environmental footprint throughout our value chain. Implementing the ISO 14001 environmental management system at our facilities helps us improve resource efficiency, reduce waste and manage costs, while demonstrating to our employees and external stakeholders our commitment to continuous improvement. With the certification of our five remaining sites — Garín, Argentina; South Brunswick, New Jersey, U.S.; Carrollton, Texas, U.S.; Jacksonville, Florida, U.S., and Dandenong, Australia — we achieved our goal of expanding ISO 14001 certification to all of our major manufacturing facilities (aside from recent acquisitions).

# Energy

We have set a goal to reduce our energy intensity by 20 percent (from a 2010 baseline) by 2020.

Energy efficiency is good for the environment and can reduce operating costs. GHG emissions are highly dependent on energy use, so our carbon reduction strategy includes a focus on minimizing energy use and increasing our purchases of renewable energy.

## Powering Our Facilities with Renewable Energy

IFF continually looks for ways to utilize renewable power and minimize energy use in our operations. In 2015, we joined RE100, a global initiative of businesses that are committed to procuring 100 percent of their electricity from renewable sources, and we are developing a detailed plan to achieve this goal. In 2016, we took a significant leap toward this goal, as our flavors and fragrances compounding facility in Tilburg, Netherlands, became the first in the industry to generate wind power on-site. Installation of a 2.4 megawatt turbine began in late 2015, and it was completed and operational by July 2016.

The turbine can produce 6.5 million kilowatt-hours of renewable electricity per year—enough to power 30 percent of the location's electricity needs.

The Tilburg site, along with our creative center in Hilversum, purchase additional wind power for the facility's remaining needs, thereby achieving 100 percent renewable electricity status. As of 2016, approximately 26 percent of our global electricity use comes from a renewable source, such as wind or solar power.

## Performance in 2016

We are pleased to report that our global teams achieved a 4.5 percent year-over-year reduction in energy intensity (energy use per metric ton of production) in 2016. This was accomplished through targeted eco-effectiveness projects, new equipment and operational changes at several of our sites.

Examples of energy reduction projects include the following:

- Our Taubaté, Brazil, flavors compounding facility reduced lighting energy by more than 40 percent when they replaced mercury lamps with LEDs.
- Our Jacksonville, Florida, fragrance ingredient facility installed variable-frequency drives on their cooling towers to save more than 300 gigajoules a year.
- Our Benicarló, Spain, fragrance ingredient facility replaced their reactive power devices, saving more than 300,000 kilowatt-hours per year.

# Energy

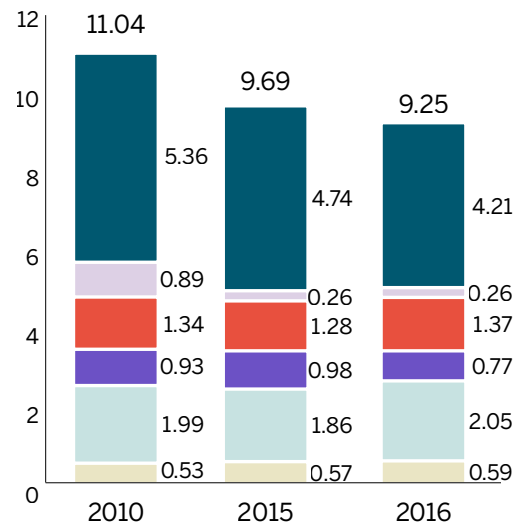
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Environment

Since 2010, we have improved energy intensity by 16.2 percent. We continue to focus on finding ways to manufacture more efficiently and effectively, and we are on track to meet our 2020 goal of reducing energy intensity by 20 percent. For details on our global initiatives, including the commensurate reductions in greenhouse gas emissions, see our [CDP Climate Change](#) response on our website.

## Annual Energy Consumption by Type

Gigajoules per metric ton of production

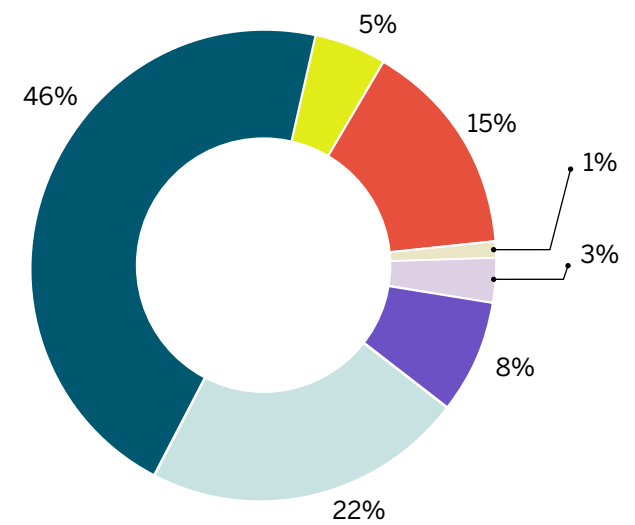


- Natural Gas
- Fuel Oil and LPG
- Process-Derived Fuels
- Steam
- Electricity
- Green Electricity

The ratio used in the bar chart above is total energy in gigajoules per metric ton of finished goods produced. The ratio only includes energy consumed within the organization. Annual energy data is based on actual figures drawn from utility bills dating back to 2010 for each operating location.

## 2016 Total Energy Consumption

2,802,789 gigajoules



- Natural Gas
- Renewable Electricity
- Process-Derived Fuels
- On-Site Green Electricity – Renewable
- Fuel Oil and LPG – Propane
- Steam
- Electricity

# Emissions

We have set a 25 percent reduction goal in GHG emissions intensity (2010 baseline) by 2020, and achieved a 7 percent year-over-year reduction in 2016.

We see GHG emissions as a significant contributor to global climate change and are committed to reducing our Scope 1 emissions (those we directly control) and Scope 2 emissions (those generated through purchased electricity and steam). We also track and aim to reduce Scope 3 GHG emissions (indirect emissions in our value chain).

## Performance in 2016

### Scope 1 and Scope 2 Emissions

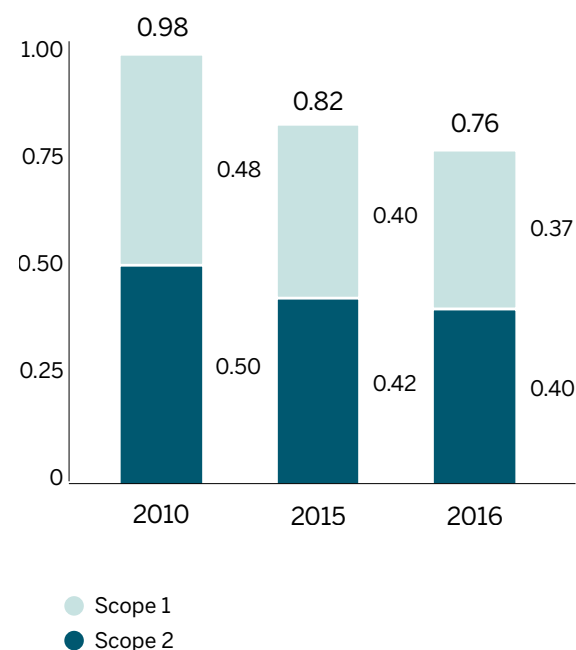
In 2016, we continued to make progress toward our 2020 goal. We are pleased to report that our market-based global GHG emissions intensity (Scope 1 and Scope 2) decreased 6.9 percent from the prior year, resulting in an overall reduction of approximately 22.0 percent from the 2010 baseline.

### Scope 3 Emissions

We generated 39,368 metric tons of carbon dioxide equivalent (CO<sub>2</sub>e) Scope 3 emissions related to upstream fuel and energy-related activities and employee business air travel in 2016. CO<sub>2</sub>, methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O) are included in these emissions calculations, but no biogenic emissions are included.

## Annual Emissions Intensity by Scope

Metric tons CO<sub>2</sub>e per metric ton of production

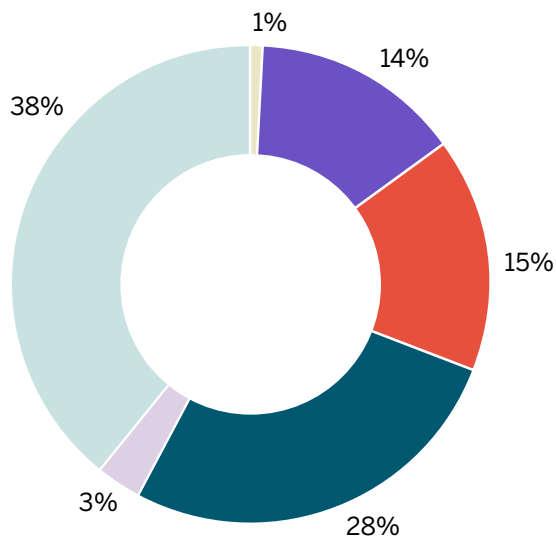


# Emissions

CONTINUED

Environment

## 2016 Total Stationary Scope 1 and Scope 2 Market-Based Emissions

231,841 metric tons of CO<sub>2</sub>e

- Electricity
- Fuel Oil, LPG, Mobile Vehicles and Refrigerants
- Natural Gas
- Process-Derived Fuels
- Steam
- Wastewater

### Data Measurement Techniques and Basis of Calculations

Greenhouse gas emissions are calculated following the Greenhouse Gas Protocol. This report includes Scope 1 and Scope 2 emissions, as well as two Scope 3 emissions categories. Annual energy data used to calculate Scope 1 and Scope 2 emissions are based on utility bills dating back to 2010.

The organizational boundaries for this report align with the Operational Control approach outlined in the GHG Protocol. Following Scope 2 Guidance for Direct Emissions, we use appropriate emission factors from the 2006 Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC) and the Fugitive Emissions Guidance published by the U.S. Environmental Protection Agency (EPA). For electricity, we follow EPA's 2012 eGrid Subregion emission factors and the International Energy Agency's latest emission factors. Emission factors for steam and process-derived fuels are specific for each site and are provided by the suppliers. The emissions calculations include greenhouse gases covered by the Kyoto Protocol – CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, hydrofluorocarbons (HFCs),

perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>) – and are reported as CO<sub>2</sub> equivalents.

This year, we are using the global warming potentials provided in the IPCC's Fourth Assessment Report.

In this sustainability report, we report market-based emissions according to Scope 2 guidance. Market-based emissions reflect the electricity the company is purchasing, based on the supplier and energy source, which may be different than the typical electricity generated in the region.

The Solar Renewable Energy Credits generated from the Hazlet, New Jersey, U.S., solar array are retained by the array's owner, and IFF is supplied with equivalent Green-e certified Renewable Energy Credits (RECs) along with the electricity generated by the solar array. Qualifying RECs are also purchased for our facilities in Benicarló, Spain; Tilburg, Netherlands; Philadelphia, Pennsylvania, U.S.; and our creative center in Hilversum, Netherlands are accounted for in this report.

# Water

We met our 2020 corporatwide goal of a 50 percent reduction in water use intensity (from a 2010 baseline) and are evaluating ways to continue to reduce our water footprint.

## Our Approach

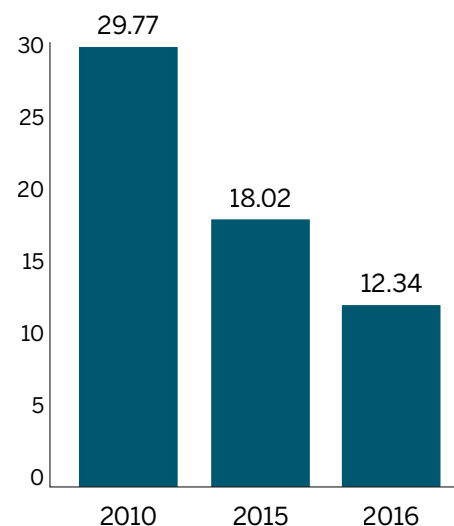
In order to map our water footprint and identify possible risks, we use several publicly available tools. Globally, we have used the World Resources Institute's Aqueduct Tool to identify water stress, flood occurrence and drought severity risks for all of our manufacturing facilities. On a project basis, we have used other tools, such as the World Business Council for Sustainable Development's Global Water Tool and the EPA's Surf Your Watershed tool.

These tools enable us to determine watershed location, access to water and sanitation, and water stress and scarcity for a specific facility location. Furthermore, the knowledge IFF is able to gain from these tools helps us to assess water-related risks and informs decisions for future water conservation initiatives at our sites. While we are currently in the early stages of evaluating these risks, we have not identified a substantive risk associated with water.

In 2016, we continued to disclose our water use data and assess our performance through the CDP's Water Assessment. The Assessment gives us access to performance benchmarks and helps us to focus our efforts in water conservation. Completion of the assessment requires a solid understanding of how our operations are affected by potential water risks and how we manage those risks. More information about IFF's water-related risks and opportunities is available in our [CDP Water response](#) on our website.

## Annual Water Intensity

Cubic meters per metric ton of production

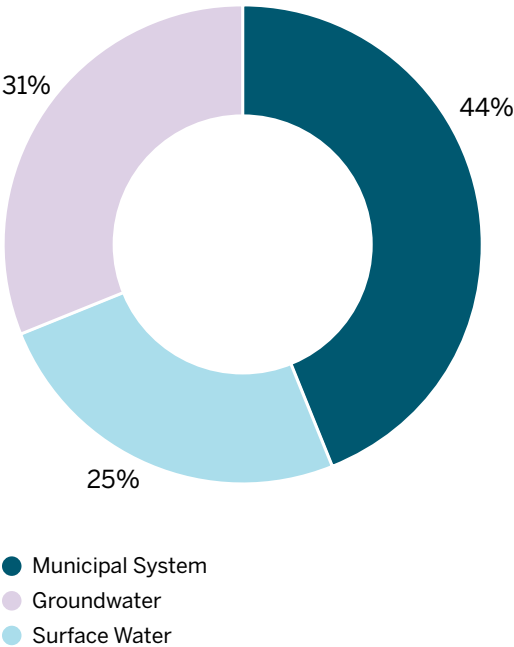


# Water

CONTINUED

## 2016 Water Use by Source

3,743,703 cubic meters



Each site submitted total water withdrawn from each source, and the values were converted to cubic meters and summed at the global level.

**Performance in 2016**  
In 2012, we set a 2020 goal of a 25 percent reduction in water use intensity against our 2010 baseline. After meeting that goal in 2014, we increased the goal to an overall 50 percent reduction in water use intensity (still with a 2010 baseline) by 2020. We are proud to announce that we exceeded this goal in 2016 by achieving a 58.5 percent reduction.

We withdrew approximately 3.7 million cubic meters of water from groundwater, surface water and municipal sources in 2016. We are pleased to have achieved an overall year-over-year water use reduction of approximately 31.5 percent due to the elimination of once-through cooling and several water-saving projects recently implemented at the facility level.

Examples include:

- Water reuse for lubrication pumps at our Tlalnepantla, Mexico, compounding facility
- Improved operational behavior and shorter washing times at our Guangzhou, China, facility
- Closure of our Hangzhou, China, facility in July 2016, which eliminated once-through cooling in our operations

To date, much of the improvements in our water performance have been due to reductions in water usage rather than water recycling or reuse.

# Waste Management

We have set a goal to reduce our hazardous waste generation intensity by 25 percent by 2020 (from a 2010 baseline).

## Performance in 2016

Due to incremental improvements in several facilities, we saw a year-over-year decrease in hazardous waste of 1.6 percent from 2015 to 2016, going from 0.080 to 0.079 metric tons of hazardous waste per metric ton of production. Overall, we have reduced hazardous waste generation intensity by 18.1 percent against our 2010 baseline, and will continue to meet the 2020 goal.

A major milestone in 2016 was the approval of a double-effect evaporator project at one facility and a condensate tank project at another facility. These projects target the largest waste generators and will reduce future hazardous waste production.

Furthermore, our Eco-Effectiveness Management Team continues to foster a deeper understanding of the causes of hazardous waste generation at the site level and promotes mitigation through innovation. All hazardous waste is handled in accordance with country regulations.

We continue to expand and define our nonhazardous waste disposal metrics and methods. As we look ahead, we will develop goals to reduce nonhazardous waste, increase recycling rates and eliminate the concept of waste in our operations, starting with evaluating the possibility of zero waste to landfill.

## Spill Performance

We had no significant spills in 2016. We define a significant spill as one that has an off-site impact, is not fully contained and requires reporting to local authorities.

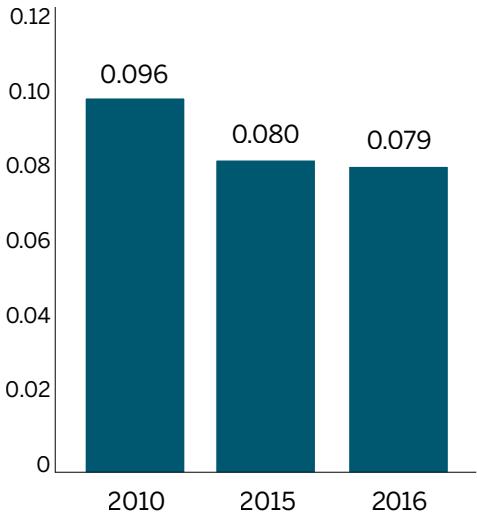
We believe the amounts we have paid and anticipate paying in the future for clean-up costs and damages at all sites are not material and will not have a material adverse effect on our financial condition, results of operations or liquidity. We follow the SEC's guidance for disclosure of material issues. Please see our [Annual report and SEC Form 10-K](#) for more information.

# Waste Management

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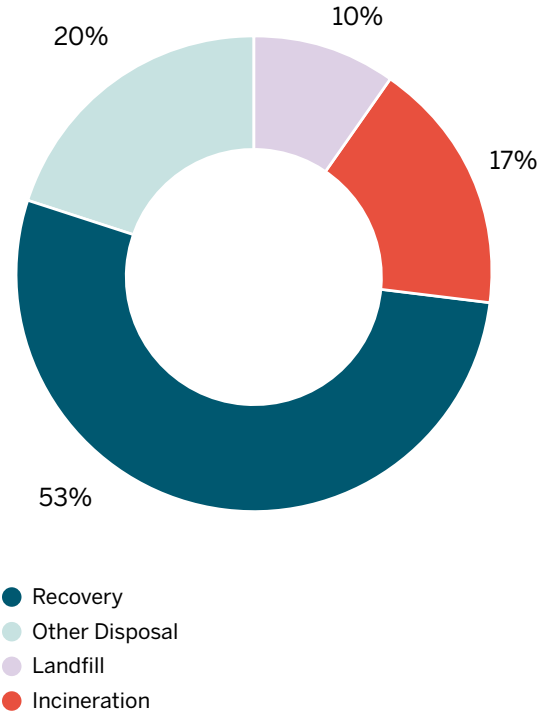
## Annual Hazardous Waste Intensity

Metric tons per metric ton of production



## 2016 Hazardous Waste by Disposal Method

23,938 metric tons





# Our Supply Chain

Sourcing  
our materials  
responsibly

## IN THIS SECTION

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Our Suppliers** PAGE 35

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# Engaging Our Suppliers

IFF is committed to sourcing raw materials in a way that respects the environment and supports people and communities. We are growing our portfolio of responsibly sourced materials and establishing long-term community partnerships.

## Our Approach

IFF's Vendor Code of Conduct, updated in 2016, is the cornerstone of our relationships with vendors. We expect our vendors to provide a safe working environment for their employees and to conduct their business in accordance with the highest standards of ethical behavior and in compliance with all applicable laws, rules, regulations and industry standards, including those concerning human rights. IFF supports internationally recognized human rights and is committed to high standards of ethics, honesty and integrity and demonstrating respect and dignity for one another and those with whom we do business. Discrimination, child labor and forced or compulsory labor are prohibited, and we require our vendors to recognize and respect their employees' rights to freely associate and engage in collective bargaining.

To better understand environmental and social practices in our supply chain, we are engaging our suppliers by including sustainability as part of the material approval process. We query suppliers on responsible sourcing practices, traceability and other relevant areas.

Additionally, we focus our efforts on certain key strategic suppliers that are critical to our business, reviewing the list annually as our supply chain evolves. We require that these suppliers be assessed through Sedex (the Supplier Ethical Data

Exchange) or EcoVadis, two supply chain information platforms that help us drive improvement in the areas of labor standards, health and safety, environmental management and ethical business conduct. Sedex is the largest collaborative platform for supply chain data.

In 2016, we expanded our use of EcoVadis, which, like Sedex, allows us to assess supply chain data. We also use the EcoVadis platform to assess ourselves as a supplier to our customers. We are pleased to report that we have achieved Gold status, the platform's highest rating. Additionally, EcoVadis integrates data from Together for Sustainability (TfS), an industry initiative through which more than 5,000 suppliers are able to communicate their environmental and social practices. More than 60 percent of our global supplier spend in 2016 was with suppliers assessed through EcoVadis or Sedex.

IFF has rigorous quality expectations for our suppliers. Our FSSC 22000 certified Vendor Management Program and auditors help ensure that our supply chain meets these expectations. Select new raw materials suppliers for our flavors business unit undergo initial audits of their business operations to confirm that they meet IFF's quality requirements and standards, while existing suppliers are audited on an ongoing, periodic basis.

# Partnerships and Collaborations

## CONTINUED

These auditing efforts are complemented by our vendor quality risk management program, which tracks vendor performance to help determine audit frequency. Our use of vendor risk scorecards allows us to focus our resources where the needs are greatest. As part of our Vendor Management Program, we share best practices and advice on technical issues; this program supports our vendors around the world on their path to continuous improvement.

Our [Vendor Code of Conduct](#) and [Sustainable Palm Oil Policy](#) are available on our website.

## Together for Sustainability

IFF was the first flavors and fragrances company to join the Together for Sustainability (TfS) initiative. TfS's purpose is to develop and implement a global program to assess and improve sustainability practices within the supply chains of the chemical industry.

TfS has a shared infrastructure, which allows us to share our required supplier sustainability assessments and audits with all members, avoiding duplicate efforts for our suppliers. TfS assessments and audits cover various areas, including labor and human rights, working conditions and the environment, which align with IFF's Vendor Code of Conduct. We combine the outcomes of these supplier-specific assessments with information based on other criteria (such as country of manufacture) to determine which suppliers will undergo an audit. Through the TfS initiative, we continued assessing our suppliers in 2016 and will begin third-party audits for selected suppliers in 2017.

IFF actively participates with other TfS member companies, engaging in open and constructive dialogue regarding supply chain complexity, challenges and opportunities. TfS is structured in different work streams, through which work is led and executed by members. IFF contributes to the Governance and Partnerships work stream.

IFF also leads the TfS U.S. Regional Committee. The goal of this group is to ensure successful

implementation of TfS and to engage and promote TfS with relevant stakeholders in the region. In 2016, IFF hosted the U.S. Regional Committee's first meeting at our New York offices. Discussions focused on progress in the global areas of partnerships, supplier assessments and audit, and supplier awareness. Participants also shared best practices and worked on identifying key regional stakeholders.

## AIM-PROGRESS

We also participate in AIM-PROGRESS, a forum of leading manufacturers and suppliers dedicated to enabling and promoting responsible sourcing practices and sustainable supply chains through capacity building and best practice sharing. AIM-PROGRESS is a global initiative supported and sponsored by AIM (the European Brands Association) and the Grocery Manufacturers Association in North America.

AIM-PROGRESS gives IFF a platform for collaboration, benchmarking and learning with like minded organizations sharing the goal of positively impacting the lives of people in their supply chains.

## Vetiver Together Partnership

IFF is a founding corporate member of a unique partnership with several nongovernmental organizations and a key customer to strengthen the supply chain for vetiver, a common ingredient in perfumes that is grown in Haiti. Please see the [Strengthening Local Communities](#) section for more information.

# Certifying Our Raw Materials

Our IFF-LMR division has a long-standing commitment to sustainability and has increased that commitment in recent years with the introduction of third-party certification. IFF-LMR works with the rigorous For Life program of the Institute for Marketecology to achieve For Life certification for our ingredients. In 2016, we achieved a new certification for Egyptian geranium and orris root grown in France, and renewed our certifications for Turkish rose, vetiver from Haiti and patchouli and ylang-ylang from Madagascar. The For Life Social Responsibility certification is broad in scope, and everyone along the value chain must adhere to criteria that require fair working conditions, transparent administration, good community relations and the monitoring of environmental performance.

Our Supply Chain



↑ Egypt: Geranium

→ Madagascar: Ylang-ylang

# How We Source Materials

Our Supply Chain

## SELECT OPTIMIZATION PROGRAMS

### Orris Root

Efforts are underway to design and construct a harvesting machine and cleaning line and optimize the drying process

### Geranium

Program includes agronomy research for varietal selection and characterization, process optimization, and supporting implementation of good agricultural practices

### Rose

Program currently focuses on process optimization, yield improvement and good agricultural practices

Key:



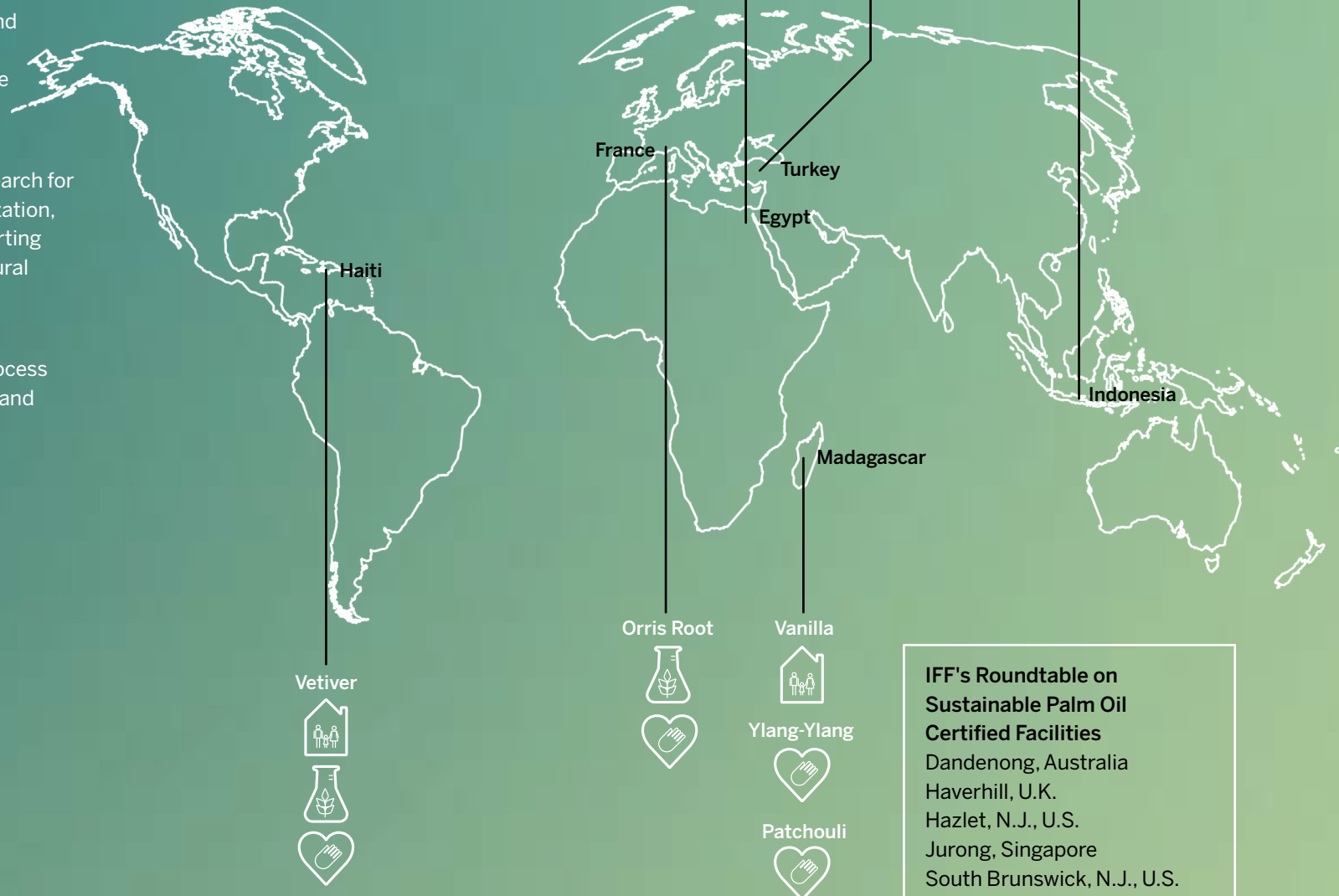
Community development project



Agronomy/mechanization/R&D expertise



For Life Certification



### IFF's Roundtable on Sustainable Palm Oil Certified Facilities

Dandenong, Australia  
Haverhill, U.K.  
Hazlet, N.J., U.S.  
Jurong, Singapore  
South Brunswick, N.J., U.S.  
Tilburg, Netherlands

# Strengthening Local Communities

## Vetiver in Haiti

The oil produced from the roots of vetiver (*Chrysopogon zizanioides*) — a perennial grass native to India — is a common ingredient in perfumes and a key natural ingredient sourced by IFF-LMR. Haiti produces some of the best vetiver in the world. However, farmers and their families are dependent almost exclusively on vetiver for their income, which is limited because the crop can be harvested only once every 12 to 18 months. Due to economic pressures, farmers often harvest the roots before they are fully mature, leading to low prices and poor oil yields.

IFF-LMR is proactively working in Haiti to strengthen our relationship with our vetiver suppliers, sharing our technical expertise to help improve yields and oil quality. As members of the Natural Resources Stewardship Circle (NRSC), we work with our suppliers to ensure that they comply with the specifications laid out by the NRSC for a fully traceable, sustainable and high-quality product. One of our agronomists works with vetiver farmers on cultivation techniques and mechanization opportunities to improve the quality and yield of their crop. For example, we have invested in a biomass boiler to reduce fuel needs and recycle by-products.

To further improve the livelihoods of Haitian smallholder farmers, IFF has partnered with Oxfam Great Britain, Heifer International, the Ford Foundation and a key customer to support a two-year pilot program called Vetiver Together.™

The Vetiver Together program is a key aspect of our vetiver sustainable sourcing strategy.



Our Supply Chain



# Strengthening Local Communities

CONTINUED

Our Supply Chain

The program aims to diversify farmer income, improve food security, empower women and improve conservation practices. The program now includes a total of 450 vetiver farmers and their families and aims to impact more than 1,000 people through programs for financial access and livestock ownership, establishment of a seed bank, improved access to drinking water, reforestation activities and more.

In September 2016, goats, chickens and turkeys were distributed to families to support both food security (for essential protein from milk and eggs) and long-term economic security (through breeding and selling the animals).

Later in 2016, Hurricane Matthew struck the country. IFF has been working closely with Heifer International to provide relief to victims of the hurricane. We donated funds toward needed supplies, including a generator and construction materials for the repair of a well. Additionally, we encouraged our employees to donate to Heifer International's Disaster Rehabilitation Fund. Devastating events make strengthening the

vetiver supply chain even more important, so that farming families can have greater resilience when faced with disaster. Despite the damage caused by the hurricane, a high percentage of the distributed livestock survived. Survival rates were higher than that of surrounding areas not covered by the project, which is likely due to improved animal shelters, training and interventions by community veterinary agents. Efforts with the pilot project are now back on track.

## Vanilla in Madagascar

Challenges in the Madagascar vanilla supply chain are complex and interrelated. Vanilla prices and speculation have continued to rise. Price increases from speculation are not sustainable and do not fairly trickle down to the farmers and their communities.

For several years, we have been collaborating with select vendor partners to improve conditions for farmer communities in Madagascar while securing a supply of organic and traceable Bourbon vanilla beans.

## Patchouli in Indonesia

In Indonesia, IFF-LMR's patchouli partnership is an example of bringing innovation to all stages of the supply chain by improving returns to farmers, benefiting the communities where patchouli is grown and providing high-quality products to consumers. A portion of the patchouli produced in this program is For Life certified.

Through the expertise of our local agronomist, as well as our research and development scientists, IFF-LMR developed a program through which we provide seedlings to farmers that enable them to grow high-quality patchouli. The program leverages the expertise of IFF-LMR in selecting the best variety of patchouli and then optimizing its cultivation, harvest, drying and distillation, and, through our partner, provides local networks and community development expertise.

By combining these efforts, the program will contribute a significant amount of responsibly sourced patchouli to our supply chain. In 2016, a hundred farmers in our network in Bali, Indonesia, planted more than 100,000 seedlings. We expect to expand the program to 1,000 farmers in the next three years.

## Strengthening Local Communities

CONTINUED

We now have six facilities that meet the standards of RSPO Supply Chain Certification, enabling us to supply certified mass balance ingredients to our customers.

### Sourcing Palm Oil Responsibly

Palm oil is used minimally in our products, but we recognize the existence and complexity of social and environmental issues in the palm oil industry. The production of palm oil has been linked to deforestation, biodiversity destruction and human rights abuses. Collaboration from all stakeholders in the supply chain, including industry peers, suppliers, governments, communities, non-governmental organizations, and other stakeholders, is necessary to ensure continued focus and sustainable improvement. We have an important role in ensuring that the palm oil in our supply chain comes from responsible sources.

Our Palm Oil Policy outlines our commitment to purchase palm oil products from suppliers that have made public commitments to protect human rights and to avoid deforestation and development on peat lands or high-conservation-value areas. Our membership in the Roundtable for Sustainable Palm Oil (RSPO) supports our goal to have 100 percent of the palm oil used in our products be RSPO-certified by 2020. At the end of 2016, we also joined the NRSC's Palm Oil Working Group. The Working Group has been focused on palm oil traceability and supports our commitment to a collaborative approach in addressing issues in the palm oil supply chain.

We now have six facilities that meet the standards of RSPO Supply Chain Certification. Currently, approximately 35 percent of our palm oil purchases are RSPO-certified. We will continue our commitment to achieving RSPO Supply Chain Certification for our manufacturing facilities by adding five more sites in 2017.

# Regenerative Products

Designing new products  
that model nature's ability  
to restore and renew

## IN THIS SECTION

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# Renewability and Degradability

One of the core platforms of our new sustainability strategy is a commitment to products intentionally designed to continuously support well-being and make a positive contribution to society and the environment.

## Our Approach

Our customers prioritize sustainability and look to us to help provide solutions that meet consumer demand for healthier and better-for-you products. Developing products that meet high environmental and wellness standards is the future. That's why our aspiration is to focus on developing regenerative products — those that model nature's ability to restore and renew. This can include products that are:

- made from bio-based or renewable feedstocks;
- designed to be readily degradable at the end of their useful lives;
- created using green chemistry processes; and/or
- designed with the intent to promote health and wellness.

We believe that focusing on regenerative and circular economy principles will drive innovation at IFF.

## A Focus on Renewability and Degradability

Renewable feedstocks are those derived from plant sources, rather than nonrenewable sources such as petroleum. These biobased products provide environmental, economic and social benefits, and we are starting to see more customer and consumer demand for them.

At IFF, we are systematically assessing how our portfolio could be enhanced with the use of more renewable, biobased sources and filling gaps where possible. For example, we now obtain a raw material for one of our high-use fragrance ingredients from sugar cane instead of from the non-biobased source that was previously used.

A product is degradable when it does not persist in the environment, but instead readily breaks down into organic compounds found in nature. Our chemists strive to design degradability into new fragrance ingredients by using biodegradability and persistence models to assess newly designed molecules prior to synthesis.

Our biobased and degradable products come from nature and are rapidly returned to nature after their intended use. This approach moves away from a “take–make–dispose” mentality or “cradle to grave” process to a circular design, in which resources are repeatedly reutilized and waste is eliminated.

# PuraVita: A Model Regenerative Product

Launched in May 2016 at the Sustainable Cosmetics Summit in New York, IFF's new PuraVita™ fragrance — the world's first Cradle to Cradle Certified™ fragrance — is a milestone in our sustainability journey. It demonstrates how we are boldly pushing the application of our sustainability agency and leading transformational change in R&D innovation and beyond.

The Cradle to Cradle Certified Product Standard, which is administered by the Cradle to Cradle Products Innovation Institute, reviews a product in five categories of performance (shown at right).

**Product assessments are performed by a qualified independent organization in the following areas:**



## Material Health

Knowing and assessing the ingredients of every material in a product



## Material Reutilization

Designing products made with materials that come from and can safely return to nature or industry



## Renewable Energy

Envisioning a future in which all manufacturing is powered by 100 percent clean, renewable energy



## Water Stewardship

Manage clean water as a precious resource and an essential human right



## Social Fairness

Design operations to honor all people and natural systems affected by the creation, use, disposal or reuse of a product

In each of these categories, a Certified Product receives an achievement level of Basic, Bronze, Silver, Gold or Platinum. PuraVita is Certified at the Gold level overall, which means it achieved at least a Gold in each of the categories. In the Material Health category, PuraVita achieved a Platinum-level rating for its designed application.

Cradle to Cradle certification is an easy-to-understand, simple rating system. With the added benefit of having a reputable third party to conduct an independent assessment on the health, environmental and social considerations that have been incorporated into the product's design.

The fragrance's top note is green apple, with middle and base notes of wood, apricot and vanilla.

Cradle to Cradle® is a trademark of MBDC, LLC.

Cradle to Cradle Certified™ is a trademark licensed by the Cradle to Cradle Products Innovation Institute.

# Green Chemistry

Green chemistry processes help to drive the development of regenerative, sustainable products.

## Utilizing Green Chemistry Processes

Incorporating the principles of green chemistry into our innovation processes results in measurable environmental and economic benefits in terms of the use of renewable resources and better degradability, as well as improved yields, reduced energy, reduced waste, improved safety and lower manufacturing costs.

Our proprietary IFF Green Chemistry Assessment Tool (the “Tool”) is routinely used during the early discovery of our ingredients in the research and development phase, as well as during commercial production at our manufacturing plants. The Tool enables our scientists to quantitatively score and evaluate products and processes according to key green chemistry principles. The scores are charted to provide a visual display of how green that product is. Using the Tool, our scientists establish baselines for overall green chemistry performance, identify potential areas for improvement, set goals and track progress towards those goals. The Tool is especially helpful in the case of new molecules, which are continuously assessed and improved upon to ensure optimal performance as production is scaled up.

In 2016, we developed several novel and green process technologies that provide new synthesis capabilities — the ability to create, break or rearrange chemical bonds — for the discovery of new molecules. The key green chemistry principles

utilized with these new technologies included catalysis, atom economy, less-hazardous chemical synthesis and reduced derivatives.

For example, we applied new, energy-efficient reaction and catalyst technologies to convert several of our renewable by-products into fragrance building blocks and new molecules. In doing so, IFF employed various green chemistry principles through the use of renewable feedstocks, catalysis for efficient processing and waste elimination.

In addition, IFF filed a patent application for a new green process technology to convert the generated by-products from a process into a useful product, as well as increase atom economy, eliminate waste and reduce the product cost. This demonstrates our focus on achieving circular economy goals via patented technology to eliminate waste.

IFF also developed and validated a new manufacturing process for a key fragrance ingredient. The process is now safer, as it avoids the use of a harmful chemical, and is shorter in duration, requiring fewer solvents, consuming less energy and resulting in less waste. In 2016, IFF entered into new external collaborations to boost our sustainability initiatives for developing disruptive, green catalytic methods for difficult synthetic transformations and exploring new, renewable feedstocks as fragrance building blocks.

# Leveraging Key Partnerships

Our work on innovative products is often conducted through collaborations with external companies and nonprofits. These partnerships leverage the expertise and experience of different individuals and groups, to the ultimate benefit of consumers and the environment. Our recent partnerships have included the following:

- To create PuraVita, IFF partnered with experts in Cradle to Cradle design.
- We joined the Well Living Lab™ —a collaboration of the Mayo Clinic and Delos Innovate Well — as a Sustaining Alliance Member.
- We developed Cyrano, a digital scent speaker and mood modification platform, in collaboration with Vapor Communications.
- We are currently partnering with several organizations to explore flavors opportunities in the use of specialty plant-based natural ingredients that may have smaller environmental footprints, or less salt or sugar. These specialty ingredients could replace or enhance existing ingredients in our flavors.

↑ Well Living Lab

→ Cyrano, a digital scent speaker



Regenerative Products



# Health and Wellness

## Improving Health through Better-for-You Flavors

Our focus on innovative products is enabling us to meet the fast-growing consumer demand for food and beverage products with not only environmental and social benefits, but also health and wellness attributes. With our deep expertise in food science and consumer insights, we are able to help our customers create delicious foods with better-for-you profiles — for example, foods lower in sodium or sugar that still taste great.

In 2016, we reorganized our global food and beverage innovation efforts toward six cross-category groupings that reflect the shifting consumer needs and market demands around the world. Many of the programs are based on environmental, social and/or health and wellness trends. Specifically, the programs are: Re-Imagine Natural, Re-Imagine Modulation, Re-Imagine Delivery, Re-Imagine Citrus, Re-Imagine Culinary and Re-Imagine Protein. Each of the new innovation categories has a program manager overseeing innovation, product research and development.

For instance, through Re-Imagine Natural, we are helping our customers create products that provide options for simple, clean labels with ingredients that are responsibly sourced and that make consumers comfortable. Through Re-Imagine Modulation, we are exploring new ways to make great-tasting products that are lower in sodium, fat, sugar and calories.

Finally, through Re-Imagine Protein, we're helping customers develop delicious, plant-based protein products to meet the needs of the growing number of consumers seeking vegan, vegetarian or “flexitarian” food options. These plant-based products not only have health and wellness attributes (compared to animal-based meat), but also environmental benefits in terms of lower water and carbon footprints. In 2016, we had particular success helping a customer develop new plant-based meat products with outstanding flavor and texture.

## Improving Lives through Fragrance

Much work has been conducted recently on the ability to enhance health and wellness through fragrance. While the fragrance industry has historically focused on hedonics or sensuality, there has been increasing consumer demand for products that have evidence-based, positive effects on human health and emotional well-being. As a result, we have developed a future-oriented fragrance innovation platform focused entirely on health and wellness. We are actively seeking out fragrance ingredients that, for instance, may enhance sleep experience, elevate energy levels, promote relaxation or improve mood.

In 2016, IFF, in collaboration with Vapor Communications, introduced Cyrano, a new digital scent speaker and mood modification platform. Cyrano is a small electronic device that can release sequences of scents — controlled by a smartphone application — called mood medleys. Cyrano's first scent cartridge, Natural Moods, is based on consumer test data and an understanding of the effect of scent on the human brain.

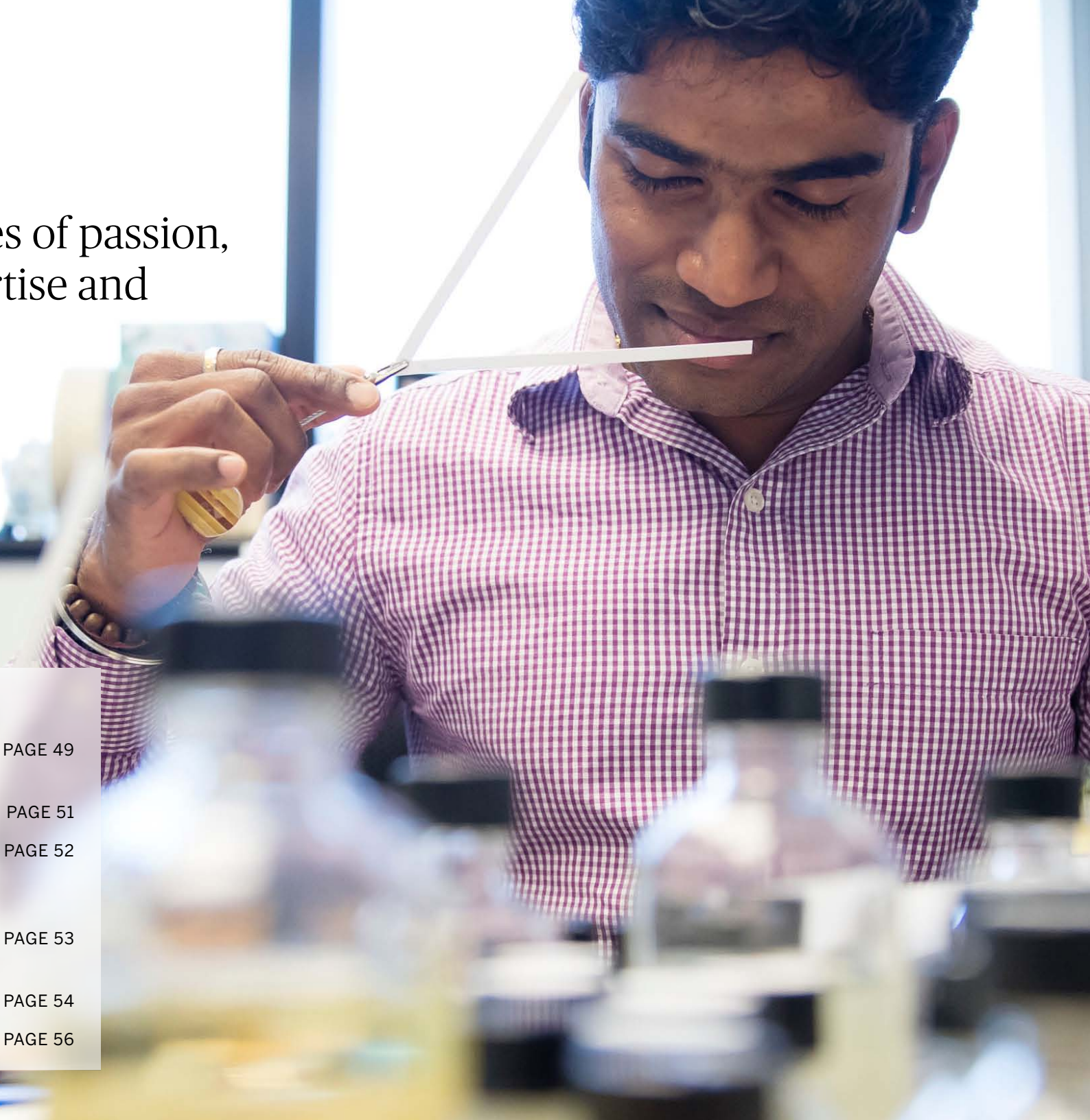
We often seek to partner with organizations that can benefit from knowledge sharing in the interest of making people happier and healthier. In 2016, we joined the Well Living Lab as a Sustaining Alliance Member. The Well Living Lab is a collaboration of the Mayo Clinic and Delos Innovate Well that is seeking to, among other things, study indoor environments and create healthier indoor spaces.

# Our People

Living our values of passion, creativity, expertise and empowerment

## IN THIS SECTION

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# Employment Practices

One key platform of our new sustainability strategy is a commitment to Sensational People, through which we engage our employees and stakeholders to make a positive difference in the world.

## Our Approach

At IFF, we value passion, creativity, expertise and empowerment. By living these values each day, we nurture a culture in which everyone can perform at their best. In our operations around the world, we integrate these values into talent acquisition, performance and talent management, and career development.

IFF operates in 35 countries worldwide with various legal frameworks governing the workplace. Our Human resources teams in each region are accountable for ensuring that we comply with local laws, as well as IFF policies. These teams are empowered to support employee initiatives based on local needs and priorities. An engaged workforce is very important to us, as it increases morale, productivity and innovation and increases the level of commitment and ownership, while empowering a talented pool of employees who share insightful perspectives and promote breakthrough thinking.

## Employee Satisfaction

In 2016, we conducted an employee satisfaction survey to assess nine valuable aspects of our culture: agility, collaboration, direction, discipline, engagement, performance, risk, trust and innovation. We found a variety of strengths, including a passionate and supportive, team-based workplace; a focus on innovating for customers; clear direction and guidance on employees' role in achieving our priorities; and quality products. Following the results of the culture survey, IFF has created a global task force sponsored by an Executive Committee member who will specifically address how to leverage IFF's strengths and address the areas of improvement.

## Permanent Employees by Region and Gender

REGION	EMPLOYEES	MALE	FEMALE	% MALE	% FEMALE
Europe, Africa and Middle East	2,316	1,367	949	59%	41%
Greater Asia	1,977	1,312	665	66%	34%
Latin America	949	603	346	64%	36%
North America	1,778	1,047	731	59%	41%
<b>Total</b>	<b>7,020</b>	<b>4,329</b>	<b>2,691</b>	<b>62%</b>	<b>38%</b>

## Permanent Employees by Contract and Gender

REGION	EMPLOYEES	WORK TIME				% EE's
		Full-Time Male	Part-Time Male	Full-Time Female	Part-Time Female	
Europe, Africa and Middle East	2,316	1,333	34	762	187	33%
Greater Asia	1,977	1,307	5	656	9	28%
Latin America	949	599	4	341	5	14%
North America	1,778	1,043	4	728	3	25%
<b>Total</b>	<b>7,020</b>	<b>4,282</b>	<b>47</b>	<b>2,487</b>	<b>204</b>	

## Temporary Workforce by Gender

REGION	TEMPORARY	N/A	MALE	FEMALE	%N/A	% MALE	% FEMALE
Europe, Africa and Middle East	270	1	175	94	0%	65%	35%
Greater Asia	123		45	78	0%	37%	63%
Latin America	16		9	7	0%	56%	44%
North America	134	73	41	20	54%	31%	15%
<b>Total</b>	<b>543</b>	<b>74</b>	<b>270</b>	<b>199</b>			

Employee data on this page are based on actual year-end 2016 headcount. The employee count provided earlier in the Operating Footprint section of this report is based on full time equivalents (FTEs).  
 Companywide New Hires: 781  
 (11.1% of global, permanent head count)  
 Companywide Turnover: 680  
 Companywide Total Turnover Rate: 9.7%  
 Companywide Voluntary Turnover Rate: 5.5%

EE: Employees

N/A: Not Available

Turnover rate is based on the total turnover headcount divided by total headcount in that category at year-end 2016.

New hire rate is based on the number of new hires divided by total headcount in that category at year-end 2016.

## New Hires

REGION	AGE <30	AGE 30-50	AGE >50	MALE	FEMALE
Europe, Africa and Middle East	98	129	6	115	118
Greater Asia	102	108	7	140	77
Latin America	68	77	4	94	55
North America	63	95	24	93	89
<b>Total</b>	<b>331</b>	<b>409</b>	<b>41</b>	<b>442</b>	<b>339</b>

## Companywide Turnover

REGION	AGE <30	AGE 30-50	AGE >50	MALE	FEMALE
Europe, Africa and Middle East	49	117	51	126	91
Greater Asia	70	111	23	128	76
Latin America	11	55	19	47	38
North America	35	84	55	105	69
<b>Total</b>	<b>165</b>	<b>367</b>	<b>148</b>	<b>406</b>	<b>274</b>

## Companywide Turnover Rate

REGION	AGE <30	AGE 30-50	AGE >50	%MALE	%FEMALE
Europe, Africa and Middle East	16.0%	8.3%	8.5%	9.2%	9.6%
Greater Asia	18.8%	8.0%	10.6%	9.8%	11.4%
Latin America	5.3%	9.0%	14.5%	7.8%	11.0%
North America	15.5%	9.7%	8.0%	10.0%	9.4%
<b>Total</b>	<b>14.8%</b>	<b>8.6%</b>	<b>9.1%</b>	<b>9.4%</b>	<b>10.2%</b>

# Diversity and Inclusion

Another platform in our new sustainability strategy is a commitment to embedding Positive Principles, including workplace diversity and inclusion, into our company and culture. We believe creativity is propelled by diversity and inclusion, and that they are key components of providing a workplace that fosters our values. In 2016, 38 percent of our permanent employees were women, and four out of our eight regional managers were women. We continuously work to increase employee diversity, and the following examples are a good illustration of our commitment around the world.

## New York, U.S.

Women@IFF has members from all levels and functions at IFF, with a shared goal to provide a supportive space for women to support and learn from each other. The group organizes different events and activities focused on building internal and external networks, facilitating the integration of work and personal responsibilities, and enhancing professional development. Recently founded in our headquarters in New York, Women@IFF plans to expand to other IFF locations in the future.

## South Africa

South Africa has a complex history of racial segregation, the impacts of which are still felt today, long after apartheid's end. IFF's Isando site takes a variety of steps to promote the inclusion and success of all South Africans, especially women, in our business and our communities.

## Economic Empowerment for Black South Africans.

The South African governmental initiative Broad-Based Black Economic Empowerment (BBBEE) works to facilitate the participation of black citizens, as well as citizens of Indian and Chinese descent, in the country's economy. BBBEE encourages employment equity, skills development, supplier development and more to support better diversity and inclusion for people of all races and ethnic backgrounds.

IFF supports BBBEE through our work with Thamani, a black-owned startup, which assists IFF in forming supplier relationships with black-owned businesses, including those that employ workers with disabilities. IFF also leverages our employees' skills to offer mentorship and pro bono services to these entrepreneurs each month.

**Take a Girl to Work Day.** In May 2016, IFF Isando employees brought 11 daughters, nieces and family friends between the ages of 15 and 21 to our facility to learn about operations, production, marketing, sensory sciences and more. This opportunity opened their eyes to the value of science and the importance of setting career goals. In the words of one social committee member at IFF Isando, "Women and girls are Africa's greatest untapped resource. They will be the foundation for solid, sustainable and equitable progress."

**Supporting Black Entrepreneurs.** Low numbers and high failure rates of black-owned businesses are often a result of economic exclusion due to discriminatory practices. Shanduka Black Umbrellas, a nonprofit organization, aims to change that by partnering with companies, government and civil society to encourage entrepreneurship and nurture black-owned companies through start-up incubators. For several years, IFF has made contributions to the organization in support of these efforts.

## Supporting Education in Disadvantaged Communities.

Because we believe that all people have a right to science education, IFF Isando sponsors LEAP Science Schools, which provide free education to students in disadvantaged communities, including several black communities. IFF employees also volunteer with Tuta-me, a local organization providing tutoring to black students in township (public) schools.

## Turkey

Under Turkish law, individuals with disabilities must make up 3 percent of the workforce of a company that employs more than 50 employees. IFF Turkey is proud to follow both the spirit and the letter of the law by employing several individuals with disabilities at our Gebze site, in roles, such as finance, customer service and administrative support. These employees are very engaged and are succeeding in their roles, and we appreciate their contributions to the success of IFF.

# Employee Engagement in Sustainability and Communities

Our employees around the world are passionate about the environment and the communities in which we operate. Each of our global manufacturing facilities and many of our creative centers and office locations have Green Teams in place to help employees channel this passion. Green Teams meet globally each month to share sustainability ideas and innovations from their facilities. At our manufacturing locations, they manage eco-effectiveness projects at each facility by identifying and implementing solutions to help their location operate more sustainably.

In addition to participating in Green Teams, employees take part in Earth Day activities and get involved in serving local communities. For example, each year, IFF honors Global Handwashing Day by partnering with Clean the World to assist the nonprofit in its mission of recycling, reformulating and distributing soap and other hygiene products to prevent hygiene-related illnesses. In 2016, employees from New Jersey, New York and Texas, U.S.; Hilversum, Netherlands; and Singapore got together to build hygiene kits for distribution in local communities. Our Hilversum, Netherlands, location has the distinction of being Clean the World's first kit-building partner in Europe.

† IFF Chairman and CEO Andreas Fibig, planted lavender trees with the Isando Green Team.

→ Our Creative Center in Hilversum, Netherlands, and several other IFF locations partnered with Clean the World to build kits with recycled hygiene products for distribution in local communities.



# Commending Sustainability Performance

In 2016, we continued our Eco-Effectiveness Recognition Program to recognize our manufacturing facilities that have shown improved performance in sustainability, especially in the areas of renewable energy and waste reduction. The winner for Most Sustainable Site in our flavors and fragrances compounding business was Tlalnepantla, Mexico, which improved its efficiency in energy, carbon emissions, water and waste while increasing its production volume. For example, Tlalnepantla improved its recycling methods, cutting waste disposal by 33 percent and costs by 75 percent.

Our fragrance ingredients site in Benicarló, Spain, took home the award for Most Sustainable Site in that business unit. In just two years, Benicarló reduced water intensity by 8 percent and energy intensity by 7 percent through initiatives such as improving its steam piping system.

Three sites received recognition for their improvements in the following specific areas:

- Energy: Garin, Argentina
- Water: Guangzhou, China
- Hazardous Waste: Jacksonville, Florida, U.S.

The Eco-Effectiveness Recognition Program gives leaders across the company an added opportunity to engage with employees, reinforces the importance of sustainability in our business and reflects the great strides our locations have made to address the sustainability issues most important to their sites and communities.

† Benicarló, Spain

→ 2.4 megawatt wind turbine installed at Tilburg, Netherlands



Our People



# Occupational Health and Safety

Keeping our employees safe and healthy is a top priority at IFF. We are committed to an accident-free workplace, which our employees play a critical role in achieving.

## Our Approach

Our Environment, Health & Safety (EHS) department is responsible for setting comprehensive safety policies and procedures to guide our employees and operations. The related EHS training for employees is managed at the site level, with sites customizing local safety and environmental programs based on both local requirements and the global IFF policies. Our EHS department develops additional mandatory trainings for leaders at all sites. The EHS department also conducts periodic internal inspections and audits to ensure that sites meet our rigorous standards. Though we have environmental and safety coordinators in place at each site, plant managers are ultimately responsible for employee safety and putting our policies and procedures into practice at their locations. We hold them accountable by evaluating their achievement of safety-related key performance indicators (KPIs) and objectives. We believe this increases awareness and affects overall program success.

## Safety Committees

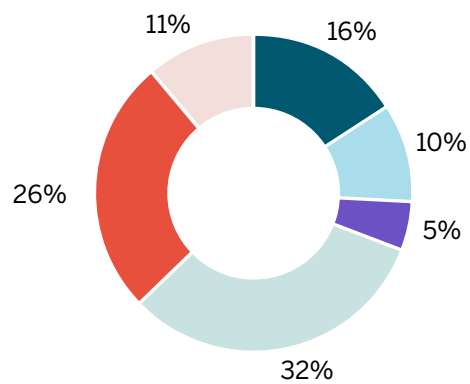
Each site has a cross-functional safety team made up of employees and their managers, including the department manager and sometimes the plant manager. The committees discuss areas of focus for safety efforts, develop reports for problems that arise and conduct regular inspections to improve conditions and safety awareness. Manufacturing safety committees meet monthly while creative center safety committees meet quarterly.

# Occupational Health and Safety

CONTINUED

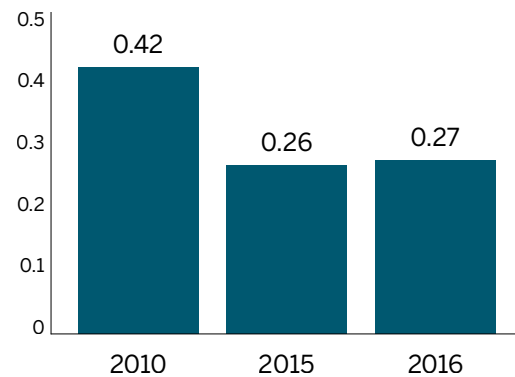
Our  
People

## 2016 Lost Time Incidents



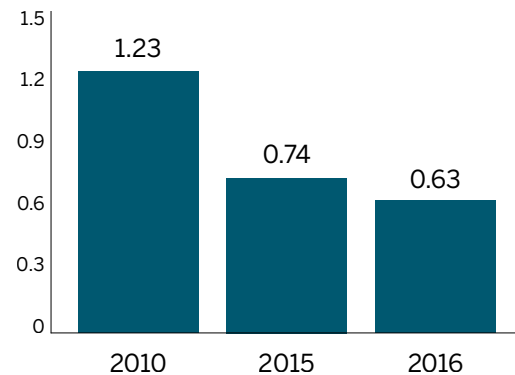
- Burns
- Trips/Falls
- Struck by Objects
- Strains/Sprains
- Other
- Chemical Exposure

## Annual Lost Time Incidents per 100 employees



We have made excellent progress with our safety strategy over the past several years. In 2016, we achieved improvements in our Lost Time Workday Rate and Recordable incident Rate; however, for the first time in many years, there was a slight increase (less than 4 percent) in our Lost Time Incident Rate. In light of this, IFF will continue our efforts and renewed commitment to enhance safety culture at all levels of our organization.

## Annual Total Recordable Incidents per 100 employees



# Cultivating Talent

It is critical that our employees excel at their jobs and develop the unique skills necessary to build long-lasting careers at IFF. We are committed to providing training and development resources in order to attract and retain top talent.

## Our Approach

**Career Development.** Performance management at IFF is a year-long process. Managers and their direct reports work together to develop annual objectives that support core business priorities as well as professional development goals. Twice a year, employees receive formal progress evaluations, creating opportunities for feedback to drive continuous improvement.

**Critical Talent Reviews.** In addition to regular performance reviews, IFF conducts talent reviews several times each year to retain and engage our most critical talent and demonstrate that IFF supports their careers. The IFF Executive Committee, which includes our CEO and Chairman, reviews the career progress of about 120 IFFers throughout the business with the goal of understanding where these critical employees are headed in their development paths.

**Training and Education.** Keeping employees engaged, passionate and empowered is important to everyone at IFF. Leaders from our Human Resources department, together with the managers, are responsible for owning the talent agenda at IFF. As part of this undertaking, they manage training and evaluations to ensure employees have the tools and resources they need to achieve professional goals and contribute to IFF's progress.

With expertise as a core IFF value, we conduct training to empower both managers and employees to excel as experts in a variety of roles. To ensure that training and education is tailored to the specific employee skillsets and business needs of each division, our training courses are run by individual departments around the world. We leverage both internal and external resources to offer learning opportunities to IFFers for specific, job-related skills (such as culinary training, product development and aroma chemistry) and general business skills (such as public speaking, sales and emotional intelligence).

In addition, the IFF Global Learning Center, available through our company intranet, offers more than a hundred courses on various topics, including software training, finance, marketing and leadership development.

In 2017 IFF University will be formed, which will become the architecture that brings together all IFF's leadership programs, schools, management development and business and professional skills training under a single brand. This will enable greater access, consistency and differentiation in our training and development programs.

# Cultivating Talent

CONTINUED

Our People

## Career Ladders

Career Ladders are designed to provide a consistent global framework for professional development. They outline clear role expectations at all levels to help our managers and employees create more meaningful and focused career development plans. The ladders detail the knowledge, experience, skills, competencies and performance expectations for specific roles and explain the criteria for success.

In combination with our extensive training programs, the ladders provide a comprehensive road map for building a successful career at IFF. Career Ladders are organized according to job function and are tailored for specific commercial and technical positions within IFF, such as sales, marketing, perfumer and flavorist roles. They are valuable assets for both current employees and for IFF as we seek to recruit and retain employees looking for a company that is dedicated to their development.

Our schools serve as the first “rung” on the Career Ladders, and our leadership programs help employees continue their progress.

## ISIPCA Partnership

In 2016, IFF began a partnership with ISIPCA, the world-renowned perfumery university located in Versailles, France, to develop and launch an innovative Master of Science in Scent Design and Creation. Graduates of this comprehensive curriculum will be well-equipped for careers

as perfumers, scent design managers and related roles, ensuring a future generation of diverse talent.

## Flavorist School

In 2016, our internally run Flavorist School had its first graduating class of employees from Latin America, Asia and the Middle East. The school combines full-time training and on-the job experience for IFF employees. The curriculum focuses on understanding raw materials and solvents, how to build a flavor language, flavor applications and flavor creation techniques. At the conclusion of the program, participants spend several months in our Research and Development unit.

## Research & Development Academy

Our new Research & Development Academy, launched in 2016, trained 30 scientists in topics such as running a business division, finance and project management. We partnered with Kellogg Business School and other companies to offer employees the most up-to-date guidance in these areas.

## Leadership Programs.

IFF offers four specialized leadership courses to help employees develop their personal leadership ability. In total, more than 200 employees participated in one of these programs in 2016, with approximately 130 employees participating in the Leadership Essentials Acceleration Program (LEAP) and the remainder participating in one of the other year-long programs described below.

## Leadership Essentials Acceleration Program (LEAP)

LEAP is a two-day workshop in which participants learn about self-awareness, effective communication, building stronger working relationships and more. Typical participants include first-line supervisors, new leaders, potential new leaders and individual contributors with leadership responsibilities.

## People Leader Program

People Leader participants spend a year building a foundation for understanding leadership at IFF while broadening their perspectives and building their internal networks. It is designed for first-line supervisors, managers with direct reports and employees who are new to management.

## Organization Leader Program

With a focus on leading innovation, strategy execution and change, the year-long Organization Leader Program helps mid- to senior-level managers learn from each other in a highly interactive development process.

## INSEAD Partnership

IFF partners with INSEAD, one of the world's leading graduate business schools, to help participants explore new business opportunities, new markets and enhanced profitability models. Mid- to senior-level managers gain deeper understanding of marketing, operational and corporate finance, cross-cultural leadership and more.

# Human Rights

Demonstrating respect  
and dignity for one another  
and those with whom we  
do business



# Human Rights

We are committed to high standards of ethics, honesty and integrity. Consistent with our endorsement of the United Nations Global Compact, we support and respect the protection of internationally proclaimed human rights.

## Our Approach

Our approach to human rights is guided by the principles found in the UN's Guiding Principles for Business and Human Rights, the UN's Universal Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. In 2016, we launched a new [Global Human Rights Policy](#), which is also guided by these principles and is posted on our website. The policy requires compliance with all applicable laws, regulations and guidelines related to hiring, wages, overtime and working conditions. In addition, the policy recognizes and respects employees' rights to form and join trade unions and to bargain collectively, and strictly prohibits the employment of underage children as well as involuntary labor of any kind, including prison labor, debt bondage, indentured servitude or forced labor. The policy also reinforces the importance of diversity and equal opportunity and outlines stipulations with respect to wages, hours and working conditions.

Issues related to human rights are managed by our Law department, which oversees corporate governance, ethics and compliance, crisis planning and training, securities law filings and meetings of the Board of Directors. The Law department collaborates with Human Resources, Operations and Global Procurement on human rights issues. IFF has not identified significant risk in our operations for forced or compulsory labor, child labor or violations of the right to freely associate and

bargain collectively. In addition, IFF releases an annual [Slavery and Human Trafficking Statement](#) which discusses our global due diligence processes for slavery and human trafficking.

IFF also requires that our vendors comply with our [Vendor Code of Conduct](#) (Vendor Code), which is distributed to new vendors. Similar to our Human Rights Policy, the Vendor Code requires that vendors respect their employees' rights to freedom of association and collective bargaining; requires compliance with appropriate regulations and guidelines concerning labor practices; and prohibits the use of involuntary labor and child labor. The Vendor Code was updated in 2016. Notable changes include the addition of migrant workers and clauses on the environment and human rights.

Our [Code of Business Conduct and Ethics](#), which was updated in 2015 and rolled out in 2016, requests our employees and others to report concerns and complaints without risk of retaliation. Complaints or concerns can be submitted through the IFF Compliance Hotline, which accepts anonymous calls and e-mails in any language, 24 hours a day, 365 days a year. We respond promptly and thoroughly to any reported concerns and take appropriate action where necessary, up to and including termination of employment (or, in the case of third parties, termination of business relations).

# Society

Conducting business  
with honesty and  
integrity



# Society

As a world-class flavor and fragrance company, we are committed to high standards of ethics, honesty and integrity and to conducting business fairly and ethically throughout our worldwide operations.

## Our Approach

Our Board of Directors is responsible for ensuring the integrity and ethics of our business at the highest level. IFF's Code of Business Conduct and Ethics (the Code) serves as a compass outlining the general ethical standards that each member of our organization is expected to follow. The Code, as well as our Anti-Bribery, Political Contributions, and International Business Transaction Policies, apply to all IFF employees worldwide, and mandate compliance with all anti-bribery and corruption laws and with our global standards. These documents are updated periodically and distributed regularly.

The Code was updated in 2015 and rolled out in 2016, and is prominently featured on IFF's intranet. It provides our employees with guidance on compliance topics and frequently encountered scenarios. We regularly communicate with employees about the Code and the various topics, policies and ethical dilemmas referenced within it. Such communications include "top stories" on our intranet, e-mail blasts from cross-functional senior managers and video messages from various IFF Executive Committee members. In 2016, we created a designated compliance intranet site to facilitate communication and information-sharing of compliance-related materials throughout the company.

Throughout each year, we regularly conduct live and online training on a variety of compliance topics. An important component of IFF's compliance program is training on a global basis to ensure employees understand and comply with the Code of Business Conduct and Ethics. These trainings are a mix of in-person sessions, online webinars and creative contests and events, which keep our employees engaged and focused on compliance.

In addition to training on the Code, we provide mandatory online training, which covers topics such as anti-bribery and corruption, workplace harassment, reporting concerns, insider trading, cybersecurity and use of company assets. Failure to complete such trainings negatively affects the performance rating of those employees required to participate (including various members of the Executive Committee). In 2016, we conducted live training on the Code and anti-bribery in 11 countries.

In addition, we have many ways that employees can communicate any ethical concerns they may have, including through an anonymous reporting hotline. Employees who become aware of or suspect violations of our Codes or policies are expected to report any violation, and they will not be subject to disciplinary measures or retaliation for making any reports in good faith. All matters reported to IFF are thoroughly investigated, and appropriate actions are taken, up to and including termination of employment.

# Society

CONTINUED

## Political Contributions

We participate in industry and customer trade associations that coordinate advocacy and communications on public policy issues related to our business. We work through both industry trade associations (International Fragrance Association, International Organization of the Flavor Industry, etc.) and through our customers' trade associations. The core position of the industry is that our products are safe for their intended use. This assurance is determined through a science-based, safety risk assessment utilizing validated scientific methods and experts. There are no significant differences between our industry lobbying efforts and stated policies and IFF's goals or public positions.

IFF's Policy on Political Contributions strictly prohibits direct or indirect contributions by the company to any political office and the reimbursement of any such contribution made by an employee. All political activity on behalf of the company must receive prior clearance from the company's General Counsel.



# Product Responsibility

Ensuring consumer safety

## IN THIS SECTION

**Customer Health  
and Safety**

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**Commitment to  
Efficiency and Quality**

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**Product and  
Service Labeling**

PAGE 67

# Customer Health and Safety

We are deeply committed to operational excellence, quality products and customer satisfaction.

## Our Approach

Our Global Product Safety & Quality team conducts audits and manages quality control processes for our products. All finished IFF products undergo final quality control testing, which, depending on the product, might include sensory, analytical and microbiological analysis.

IFF is an active member of both the International Organization of the Flavor Industry and the International Fragrance Association, the leading trade associations representing the interests of the global flavors and fragrances industries. By taking leadership positions within these trade associations and working with regulators, we seek to ensure that upcoming regulations benefit consumers while protecting the interests of the industry.

IFF's Global Regulatory Affairs department manages a comprehensive set of policies and procedures to help us achieve safety compliance in all of the countries where we operate. Our Regulatory Disclosure Policy provides our basic framework for responding to product information requests from regulatory agencies while managing confidential business information.

In addition, we are working with a variety of industry peers on an initiative to create and implement additional ingredient disclosure models that provide consumers with valuable information while protecting our proprietary formulations. While our IFF-specific disclosure policy and future outcomes of industry initiatives provide a robust framework for compliance and ingredient disclosure, we understand that information requests will continue to vary by product and customer, and we therefore tailor our disclosures to the requirements of each situation. We had no significant incidents of noncompliance with respect to customer health and safety in 2016.

# Commitment to Efficiency and Quality

We have implemented Lean and Six Sigma principles across our manufacturing locations worldwide, with the aim of enhancing customer satisfaction, personal development and engagement of our employees.

## Commitment to Efficiency and Quality

As part of our commitment to operational excellence, we have incorporated Lean and Six Sigma principles throughout our organization. Lean is a way of thinking and acting that eliminates waste, improves quality and creates value to our business. Six Sigma is a set of tools and strategies that enable improvement in business processes. We have implemented these techniques across our manufacturing locations worldwide, with the aim of enhancing customer satisfaction, personal development and engagement of our employees. We have sponsored Six Sigma Green Belt training for dozens of employees in recent years.

In 2016, 50 employees completed a one-day "white belt" training session, and an additional 20 completed a five-day "green belt" training. These courses provide an overview and tool regarding Six Sigma's Define, Measure, Analyze, Improve, Control (DMAIC) approach. At the core of our implementation of Lean and Six Sigma is the development of a culture of learning and execution, enabling our employees to solve problems they face every day and focus on the long-term solutions necessary to meet our goals.

## Enhancing Food Safety Knowledge at IFF

IFF's Product Safety & Quality and Operations teams partnered with the American Institute of Baking International (AIB) to hold a four day training session on food safety in our China flavors manufacturing facility. Training participants included individuals from our Asia flavors manufacturing sites and China flavors operations, including corporate quality employees, regional flavors quality directors, flavors quality managers and food safety coordinators. In addition, three of our manufacturing facilities had AIB provide a one-day training on food safety to their manufacturing teams.

The programs taught attendees how to evaluate the food safety risks within our supply chain as well as about international food safety regulations and standards such as the U.S. Federal Food and Drug Cosmetic Act, Good Manufacturing Practices and the Codex Alimentarius Commission's Food Hygiene report.

The customized training program increases knowledge and awareness, continues to develop our food safety culture and supports our overall efforts to become a partner of choice for our customers. The Product Safety & Quality team plans to expand the program to other regions throughout IFF.

# Commitment to Efficiency and Quality

CONTINUED

Product  
Responsibility

## Facility Certifications at IFF

We maintain several certifications at our facilities, depending on the nature of the facility's processes and product mix. These may include:

- ISO 9001:2000, the International Standard for Quality Management
- ISO 14001, which sets criteria for Environmental Management Systems
- ISO 18001, an international occupational health and safety management system specification
- ISO 22716, Cosmetic Good Manufacturing Practices
- The Hazard Analysis Critical Control Point System and Hazard Analysis Risk-based Preventive Controls, which provide a systematic approach to safety management
- American Institute of Baking, Good Manufacturing Practices
- FSSC 22000, Global Food Safety Initiative Standards (GFSI)
- Sedex Members Ethical Trade Audits (SMETA)
- Roundtable for Sustainable Palm Oil (RSPO)

In 2016, we achieved our goal of expanding ISO 14001 certification to all of our major manufacturing facilities. Also, IFF attained a Gold rating in EcoVadis, a corporate social responsibility rating system that assesses suppliers in sustainable business practices. More information about this platform is provided in the Our Supply Chain section.

## Site Certifications

PLANT DESCRIPTION	ISO 9001	GFSI	ISO 14001	ISO 22716	ISO 18001	RSPO	SMETA
<b>FLAVORS</b>							
Egypt	Yes	Yes	Yes		Yes		Yes
United Kingdom	Yes	Yes	Yes			Yes	Yes
The Netherlands		Yes	Yes			Yes	Yes
South Africa		Yes	Yes				Yes
Turkey		Yes	Yes				Yes
Japan		Yes	Yes				Yes
China		Yes	Yes				Yes
Karawang, Indonesia		Yes					Yes
Jakarta, Indonesia		Yes	Yes				Yes
Australia	Yes	Yes	Yes			Yes	Yes
Singapore	Yes	Yes	Yes			Yes	Yes
Chennai, India	Yes	Yes	Yes		Yes		Yes
Chittoor, India	Yes	Yes	Yes		Yes		Yes
Jammu, India	Yes	Yes	Yes		Yes		Yes
Philippines		Yes					Yes
Thailand		Yes					Yes
Mexico		Yes	Yes				Yes
Brazil		Yes	Yes		Yes		Yes
Argentina	Yes	Yes	Yes				Yes
South Brunswick, NJ, U.S.		Yes	Yes			Yes	Yes
Carrollton, TX, U.S.		Yes	Yes				Yes
Ottens, Philadelphia, PA, U.S.*		Yes					
David Michael, Philadelphia, PA, U.S.*		Yes					
David Michael, Europe*		Yes					
<b>FRAGRANCES</b>							
The Netherlands	Yes		Yes			Yes	Yes
China	Yes		Yes	Yes			Yes
Singapore	Yes		Yes	Yes		Yes	Yes
India	Yes		Yes	Yes			Yes
Mexico	Yes		Yes				Yes
Brazil	Yes		Yes				Yes
Argentina	Yes		Yes				Yes
Hazlet, NJ, U.S.	Yes		Yes			Yes	Yes
<b>FRAGRANCE INGREDIENTS</b>							
United Kingdom	Yes		Yes				Yes
Spain	Yes		Yes		Yes		Yes
France	Yes		Yes				Yes
Zhejiang, China	Yes		Yes				Yes
Jacksonville, FL, U.S.	Yes		Yes				Yes
Aromor, Israel*	Yes	Yes	Yes				Yes

\*Recent acquisitions that are still being incorporated into our corporate management systems.

# Product and Service Labeling

All of our products are subject to labeling requirements that vary by region, country and industry, and we are committed to adhering to these requirements.

## Our Approach

IFF belongs to, actively participates in, and leads where appropriate, the activities of the key industry organizations that regulate our business in the regions and countries in which we operate. In addition, we actively engage with governmental authorities as needed to represent the interests of IFF. We monitor registration requirements carefully as they continue to develop around the world. In most cases, the emerging registration requirements are closely modeled on existing registration processes in other countries and regions, and we are able to leverage our global expertise and leadership for compliance. IFF's ability to keep current on these ever-changing registration requirements enables us to factor their potential impact into new R&D initiatives.

## Regulatory Compliance

In Europe, we are preparing for the 2018 REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) product registration and plan to complete all mandatory registrations within the required deadlines, as we did with both the 2010 and 2013 registration deadlines. The same exercise is in process for Korea. In addition, IFF took a leading role in the development and publication of standard exposure scenario methodologies for substances for REACH and has been actively involved in the ongoing discussions related to fragrance allergens.

IFF is actively engaged in the process of implementing the Frank R. Lautenberg Chemical Safety for the 21st Century Act. IFF has taken the proactive step of self-nominating a material for a high-priority assessment in order to ensure an appropriate and prompt safety evaluation. We will work directly with the U.S. Environmental Protection Agency throughout this process as well as other more general areas of prioritization and fee setting.

As always, communication and transparency are key elements in staying on top of emerging regulations, and IFF communicates regularly with our customers well in advance of any required implementation dates. We had no significant incidents of noncompliance with respect to product and service information and labeling in 2016.

A full-page background image showing a person standing on a large rock in a forest stream. Sunlight filters through the dense trees, creating a bright, hazy atmosphere with visible lens flare effects. The person is seen from behind, looking down the stream.

# Appendix

## IN THIS SECTION

<b>External Assurance Statement</b>	PAGE 69
<b>GRI Content Index</b>	PAGE 71
<b>Special Note</b>	PAGE 78
<b>Stay Up to Date</b>	PAGE 79

# Independent Assurance Statement to International Flavors & Fragrances Inc.

ERM Certification and Verification Services (ERM CVS) was engaged by International Flavors and Fragrances Inc. (IFF) to provide limited assurance in relation to the information set out below and presented in the IFF Sustainability Report 2016.

ENGAGEMENT SUMMARY	
<b>Scope of our Assurance Engagement</b>	<p>1. Whether the 2016 Sustainability Report presents a complete and balanced presentation of IFF's sustainability activities and performance in the reporting year in accordance with the GRI G4 Guidelines (Core option);</p> <p>2. Whether the 2016 information and data for the topics and indicators listed below are fairly presented in accordance with the reporting criteria:</p> <p><b>Environmental indicators (absolute and intensity):</b></p> <ul style="list-style-type: none"> <li>– Total GHG Scope 1 [metric tons CO<sub>2</sub>e]</li> <li>– Total GHG Scope 2 [metric tons CO<sub>2</sub>e]</li> <li>– Total GHG Scope 3 [metric tons CO<sub>2</sub>e]</li> <li>– Total biogenic emissions [metric tons CO<sub>2</sub>e]</li> <li>– Total (direct/indirect) energy consumption [gigajoules]</li> <li>– Energy savings [gigajoules]</li> <li>– Water discharges [cubic meters]</li> <li>– Total non-hazardous waste generated [metric tons]</li> </ul> <p><b>Labor practices and decent work indicators:</b></p> <ul style="list-style-type: none"> <li>– Total Recordable Incidents (TRI) per 100 employees in 2016</li> <li>– Total Lost Time Incidents per 100 employees in 2016</li> </ul> <p><b>GRI G4 principles:</b></p> <ul style="list-style-type: none"> <li>– Material Aspects and Boundaries (G4-17 – G4-23)</li> <li>– Stakeholder Engagement (G4-24 – G4-27)</li> </ul> <p><b>Other indicators:</b></p> <ul style="list-style-type: none"> <li>– ISO 14001 Certification</li> <li>– Production volume [metric tons]</li> <li>– Resource conservation efforts</li> </ul>
<b>Reporting Criteria</b>	The G4 Sustainability Reporting Guidelines of the Global Reporting Initiative; the WBCSD/WRI GHG Protocol (2004) for the Scope 1, 2 and 3 GHG emissions; and IFF's internal environmental indicator definitions (2016) for the other indicators.
<b>Assurance Standard</b>	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).
<b>Assurance Level</b>	Limited assurance.
<b>Respective Responsibilities</b>	IFF is responsible for preparing the data and for its correct presentation in reporting to third parties, including disclosure of the reporting criteria and boundary. ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgment.

# Independent Assurance Statement to International Flavors & Fragrances Inc.

CONTINUED

## Our Conclusions

Based on our activities, with the exception of the qualification noted below, nothing has come to our attention to indicate that the IFF 2016 Report is not in accordance with the criteria for a GRI 'Core' report or that the 2016 information and data for the topics and indicators listed above, are not fairly presented, in all material respects, in accordance with the reporting criteria.

## Qualification

Due to inconsistencies in the definitions used as well as in the tracking and reporting of non-hazardous waste across the organization, we were unable to reach a conclusion on the completeness and accuracy of the 2016 data for total non-hazardous waste.

## Our Assurance Activities

Our objective was to assess whether the selected information and data are reported in accordance with the principles of completeness, comparability, and accuracy (including calculations, use of appropriate conversion factors and consolidation). We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our limited assurance conclusion.

A multi-disciplinary team of EHS and assurance specialists performed the following activities:

- Interviews at corporate level, and review of underlying supporting documentation, to understand IFF's stakeholder engagement processes and materiality determination for the content of the 2016 Sustainability Report;
- Interviews with relevant staff at corporate and site level to understand and evaluate the reporting and data management systems and processes (including IT systems and internal review processes) used for collecting and reporting the selected data;
- A review of the internal indicator definitions and conversion factors;

- Visits to three sites (Jacksonville, FL, US; Haverhill, UK; Tilburg, Netherlands) to review local reporting processes and consistency of reported annual data based on sampling the underlying source data for each indicator. We interviewed relevant staff, reviewed site data capture and reporting methods, checked calculations and assessed the local internal quality and assurance processes.
- An analytical review of the data from all sites and a check on the completeness and accuracy of the corporate data consolidation.
- Year-end assurance activities at corporate level including the results of internal review procedures and the accuracy of the consolidation of the data for the selected indicators from the site data.

## The Limitations of Our Engagement

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. Our assurance should be considered in this context.

## Observations

We have provided IFF with a separate management report with our detailed (nonmaterial) findings and recommendations. Without affecting the conclusions presented above, we have the following key observations:

- IFF's reporting systems and processes for nonfinancial data are not yet fully documented and are therefore not always consistently applied across their global manufacturing operations. IFF is working to improve this and we recommend aiming to complete this process as soon as possible, as well as training key staff at operations in order to further improve the completeness and consistency of data reporting across operations for 2017.

- IFF undertook a materiality assessment in 2014 and has since conducted further stakeholder engagement which has been used in the development of their new sustainability strategy. We recommend IFF to further document and report on the output of their dialogue with key stakeholders, including topics and concerns raised, and use this to update their materiality assessment in 2017 to ensure the reporting addresses all current material topics.



Jennifer Iansen-Rogers  
Head of Corporate Assurance Services  
17 March 2017  
ERM Certification and Verification Services, London  
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**ERM CVS**  
Informed Assured

ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the ERM staff that have undertaken this engagement work have provided no consultancy related services to IFF in any respect.

# GRI Content Index

## General Standard Disclosures

Appendix

GENERAL STANDARD DISCLOSURE	LINK TO PAGE	DISCLOSURE OR LOCATION OF DISCLOSURE	UN GLOBAL COMPACT PRINCIPLE(S)	EXTERNAL ASSURANCE
<b>Strategy and Analysis</b>				
G4-1	2	A Message From Our Chairman		
<b>Organizational Profile</b>				
G4-3	5	About IFF > Organizational Profile		SEC Form 10-K
G4-4	5	About IFF > Organizational Profile		SEC Form 10-K
G4-5	5	About IFF > Organizational Profile		SEC Form 10-K
G4-6	6	About IFF > Our Operating Footprint		SEC Form 10-K
G4-7	5	About IFF > Organizational Profile		SEC Form 10-K
G4-8	6	About IFF > Our Operating Footprint		SEC Form 10-K
G4-9	6	About IFF > Our Operating Footprint		SEC Form 10-K
G4-10	50	Our People > Employment Practices	Principle 6	
G4-11		<i>IFF fully respects the rights of its employees to freely associate and bargain collectively in a legal, ethical and safe way. In 2016, 18.05 percent of our permanent employees were covered by collective bargaining agreements.</i>	Principle 3	
G4-12	8	About IFF > Our Supply Chain		
G4-13	8	About IFF > Expanding Our Business		SEC Form 10-K
G4-14	23	Governance > Risk and Crisis Management		
G4-15	9	About IFF > External Partnerships and Voluntary Initiatives		
G4-16	9	About IFF > External Partnerships and Voluntary Initiatives		
<b>Identified Material Aspects and Boundaries</b>				
G4-17	18	About This Report > Reporting Cycle, Boundaries and Scope		SEC Form 10-K
G4-18	14	Our Commitment to Sustainability > Materiality		Yes
G4-19	14	Our Commitment to Sustainability > Materiality		Yes
G4-20	14	Our Commitment to Sustainability > Materiality		Yes
G4-21	14	Our Commitment to Sustainability > Materiality		Yes
G4-22	18	About This Report > Reporting Cycle, Boundaries and Scope		Yes
G4-23	18	About This Report > Reporting Cycle, Boundaries and Scope		Yes
<b>Stakeholder Engagement</b>				
G4-24	15	Our Commitment to Sustainability > Stakeholder Engagement		Yes
G4-25	15	Our Commitment to Sustainability > Stakeholder Engagement		Yes
G4-26	15	Our Commitment to Sustainability > Stakeholder Engagement		Yes
G4-27	15	Our Commitment to Sustainability > Stakeholder Engagement		Yes

# GRI Content Index

## General Standard Disclosures

Appendix

GENERAL STANDARD DISCLOSURE	LINK TO PAGE	DISCLOSURE OR LOCATION OF DISCLOSURE	UN GLOBAL COMPACT PRINCIPLE(S)	EXTERNAL ASSURANCE
<b>Report Profile</b>				
G4-28	18	About This Report > Reporting Cycle, Boundaries and Scope	Yes	
G4-29		The most recent previous report was IFF's 2015 Sustainability Report: Creating a Sustainable Future.	Yes	
G4-30	18	About This Report > Reporting Cycle, Boundaries and Scope	Yes	
G4-31	19	About This Report > Feedback	Yes	
G4-32	18	About This Report > Reporting Cycle, Boundaries and Scope	Yes	
G4-33	19	About This Report > External Assurance	Yes	
<b>Governance</b>				
G4-34	21	Governance > Governance Structure Proxy Statement, SEC Form DEF14A Governance section of our website Corporate Governance Guidelines		
G4-35	22	Governance > Governance Structure for Sustainability	Principle 6	
G4-36	22	Governance > Governance Structure for Sustainability	Principle 3	
G4-46	23	Governance > Risk and Crisis Management		
<b>Ethics and Integrity</b>				
G4-56	21	Governance > Our Approach	Principle 10	
	59	Human Rights > Our Approach		
	61	Society > Our Approach		
G4-58	21	Governance > Our Approach	Principle 10	
	59	Human Rights > Our Approach		
	61	Society > Our Approach		

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## Specific Standard Disclosures

Appendix

SPECIFIC STANDARD DISCLOSURE		LINK TO PAGE	DISCLOSURE OR LOCATION OF DISCLOSURE	UN GLOBAL COMPACT PRINCIPLE(S)	EXTERNAL ASSURANCE
<b>Category: Economic</b>					
<b>Aspect: Economic Performance</b>					
G4-DMA	Generic Disclosures on Management Approach		IFF's CDP Climate Change Response		
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change		SEC Form 10-K, Item 1A. Risk Factors. IFF's CDP Climate Change Response		
<b>Aspect: Procurement Practices</b>					
G4-DMA	Generic Disclosures on Management Approach	35	Our Supply Chain > Engaging Our Suppliers > Our Approach		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation		<i>Omission: We source ingredients locally wherever we can, while acknowledging that many of our raw materials can only be sourced from countries where they grow naturally.</i>		
<b>Category: Environmental</b>					
<b>Aspect: Energy</b>					
G4-DMA	Generic Disclosures on Management Approach	25	Environment > Our Approach <i>We define "major facilities" as those which produce more than 4,000 metric tons of product annually.</i>		
G4-EN3	Energy consumption within the organization	31	Environment > Energy > Performance in 2016	Principles 7 and 8	Yes
G4-EN5	Energy intensity	31	Environment > Energy > Performance in 2016	Principle 8	Yes
G4-EN6	Reduction of energy consumption	31	Environment > Energy > Performance in 2016	Principles 8 and 9	Yes
<b>Aspect: Water</b>					
G4-DMA	Generic Disclosures on Management Approach	25 30	Environment > Our Approach Environment > Water IFF's CDP Water Response		
G4-EN8	Total water withdrawal by source	31	Environment > Water > Performance in 2016 IFF's CDP Water Response	Principles 7 and 8	Yes
<b>Aspect: Biodiversity</b>					
G4-DMA	Generic Disclosures on Management Approach	25	Environment > Our Approach  <i>Biodiversity was identified in our materiality assessment due to its potential effects in our supply chain.</i>		
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	41	Our Supply Chain > Strengthening Local Communities > Sourcing Palm Oil Responsibly  <i>Biodiversity was identified in our materiality assessment due to its potential effects in our supply chain. While we have not assessed the proximity of our operating locations to areas of high biodiversity value, we are working to address biodiversity within our supply chain. We have initiatives to support reforestation with several of our ingredients, including a goal to have 100 percent of the palm oil used in our products to be RSPO-certified by 2020.</i>		

# GRI Content Index

## Specific Standard Disclosures

SPECIFIC STANDARD DISCLOSURE	LINK TO PAGE	DISCLOSURE OR LOCATION OF DISCLOSURE	UN GLOBAL COMPACT PRINCIPLE(S)	EXTERNAL ASSURANCE
<b>Category: Economic</b>				
<b>Aspect: Emissions</b>				
G4-DMA Generic Disclosures on Management Approach	25 28	Environment > Our Approach Environment > Emissions		
G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)	28 29	Environment > Emissions > Scope 1 and Scope 2 Emissions Environment > Data Measurement Techniques and Basis of Calculations	Principles 7 and 8	Yes
G4-EN16 Energy indirect greenhouse gas (GHG) emissions (Scope 2)	28 29	Environment > Emissions > Scope 1 and Scope 2 Emissions Environment > Data Measurement Techniques and Basis of Calculations	Principles 7 and 8	Yes
G4-EN17 Other indirect greenhouse gas (GHG) emissions (Scope 3)	28 29	Environment > Emissions > Scope 3 Emissions Environment > Data Measurement Techniques and Basis of Calculations	Principles 7 and 8	Yes
G4-EN18 Greenhouse gas (GHG) emissions intensity	28 29	Environment > Emissions > Performance in 2016 Environment > Data Measurement Techniques and Basis of Calculations	Principle 8	Yes
G4-EN19 Reduction of greenhouse gas (GHG) emissions	28 29	Environment > Emissions > Scope 1 and Scope 2 Emissions Environment > Data Measurement Techniques and Basis of Calculations	Principles 8 and 9	Yes
<b>Aspect: Effluents And Waste</b>				
G4-DMA Generic Disclosures on Management Approach	25	Environment > Our Approach		
G4-EN23 Total weight of waste by type and disposal method	32	Environment > Waste Management <i>"Other waste" is defined as waste for which the disposal method is chosen by a third party provider of waste disposal services. Information about the disposal method for this category is not collected at the corporate level.</i>	Principle 8	Yes
G4-EN24 Total number and volume of significant spills	32	Environment > Waste Management > Spill Performance	Principle 8	
<b>Aspect: Supplier Environmental Assessment</b>				
G4-DMA Generic Disclosures on Management Approach	35	Our Supply Chain > Engaging Our Suppliers > Our Approach		
G4-EN32 Percentage of new suppliers that were screened using environmental criteria	35	Our Supply Chain > Engaging Our Suppliers > Our Approach	Principle 8	Yes

# GRI Content Index

## Specific Standard Disclosures

Appendix

SPECIFIC STANDARD DISCLOSURE		LINK TO PAGE	DISCLOSURE OR LOCATION OF DISCLOSURE	UN GLOBAL COMPACT PRINCIPLE(S)	EXTERNAL ASSURANCE
<b>Category: Social</b>					
<b>Sub-Category: Labor Practices and Decent</b>					
<b>Aspect: Employment</b>					
G4-DMA	Generic Disclosures on Management Approach	49	Our People > Employment Practices		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	49	Our People > Employment Practices	Principle 6	
<b>Aspect: Occupational Health and Safety</b>					
G4-DMA	Generic Disclosures on Management Approach	54	Our People > Occupational Health and Safety		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	54	Our People > Occupational Health and Safety		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	54	Our People > Occupational Health and Safety <i>There were no fatalities in 2016.</i> <i>Omissions: IFF does not track occupational diseases or absenteeism at the global level.</i>		
<b>Aspect: Training and Education</b>					
G4-DMA	Generic Disclosures on Management Approach	56	Our People > Cultivating Talent		
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category		<i>We use an online performance management system that captures performance history, strengthens accountability and enhances transparency. In 2016, 99 percent of eligible employees hired before October 1, regardless of gender or employee category, used the performance management system and received performance reviews. Eligible employees hired after October 1 began participating in the performance management process at the start of 2017.</i>	Principles 6	Yes
<b>Aspect: Diversity and Equal Opportunity</b>					
G4-DMA	Generic Disclosures on Management Approach	51	Our People > Diversity and Inclusion		
G4-LA12	Composition of governance bodies and breakdown of employees by indicators of diversity	21 49	Governance > Governance Structure Our People > Employment Practices		
<b>Aspect: Supplier Assessment for Labor</b>					
G4-DMA	Generic Disclosures on Management Approach	35	Our Supply Chain > Engaging Our Suppliers > Our Approach		
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	35	Our Supply Chain > Engaging Our Suppliers > Our Approach		
<b>Aspect: Labor Practices Grievance Mechanisms</b>					
G4-DMA	Generic Disclosures on Management Approach	59	Human Rights > Our Approach		
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms		<i>Omission: The IFF Compliance Hotline permits anonymous calls and e-mails in any language 24 hours a day, 365 days a year. All grievances about labor practices are addressed and escalated through appropriate mechanisms. At this time, grievances filed through the hotline are not tracked by this particular category. In 2016, less than one percent of employee working time was lost due to strikes or other labor disputes.</i>		

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## Specific Standard Disclosures

SPECIFIC STANDARD DISCLOSURE		LINK TO PAGE	DISCLOSURE OR LOCATION OF DISCLOSURE	UN GLOBAL COMPACT PRINCIPLE(S)	EXTERNAL ASSURANCE
<b>Category: Social</b>					
<b>Sub-Category: Human Rights</b>					
<b>Aspect: Freedom of Association and</b>					
G4-DMA	Generic Disclosures on Management Approach	59	Human Rights > Our Approach		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	59	Human Rights > Our Approach	Principle 3	Yes
<b>Aspect: Child Labor</b>					
G4-DMA	Generic Disclosures on Management Approach	59	Human Rights > Our Approach		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	59	Human Rights > Our Approach	Principles 5	
<b>Aspect: Forced or Compulsory Labor</b>					
G4-DMA	Generic Disclosures on Management Approach	59	Human Rights > Our Approach		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	59	Human Rights > Our Approach	Principles 4	
<b>Aspect: Supplier Human Rights Assessment</b>					
G4-DMA	Generic Disclosures on Management Approach	35	Our Supply Chain > Engaging Our Suppliers > Our Approach		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	35	Our Supply Chain > Engaging Our Suppliers > Our Approach	Principle 2	Yes
<b>Aspect: Human Rights Grievance Mechanisms</b>					
G4-DMA	Generic Disclosures on Management Approach	59	Human Rights > Our Approach		
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms		<i>Omission: The IFF Compliance Hotline permits anonymous calls and e-mails in any language 24 hours a day, 365 days a year. All grievances about human rights are addressed and escalated through appropriate mechanisms. At this time, grievances filed through the hotline are not tracked by the category of "human rights."</i>	Principle 1	
<b>Sub-Category: Society</b>					
<b>Aspect: Anti-Corruption</b>					
G4-DMA	Generic Disclosures on Management Approach	61	Society > Our Approach		
G4-SO4	Communication and training on anti-corruption policies and procedures	61	Society > Our Approach	Principle 10	
<b>Aspect: Public Policy</b>					
G4-DMA	Generic Disclosures on Management Approach	61	Society > Our Approach		
G4-SO6	Total value of political contributions by country and recipient/beneficiary	62	Society > Political Contributions	Principle 10	
<b>Aspect: Supplier Assessment for Impacts On</b>					
G4-DMA	Generic Disclosures on Management Approach	35	Our Supply Chain > Engaging Our Suppliers > Our Approach		
G4-SO9	Percentage of new suppliers screened using criteria for impacts on society	35	Our Supply Chain > Engaging Our Suppliers > Our Approach		Yes

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## Specific Standard Disclosures

Appendix

SPECIFIC STANDARD DISCLOSURE		LINK TO PAGE	DISCLOSURE OR LOCATION OF DISCLOSURE	UN GLOBAL COMPACT PRINCIPLE(S)	EXTERNAL ASSURANCE
<b>Category: Social</b>					
<b>Sub-Category: Product Responsibility</b>					
<b>Aspect: Customer Health and Safety</b>					
G4-DMA	Generic Disclosures on Management Approach	64	Product Responsibility > Customer Health and Safety		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	64	Product Responsibility > Customer Health and Safety		
G4-PR2	Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle	64	Product Responsibility > Customer Health and Safety		
<b>Aspect: Product and Service Labeling</b>					
G4-DMA	Generic Disclosures on Management Approach	67	Product Responsibility > Product and Service Labeling		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	67	Product Responsibility > Product and Service Labeling		
G4-PR4	Incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	67	Product Responsibility > Product and Service Labeling <i>We had no significant incidents of non-compliance with respect to product and service information and labeling in 2016. We define "significant" based on three main factors: whether it causes a customer non-compliance issue, causes a recall, or results in reputational risk resulting from publicly reported information.</i>		
G4-PR5	Results of surveys measuring customer satisfaction		<i>Our products are developed solely for the business-to-business market. Therefore, we do not have a system in place to measure satisfaction of the end consumer. However, we do have a robust system for measuring on-time performance (OTP) for all IFF shipping locations. If IFF does not meet the customer's first requested ship date, it is a penalty against the plant. OTP is a standard metric that is monitored daily by all facilities. Our customers track our performance and this is utilized during periodic performance reviews. IFF's Consumer Insights programs are designed to understand consumer experiences, preference, and the emotional bond between fragrances, flavors, and consumers. These insights drive us to create fragrances and flavors that people love, both within and across critical global markets.</i>		

# Special Note Regarding Forward-Looking Statements

Statements in this Annual Sustainability Report, which are not historical facts or information, are “forward-looking statements” within the meaning of The Private Securities Litigation Reform Act of 1995. These forward-looking statements should be evaluated with consideration given to the many risks and uncertainties inherent in the Company's business that could cause actual results and events to differ materially from those in the forward-looking statements. Certain of such forward-looking information may be identified by such terms as “expect,” “anticipate,” “believe,” “outlook,” “may,” “estimate,” “should” and “predict” similar terms or variations thereof. Such forward-looking statements are based on a series of expectations, assumptions, estimates and projections about the Company, are not guarantees of future results or performance, and involve significant risks, uncertainties and other factors, including assumptions and projections, for all forward periods. Actual results of the Company may differ materially from any future results expressed or implied by such forward-looking statements.

The Company intends its forward-looking statements to speak only as of the time of such statements and does not undertake or plan to update or revise them as more information becomes available or to reflect changes in expectations, assumptions or results.

The Company can give no assurance that such expectations or forward-looking statements will prove to be correct. Any public statements or disclosures by IFF following this report that modify or impact any of the forward-looking statements contained in or accompanying this report will be deemed to modify or supersede such outlook or other forward-looking statements in or accompanying this report.

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in implementing the principles of the  
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We welcome feedback on its contents.



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