INTERNATIONAL FLAVORS & FRAGRANCES INC
Form DEF 14A
March 18, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under § 240.14a-12

International Flavors & Fragrances Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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International Flavors & Fragrances Inc.

521 West 57th Street

New York, NY 10019

NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS

March 18, 2015

Dear Shareholder:

It is my pleasure to invite you to attend International Flavors & Fragrances Inc. s 2015 Annual Meeting of Shareholders (the 2015 Annual Meeting). The meeting will be held on Wednesday, May 6, 2015, at 10:00 a.m. Eastern Daylight Time, at our corporate office, located at 533 West 57th Street, 9th Floor, New York, NY 10019. At the meeting, you will be asked to:

1. Elect ten members of the Board of Directors for a one-year term expiring at the 2016 Annual Meeting of Shareholders.

2. Ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the 2015 fiscal year.

3. Approve, on an advisory basis, the compensation of our named executive officers in 2014.

4. Approve the International Flavors & Fragrances Inc. 2015 Stock Award and Incentive Plan.

5. Transact such other business as may properly come before the 2015 Annual Meeting and any adjournment or postponement of the 2015 Annual Meeting.

Only shareholders of record as of the close of business on March 9, 2015 may vote at the 2015 Annual Meeting. A live audio webcast of our 2015 Annual Meeting will be available on our website, www.iff.com, starting at 10:00 a.m. and a replay will also be available on our website.

It is important that your shares be represented at the 2015 Annual Meeting, regardless of the number of shares you may hold. Whether or not you plan to attend, please vote using the Internet, by telephone or by mail, in each case by following the instructions in our proxy statement. Doing so will not prevent you from voting your shares in person if you are present.

I look forward to seeing you on May 6, 2015.

Sincerely,

Andreas Fibig
Chairman and Chief Executive Officer

We mailed a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy statement and our 2014 Annual Report on or about March 18, 2015.

Our proxy statement and our 2014 Annual Report are available online at www.proxyvote.com.

Except as stated otherwise, information on our website is not part of this proxy statement.

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PROXY SUMMARY

This proxy summary highlights information contained elsewhere in this proxy statement and does not contain all information that you should review and consider. Please read the entire proxy statement with care before voting.

ANNUAL MEETING

Date and Time:	Wednesday, May 6, 2015 at 10:00 a.m. (Eastern Daylight Time)
Place:	533 West 57th Street, 9th Floor, New York, NY 10019
Record Date:	March 9, 2015
Voting:	Each share of our common stock outstanding at the close of business on March 9, 2015 has one vote on each matter that is properly submitted for a vote at the 2015 Annual Meeting.

VOTING MATTERS AND BOARD RECOMMENDATION

Matter	Board Recommendation	Page Reference (for more details)
Election of Directors	FOR each Director Nominee	5
Ratification of Independent Registered Public Accounting Firm	FOR	26
Advisory Vote on Executive Compensation	FOR	52
Approval of the 2015 Stock Award and Incentive Plan	FOR	73

2014 FINANCIAL HIGHLIGHTS

In 2014, we achieved our long-term financial targets and continued to execute key elements of our long-term growth strategy by:

- ***Leveraging our geographic footprint***. Of our total sales in 2014, 50% were derived from emerging markets. In 2014, we opened a new flavors creative facility at our existing facility in Jakarta, Indonesia and a sales office and laboratory in Santiago, Chile, and continued construction of a new flavors creative center and expansion of our manufacturing facility in Gebze, Turkey.

- ***Strengthening our innovation platform***. We continued to invest in research and development, and leveraged our knowledge of consumer trends to drive technological developments, such as our delivery systems, and to create a cost-efficient product portfolio. In 2014, we acquired Aromor Flavors & Fragrances Ltd., a manufacturer and marketer of complex specialty ingredients, to provide us with quality ingredients to use in our compounds.

Maximizing our portfolio. We continued to improve our performance through a disciplined approach to both investment and evaluation of our business progress, in part by looking for and identifying opportunities to grow our business through internal improvements, allocation of resources towards advantaged categories, customers and markets, and return-based capital investments.

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2014 was a solid year for the Company in financial and operating performance, delivering strong results for our shareholders.

(dollars in millions except earnings per share amounts)	2012	2013	2014
Net Sales	$2,821	$2,953	$3,089
Local Currency Sales Growth*	4%	5%	5%
Diluted Net Earnings Per Share - as Reported	$3.09	$4.29	$5.06
Diluted Net Earnings Per Share - as Adjusted*	$3.98	$4.46	$5.08
Operating Profit - as Reported	$487	$516	$592
Operating Profit - as Adjusted*	$488	$540	$601
Net Cash Provided by Operations	$324	$408	$518

* See reconciliation of GAAP to Non-GAAP financial measures in Exhibit A to this proxy statement.

For more information relating to the Company s financial performance, please review our 2014 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on March 2, 2015.

EXECUTIVE COMPENSATION HIGHLIGHTS

ALIGNING PAY WITH PERFORMANCE

Our compensation program for executive officers is designed to align the interests of our executives with those of our shareholders by linking their compensation to the achievement of financial and operational performance metrics that build shareholder value.

Our annual incentive plan (AIP) provides awards based on local currency sales growth, operating profit, gross margin and working capital.

Our long-term incentive plan (LTIP) aligns our executives interests with those of our shareholders by paying 50% of the earned award in shares of our common stock.

In 2014, our financial performance exceeded all of the target levels for our performance metrics under our 2014 LTIP. For our 2014 AIP, we met two out of the four performance metrics at the corporate level, met or exceeded all of the four performance metrics for our Fragrances business unit, and one out of the four performance metrics for our Flavors business unit. We encourage you to read our Compensation Discussion & Analysis (CD&A), beginning on page 29 of this proxy statement, which describes our pay for performance philosophy.

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CORPORATE GOVERNANCE HIGHLIGHTS

The following facts outline certain of our corporate governance policies. For a comprehensive discussion of our corporate governance policies, see Corporate Governance, beginning on page 11 of this proxy statement.

- Our Board will have ten directors, nine of whom are independent directors.
- Our Board is elected via a majority voting standard.
- We have an independent Lead Director to facilitate and strengthen the Board s independent oversight.
- The clawback policies applicable to our executives have been expanded to allow us to recoup from employees in cases of financial misstatements without regard to fault, willful misconduct or violations of Company policy that are material and detrimental to the Company.
- We require our executives and directors to meet stock retention guidelines.
- Our 2015 SAIP, for which we are requesting shareholder approval, includes the following key features:
  - minimum vesting requirements;
  - significant limitations on reuse of shares;
  - double trigger vesting upon a change of control; and
  - clawback provisions that apply to all newly awarded equity and cash bonuses.

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PROXY STATEMENT

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PROXY STATEMENT

You are receiving this proxy statement because you own shares of IFF common stock that entitle you to vote at the 2015 Annual Meeting of Shareholders. Our Board of Directors is soliciting proxies from shareholders who wish to vote at the meeting. By using a proxy, you can vote even if you do not attend the meeting. This proxy statement describes the matters on which you are being asked to vote and provides information on those matters so that you can make an informed decision.

I. ANNUAL MEETING INFORMATION

Q: What am I voting on?

A: At the 2015 Annual Meeting you will be asked to vote on the following proposals. Our Board recommendation for each of these proposals is set forth below.

Proposal	**Board Recommendation**
1. To elect ten members of the Board of Directors, each to hold office for a one-year term expiring at the 2016 Annual Meeting of Shareholders.	**FOR each Director Nominee**
2. To ratify the selection of PricewaterhouseCoopers LLP (PwC) as our independent registered public accounting firm for the 2015 fiscal year.	**FOR**
3. To approve, on an advisory basis, the compensation of our named executive officers in 2014, which we refer to as Say on Pay.	**FOR**
4. To approve the International Flavors & Fragrances Inc. 2015 Stock Award and Incentive Plan (2015 SAIP).	**FOR**

We will also consider other business that properly comes before the meeting in accordance with New York law and our By-laws.

Q: Who can vote?

A: Holders of our common stock at the close of business on March 9, 2015, are entitled to vote their shares at the 2015 Annual Meeting. As of March 9, 2015, there were 80,745,794 shares of common stock issued, outstanding and entitled to vote. Each share of common stock issued and outstanding is entitled to one vote.

Q: What constitutes a quorum, and why is a quorum required?

A: We are required to have a quorum of shareholders present to conduct business at the meeting. The presence at the meeting, in person or by proxy, of the holders of a majority of the shares entitled to vote on the record date (40,372,898 shares) will constitute a quorum, permitting us to conduct the business of the meeting. Abstentions and broker non-votes are counted as present for purposes of determining a quorum. Shares of common stock for which we have received executed proxies will be counted for purposes of establishing a quorum at the meeting, regardless of how or whether such shares are voted on any specific proposal.

Q: What is the difference between a shareholder of record and a street name holder?

A: If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered a shareholder of record or a registered shareholder of those shares. In this case, your Notice of Internet Availability of Proxy Materials (Notice) has been sent to you directly by us.

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If your shares are held in a stock brokerage account or by a bank, trust or other nominee or custodian (each, a Broker), including shares you may own as a participant in one of our 401(k) plans, you are considered the beneficial owner of those shares, which are held in street name. A Notice has been forwarded to you by or on behalf of your Broker, who is considered the shareholder of record of those shares. As the beneficial owner, you have the right to direct your Broker how to vote your shares by following the Notice s instructions for voting.

Q: How do I vote?

A: If you are a shareholder of record, you may vote:

- via Internet;
- by telephone;
- by mail, if you received a paper copy of the proxy materials; or
- in person at the meeting.

Detailed instructions for Internet and telephone voting are set forth in the Notice, which contains instructions on how to access our proxy statement, annual report and shareholder notice online, and the printed proxy card.

If your shares are held in one of our 401(k) plans, your proxy will serve as a voting instruction for the trustee of the 401(k) plan, who will vote your shares as you instruct. To allow sufficient time for the trustee to vote, your voting instructions must be received by 11:59 pm Eastern Daylight Time on May 3, 2015. If the trustee does not receive your instructions by that date, the trustee will vote the shares you hold through the 401(k) plan in the same proportion as those shares in the 401(k) plan for which voting instructions were received.

If you are a beneficial owner, you must follow the voting procedures of your Broker.

Q: What are the requirements to elect the director nominees and to approve each of the proposals in this proxy statement?

A.	**Proposal**	**Vote Required**
	1. Election of Directors	Majority of Votes Cast
	2. Ratification of Independent Registered Public Accounting Firm	Majority of Votes Cast
	3. Say on Pay	Majority of Votes Cast
	4. Approval of the 2015 SAIP	Majority of Votes Cast

Under our By-laws, in an uncontested election of directors, as we have this year, a majority of votes cast is required in order for a director to be elected, which means that a nominee must receive a greater number of votes FOR his or her election than votes AGAINST in order to be elected. Abstentions are not counted as votes FOR or AGAINST a director nominee.

Under our By-laws, the votes cast FOR must exceed the votes cast AGAINST the ratification of PwC as our independent registered public accounting firm for the 2015 fiscal year. Abstentions are not counted as votes FOR or AGAINST this proposal.

Proposal 3 is an advisory vote. This means that while we ask shareholders to approve a resolution regarding Say on Pay, it is not an action that requires shareholder approval. If a majority of votes are cast FOR the Say on Pay proposal, we will consider the proposal to be approved. Abstentions are not counted as votes FOR or AGAINST this proposal.

Under our By-laws, the votes cast FOR must exceed the votes cast AGAINST to approve the 2015 SAIP. This proposal is also subject to New York Stock Exchange (NYSE) shareholder approval rules. Under the NYSE rules, abstentions are counted as votes cast and therefore will have the effect of a vote AGAINST the proposal.

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Q: What if I am a beneficial owner and I do not give the nominee voting instructions?

A: If you are a beneficial owner and your shares are held in street name, the Broker is bound by NYSE rules regarding whether or not it can exercise discretionary voting power for any particular proposal if the Broker has not received voting instructions from you. Brokers have the authority to vote shares for which their customers do not provide voting instructions on certain routine matters. A broker non-vote occurs when a Broker returns a proxy but does not vote on a particular proposal because the Broker does not have discretionary authority to vote on the proposal and has not received specific voting instructions for the proposal from the beneficial owner of the shares. Broker non-votes are considered to be present at the meeting for purposes of determining the presence of a quorum but are not counted as votes cast.

The table below sets forth, for each proposal on the ballot, whether a Broker can exercise discretion and vote your shares absent your instructions and, if not, the impact of such broker non-vote on the approval of the proposal.

Proposal	Can Brokers Vote Absent Instructions?	Impact of Broker Non-Vote
1. Election of Directors	No	None
2. Ratification of Independent Registered Public Accounting Firm	Yes	Not Applicable
3. Say on Pay	No	None
4. Approval of the 2015 SAIP	No	None

Q: What if I sign and return my proxy without making any selections?

A: If you sign and return your proxy without making any selections, your shares will be voted FOR each of the director nominees, and FOR each of the three other proposals. If other matters properly come before the meeting, the proxy holders will have the authority to vote on those matters for you at their discretion. If your shares are held in street name, see the question above on how to vote your shares.

Q: How do I change my vote?

A: A shareholder of record may revoke his or her proxy by giving written notice of revocation to our Corporate Secretary before the meeting, by delivering a later-dated proxy (either in writing, by telephone or over the Internet), or by voting in person at the 2015 Annual Meeting.

If your shares are held in street name, you may change your vote by following your Broker s procedures for revoking or changing your proxy.

Q: What shares are covered by my proxy card?

A: Your proxy reflects all shares owned by you at the close of business on March 9, 2015. For participants in our 401(k) plans, shares held in your account as of that date are included in your proxy.

Q: What does it mean if I receive more than one proxy card?

A: If you receive more than one proxy card, it means that you hold shares in more than one account. To ensure that all of your shares are voted, you should sign and return each proxy card. Alternatively, if you vote by telephone or via the Internet, you will need to vote once for each proxy card and voting instruction card you receive.

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Q: Who can attend the 2015 Annual Meeting?

A: Only shareholders and our invited guests are permitted to attend the 2015 Annual Meeting. To gain admittance, you must bring a form of personal identification to the meeting, where your name will be verified against our shareholder list. If a Broker holds your shares and you plan to attend the meeting, you should bring a brokerage statement showing your ownership of the shares as of the record date or a letter from the Broker confirming such ownership, and a form of personal identification. If you wish to vote your shares that are held by a Broker at the meeting, you must obtain a proxy from your Broker and bring such proxy to the meeting.

Q: If I plan to attend the 2015 Annual Meeting, should I still vote by proxy?

A: Yes. Casting your vote in advance does not affect your right to attend the 2015 Annual Meeting. If you send in your proxy card and also attend the meeting, you do not need to vote again at the meeting unless you want to change your vote. Written ballots will be available at the 2015 Annual Meeting for shareholders of record.

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II. PROPOSAL I ELECTION OF DIRECTORS

Our Board of Directors (Board) currently has twelve members. Upon the recommendation of the Nominating and Governance Committee of our Board, our Board has nominated the following nine current directors and one director nominee for election at the 2015 Annual Meeting, each for a one-year term that expires at the 2016 Annual Meeting: (i) Marcello V. Bottoli, (ii) Dr. Linda Buck, (iii) Michael L. Ducker, (iv) Roger W. Ferguson, Jr., (v) John F. Ferraro (director nominee); (vi) Andreas Fibig, (vii) Christina Gold, (viii) Henry W. Howell, Jr., (ix) Katherine M. Hudson and (x) Dale F. Morrison. Each nominee has consented to serve if elected. Proxies cannot be voted for a greater number of persons than the number of nominees named. Pursuant to our term limit policy, J. Michael Cook, Alexandra A. Herzan and Arthur C. Martinez, each currently a director, will retire from the Board at the 2015 Annual Meeting. For more information about our term limit policy, see Corporate Governance Corporate Governance Guidelines.

We believe that each of our nominees possesses the experience, skills and qualities to fully perform his or her duties as a director and to contribute to our success. Each of our nominees is being nominated because he or she possesses the highest standards of personal integrity and interpersonal and communication skills, is highly accomplished in his or her field, has an understanding of the interests and issues that are important to our shareholders and is able to dedicate sufficient time to fulfilling his or her obligations as a director. Our nominees as a group complement each other and each other s respective experiences, skills and qualities.

The Nominating and Governance Committee retained an independent global search firm, which identified Mr. Ferraro as a potential nominee for director. Thereafter, the Nominating and Governance Committee evaluated Mr. Ferraro s qualifications in light of the Company s guidelines and initiated a process that resulted in his nomination as a director, including interviews with the Chair of the Nominating and Governance Committee, the Lead Director and the Chairman of the Board. The Nominating and Governance Committee recommended Mr. Ferraro as a nominee because of a number of valuable characteristics he would bring to the Board, including his extensive accounting and auditing experience and his experience working with large and global corporations.

Each nominee s principal occupation and other pertinent information about the particular experience, qualifications, attributes and skills that led the Board to conclude that such person should serve as a director appears on the following pages.

The Board recommends a vote FOR the election of each of the following director nominees.

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NOMINEES FOR DIRECTOR

MARCELLO V. BOTTOLI, 52

An Italian national with extensive international experience, Mr. Bottoli has been an operating partner of Advent International, a global private equity firm, since 2010, and served as Interim Chief Executive Officer of Pandora A/S, a designer, manufacturer and marketer of hand-finished and modern jewelry, from August 2011 until March 2012. Mr. Bottoli served as President and Chief Executive Officer of Samsonite Inc., a luggage manufacturer and distributor, from March 2004 through January 2009, and President and Chief Executive Officer of Louis Vuitton Malletier, a manufacturer and retailer of luxury handbags and accessories, from 2001 through 2002. Previously, Mr. Bottoli held a number of roles with Benckiser N.V., and then Reckitt Benckiser plc, a home, health and personal care products company, following the merger of Benckiser with Reckitt & Colman Ltd. His experience as a chief executive and emphasis on consumer products, strategic insights and marketing has enabled Mr. Bottoli to provide many insights and contributions to our Board. Mr. Bottoli is Chairman of Pharmafortune S.A., a pharmaceuticals and biotechnology manufacturer, and is a member of the advisory board of Aldo Group, a Canadian footwear retailer, and serves on the board of directors of Desigual, an international fashion retailer based in Spain. Mr. Bottoli served on the board of True Religion Apparel, Inc., a California-based fashion jeans, sportswear and accessory manufacturer and retailer, from 2009 to 2013, on the board of Pandora A/S from 2010 to 2014, on the Board of Ratti Spa, an Italian manufacturer of high-end fabrics and textiles for the fashion industry from 2003 to 2010, and on the Board of Blushington LLC, a California-based makeup and beauty services retailer between 2011 and 2014. Mr. Bottoli has served on our Board since 2007.

Director Since: 2007

Board Committees:

Compensation

DR. LINDA BUCK, 68

Dr. Buck has been a Howard Hughes Medical Institute Investigator since 1994, a Member of the Fred Hutchinson Cancer Research Center, a biomedical research institute, since 2002, and Affiliate Professor of Physiology and Biophysics at the University of Washington since 2003. Dr. Buck s research has provided key insights into the mechanisms underlying the sense of smell. This experience is useful to our research and development efforts in both flavors and fragrances, as is Dr. Buck s technical background in evaluating a host of issues. Dr. Buck is the recipient of numerous awards, including The Nobel Prize in Physiology or Medicine in 2004. Dr. Buck served on the board of directors of DeCode Genetics Inc., a biotechnology company, from 2005 to 2009 and joined our Board in 2007.

Director Since: 2007

Board Committees:

Nominating and Governance

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MICHAEL L. DUCKER, 61

Director Since: 2014

Board Committees:

Compensation

(beginning May 2015)

Mr. Ducker has been President and Chief Executive Officer of FedEx Freight since January 2015. In that role, he provides strategic direction for the company s less-than-truckload companies throughout North America and for FedEx Custom Critical, a leading carrier of time sensitive, critical shipments. Mr. Ducker was formerly the Chief Operating Officer and President of International for FedEx Express, where he led all customer-facing aspects of the company s U.S. operations and its international business, spanning more than 220 countries and territories across the globe. Mr. Ducker also oversaw FedEx Trade Networks and FedEx Supply Chain. During his FedEx career, which began in 1975, Mr. Ducker has also served as president of FedEx Express Asia Pacific in Hong Kong and led the Southeast Asia and Middle East regions from Singapore, as well as Southern Europe from Milan, Italy. His significant experience at a global organization complements the strength of our Board. Mr. Ducker serves as Chairman of the International Policy Committee, Executive Board Member and Vice Chairman of the U.S. Chamber of Commerce, and as a board member of the Coalition of Service Industries and the U.S.-China Business Council. Mr. Ducker also serves on the board of directors of Amway Corporation, the National Advisory Board of the Salvation Army, the Executive Committee of the American Trucking Association and as a member of the American Transportation Research Institute Board of Directors. Mr. Ducker was appointed to our Board in October 2014.

ROGER W. FERGUSON, JR., 63

Director Since: 2010

Board Committees:

Compensation (Chair beginning May 2015)

Mr. Ferguson has been the President and Chief Executive Officer of TIAA-CREF, a major financial services company, since April 2008. Mr. Ferguson was an associate and partner at McKinsey & Company from 1984 to 1997 and also was an associate with a major law firm. Mr. Ferguson has served in various policy-making positions, including as Vice-Chairman of the Board of Governors of the U.S. Federal Reserve System from 1999 until 2006, and as Chairman of Swiss Re America Holding Corporation, a global reinsurance company, from 2006 until 2008. Mr. Ferguson currently serves on the Advisory Board of Brevan Howard Asset Management LLP, a global alternative asset manager, on the Congressional Budget Office s Panel of Economic Advisers, and as Chairman of the Business-Higher Education Forum. He was a director of Audax Health, an end-to-end digital health company, and a member of the President s Council on Jobs and Competitiveness. He serves on the boards of a number of charitable and non-governmental organizations, including The Conference Board, Memorial Sloan-Kettering Cancer Center and the American Council of Life Insurers. His background provides excellent experience for dealing with the varied financial and other issues which our Board deals with on a regular basis. Mr. Ferguson has been a member of our Board since 2010.

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JOHN F. FERRARO, 59

Director Nominee

Board Committees:

Audit (beginning May 2015)

Mr. Ferraro was the global chief operating officer of Ernst & Young, a leading professional services firm, from 2007 to January 2015. In that role, he was responsible for the overall operations and services of Ernst & Young worldwide. Prior to the COO role, Mr. Ferraro served in several leadership positions, including as Global Vice Chair of Audit and as the senior advisory partner on some of the firm s largest and global accounts. Mr. Ferraro began his career with Ernst & Young Milwaukee in 1976 and has served a variety of global companies. He has worked in Europe (London and Rome), throughout the Midwest (Chicago, Cleveland and Kansas City) and New York.

Mr. Ferraro has served on the board of Advance Auto Parts, an automotive aftermarket parts provider, since February 2015. He founded the Audit Committee Leadership Network in 2003, is a member of the Boston College High School board of trustees, and sits on the board of the Business Council for International Understanding. He is a CPA and a member of the American Institute of Certified Public Accountants.

Mr. Ferraro was elected to the Marquette University Board of Trustees in 2006, served as vice chair from 2011 to 2014, and was elected chair in 2014. Mr. Ferraro would bring to our Board his extensive accounting, auditing and executive experience working with large and global corporations. Mr. Ferraro is a nominee for election as a new director at the 2015 Annual Meeting.

ANDREAS FIBIG, 53

Director Since: 2011

Chairman of the Board

Mr. Fibig has been our Chairman since December 2014 and Chief Executive Officer since September 2014. Previously, he served as President and Chairman of the Board of Management of Bayer HealthCare Pharmaceuticals, the pharmaceutical division of Bayer AG, since September 2008. Prior to that position, Mr. Fibig held a number of positions of increasing responsibility at Pfizer Inc., a research-based pharmaceutical company, including as Senior Vice President of the US Pharmaceutical Operations group from 2007 through 2008 and as President, Latin America, Africa and Middle East from 2006 through 2007. Mr. Fibig s prior work experience with pharmaceutical companies Pharmacia GmbH and Boehringer Ingelheim GmbH, have provided him with extensive experience in international business, product development and strategic planning, which are directly translatable to his work as our Chairman and CEO.

Mr. Fibig is a board member of EFPIA, the European Federation of Pharmaceutical Industries and Associations, Council of the Americas and vfa, the German Association of Research-Based Pharmaceutical Companies. He chairs the Board of Trustees of the Max Planck Institute for Infection Biology. He joined our Board in 2011.

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CHRISTINA GOLD, 67

From September 2006 until September 2010, Ms. Gold was Chief Executive Officer, President and a director of The Western Union Company, a leader in global money movement and payment services. She was President of Western Union Financial Services, Inc. and Senior Executive Vice President of First Data Corporation, former parent company of The Western Union Company and provider of electronic commerce and payment solutions, from May 2002 to September 2006. Prior to that, Ms. Gold served as Vice Chairman and Chief Executive Officer of Excel Communications, Inc., a former telecommunications and e-commerce services provider, from October 1999 to May 2002. From 1998 to 1999, Ms. Gold served as President and CEO of Beaconsfield Group, Inc., a direct selling advisory firm that she founded. Prior to founding Beaconsfield Group, Ms. Gold spent 28 years (from 1970 to 1998) with Avon Products, Inc., a leading global beauty company, in a variety of positions, including as Executive Vice President, Global Direct Selling Development, Senior Vice President and President of Avon North America, and Senior Vice President & CEO of Avon Canada. Ms. Gold brings a number of valuable characteristics to our Board, including her extensive international and domestic business experience, her familiarity with the Company s customer base, her financial expertise and her prior experience as a chief executive officer. Ms. Gold is currently a director of ITT Corporation, a manufacturer of highly engineered components and technology solutions for industrial markets (since 1997), New York Life Insurance, a private mutual life insurance company, and Korn/Ferry International, a leadership and talent management organization. From October 2011 to May 2013, Ms. Gold was a director of Exelis, Inc., a diversified, global aerospace, defense and information solutions company. She also sits on the board of Safe Water Network, a non-profit organization working to develop locally owned, sustainable solutions to provide safe drinking water. Ms. Gold joined our Board in 2013.

Director Since: 2013

Board Committees:

Compensation
Nominating and Governance (beginning May 2015)

HENRY W. HOWELL, JR., 73

Until 2000, Mr. Howell served in various positions during his 34 years with J.P. Morgan, a financial services firm. At J.P. Morgan, Mr. Howell secured extensive business development, finance and international management experience which enables him to provide both a public and a private sector perspective on corporate finance, corporate governance and mergers and acquisitions. This experience also serves us well in conjunction with his service on our Nominating and Governance and Audit Committees. While at J.P. Morgan, Mr. Howell held several overseas positions including head of banking operations in Germany and Chief Executive Officer of J.P. Morgan s Australian merchant banking affiliate, which was publicly listed. Both of these assignments enhanced his ability to analyze complex international business and financial matters. He is currently Chairman of the board of the Norton Art Museum and is a life trustee of the Chicago History Museum. Mr. Howell joined our Board in 2004.

Director Since: 2004

Board Committees:

Audit Nominating and Governance (Chair)

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KATHERINE M. HUDSON, 68

As Chairperson, President and Chief Executive Officer of Brady Corporation, a global manufacturer of identification solutions and specialty industrial products, from 1994 until 2004, Ms. Hudson oversaw a doubling of annual revenues. Her prior experience during 24 years with Eastman Kodak, an imaging technology products provider, covered various areas of responsibility, including systems analysis, supply chain, finance and information technology. Her general management experience spans both commercial and consumer product lines. Ms. Hudson served as a director of Apple Computer Corporation, a designer and manufacturer of consumer electronics and software products, CNH Global NV, a manufacturer of agricultural and construction equipment where she was as a member of the audit committee, and, between 2000 and 2012, Charming Shoppes, Inc., a woman s specialty retailer, where she served as chair of the audit committee. Ms. Hudson s executive experience and her governance leadership on other boards has translated to sound guidance to our Board and as Chair of our Audit Committee. Ms. Hudson has served on our Board since 2008.

Director Since: 2008

Board Committees:

Audit (Chair)

DALE F. MORRISON, 66

Mr. Morrison has been a founding partner of TriPointe Capital Partners, a private equity firm, since 2011. Prior to TriPointe, he served from 2004 until 2011 as the President and Chief Executive Officer of McCain Foods Limited, an international leader in the frozen food industry. A food industry veteran, his experience includes service as Chief Executive Officer and President of Campbell Soup Company, various roles at General Foods and PepsiCo and as an operating partner of Fenway Partners, a private equity firm. Mr. Morrison is a seasoned executive with strong consumer marketing and international credentials and his knowledge of our customer base is very valuable to our Board. Mr. Morrison is currently Non-Executive Chairman of the Center of Innovation at the University of North Dakota, the Non-Executive Chairman of Findus Group, a frozen foods company, and a director of Hale and Hearty, a restaurant business, and InterContinental Hotels Group, an international hotel company, and he previously served as a director of Trane, Inc. He joined our Board in 2011.

Director Since: 2011

Board Committees:

Audit Nominating and Governance Lead Director

(beginning May 2015)

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III. CORPORATE GOVERNANCE

Corporate Governance Guidelines

Our Board of Directors is responsible for overseeing the management of our Company. The Board has adopted Corporate Governance Guidelines which set forth our governance principles relating to, among other things:

- director independence;
- director qualifications and responsibilities;
- board structure and meetings;
- management succession; and
- the performance evaluation of our Board and Chief Executive Officer (CEO).

Pursuant to our Corporate Governance Guidelines, a person that has served for twelve consecutive, full annual terms on our Board cannot continue to serve as a director following the twelfth year of service, unless (i) such person is a Grandfathered person or one of our officers or (ii) our Board has made a determination that the nomination of such person would be in the best interests of our Company and our shareholders. Grandfathered persons are eligible to serve as directors until the annual meeting of shareholders which occurs after the date that the director has turned the age of 72. Pursuant to this policy, J. Michael Cook, Alexandra A. Herzan and Arthur C. Martinez will each retire from our Board at the 2015 Annual Meeting.

The Nominating and Governance Committee reviews our Corporate Governance Guidelines annually, and recommends changes to the Board as appropriate. A copy of our Corporate Governance Guidelines is available through the Investors Corporate Governance link on our website, www.iff.com.

Independence of Directors

The Board has affirmatively determined that our new director nominee, Mr. Ferraro, and each of our current directors (other than Mr. Fibig, our CEO) meets our independence requirements and those of the NYSE s corporate governance listing standards. Pursuant to our Corporate Governance Guidelines, the Board undertakes an annual review of director independence, which includes a review of each director s responses to questionnaires asking about any relationships with us. This review is designed to identify and evaluate any transactions or relationships between a director or any member of his or her immediate family and us or members of our senior management. In the ordinary course of business, transactions may occur between us and entities with which some of our directors are or have been affiliated. During 2014, in connection with its evaluation of director independence, our Board reviewed transactions between us and any company that has any of our directors or family members of our directors serving as executive officers. Specifically, Mr. Ducker serves as President and Chief Executive Officer of FedEx Freight, a shipping company that provides services to us. We reviewed this commercial relationship and found that all the transactions between us and FedEx were made in the ordinary course of business and were negotiated at arm s length. Mr. Ferraro is former COO of and consultant to Ernst & Young (E&Y). E&Y provides tax consulting services to our Company. We reviewed this commercial relationship and found that the transactions were not material to us or E&Y, and were made in the ordinary course of business and were negotiated at arm s length. As a result, our Board determined that these commercial relationships did not impair Messrs. Ducker or Ferraro s independence.

Other Information

On August 5, 2008, the SEC approved a settlement with Ernst & Young LLP and two of its partners, including Mr. Ferraro, relating to auditor independence issues arising out of business relationships between Ernst & Young LLP and an individual who was also a member of the board of directors of three of its audit clients. The matter arose out of actions taken by Mr. Ferraro in 2002 in his role as Vice Chairman of Ernst &

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Young LLP. Ernst & Young LLP and Mr. Ferraro resolved that matter by way of a negotiated settlement in which the respondents neither admitted nor denied the underlying allegations and accepted an administrative cease and desist order. The negotiated resolution did not involve any suspension, fines or other sanctions against Mr. Ferraro. Mr. Ferraro thereafter remained a partner in good standing at Ernst & Young through January 2015. Our Board of Directors took into consideration all factors regarding Mr. Ferraro s character and experience and believes that he would be a significant asset to the Board.

Board Leadership Structure

As stated in our Corporate Governance Guidelines, the Board does not have a policy that requires a separation of the Chairman of the Board (Chairman) and CEO positions. The Board believes that it is important to have the flexibility to make this determination from time to time based on the particular facts and circumstances then affecting our business.

Currently, we combine the positions of Chairman and CEO. We believe that the CEO, as the Company s chief executive, is in the best position to fulfill the Chairman s responsibilities, including those related to identifying emerging issues facing our Company, and communicating essential information to the Board about our performance and strategies. We also believe that the combined role of Chairman and CEO provides us with a distinct leader and allows us to present a single, uniform voice to our customers, business partners, shareholders and employees. If at any point in time the Board feels that its current leadership structure may be better served by separating the roles of Chairman and CEO, it may then determine to separate these positions.

In order to mitigate potential disadvantages of a combined Chairman and CEO, the Board has created the position of Lead Director to facilitate and strengthen the Board s independent oversight of our performance, strategy and succession planning and to promote effective governance standards. The independent directors of the Board elect a Lead Director from among the independent directors. Our current Lead Director is Mr. Martinez. Following Mr. Martinez retirement as of the 2015 Annual Meeting, Mr. Morrison will become Lead Director.

The duties of our Lead Director include:

- presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors, and providing prompt feedback regarding those meetings to the Chairman and CEO;
- approving, and providing suggestions for, Board meeting agendas, with the involvement of the Chairman and CEO and input from other directors;
- serving as the liaison between the Chairman and the independent directors;
- monitoring significant issues occurring between Board meetings and assuring Board involvement when appropriate; and

ensuring, in consultation with the Chairman and CEO, the adequate and timely exchange of information between our management and the Board.

Board Committees

Our Board has an Audit Committee, a Compensation Committee and a Nominating and Governance Committee, each of which operates under a written charter adopted by the Board. Each Committee reviews its charter at least annually and recommends charter changes to the Board as appropriate. In December 2014, each of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee reviewed its charter, and amended it where appropriate. Each Committee charter provides that the Committee will annually review its performance. A current copy of each of the Audit Committee, Compensation Committee and Nominating and Governance Committee charters is available through the Investors Corporate Governance link on our website, www.iff.com.

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The table below provides the current membership and chairperson for each of our Committees and identifies our current Lead Director, and anticipated changes following the 2015 Annual Meeting.

Name	Audit	Compensation	Nominating and Governance	Lead Director
Marcello V. Bottoli		X		
Dr. Linda Buck			X	
J. Michael Cook		X (Chair)[1]		
Michael L. Ducker		X[2]		
Roger W. Ferguson, Jr.		X (Chair elect)[2]		
John F. Ferraro	X[2]			
Andreas Fibig				
Christina Gold		X	X[2]	
Alexander A. Herzan		X[1]		
Henry W. Howell, Jr.	X		X (Chair)	
Katherine M. Hudson	X (Chair)			
Arthur C. Martinez	X[1]		X[1]	X[1]
Dale F. Morrison	X		X	X[2]

X = Committee member

1 = Effective immediately following the 2015 Annual Meeting, each of Ms. Herzan and Messrs. Cook and Martinez will retire as a director and member of the Board Committee noted.

2 = Effective immediately following the 2015 Annual Meeting, if elected to our Board of Directors (i) Mr. Ducker will become a member of the Compensation Committee and Mr. Ferguson will become Chair of that committee, (ii) Ms. Gold will become a member of the Nominating and Governance Committee, (iii) Mr. Ferraro will become a member of the Audit Committee and (iv) Mr. Morrison will become our Lead Director.

Board and Committee Meetings

Our Board held six meetings during 2014. The Audit Committee held eight meetings, the Compensation Committee held five meetings and the Nominating and Governance Committee held six meetings during 2014. Each of our directors attended at least 75% of the total meetings of the Board and Committees on which he or she served during 2014. All of our directors who were serving on the day of last year s annual meeting of shareholders attended that meeting in person. Under our Corporate Governance Guidelines, unless there are mitigating circumstances, such as medical, family or business emergencies, Board members endeavor to participate (either in person or by telephone) in all Board meetings and all Committee meetings of which the director is a member and to attend our annual meeting of shareholders. Our non-employee directors, all of whom are currently independent, meet in executive session, without the presence of any corporate officer or member of management, in conjunction with regular meetings of the Board and Committees. During 2014, our non-employee directors met in executive session as part of every regularly scheduled Board and Committee meeting.

Audit Committee

Responsibilities

The Audit Committee s responsibilities include overseeing and reviewing:

- the financial reporting process and the integrity of our financial statements, capital structure and related financial information;

- our internal control environment, systems and performance;
- the audit process followed by our independent accountant and our internal auditors;
- the appointment, qualifications, independence, performance and compensation of our independent accountant and our internal auditors; and
- the procedures for monitoring compliance with laws and regulations and with our Code of Business Conduct and Ethics.

Additional responsibilities include assisting the Board in overseeing and reviewing enterprise-wide risks and the policies and practices established to manage such risks, in particular as they relate to financial risk assessment and management.

Under procedures adopted by the Audit Committee, the Audit Committee reviews and pre-approves all audit and non-audit services performed by our independent accountant. The Audit Committee may, when it deems appropriate, delegate certain of its responsibilities to one or more Audit Committee members or subcommittees.

Independence and Financial Expertise

The Board reviewed the background, experience and independence of the current Audit Committee members and prospective member, Mr. Ferraro. Based on this review, the Board determined that each current and prospective member of the Audit Committee:

- meets the independence requirements of the NYSE s corporate governance listing standards;
- meets the enhanced independence standards for audit committee members required by the SEC;
- qualifies as an audit committee financial expert under SEC rules; and
- is financially literate, knowledgeable and qualified to review financial statements.

Compensation Committee

Responsibilities

The Compensation Committee s responsibilities include:

- determining, subject to approval by the independent directors of the Board, the CEO s compensation;

- reviewing and making determinations regarding compensation of executive officers (other than the CEO) and other members of senior management;

- reviewing, adopting and recommending to the Board, or shareholders as required, general compensation and benefits policies, plans and programs, and overseeing the administration of such policies, plans and programs;

- reviewing and discussing with management each year the Compensation Discussion and Analysis included in our annual proxy statement or annual report on Form 10-K;

- recommending to the Board any changes to the compensation and benefits of non-employee directors; and

- conducting a risk assessment of our overall compensation policies and practices.

Under its charter, the Compensation Committee is responsible for assisting the Board in ensuring that long-term and short-term compensation provide performance incentives to management, and that compensation plans are appropriate and competitive and reflect the goals and performance of management and our Company. As discussed in more detail in this proxy statement under the heading Compensation

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Discussion and Analysis, the Compensation Committee considers Company-wide performance against applicable annual and long-term performance goals pre-established by the Compensation Committee, taking into account economic and business conditions, and comparative compensation and benefit performance levels.

If the Compensation Committee deems it appropriate, it may delegate certain of its responsibilities to one or more Compensation Committee members or subcommittees.

Independence

The Board reviewed the background, experience and independence of the Compensation Committee members and prospective member, Mr. Ducker, and based on this review, the Board determined that each current and prospective member of the Compensation Committee:

- meets the independence requirements of the NYSE s corporate governance listing standards;
- is an outside director pursuant to the criteria established by the Internal Revenue Service; and
- is a non-employee director within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act).

Role of Compensation Consultant

The Compensation Committee has the sole authority to retain compensation consultants or advisors to assist it in evaluating CEO, senior executive and non-employee director compensation. From time to time, management also retains its own outside compensation consultants. In 2014, the Compensation Committee directly engaged W.T. Haigh & Company (Haigh & Company) as its independent compensation consultant. Haigh & Company s work with the Committee in 2014 included analyses, advice, guidance and recommendations on executive compensation levels versus peers, market trends and incentive plan designs, the design of the 2015 SAIP, and an assessment of the risk and reward structure of executive compensation plans, policies and practices. In addition, Haigh & Company provided the Committee with advice and recommendations regarding compensation provided to Mr. Tough in connection with his retirement, retention grants for Messrs. Berryman and Mirzayantz, and the compensation packages provided to Messrs. Fibig and Haeni in connection with their new positions and Mr. O Leary in connection with his interim position. Haigh & Company does not provide any non-executive, compensation-related services to us. The Compensation Committee considered the independence of Haigh & Company and determined that no conflicts of interest were raised.

Role of Management

Our Compensation Committee relies on management for legal, tax, compliance, finance and human resource recommendations, and data and analysis for the design and administration of the compensation, benefits and perquisite programs for our senior executives. The Compensation Committee combines this information with the recommendations and information from its independent compensation consultant.

Our CEO, our Senior Vice President, Human Resources (SVP HR) and our Senior Vice President, General Counsel and Corporate Secretary (General Counsel) generally attend Compensation Committee meetings. CEO performance and compensation are discussed by the Compensation Committee in executive session, with advice and participation from the Compensation Committee s independent compensation consultant as requested by the Compensation Committee. Our CEO and SVP HR, without the presence of any other members of senior management, actively participate in the compensation discussions of our senior executives, including making recommendations to the Compensation Committee as to the amount and form of compensation (other than their own).

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee was at any time during 2014 or at any other time an officer or employee of our Company. None of our executive officers serves as a member of the board of directors or compensation committee of any other entity that has one or more executive officers serving as a member of our Board or Compensation Committee.

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Nominating and Governance Committee

Responsibilities

The Nominating and Governance Committee s responsibilities include:

- developing and reviewing criteria for the selection of directors, and making recommendations to the Board with respect thereto;
- identifying qualified individuals to serve on the Board and reviewing the qualifications of director candidates;
- reviewing director candidates recommended by shareholders for election;
- recommending to the Board the nominees to be proposed by the Board for election as directors at the annual meeting of shareholders;
- establishing and reviewing policies pertaining to roles, responsibilities, tenure and removal of directors;
- overseeing CEO and senior management succession plans and monitoring corporate governance issues;
- developing and reviewing the Board and Board committee evaluation process and overseeing the annual CEO evaluation process;
- reviewing and recommending changes to our Corporate Governance Guidelines; and
- reviewing and, if appropriate, approving transactions with related parties.

The Nominating and Governance Committee may, when it deems appropriate, delegate certain of its responsibilities to one or more Nominating and Governance Committee members or subcommittees.

Independence

The Board reviewed the background, experience and independence of the Nominating and Governance Committee members and prospective member, Ms. Gold, and based on this review, the Board determined that each current and prospective member of the Nominating and Governance Committee meets the independence requirements of the NYSE s corporate governance listing standards.

Director Candidates

Our Nominating and Governance Committee has established a policy regarding the consideration of director candidates, including candidates recommended by shareholders. The Nominating and Governance Committee, together with other Board members, from time to time, as appropriate, identifies the need for new Board members. Proposed director candidates who satisfy the criteria described below and who otherwise qualify for membership on the Board are identified by the Nominating and Governance Committee. In identifying candidates, the Nominating and Governance Committee seeks input and participation from other Board members and other appropriate sources so that all points of view are considered and the best possible candidates identified. The Nominating and Governance Committee may also engage a search firm to assist it in identifying potential candidates. Members of the Nominating and Governance Committee and other Board members, as appropriate, interview selected director candidates, evaluate the director candidates and determine which candidates are to be recommended by the Nominating and Governance Committee to the Board. Our Nominating and Governance Committee evaluates the suitability of potential candidates nominated by shareholders in the same manner as other candidates recommended to the Nominating and Governance Committee.

Under our By-laws, if a shareholder wishes to submit a director candidate for consideration by the Nominating and Governance Committee, the shareholder must submit that recommendation to the

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Nominating and Governance Committee, c/o the Corporate Secretary of International Flavors & Fragrances Inc., in writing, not less than 90 days nor more than 120 days prior to the anniversary date of the prior year s annual meeting of shareholders, except if the annual meeting is not within 30 days of the anniversary date of the prior year s annual meeting, then any recommendation to the Nominating and Governance Committee must be received no later than 10 days following the mailing of notice of the annual meeting or public disclosure of the annual meeting date, whichever occurs first. The request must be accompanied by the information concerning the director candidate and nominating shareholder described in Article I, Section 3(d)(2) of our By-laws. The Nominating and Governance Committee may also request any additional background or other information from any director candidate or recommending shareholder as it may deem appropriate.

Board candidates are considered based on various criteria which may change over time and as the composition of the Board changes. At a minimum, our Nominating and Governance Committee considers the following factors as part of its review of all director candidates and in recommending potential director candidates to the Board:

- judgment, character, expertise, skills and knowledge useful to the oversight of our business;
- diversity of viewpoints, backgrounds, experiences and other demographics;
- business or other relevant experience; and
- the extent to which the interplay of the candidate s expertise, skills, knowledge and experience with that of other Board members will build a Board that is effective, collegial and responsive to our needs and to the requirements and standards of the NYSE and the SEC.

Our Certificate of Incorporation provides that we have at least six but not more than fifteen directors. To ensure independence and to provide the breadth of needed expertise and diversity of our Board, the Board periodically reviews its size and makes appropriate adjustments pursuant to our By-laws. While the Nominating and Governance Committee has not adopted a formal diversity policy with regard to the selection of director nominees, diversity is one of the factors that the Nominating and Governance Committee considers in identifying director nominees. As part of this process, the Nominating and Governance Committee evaluates how a particular candidate would strengthen and increase the diversity of the Board in terms of how that candidate may contribute to the Board s overall balance of perspectives, backgrounds, knowledge, experience, skill sets and expertise in substantive matters pertaining to our business. The Nominating and Governance Committee also annually reviews each current Board member s suitability for continued service as a member of our Board. In addition, each director is required to notify the Chairman of the Nominating and Governance Committee of his or her intention to join or leave the board of another company or of any significant change in status, including changes in employment, so that the Nominating and Governance Committee can review the change and make a recommendation to the full Board regarding the director s continued service.

Risk Management Oversight

Board Role in Overseeing Risk

Our Board is actively involved in the oversight of risks that could affect our Company. This oversight is conducted primarily through the Audit and Compensation Committees of the Board, but the full Board has retained responsibility for the general oversight of risks. The Board is responsible for overseeing and reviewing with management the Company s enterprise-wide risks and the policies and practices established to manage such risks. It is the responsibility of the CEO and other senior management to manage the Company s day-to-day business risks and its risk management process. We believe this division of responsibility is the most effective approach for addressing risk management.

Management maintains an enterprise risk management (ERM) process which is designed to identify and assess our global risks and to develop steps to mitigate and manage risks. The Board receives regular reports on the ERM process. The Board and the Audit Committee focus on the most significant risks facing us, including operational risk, financial risk, regulatory risk, litigation risk, tax risk, credit risk and liquidity risk, as

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well as our general risk management strategy, and how these risks are being managed. The Audit Committee is primarily responsible for assisting the Board in its responsibility to oversee and review with management our enterprise-wide risks and the policies and practices established to manage such risks, in particular as they relate to financial risk assessment and management. The Compensation Committee is primarily responsible for overseeing the management of risks associated with compensation policies and practice, our compensation plans (including equity compensation plans and programs), severance, change in control and other employment-related matters.

Compensation Risks

In the fourth quarter of 2014, the Compensation Committee, working with its independent compensation consultant, conducted a risk assessment of our executive compensation programs. The goal of this assessment was to determine whether the general structure of our executive compensation policies and programs, annual and long-term performance goals or the administration of the programs posed any material risks to our Company. In addition, with the input of our SVP HR, the Compensation Committee reviewed compensation programs and policies below the executive level in a Company-wide risk assessment. The Compensation Committee shared the results of this review with our full Board.

The Compensation Committee determined, based on the reviews of its independent compensation consultant and management s input and other factors, that the compensation policies and practices for the Company s employees in 2014, including the established performance goals and incentive plan structures, did not result in excessive risk taking or the implementation of inappropriate business decisions or strategies by the Company s senior executives or employees generally, and that there are no risks arising from our compensation policies and practices for our employees that are reasonably likely to have a material adverse effect on the Company.

Related Person Transactions

Transactions with Related Persons

In 2014, there were no transactions and there are no currently proposed transactions in excess of $120,000 in which the Company was or will be a participant and in which any director, director nominee or executive officer of the Company, any known 5% or greater shareholder of the Company or any immediate family member of any of the foregoing persons had or will have a direct or indirect material interest as defined in Item 404(a) of Regulation S-K.

Related Person Transactions Policy

In accordance with SEC rules, our Board has adopted a written policy for the review and the approval or ratification of any related person transaction. This policy is available through the Investors Corporate Governance link on our website, www.iff.com. Under the policy, a related person is specifically defined as an executive officer, a director, a director nominee, a beneficial owner of more than 5% of any class of voting securities, an immediate family member of any of the foregoing, or a controlled entity, which is defined as an entity owned or controlled by any of the foregoing or in which any such person serves as an officer or partner, or together with all of the foregoing persons, owns 5% or more equity interests. The policy defines a related person transaction as a transaction or series of transactions involving a related person and the Company, excluding employment arrangements involving an executive officer or other senior officer or employee of the Company and director compensation arrangements. The policy requires that any such transaction be approved or ratified by the Nominating and Governance Committee. If accounting issues are involved in the transaction, the Nominating and Governance Committee will consult with the Audit Committee if deemed appropriate.

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Pursuant to the policy, a related person transaction will be approved or ratified only if the Nominating and Governance Committee determines that it is being entered into in good faith and on fair and reasonable terms which are in the best interest of our Company and our shareholders. In determining whether to approve or ratify a transaction, the Nominating and Governance Committee considers the following factors, to the extent relevant:

- the related person s relationship to the Company and interest in the transaction;
- the material facts of the transaction;
- the benefits to the Company;
- the availability of alternate sources of comparable products or services and the terms of such alternative; and
- an assessment as to whether the transaction is on terms comparable to the terms available to an unrelated third party or to employees generally.

No related person may participate in the review of a transaction in which he or she may have an interest. In addition, except for non-discretionary contributions made pursuant to our matching contributions program, a charitable contribution by our Company to an organization in which a related person is known to be an officer, director or trustee, is subject to approval or ratification by the Nominating and Governance Committee.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics (the Code of Ethics) that applies to all of our employees, including our CEO and our interim Chief Financial Officer (CFO) (who is also our principal accounting officer). We also have adopted a Code of Conduct for Directors and a Code of Conduct for Executive Officers (together with the Code of Ethics, the Codes). The Codes are available through the Investors Corporate Governance link on our website, www.iff.com.

Only the Board or the Audit Committee may grant a waiver from any provision of our Codes in favor of a director or executive officer, and any such waiver and any amendments to the Codes will be publicly disclosed on our website, www.iff.com.

Share Retention Policy

We encourage our executives and directors to own our common stock so that they share the same long-term investment risk as our shareholders.

Under our Share Retention Policy, each executive and director must retain shares of Company common stock based on a targeted ownership level. There is no deadline by which an executive or director must meet his or her targeted ownership level. The targeted ownership level for directors is five times the cash portion of the annual retainer (not including any retainer for service as a committee chairperson or lead director). The targeted ownership levels for executives are (1) the lesser of shares equal in value to five times base salary or 120,000 shares for our CEO, (2) the lesser of shares equal in value to three times base salary or 35,000 shares for our CFO and Group Presidents, and (3) the lesser of shares equal in value to two times base salary or 20,000 shares for our General Counsel.

If an executive or director does not meet the targeted ownership level, the executive or director may not sell or transfer any shares held in an equity, deferred compensation or retirement plan account managed by us, and the executive or director must retain such shares in such accounts until the targeted ownership level is met. For executives, until the retention requirement is met, the executive must also retain a portion (50%, in the case of our named executive officers) of any shares of common stock acquired from the exercise of a stock option or stock settled appreciation right (SSAR) or the vesting of restricted stock or a restricted stock unit (RSU) (after payment of any exercise price and taxes).

Our Share Retention Policy provides executives and directors flexibility in personal financial planning, yet requires them to maintain ongoing and substantial investment in our common stock. As of March 9, 2015, all of our named executive officers and directors were in compliance with their individual retention requirements. Additional detail regarding ownership of our common stock by our executives and directors is included in this proxy statement under the heading Securities Ownership of Management, Directors and Certain Other Persons.

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Equity Grant Policy

The Compensation Committee has adopted an equity grant policy with respect to the issuance of equity awards under our equity plans. Under the equity grant policy, the Compensation Committee approves all equity awards except awards to our CEO and to our non-employee directors, which are approved by our Board. The grant date for annual awards to all employees and for annual awards to our non-employee directors is the date of the Company s annual meeting of shareholders. The grant date for LTIP is the date that the Compensation Committee (or Board in the case of our CEO) approves the applicable LTIP metrics. In addition to the annual grants, equity awards may be granted off-cycle at other times during the year to new hires, employees receiving promotions, director appointments and in other special circumstances. The grant price of equity awards (other than LTIP awards) will be the closing price of our common stock on the NYSE on the date of the grant or, if the grant date is not a business day, the closing price on the NYSE on the following business day. The grant price for LTIP awards will be the 20-day trailing average price of our common stock on the NYSE as of the first trading day of the applicable LTIP performance cycle.

Policy R egarding Derivatives, Short Sales, Hedging and Pledges

Under our insider trading policy, directors and executive officers, including our named executive officers, are prohibited from entering into transactions designed to hedge against economic risks associated with an investment in our common stock. These individuals may not trade in derivatives in our securities (such as put and call options), effect short sales of our common stock, or enter into monetization transactions or similar arrangements (such as prepaid variable forwards, equity swaps, collars or exchange funds) relating to our securities. These individuals are also prohibited from holding shares of our common stock in margin accounts or pledging shares of our common stock as collateral for a loan.

IV. DIRECTORS COMPENSATION

Annual Director Cash and Equity Compensation

In 2014, each non-employee director received an annual retainer of $225,000 (or a prorated portion for a partial year of service) relating to the service year from the 2014 Annual Meeting of Shareholders (the 2014 Annual Meeting) to the 2015 Annual Meeting. Of this amount, $112,500 was paid in cash in November 2014, and $112,500 was paid in RSUs issued under our 2010 Stock Award and Incentive Plan (2010 SAIP) on the date of the 2014 Annual Meeting. These RSUs vest one year from the grant date and are subject to accelerated vesting upon a change in control. The 1,145 RSUs granted to each director on the date of the 2014 Annual Meeting was calculated using the closing market price of our common stock on the grant date. Any director who is an employee of our Company does not receive any additional compensation for his or her service as a director.

Annual Committee Chair and Lead Director Compensation

During 2014, the Lead Director received an additional annual cash retainer of $20,000, the Chair of each of the Audit Committee and Compensation Committee received an additional annual cash retainer of $15,000 and the Chair of the Nominating and Governance Committee received an additional annual cash retainer of $10,000.

Participation in our Deferred Compensation Plan

Non-employee directors are eligible to participate in our Deferred Compensation Plan (DCP). A non- employee director may defer all or a portion of his or her cash compensation as well as any RSUs granted to him or her, subject to tax law requirements. Additional details regarding our DCP may be found in this proxy statement under the heading

Executive Compensation Non-Qualified Deferred Compensation. Non-employee directors are not entitled to matching contributions or the 25% premium on deferrals into our common stock fund that are applicable to employees under the DCP.

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Other

We reimburse our non-employee directors for travel and lodging expenses incurred in connection with their attendance at Board and Committee meetings, our shareholder meetings and other Company-related activities.

In addition, each current and former director who began service as a director before May 14, 2003 is eligible to participate in our Director Charitable Contribution Program (DCCP). Under the DCCP, directors were paired together and our Company purchased joint life insurance policies on the lives of each paired set of participating directors. We are the owner and sole beneficiary of the policies and are responsible for payment of any premiums. In 2009, the insurance policies were restructured so that no further premiums are required. Assuming no changes to the current Federal tax laws relating to charitable contributions, and if certain other assumptions are met, we expect to recover all of the premium costs that have been paid by us and the after-tax cost of our anticipated charitable contributions pursuant to this program. After a covered director dies, we will donate $500,000 to one or more qualifying charitable organizations previously designated by the deceased director.

Directors first elected on or after May 14, 2003 do not participate in the DCCP. However, all current directors, including those who participate in our DCCP, are eligible to participate in our Matching Gift Program. Under this program, we match, on a dollar for dollar basis, contributions made by directors to qualifying charitable organizations up to a maximum of $10,000 per person per year.

The following table details the compensation paid to or earned by our non-employee directors for the year ended December 31, 2014.

2014 Directors Compensation

Name	Fees Earned or Paid in Cash($)(1)	Stock Awards ($)(2)(3)(4)	All Other Compensation ($)(5)	Total ($)
Marcello V. Bottoli	112,561	107,092		219,653
Dr. Linda Buck	112,561	107,092		219,653
J. Michael Cook	127,500	107,092	10,000	244,592
Michael L. Ducker	60,411	59,796		120,207
Roger W. Ferguson, Jr.	112,500	107,092		219,592
Andreas Fibig (6)	61	107,092		107,153
Christina Gold	112,561	107,092	10,000	229,653
Alexandra A. Herzan	112,500	107,092	5,000	224,592
Henry W. Howell, Jr.	122,500	107,092	10,000	239,592
Katherine M. Hudson	127,500	107,092	10,000	244,592
Arthur C. Martinez	132,561	107,092	10,000	249,653

Dale F. Morrison	112,500	107,092	10,000	229,592

(1) The amounts in this column include (i) the annual cash retainer for service as a non-employee director, (ii) for certain directors, the annual cash retainer for service as Lead Director or as chairperson of a Board committee during 2014, and (iii) nominal amounts of cash paid in lieu of fractional shares of common stock. Of the amounts in this column, the following amounts were deferred in 2014 under our DCP: Mr. Cook $127,500; Mr. Ducker $60,411; Mr. Ferguson $112,500; Ms. Herzan $112,500; Mr. Howell

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$122,500; Ms. Hudson $127,500; and Mr. Morrison $112,500. Earnings in our DCP were not above-market or preferential and thus are not reported in this table.

(2) The amounts in the Stock Awards and Option Awards columns represent the aggregate grant date fair value of equity awards granted during the fiscal year ended December 31, 2014, computed in accordance with FASB ASC Topic 718. Details on and assumptions used in calculating the grant date fair value of RSUs and options may be found in Note 11 to our audited financial statements for the year ended December 31, 2014 included in our Annual Report on Form 10-K filed with the SEC on March 2, 2015.

(3) Each director received a grant on May 13, 2014 of 1,145 RSUs under our 2010 SAIP. Mr. Ducker received a grant of 615 RSUs in connection with his appointment to the Board of Directors in October 2014. None of our directors forfeited any RSUs or shares of deferred stock during 2014.

(4) As of December 31, 2014, our directors held the following number of unvested RSUs, shares of deferred common stock and, in the case of Mr. Fibig, PRS. The amounts shown below for Mr. Fibig includes 4,095 RSUs received as a non-employee director prior to his appointment as CEO and 7,967 RSUs received upon his appointment as CEO.

Director	RSUs	Deferred Stock	PRS
Marcello V. Bottoli	4,095	11,087	
Dr. Linda Buck	4,095	11,087	
J. Michael Cook	4,095	21,727	
Michael L. Ducker	615	612	
Roger L. Ferguson, Jr.	4,095	3,639	
Andreas Fibig	12,062	2,310	6,373
Christina Gold	2,440		
Alexandra A. Herzan	4,095	16,432	
Henry W. Howell, Jr.	4,095	35,357	
Katherine M. Hudson	4,095	11,165	
Arthur C. Martinez	4,095	33,323	
Dale F. Morrison	4,095	5,038	

The deferred shares, which are held under the DCP, result from deferral of vested equity grants, voluntary deferral of retainer fees or the crediting of additional share units as a result of reinvestment of dividend equivalents. Deferred shares will be settled by delivery of common stock upon the director s separation from service on the Board, or as otherwise elected by the director. All of the deferred shares are included for each director in the Beneficial Ownership Table.

(5) The amounts in this column are contributions made by us under our Matching Gift Program to eligible charitable organizations matching contributions of the director to those charitable organizations during 2014.

(6) Mr. Fibig did not receive the November 2014 cash retainer. The amount in this column represents nominal amounts of cash paid in lieu of fractional shares of common stock.

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V. SECURITIES OWNERSHIP OF MANAGEMENT, DIRECTORS AND CERTAIN OTHER PERSONS

Beneficial Ownership Table

Directors and Executive Officers

The following table sets forth certain information regarding the beneficial ownership of our common stock as of March 9, 2015, by each current director, each director nominee, the persons named in the Summary Compensation Table in this proxy statement and all current directors and executive officers as a group. To our knowledge, except as otherwise indicated, beneficial ownership includes sole voting and dispositive power with respect to all shares.

Name and Address of Beneficial Owner (1)	Shares of Common Stock Beneficially Owned(2)(3)	Percent of Class**
Kevin C. Berryman	65,036 (4)	*
Marcello V. Bottoli	13,842 (5)	*
Dr. Linda Buck	12,742 (6)	*
Anne Chwat	55,954 (7)	*
J. Michael Cook		