

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CAPITAL ALLOCATION POLICY

1. **Objectives**

- 1.1. International Flavors & Fragrances Inc. (the “Company”) is committed to improving its operational performance and capital investments in line with its corporate strategy while returning capital to its shareholders.
- 1.2. The purpose of this policy is to set forth in writing the Company’s practices and policies concerning the allocation of its capital resources, including allocations for working capital, investments, capital expenditures, compliance with the Company’s financial policies, debt agreements and return of capital to shareholders.
- 1.3. The Board shall continue to consider the Company’s capital allocation policy on a periodic basis, including with reference to both dividend payments and share repurchases.

2. **Effectiveness.** This policy was adopted on March 9, 2016.

3. **Updates.** The Board of Directors will periodically review and update this policy:

- According to changes in the Company’s business environment, reinvestment needs and opportunities, and capital structure; and
- As-needed, at the occurrence of a material change in any of the factors mentioned above.

4. **Policy Content**

4.1. **Principles.** The Company’s capital allocation strategy aims at creating long term sustained shareholder value through:

- Ensuring operating flexibility throughout the business cycle;
- Reinvesting in the Company’s business via capital expenditures;
- Investing in diversification and growth through the acquisition of companies and entering into partnerships and collaborations that fit strategically and meet internal profitability and return thresholds;
- Maintaining the Company’s investment grade rating; and
- Returning a percentage of the Company’s adjusted net income to shareholders through a combination of dividends and share repurchases.

4.2. **Establishing a Shareholder Return Threshold Objective.** In determining the percentage of the Company’s adjusted net income that the Board anticipates returning to shareholders, the Board will take into consideration liquidity that the Board deems necessary to allocate to each of the following:

- Investments in research and development and related opportunities to maintain its technological leadership;
- Capital expenditures requirements, including investments required to adapt the Company’s global flavors and fragrance facilities to the needs of its customers;

- Debt repayment obligation, as well as any voluntary prepayments to reduce the outstanding debt amount, including for the purpose of maintaining the Company's investment grade rating; and
- Strategic opportunities to increase sales through acquisitions and other collaborations.

4.3. Evaluation of Alternatives for Return of Capital. In addition to the Company's capital allocation principles, the Company will consider a variety of factors when determining the best method to use to return capital (either stock repurchases or dividends) to its shareholders. These factors include the following:

- Financial flexibility, including impact of both methods of returning capital (either stock repurchases or dividends) on the Company's balance sheet and the Company's current and future ability to reinvest in its business and pursue strategic opportunities;
- Potential dilutive impact;
- Tax consequences to the Company and the shareholders;
- Impact on liquidity on both the NYSE and Euronext Paris; and
- Market perception regarding the advantages and disadvantages of each method of returning capital (dividends and stock repurchases), generally and specifically with respect to the particular return of capital being contemplated.

After evaluating all of these factors, and other factors that the Company may deem appropriate, the Board will determine the method, either stock repurchases or dividends, with respect to the specific return of capital being contemplated. If all these factors are deemed to have the same economic impact on the Company and the shareholders, then the Board will utilize its judgment in determining the method for returning capital, giving due consideration to the wishes of the Company's then current shareholder base with respect to which method of returning of capital (share repurchases or dividends) such shareholders would prefer with respect to the particulate return of capital being contemplated.