

SENSIENT TECHNOLOGIES CORP  
Form DEF 14A  
March 15, 2013

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

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Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

SENSIENT TECHNOLOGIES CORPORATION

(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):

No fee required

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(1)Amount Previously Paid:

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(3)Filing Party:

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March 15, 2013

Dear Fellow Shareholder:

You are invited to attend the Annual Meeting of Shareholders of Sensient Technologies Corporation. The meeting will be held on Thursday, April 25, 2013, at 2:00 p.m., Central Time, at the Trump International Hotel, 401 North Wabash Avenue, Chicago, Illinois.

I hope that you will be able to join us at the meeting to review the year and take a look at what the future holds for our Company. In addition, the business to be transacted is: (i) to elect nine directors of the Company as described in the accompanying Proxy Statement; (ii) to give an advisory vote on our executive compensation; (iii) to approve the Company's Amended and Restated 2007 Stock Plan; (iv) to ratify the appointment of Ernst & Young LLP, certified public accountants, as the independent auditors of the Company for 2013; and (v) to transact such other business as may properly come before the meeting or any adjournment thereof.

Whether or not you plan to attend, it is important that you exercise your right to vote as a shareholder. Please indicate your vote on the enclosed proxy card and return it promptly using the envelope provided or vote by telephone or by Internet according to the instructions on the enclosed proxy card. Be assured that your votes are completely confidential.

On behalf of the officers and directors of the Company, I want to thank you for your continued support and confidence.

Sincerely,

Kenneth P. Manning  
Chairman and Chief Executive Officer

Enclosures

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SENSIENT TECHNOLOGIES CORPORATION

777 East Wisconsin Avenue  
Milwaukee, Wisconsin 53202

Notice of Annual Meeting  
To Be Held April 25, 2013

To the Shareholders of  
Sensient Technologies Corporation:

NOTICE IS HEREBY GIVEN that the 2013 Annual Meeting of Shareholders (“Meeting”) of Sensient Technologies Corporation, a Wisconsin corporation (“Company”), will be held at the Trump International Hotel, 401 North Wabash Avenue, Chicago, Illinois on Thursday, April 25, 2013, at 2:00 p.m., Central Time, for the following purposes:

1. To elect nine directors of the Company as described in the accompanying proxy statement;
2. To give an advisory vote to approve the compensation of the Company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion in the accompanying proxy statement;
3. To approve the Company's Amended and Restated 2007 Stock Plan;
4. To ratify the appointment of Ernst & Young LLP, certified public accountants, as the independent auditors of the Company for 2013; and
5. To transact such other business as may properly come before the Meeting or any adjournments thereof.

Important Notice Regarding the Internet Availability of Proxy Materials for the  
Shareholder Meeting to Be Held on April 25, 2013

The Proxy Statement and Notice of Annual Meeting and the 2012 Annual Report to  
Shareholders are available on Sensient’s website at  
[http://www.Sensient.com/financial/annualreport\\_and\\_proxy.htm](http://www.Sensient.com/financial/annualreport_and_proxy.htm).

The Board of Directors has fixed the close of business on February 27, 2013, as the record date for the determination of shareholders entitled to notice of, and to vote at, the Meeting and any adjournments thereof.

The Company encourages you to attend the Meeting and vote your shares in person. However, whether or not you are able to attend the Meeting, please complete the enclosed proxy and return it promptly using the envelope provided or vote by telephone or by Internet according to the instructions on the enclosed proxy card, so that your shares will be represented at the Meeting. You may revoke your proxy at any time before it is actually voted by notice in writing to the undersigned or by attending the Meeting and voting in person. Your attention is directed to the attached proxy statement and accompanying proxy.

For directions to the Meeting site, contact the Company’s Secretary at (414) 271-6755. Shareholders of record who wish to vote in person may do so at the Meeting.

On Behalf of the Board of Directors

John L. Hammond  
Secretary

Milwaukee, Wisconsin  
March 15, 2013

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SENSIENT TECHNOLOGIES CORPORATION

777 East Wisconsin Avenue  
Milwaukee, Wisconsin 53202  
(414) 271-6755

PROXY STATEMENT

for  
ANNUAL MEETING OF SHAREHOLDERS  
to be held on  
April 25, 2013

GENERAL

This proxy statement and accompanying proxy are first being furnished to the shareholders of Sensient Technologies Corporation, a Wisconsin corporation ("Company"), beginning on or about March 15, 2013, in connection with the solicitation by the Board of Directors of the Company ("Board") of proxies for use at the Company's 2013 Annual Meeting of Shareholders to be held at the Trump International Hotel, 401 North Wabash Avenue, Chicago, Illinois on Thursday, April 25, 2013, at 2:00 p.m., Central Time, and at any adjournments thereof ("Meeting"), for the purposes set forth in the attached Notice of Annual Meeting and in this proxy statement.

Accompanying this proxy statement are a Notice of Annual Meeting and a form of proxy solicited by the Board for the Meeting. The Proxy Statement and Notice of Annual Meeting and the 2012 Annual Report to Shareholders are also available on our website at [http://www.Sensient.com/financial/annualreport\\_and\\_proxy.htm](http://www.Sensient.com/financial/annualreport_and_proxy.htm). The 2012 Annual Report to Shareholders, which also accompanies this proxy statement, contains financial statements for the three years ended December 31, 2012, and certain other information concerning the Company. The 2012 Annual Report to Shareholders and financial statements are neither a part of this proxy statement nor incorporated herein by reference.

Only holders of record of the Company's Common Stock ("Common Stock") as of the close of business on February 27, 2013, are entitled to notice of, and to vote at, the Meeting. On that date, the Company had 50,016,801 shares of Common Stock outstanding, each of which is entitled to one vote on each proposal submitted for shareholder consideration at the Meeting.

Subject to the applicable New York Stock Exchange regulations regarding discretionary voting by brokers, a proxy, in the enclosed form, that is properly executed, duly returned to the Company or its authorized representatives or agents and not revoked, or which has been properly voted by telephone or by Internet according to the instructions on the enclosed proxy card and not revoked, will be voted in accordance with the shareholder's instructions contained in the proxy. If no instructions are indicated on the proxy, the shares represented thereby will be voted as follows:

- FOR the Board's nine nominees for director;
- FOR approval of the compensation of our named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion in this proxy statement;
- FOR approval of the Company's Amended and Restated 2007 Stock Plan;
- FOR ratification of the Board's appointment of Ernst & Young LLP as the Company's independent auditors for 2013; and

- On such other matters that may properly come before the Meeting in accordance with the best judgment of the individual proxies named in the proxy.

Brokers are not entitled to vote on the election of directors, on the approval of our executive compensation or on any matter relating to executive compensation (including our proposed amendment and restatement of our 2007 Stock Plan) unless they receive voting instructions from the beneficial owner, but they will be able to vote with respect to ratification of Ernst & Young LLP as our auditors for 2013. If a broker does not receive voting instructions from the beneficial owner, the broker may return a proxy card with no vote on these matters, which is usually referred to as a broker non-vote. The shares subject to a broker non-vote will be counted for purposes of determining whether a quorum is present at the Meeting if the shares are represented at the Meeting by proxy from the broker. A broker non-vote will have no effect in the election of directors, with respect to the advisory shareholder vote on our executive compensation and with respect to the proposed amendment and restatement of our 2007 Stock Plan.

Any shareholder giving a proxy may revoke it at any time before it is exercised at the Meeting by delivering written notice thereof to the Secretary of the Company. Any shareholder attending the Meeting may vote in person whether or not the shareholder has previously filed a proxy. Presence at the Meeting by a shareholder who has signed a proxy does not in itself revoke the proxy. The shares represented by all properly executed proxies received prior to the Meeting and not revoked will be voted as directed by the shareholders.

The cost of soliciting proxies will be borne by the Company. Proxies may be solicited by directors, officers or employees of the Company in person, by telephone or by telegram. The Company will use the services of D. F. King & Co., Inc., New York, New York, to aid in the solicitation of proxies. Their charges for that service will be \$8,000 plus reasonable expenses. The Company will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their expenses in sending proxy materials to the beneficial owners.

ITEM 1.

ELECTION OF DIRECTORS

The Board of Directors currently consists of nine members who are all elected each year for one-year terms. The Board has re-nominated eight of its current directors: Messrs. Brown, Croft, Hickey, K. Manning, and P. Manning, Dr. Clydesdale, Dr. Wedral and Ms. Whitelaw. It has also nominated Mr. Edward Cichurski for consideration as a member of the Board of Directors. The Board wishes to thank Mr. Salmon, who is not being re-nominated, for his many years of service to the Company as a director. The Company did not use a third-party director search firm in connection with the nomination of Mr. Cichurski.

The Company intends that the persons named as proxies in the accompanying proxy cards will vote FOR the election of the Board's nine nominees. If any nominee should become unable to serve as a director prior to the Meeting, the shares represented by proxy cards that include directions to vote in favor of that nominee or which do not contain any instructions will be voted FOR the election of such other person as the Board may recommend, subject to the rules for broker non-votes described under "General" above.

Under Wisconsin law, unless otherwise provided in a corporation's articles of incorporation (Sensient's articles of incorporation do not otherwise provide), directors are elected by a plurality of the votes cast by the shares entitled to vote in the election, assuming a quorum is present. For this purpose, "plurality" means that the individuals receiving the largest number of votes are elected as directors, up to the maximum number of directors to be chosen at the election. Therefore, any shares of Common Stock that are not voted on this matter at the Meeting (whether by abstention, broker non-vote or otherwise) will have no effect on the election of directors at the Meeting. Brokers do not have discretion to cast votes in the election of directors with respect to any shares for which they have not received voting directions from the beneficial owners.

Pursuant to the Company's Bylaws, written notice of other qualifying nominations by shareholders for election to the Board, together with a completed Directors and Executive Officers Questionnaire, affirmation and consent, must have been received by the Secretary no later than 50 days before the meeting, or March 6, 2013. As no notice of any other nominations was received, no other nominations for election to the Board of Directors may be made by shareholders at the Meeting.

Director Selection Criteria; Director Qualifications and Experience

The Company has included its criteria for selecting nominees to the Board both on its website and as an attachment to its annual meeting proxy statement for many years. Those criteria, which are periodically reviewed by the Nominating and Corporate Governance Committee, are included as Appendix A to this proxy statement. The criteria emphasize the need for independence and an absence of material conflicts of interest of all directors other than the Company's CEO and COO, the personal attributes the Company seeks in all directors, and the broad mix of skills and experience that should be included among its directors to enhance both the diversity of perspectives, professional experience, education and other attributes and the overall strength of the composition of the Board. The skills and experience that we consider most important for membership on the Board include a background in at least one of the following areas:

- substantial recent business experience at the senior management level, preferably as chief executive officer;
- a recent leadership position in the administration of a major college or university;
- recent specialized expertise at the doctoral level in a science or discipline important to the Company's business;
- recent prior senior level governmental or military service; or
- financial expertise or risk assessment, risk management or employee benefit skills or experience.

The particular skills, experience, qualifications and other attributes that the Board believes qualify each of Sensient's nominees to serve on the Board are briefly described below.

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THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR ALL NOMINEES. SHARES OF COMMON STOCK REPRESENTED AT THE MEETING BY EXECUTED BUT UNMARKED PROXIES (EXCLUDING BROKER NON-VOTES) WILL BE VOTED FOR ALL NOMINEES.

Hank Brown  
Age 73

Director Since 2004  
Audit Committee (Chairman)  
Finance Committee  
Nominating and Corporate Governance Committee

Mr. Brown is President Emeritus of the University of Colorado and Senior Counsel with the law firm of Brownstein, Hyatt, Farber and Scheck P.C. Mr. Brown was President of the University of Colorado from 2005 to 2008 and President of the University of Northern Colorado from 1998 to 2002, in both cases leading the institution to greater enrollment and financial support. In between his stints as president of a university, Mr. Brown served from 2002 to 2005 as President and Chief Executive Officer of the Daniels Fund, a billion dollar charitable foundation, and he continues to serve as Chairman of the Board. Mr. Brown served as a United States Senator from Colorado from 1991 to 1997 (serving on the Foreign Relations and Judiciary Committees) and five terms in the U.S. House of Representatives from 1981 to 1991 (serving on the Ways and Means and Budget Committees). Prior to that, Mr. Brown served as Vice President of Monfort of Colorado, Inc. (a public food company with international operations, later acquired by ConAgra Foods, Inc.) from 1969 to 1980. While at Monfort, Mr. Brown started and/or directed several divisions with increasing responsibilities, including Corporate Development, International Sales and Operations and the Lamb Feeding, Processing and Sales Division. Mr. Brown currently serves as a director of Sealed Air Corporation (since 1997). Within the past five years he was a director of Delta Petroleum Corporation (from 2007 to 2010 and Guaranty Bancorp (from 2008 to 2009); prior to that time he was a director of several other public companies.

Mr. Brown earned a bachelor of science degree in accounting from the University of Colorado in 1961. Mr. Brown volunteered for the U.S. Navy earning his commission at Newport, Rhode Island, and his navigator wings at Pensacola, Florida, and Corpus Christi, Texas. Following his service with VR – 22 and a tour in Viet Nam, Mr. Brown retired from the Navy as a Lieutenant and enrolled in law school in 1966. In 1969, Mr. Brown received his Juris Doctorate from the University of Colorado and passed the Colorado Bar Exam. Mr. Brown earned an LLM in tax from George Washington University in 1986 by attending night classes while serving in Congress. In 1988, he passed the CPA exam and is a certified public accountant (currently inactive).

For the following reasons the Board concluded that Mr. Brown should serve as a director of Sensient in light of its business and structure, at the time it files this proxy statement. Mr. Brown's extensive management experience in private, public and non-profit sector enterprises, including public corporations with extensive international operations in food-related businesses, provides Sensient with a broad perspective in addressing issues of governance, financial management, executive recruitment and risk management that are relevant to any large organization. Mr. Brown's background as an attorney and CPA, and his experiences developing financial and governmental expertise, allow him to make valuable contributions to Sensient's Audit Committee and Finance Committee and allow him to assist with the Board's oversight of risk management and compliance matters. Further, Mr. Brown's background in government service provides special insights into legislative and regulatory trends impacting Sensient's business.



Edward H. Cichurski  
Age 71

New Nominee  
Audit Committee (Anticipated)  
Finance Committee (Anticipated)  
Scientific Advisory Committee (Anticipated)

Mr. Cichurski spent 35 years practicing as a CPA for clients throughout the world with the international accounting firm PricewaterhouseCoopers and its predecessors (he retired from that firm in 2000), including service in Barcelona, Spain from 1978-1981 and service as the Managing Partner of the Milwaukee office (serving Wisconsin and parts of the upper Midwest) from 1989 to 1996. From mid-1996 to 2000 he was at the firm's National Office in New York working with the firm's office of General Counsel. From 2000 to 2007 he served as Executive Vice President of Merchants & Manufacturers Bancorporation and as president of its financial services subsidiary. Following his retirement from that position, he has served as an advisor to several public and private companies on business development, accounting and financial reporting matters. That includes providing advisory services to Sensient from 2007 until his selection as a nominee for Sensient's Board by the Nominating and Corporate Governance Committee. Mr. Cichurski serves on the boards of numerous community and charitable organizations in the Milwaukee area and is a member of both the American Institute of Certified Public Accountants and the Wisconsin Institute of Certified Public Accountants.

Mr. Cichurski received his bachelor of science degree from St Peter's College, Jersey City, New Jersey, in 1963 and his MBA from Fairleigh Dickinson University in 1970. He served as a First Lieutenant in the U.S. Army from 1963 to 1965, where he earned the Army Commendation Medal.

For the following reasons, the Board concluded that Mr. Cichurski should serve as a director of Sensient, in light of its business and structure, at the time it files this proxy statement. Mr. Cichurski's accounting and auditing experience and expertise and his substantial U.S. and international experience assisting global businesses in a variety of industries are expected to serve Sensient well in the coming years. His recent business experience, both at a senior management level and as an advisor to growing businesses in a variety of manufacturing and consumer products businesses, should be of particular value as Sensient pursues both its growth program and its cost reduction initiatives throughout the Company.

Dr. Fergus M. Clydesdale  
Age 76

Director Since 1998  
Compensation and Development Committee  
Executive Committee  
Nominating and Corporate Governance Committee  
Scientific Advisory Committee (Chairman)

Dr. Clydesdale has had a distinguished career as a university professor and administrator, scientific researcher and advisor to public and private agencies both in the U.S. and around the world in research, product development and scientific policy and regulation to optimize food quality, food acceptability, food safety, nutrition and overall health and quality of life. Dr. Clydesdale's honors and accomplishments in the field of food science and nutrition are legion and too numerous to mention. Dr. Clydesdale is currently Distinguished University Professor, Department of Food Science, College of Natural Sciences, University of Massachusetts Amherst, and Director of the University of Massachusetts Food Science Policy Alliance which he founded in 2004. From 1990 to 2008 he was head of the Department of Food Science, which at the time of his retirement was ranked nationally among the top three university food science departments in research and the top department in the university in student satisfaction.



In 2010 the National Research Council of the National Academies, based on the performance of the Department in the last year of Dr. Clydesdale's tenure as its Head, ranked the Department as number one among all Food Science Departments in the United States for PhD research and education. Recently elected a Fellow of the American Institute of Nutrition, he is now a fellow of the four premier societies in the field of food science and nutrition. Dr. Clydesdale is the editor of *Critical Reviews in Food Science and Nutrition*, the top ranked journal in food science with a worldwide audience. He has published some 375 scientific articles and coauthored or edited 20 books, including *Food Colorimetry: Theory and Applications* (1975), which is still considered a leading authority in its field. In addition, Dr. Clydesdale has done extensive work related to the science and technology of formulating and measuring natural and synthetic colors in foods and emulsions and the sensory effects, benefits and interactions of food and beverage colorants and flavors. Dr. Clydesdale initiated and organized the University of Massachusetts Food Science Strategic Research Alliance, which has approximately 25 member companies including many of the major multinationals. He also chaired the Strategic Research Alliance from 1988 to 2008 along with the Strategic Policy Alliance from its inception in 2004. Dr. Clydesdale helped in the formation of a venture company (Wesfolk) at the University of Massachusetts Amherst to commercialize the scientific discoveries being made by his department. Dr. Clydesdale also has served on numerous standing and special committees of the FDA and the National Academy of Sciences focusing on food and ingredient safety, nutrition, policy and labeling (e.g., he chaired the FDA working panel that evaluated Olestra, the last food additive to gain approval, and in 2009-2010 served on an FDA committee which evaluated FDA's Research Mission), including three terms as chair of the Food Forum of the Food and Nutrition Board of the National Academy. In 2010 he was reappointed to another three year term on the National Academies, Institute of Medicine, Food and Nutrition Board. Dr. Clydesdale served as Chair and currently serves on the Board of Trustees of the American branch of the International Life Sciences Institute. He has served on the board of the Global International Life Sciences Institute. Each of these entities promotes scientific research to optimize food safety and health globally. He has been active worldwide speaking on the challenges and opportunities of using technology to improve food safety, nutrition and health while increasing the global food supply.

For the following reasons the Board concluded that Dr. Clydesdale should serve as a director of Sensient in light of its business and structure, at the time it files this proxy statement. Dr. Clydesdale is a globally-known expert in the science of food colors and their use in food, especially natural colors, and the effects of color on perceptions of flavor and wholesomeness, all of which are central to Sensient's worldwide businesses and its plans for future growth. Dr. Clydesdale's background in food science, experience with industry from the Food Science Research and Policy Alliances and service on government and university advisory committees, as well as being head of a major university department, give him unique experience in risk assessment, food safety, food processing, nutrition, national and international food and ingredient policies, labeling, and regulatory and scientific trends. Dr. Clydesdale's university service has included chairing and serving on search committees for top university positions, including chair of the committee for dean of the school of management and serving on search committees for chancellor and provost, as well as developing metrics for promotion, tenure, and salary increases within his department. These and other university responsibilities, along with his board activities with the International Life Sciences Institute, allow him to make valuable contributions to Sensient's Nominating and Corporate Governance Committee and Compensation and Development Committee. Dr. Clydesdale's experience in academics and with industry and government also position him to provide valuable advice and oversight to Sensient's Scientific Advisory Committee (which he chairs) with regard to Sensient's product research and development activities, future scientific, product and policy trends,

its marketing and labeling of both functional and health effects of natural and other ingredients, and its food safety policies and procedures.

James A.D. Croft  
Age 75

Director Since 1997  
Audit Committee  
Compensation and Development Committee (Chairman)  
Executive Committee  
Scientific Advisory Committee

Mr. Croft has extensive international and entrepreneurial experience, including having served as an executive officer, director and leader of business development at various multi-national businesses. In 1967 he became a general partner in the London-based real estate consulting firm of Richard Ellis, and was one of the senior partners in the firm until his retirement in 1998 at the time of its merger with California-based CB Commercial to become CB Richard Ellis. From 1968 through the early 1980s, Mr. Croft was Executive Chairman of Richard Ellis International – the firm’s international development arm. During this time, he travelled extensively, and led the firm’s business development and office openings throughout Europe, the United States and Latin America. He then established the firm’s international Hotels and Leisure division based in London. During his career with Richard Ellis, Mr. Croft served as a director of most of the firm’s subsidiary and associated companies throughout the world, and was also a consultant to several major international investors. By the time of Mr. Croft’s retirement, Richard Ellis had 67 offices worldwide, with around 2,000 employees and fee income of approximately US\$250 million per annum. In 1993, Mr. Croft co-founded SRAB Shipping AB, where he served as a director until 1998. Mr. Croft helped take that company public in 1997 (it is quoted on the Stockholm OMX Stock Exchange) and it now owns and operates nine tanker and dry cargo vessels.

Although he is retired from Richard Ellis and SRAB Shipping, Mr. Croft continues an active role in entrepreneurial ventures, currently serving as the Chairman and sole shareholder of Bartlodge Ltd, a property development and investment firm he founded specializing in office development in the United Kingdom and residential development in Portugal.

Mr. Croft attended the University of London where he received a bachelor’s degree in Real Estate Management, graduating as Student of the Year in 1960. He currently resides in Kent, England, is fluent in French and has a working knowledge of Spanish and Portuguese.

For the following reasons the Board concluded that Mr. Croft should serve as a director of Sensient in light of its business and structure, at the time it files this proxy statement. More than half of Sensient’s revenues come from outside the United States, and expanding its worldwide operations is a key strategy. As a lifetime resident of the United Kingdom, Mr. Croft brings an international perspective to the challenges of creating and building businesses that span multiple countries, cultures, languages, regulatory structures and business traditions, having spent over 40 years creating, building and managing multi-national businesses that focus on the specific needs of the local market and individual customer. Mr. Croft also brings the unique skills of an entrepreneur who has developed several successful multi-national businesses, often as start-ups. This international and management experience enables him to provide unique insights regarding the management and expansion of Sensient’s international operations.

William V. Hickey  
Age 68

Director Since 1997  
Audit Committee  
Executive Committee  
Finance Committee (Chairman)  
Nominating and Corporate Governance Committee

Mr. Hickey served as Chief Executive Officer from 2000 to March 1, 2013, of Sealed Air Corporation, a leading global manufacturer of protective, food and specialty packaging materials and systems; he also served as President (since 1996) until September 1, 2012. Mr. Hickey will continue as Chairman of the Board of Sealed Air until the Company's annual meeting in May, 2013. Prior to becoming Chief Executive Officer at Sealed Air Corporation, Mr. Hickey served in various executive positions, including Chief Operating Officer, Executive Vice President, Chief Financial Officer and Vice President and General Manager of the Food Packaging Division and the Cellu Products Division. He was previously employed by Arthur Young, where he worked as a CPA, and also served as Chief Financial Officer of W.R. Grace and Company's Latin American operations in the 1970s.

Mr. Hickey serves as a director (including a member of the audit committee) of Public Service Enterprise Group Incorporated, a diversified energy company that is traded on the New York Stock Exchange and one of the ten largest electric companies in the United States. He is also a director of the National Association of Manufacturers, a Member of the American Business Conference and a Member of the Executive Board of the Northern New Jersey Council of the Boy Scouts of America.

For the following reasons, the Board concluded that Mr. Hickey should serve as a director of Sensient, in light of its business and structure, at the time it files this proxy statement. Mr. Hickey has considerable business, management, leadership and financial experience, including expertise directly related to the food industry. Through his service, including first as Chief Financial Officer and then as Chief Executive Officer, with Sealed Air Corporation, a large public company with extensive international operations (approximately half of its revenue is from customers outside the United States) and substantial interests in food-related businesses (approximately two-thirds of its revenue), Mr. Hickey has a knowledge and expertise in serving the international food industry that is critical to Sensient's business. Further, Mr. Hickey has been extremely successful in managing and growing businesses. During Mr. Hickey's tenure, Sealed Air Corporation has grown its net sales from \$78 million to over \$7.5 billion, and has expanded, both domestically and internationally, through acquisitions and start-ups. In addition to his leadership and management skills, Mr. Hickey has considerable financial, auditing, risk management and corporate governance experience and is an audit committee financial expert under the SEC's rules, all of which enable him to make valuable contributions to Sensient's Board and various Board committees, including the Audit Committee.

Kenneth P. Manning  
Age 71

Director Since 1989  
Executive Committee (Chairman)  
Scientific Advisory Committee

Mr. Manning is Sensient's Chairman of the Board (since 1997) and Chief Executive Officer (since 1996). Mr. Manning joined Sensient as a Group Vice President in 1987. Mr. Manning became Sensient's Executive Vice President in 1989 and President in 1992. He has been the architect of Sensient's numerous key strategic moves, such as increasing its presence overseas and its moves into high-performance specialty ingredients for food and beverage systems, cosmetic and pharmaceutical ingredient systems and specialty chemicals for various applications. Mr. Manning is also a director of Sealed Air Corporation (since



2002) and a former director of Badger Meter, Inc. (from 1996 to 2010), Firststar Corporation (from 1997 to 1999), Firststar Trust Company (from 1992 to 1997) and numerous other public and charitable organizations.

Before joining Sensient, Mr. Manning served as assistant to the Chairman and CEO of W.R. Grace and Company and in other positions within W.R. Grace of increasing responsibility both domestically and overseas, including as Vice President of Operations — European Division and later as President of its Ambrosia Chocolate Division.

Mr. Manning served as an officer on active duty in the U.S. Navy from 1963 to 1967 and retired from the U.S. Naval Reserve in 1995 with the rank of Rear Admiral. He was awarded the Legion of Merit (awarded for exceptionally meritorious conduct in the performance of outstanding services and achievements) in 1994. Mr. Manning is a member of the American Society of Mechanical Engineers, the American Chemical Society, Navy League, the United States Naval Institute, the Naval Reserve Association, and the National Maritime Historic Association. He is also a Knight of Malta.

For the following reasons the Board concluded that Mr. Kenneth Manning should serve as a director of Sensient in light of its business and structure, at the time it files this proxy statement. As Sensient's chief executive officer, Mr. Manning is the longest-serving director. He was and remains the leader of Sensient's transformation into a global developer, manufacturer and marketer of advanced color, flavor and fragrance systems for the food, beverage, pharmaceutical, personal care and other industries. With over 25 years of service to the Company, Mr. Manning's unique knowledge and understanding of its businesses makes him especially well-suited to deal with future challenges and opportunities, as Sensient strives to sustain its growth in the current economic and competitive environment. Mr Manning's leadership and excellent business judgment are essential to Sensient's Board.

Paul Manning  
Age 38

Director Since 2012  
Executive Committee  
Finance Committee  
Scientific Advisory Committee

Mr. Paul Manning joined the Company in 2009 as General Manager, Food Colors North America, and became President of the Color Group in 2010. He became President and Chief Operating officer of the Company in October 2012. Before that he worked for Danaher Corporation from 2007 to 2009 as Mergers and Acquisitions Integration Manager of the Fluke Division. From 2003 to 2007, he held various supply chain and project manager positions with McMaster-Carr Supply Company. He holds a B.S. degree in Chemistry from Stanford University and an MBA from Northwestern University.

During his years with the Color Group, Mr. Manning gained a thorough understanding of both the opportunities and the challenges facing the Company's Color businesses and made critical contributions to their improved performance. In his current position as the Company's President and Chief Operating Officer, he is applying his management skills and experience to make similar contributions in the Company's other businesses. His detailed knowledge of the Company's operations enables him to keep the Board well informed regarding the Company's performance and opportunities. Mr. Manning's strong background in chemistry allows him to direct product and technology research and development efforts and to be a valuable member of the Scientific Advisory Committee. Mr. Manning's prior experience in mergers and acquisitions and supply chain management is valuable to the Board because

these areas are of particular importance for the Company's growth and profitability.

The Board concluded that Mr. Paul Manning should serve as a director of Sensient at the time it files this proxy statement because of the foregoing knowledge, skills and experience. He brings the Board unique insights that will be critical to Sensient's long-term strategic planning and to issues that may arise in connection with the management succession occasioned by the upcoming retirement of Mr. Kenneth Manning.

Dr. Elaine R. Wedral  
Age 68

Director Since 2006  
Finance Committee  
Scientific Advisory Committee

Dr. Wedral has served as President of the International Life Sciences Institute-North America, a nonprofit organization based in Washington, D.C., that provides a forum for academic, government and industry scientists to identify important nutrition and food safety issues and work toward solutions for the benefit of the general public. Dr. Wedral is also a director of Balchem Corporation (where she is chair of the governance and nominating committee and a member of the compensation committee), which is engaged in the development, manufacture and marketing of specialty performance ingredients and products for the food, nutritional, feed, pharmaceutical and medical sterilization industries. Dr. Wedral also serves on the editorial board of Food Processing magazine, on the board of the Women's Global Health Institute at Purdue University and continues to work with several industry groups and universities on food science issues in an advisory capacity.

From 1972 to 2006, Dr. Wedral served in various capacities with the Nestle Company, including as President of Nestle R&D Center, Inc. and director of Nestle R&D Food Service Systems Worldwide from 2000 to 2006, and as President of all Nestle U.S. R&D Centers from 1988 to 1999. During her tenure with Nestle, Dr. Wedral developed the strategy and accompanying R&D program for its foodservice systems. Among other things, she was responsible for the reorganization and supervision of Nestle's existing R&D facilities with over 700 personnel and the development, construction and management of a new state-of-the-art pet food and nutrition facility, a new beverage, confection and ice cream facility and renovation of a consolidated food and nutrition laboratory, each combining an emphasis on proprietary innovation with production efficiencies and commercialization opportunities. Dr. Wedral holds over 38 U.S. and European patents in food science, chemistry, and foodservice systems to deliver foods and beverages, most related to food flavors and colors and food fortifications (e.g., adding bioavailable iron to fortify a product without discoloring it). Dr. Wedral's work often helped create new product categories (e.g., shelf-stable liquid coffee creamers and refrigerated pizzas) while emphasizing food safety and quality. Dr. Wedral also has experience and expertise in helping to commercialize food and beverage products and delivery systems designed for local tastes and preferences around the world.

For the following reasons, the Board concluded that Dr. Wedral should serve as a director of Sensient, in light of its business and structure, at the time it files this proxy statement. Dr. Wedral combines food science expertise with substantial business and personnel management and leadership experience in developing innovative and commercially successful food and beverage products. Dr. Wedral has experience in successfully building or consolidating food and beverage research facilities within budget and managing and motivating large staffs of research scientists and engineers to work collaboratively and efficiently to serve customer needs, all while emphasizing the development of proprietary products and systems that meet the highest standards of food quality and safety. These experiences and technical expertise allow Dr. Wedral to make valuable contributions to Sensient's Board and Board committees, including the Finance Committee and Scientific Advisory Committee.



Essie Whitelaw  
Age 65

Director Since 1993  
Compensation and Development Committee  
Nominating and Corporate Governance Committee  
(Chairman)  
Scientific Advisory Committee

Ms. Whitelaw served as Senior Vice President of Operations of Wisconsin Physician Services, a provider of health insurance and benefit plan administration, from 2001 until her retirement in 2010, where she was responsible for managing over 430 employees. Prior to that, Ms. Whitelaw served over 15 years in various executive positions, including as President and Chief Operating Officer (1992 to 1997) and Vice President of National Business Development, at Blue Cross Blue Shield of Wisconsin, a comprehensive health and dental insurer. Among other things, while at Blue Cross Blue Shield, Ms. Whitelaw was responsible for managing insurance risk underwriting activities, regulatory compliance and the development and implementation of appropriate sales incentive programs. Prior to its merger into another public utility in 2000, Ms. Whitelaw served on the board and on the audit, nominating and retirement plan investment committees of WICOR Corporation, a Wisconsin energy utility.

Ms. Whitelaw is active in the local Wisconsin community. She currently serves on the Milwaukee Public Museum board of directors and the board of the Wisconsin Women's Health Foundation, a non-profit organization dedicated to improving the health and lives of women and their families, through education, outreach programs and partnerships. Ms. Whitelaw's prior board service includes Goodwill Industries, United Way of Greater Milwaukee, Blue Cross Blue Shield Foundation, Metropolitan Milwaukee Association of Commerce, Greater Milwaukee Committee and Bradley Center Sports and Entertainment Corp.

For the following reasons the Board concluded that Ms. Whitelaw should serve as a director of Sensient in light of its business and structure, at the time it files this proxy statement. Ms. Whitelaw has significant regulatory compliance and human resources experience, including developing and implementing compensation policies and designing incentive programs for sales and customer service employees to achieve business objectives while managing risk. Ms. Whitelaw is Sensient's longest serving independent director and the only one of its current independent directors who resides in the Midwestern U.S., where Sensient's headquarters and most of its domestic facilities are located. Sensient values Ms. Whitelaw's involvement in civic and community activities in the local community, and her experiences with regulatory compliance, risk management and human resources allow her to make valuable contributions to Sensient's Board and Board committees, including the Compensation and Development Committee and the Nominating and Corporate Governance Committee.

Except as noted, all nominees have held their current positions or otherwise have served in their respective positions with the listed organizations for more than five years. No director, nominee for director or executive officer had any material interest, direct or indirect, in any business transaction of the Company or any subsidiary since the beginning of 2012 nor does any director, nominee or executive officer have any material interest, direct or indirect, in any such proposed transaction, except that: (1) Sealed Air Corporation, of which Mr. Hickey was Chief Executive Officer until March 1, 2013, purchased \$130,076 and \$143,994 in colors from one or more units of the Company in 2012 and 2011, respectively; (2) a Sensient subsidiary purchased \$217,849 and \$100,093 in packaging or industrial cleaner from Sealed Air in 2012 and 2011, respectively; (3) during 2009 the Company hired Mr. Paul Manning, the son of Mr. Kenneth P. Manning (Sensient's Chairman of the Board and Chief Executive Officer), and he currently serves as the President and Chief Operating Officer of the Company, and in January 2013 the Company hired Mr. John Manning (son of Mr. Kenneth P. Manning and brother of Mr. Paul Manning), and he currently serves as Vice President and Assistant General Counsel; and (4)



Mr. Cichurski provided accounting consulting services to the Company from 2007 until his nomination as a director in exchange for a consulting fee of \$35,000 per annum. See “Transactions with Related Persons” below. The Board has determined that all members of the Board, except Mr. Kenneth Manning and Mr. Paul Manning, are independent under the applicable rules of the New York Stock Exchange and the Securities and Exchange Commission (the “SEC”), and that the relationships of Mr. Hickey and Mr. Cichurski did not impair their independence. See “Corporate Governance - Director Independence” below.

## Corporate Governance

### General

The Board is responsible for exercising the corporate powers of the Company and overseeing the management of the business and affairs of the Company, including management’s establishment and implementation of key strategic priorities and initiatives. Long-term, sustainable value creation and preservation are possible only through the prudent assumption and management of both risks and potential rewards, and Sensient’s Board as a whole takes a leading role in overseeing the Company’s overall risk tolerances as a part of the strategic planning process and in overseeing the Company’s management of strategic risks. The Board has delegated to the Audit Committee primary responsibility for overseeing the executives’ risk assessments and implementation of appropriate risk management policies and guidelines generally, including those related to financial reporting and regulatory compliance, provided that it has delegated to the Compensation and Development Committee primary oversight responsibility to insure that compensation programs and practices do not encourage unreasonable or excessive risk-taking and that any risks are subject to appropriate controls and it has delegated to the Finance Committee primary oversight responsibility with respect to Sensient’s capital structure and its types and amounts of insurance and with respect to foreign currency management.

### Board Meetings and Meeting Attendance

The Board of Directors met six times during 2012. Each director attended at least 75% of the meetings of the Board and the Board Committees on which he or she served that were held during 2012. The Company’s Corporate Governance Guidelines provide that all directors are expected to regularly attend meetings of the Board and the committees of which they are members and to attend the Annual Meeting of Shareholders. In 2012, all Board members attended the Annual Meeting of Shareholders.

### Committees of the Board of Directors

#### Executive Committee

The Executive Committee of the Board of Directors, which currently consists of Messrs. Croft, Hickey, Kenneth Manning (Chairman) and Paul Manning and Dr. Clydesdale, met twice in 2012. This Committee has the power and authority of the Board of Directors in directing the management of the business and affairs of the Company in the intervals between Board of Directors meetings, except to the extent limited by law, and reports its actions at regular meetings of the Board.

#### Audit Committee

The Audit Committee of the Board of Directors met ten times during 2012. Messrs. Brown (Chairman), Croft and Hickey are the current members of the Audit Committee. All members of the Audit Committee meet the independence and experience requirements of the New York Stock Exchange and the SEC applicable to directors generally and to members of audit committees and none of them serves on the audit committee of more than three public companies.



This Committee, among other things:

- has sole responsibility to appoint, terminate, compensate and oversee the independent auditors of the Company and to approve any audit and permitted non-audit work by the independent auditors;
- reviews the adequacy and appropriateness of the Company's internal control structure and recommends improvements thereto, including management's assessment of internal controls and the internal audit function and risk management activities in general;
- reviews with the independent auditors their reports on the consolidated financial statements of the Company and the adequacy of the financial reporting process, including the selection of accounting policies;
- reviews and discusses with management the Company's practices regarding earnings press releases and the provision of financial information and earnings guidance to analysts and ratings agencies;
- obtains and reviews an annual report of the independent auditor covering the independent auditor's independence, quality control, and any inquiry or investigation by governmental or professional authorities within five years;
  - sets hiring policies for employees or former employees of the independent auditor;
- establishes procedures for receipt of complaints about accounting, internal accounting controls, auditing or other compliance matters;
- reviews and oversees management's risk assessment and risk management policies and guidelines generally, including those related to financial reporting and regulatory compliance; and
- reviews the adequacy and appropriateness of the various policies of the Company dealing with the principles governing performance of corporate activities. These policies, which are set forth in the Company's Code of Conduct, include antitrust compliance, conflicts of interest and business ethics.

The Board has adopted a written charter for the Audit Committee, which is included in the Company's Bylaws and posted on its website. The Audit Committee reviews and reassesses the adequacy of this charter at least annually. The Board has also adopted a Code of Ethics for Senior Financial Officers, as contemplated by the Sarbanes-Oxley Act of 2002. The Board has determined that Mr. Hickey is an audit committee financial expert in accordance with SEC rules. Any changes made to the Code of Ethics, and any waivers granted thereunder, will be posted and available on the Company's website.

#### Compensation and Development Committee

The current members of the Compensation and Development Committee of the Board of Directors, which held four meetings during 2012, are Mr. Croft (Chairman), Dr. Clydesdale and Ms. Whitelaw. Each member of the Committee satisfies New York Stock Exchange independence requirements applicable to directors generally and to members of compensation committees.

Among the Committee's responsibilities are:

- to review and approve all compensation plans and programs (philosophy and guidelines) of the Company and, in consultation with senior management and taking into consideration recent shareholder advisory votes and any other shareholder communications regarding executive compensation, oversee the development and implementation of

the Company's compensation program, including salary structure, base salary, short- and long-term incentive compensation such as restricted stock awards (including the relationships between incentive compensation and risk-taking) and nonqualified benefit plans and programs, including fringe benefit programs;

- to review and discuss with management the policies and practices of the Company and its subsidiaries for compensating their employees, including non-executive officers and employees, to insure those policies do not encourage unreasonable or excessive risk-taking and that any risks are subject to appropriate controls;
- to review and make recommendations to the Board with respect to all compensation arrangements and changes in the compensation of the officers appointed by the Board, including, without limitation (i) base salary; (ii) short- and long-term incentive compensation plans and equity-based plans (including overseeing the administration of these plans and discharging any responsibilities imposed on the Committee by any of these plans); (iii) employment agreements, severance arrangements and change-in-control agreements/provisions, in each case as, when and if appropriate; and (iv) any special or supplemental benefits; and
- at least annually, to review and approve corporate goals and objectives relevant to compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives, report the results of the evaluation to the Board and set the Chief Executive Officer's compensation level based on this evaluation.

Sensient designs its overall compensation programs and practices, including incentive compensation for both executives and non-executive employees, in a manner intended to support its strategic priorities and initiatives to enhance long-term sustainable value without encouraging unnecessary or unreasonable risk-taking. At the same time, the Company recognizes that its goals cannot be fully achieved while avoiding all risk. Management periodically reviews Sensient's compensation programs and practices in the context of its risk profile, together with its other risk mitigation and risk management programs, to ensure that these programs and practices work together for the long-term benefit of the Company and its shareholders. Based on its recently completed review of Sensient's compensation programs, management concluded that Sensient's incentive compensation policies for both executive and non-executive employees have not materially and adversely affected Sensient in the recent past, and are not likely to have a material adverse effect in the future. See "Compensation Discussion and Analysis" for an analysis of material compensation policies and procedures with respect to the Company's named executive officers and "Compensation and Development Committee Report" for the Committee's 2012 report on compensation matters.

#### Finance Committee

The Finance Committee of the Board of Directors, which currently consists of Messrs. Brown, Hickey (Chairman), Paul Manning and Salmon and Dr. Wedral, held three meetings during 2012. Among other things, this Committee reviews and monitors the Company's financial planning and structure to ensure conformity with the Company's requirements for growth and fiscally sound operation, and also reviews and approves:

- the Company's annual capital budget, long-term financing plans, borrowings, notes and credit facilities, investments and commercial and investment banking relationships;
- existing insurance programs, foreign currency management and the stock repurchase program;
- the financial management and administrative operation of the Company's qualified and nonqualified benefit plans; and
- such other matters as may from time to time be delegated to the Committee by the Board or provided in the Bylaws.

#### Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee of the Board of Directors, which currently consists of Messrs. Brown and Hickey, Dr. Clydesdale and Ms. Whitelaw (Chairman), met three times during 2012. Each member of the Committee satisfies New York Stock Exchange independence requirements.

Among other functions, this Committee:

- studies and makes recommendations concerning the composition of the Board and its committee structure, including the Company's Director Selection Criteria, and reviews the compensation of Board and Committee members;
- recommends persons to be nominated by the Board for election as directors of the Company and to serve as proxies at the Annual Meeting of Shareholders;
  - considers any nominees recommended by shareholders;
  - assists the Board in its determination of the independence of each director;
  - develops corporate governance guidelines for the Company and reassesses such guidelines annually; and
- oversees the system of corporate governance and the evaluation of the Board and management from a corporate governance standpoint.

The Committee identifies and recommends Board candidates it determines are qualified and suitable to serve as a director consistent with the criteria for selection of directors adopted by the Board, including promoting a variety of perspectives, professional experience, education, skills and other individual qualities and attributes on the Board as a whole. A copy of the Company's Director Selection Criteria is attached as Appendix A to this proxy statement. Recommendations for Board candidates may be made to the Committee by the Company's Chairman and Chief Executive Officer, other current Board members and Company shareholders. The Committee also from time to time utilizes the services of third-party search firms. Once appropriate candidates are identified, the Committee evaluates their qualifications to determine which candidate best meets the Company's Director Selection Criteria, without regard to the source of the recommendation. Recommendations by shareholders for director nominees should be forwarded to the Secretary of the Company, who will relay such information to the Committee Chair. The recommendations should identify the proposed nominee by name, should describe every arrangement or understanding with such person, should describe whether, and if so how, the nominee would contribute to the variety of perspectives, professional experience, education, skills or other individual qualities and attributes of Sensient's Board and should provide at least the questionnaire, nominee affirmations and other materials specified in the Bylaws, including the detailed information about the nominee that is required by SEC rules for the solicitation of proxies for election of directors. Shareholders should look to the information required pursuant to the Company's Bylaws for shareholder nominations and to the information included in this proxy statement regarding directors and nominees as a guide to the information required. Shareholders also have the right to directly nominate a person for election as a director so long as the advance notice, nominee affirmations and informational requirements contained in the Bylaws and applicable law are satisfied. All nominees must affirm that they have truthfully completed a directors' and officers' questionnaire; that they are not an employee, director or affiliate of a competitor; that they will protect confidential information and serve the interests of Sensient and its shareholders collectively; and that they will comply with applicable law and Sensient's Code of Conduct and other policies and guidelines. See the discussion under "Future Shareholder Proposals and Nominations" below.

#### Scientific Advisory Committee

The Scientific Advisory Committee of the Board of Directors, which currently consists of Drs. Clydesdale (Chairman) and Wedral, Messrs. Croft, Kenneth Manning, Paul Manning and Salmon, and Ms. Whitelaw, met twice during 2012.



Among other functions, this Committee:

- reviews the Company's research and development programs with respect to the quality and scope of work undertaken;
  - advises the Company on maintaining product leadership through technological innovation; and
- reports on new technological trends and regulatory developments that would significantly affect the Company and suggests possible new emphases with respect to its research programs and new business opportunities.

#### Committee Charters, Codes of Conduct and Ethics, and Other Governance Documents

The Charters for the Audit, Compensation and Development, and Nominating and Corporate Governance Committees of the Company's Board of Directors are included in the Company's Bylaws and are available on the Company's website ([www.Sensient.com](http://www.Sensient.com)). The Company is strongly committed to the highest standards of ethical conduct, and its Code of Conduct, Standards of Conduct for International Employees, Code of Ethics for Senior Financial Officers, Corporate Governance Guidelines, Stock Ownership Guidelines for Elected Officers and Stock Ownership Guidelines for Independent Directors are also posted on the Company's website. If there are any amendments to the Code of Conduct, the Standards of Conduct, the Code of Ethics, the Corporate Governance Guidelines or the stock ownership guidelines, or if waivers from any of them are granted for executive officers or directors, those amendments or waivers also will be posted on the Company's website.

#### Board Leadership Structure; Executive Sessions of Non-Management and Independent Directors

Mr. Kenneth Manning has been an officer and director of the Company for over 25 years. He is Sensient's Chairman of the Board (since 1997) and Chief Executive Officer (since 1996). He was also President until October 18, 2012. The Board has great confidence in his leadership. Mr. Manning's employment agreement with the Company calls for him to continue to serve the Company as its Chairman of the Board and Chief Executive Officer through February 1, 2014, and the Board has determined that the combination of those roles remains appropriate. At the Board's request, Mr. Manning has agreed (and his employment agreement expresses an intention) that he will continue as a non-employee Chairman of the Board through December 31, 2015 to assist both the Board and management during the transition to new leadership.

The Company's non-management directors, who also currently constitute the independent directors, meet at regularly scheduled executive sessions without management not less frequently than three times per year. The independent directors must meet in executive session at least once per year without any other non-management directors present. The non-management, independent directors held three executive sessions during 2012. Because the Company's Chairman is also its Chief Executive Officer and therefore does not attend the executive sessions, the responsibility for presiding at these meetings is rotated among all independent members of the Board of Directors in alphabetical order.

This proxy statement describes our philosophy, policies and practices regarding corporate governance, risk management and executive compensation. Interested parties who wish to make their views or concerns known regarding these matters may communicate with management or with any non-management or independent directors or the Board as a whole in writing addressed to the attention of the Company Secretary. The Company's Corporate Governance Guidelines provide that all communications to Board members will be relayed by the Company Secretary to the appropriate Board members unless the content is obviously inappropriate for Board review.



## Board Role in Risk Oversight

As noted above, Sensient is convinced that long-term, sustainable value creation and preservation are possible only through the prudent assumption and management of both risks and potential rewards, and Sensient's Board as a whole takes a leading role in establishing the Company's overall risk tolerances as a part of the strategic planning process and in overseeing the Company's management of strategic risks. The Board has delegated to the Audit Committee primary responsibility for overseeing the executives' risk assessments and implementation of appropriate risk management policies and guidelines generally, including those related to financial reporting and regulatory compliance, provided that it has delegated to the Compensation and Development Committee primary oversight responsibility to insure that compensation programs and practices do not encourage unreasonable or excessive risk-taking and that any risks are subject to appropriate controls and it has delegated to the Finance Committee primary oversight responsibility with respect to Sensient's capital structure and its types and amounts of insurance and with respect to foreign currency management. The Board and these committees receive periodic reports on these matters from management and the personnel in charge of the related risk management activities.

## Director Independence

The Company's Corporate Governance Guidelines provide guidelines for determining whether a director is independent from management. For a director to be considered independent, the Board must make an affirmative determination that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). The guidelines contain the following specific criteria, which reflect the currently applicable SEC and New York Stock Exchange rules, to assist the Board in determining whether a director has a material relationship with the Company. A director is not considered independent if:

- The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer of the Company.
- The director has received, or has an immediate family member who has received for service as an executive officer, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company (other than director and committee fees and pension or other non-contingent deferred compensation for prior service).
- (A) The director is a current partner or employee of a firm that is the Company's internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who personally works on the Company's audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company's audit within that time.
- The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company and any of the Company's present executive officers at the same time serves or served on that company's compensation committee.
- The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to or received payments from the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of the other company's consolidated gross revenues.



In addition, the guidelines state that no director shall be independent unless he or she shall meet the requirements for independence under applicable securities laws. Members of the Audit Committee and of the Compensation and Development Committee are subject to additional independence requirements. For purposes of determining independence, the "Company" includes any parent or subsidiary in a consolidated group with the Company.

Based on these criteria, the Board has affirmatively determined that Messrs. Brown, Croft and Hickey, Drs. Clydesdale and Wedral and Ms. Whitelaw (who constitute all of the director nominees who are current members of the Board except Mr. Kenneth Manning and Mr. Paul Manning), and also Mr. Cichurski (the only new nominee), are independent under the applicable rules of the New York Stock Exchange and the SEC and the Company's independence criteria. Mr. Cichurski also meets the additional independence requirements applicable to members of the Audit Committee. In making this determination, the Board reviewed information provided by each of the nominees to the Company. The Company has no relationships with any of the independent nominees (other than as a director and a shareholder), except that: (1) Sealed Air Corporation, of which Mr. Hickey was Chief Executive Officer until March 1, 2013, purchased \$130,076 and \$143,994 in colors from one or more units of the Company in 2012 and 2011, respectively; (2) a Sensient subsidiary purchased \$217,849 and \$100,093 in packaging or industrial cleaner from Sealed Air in 2012 and 2011, respectively, and (3) Mr. Cichurski provided accounting consulting services to the Company from 2007 until his nomination as a director in exchange for a consulting fee of \$35,000 per annum. These amounts are immaterial in size to both Sensient and the other parties involved, and the Board determined that these relationships did not impair the independence of its nominees.

#### Director Compensation and Benefits

Directors who are not employees of the Company are entitled to receive an annual retainer of \$40,000 and fees of \$1,500 for each Board and Committee meeting attended (\$3,000 per meeting attended in the case of the Scientific Advisory Committee) in addition to reimbursable expenses for such attendance. Each Committee chairperson is entitled to receive an additional \$8,000 annually for serving in that capacity, except that the chairperson of the Audit Committee is instead entitled to receive \$12,000 annually for serving in that capacity.

The Company has an unfunded retirement plan for non-employee directors who have completed at least one year of service with the Company as a director. The plan provides a benefit equal to the annual retainer for directors in effect at the time of the director's departure from the Board. This benefit, payable only during the lifetime of the participant, continues for a period equal to the amount of time the individual was an active director. During the benefit period, the participant must be available to the Chairman of the Board for consultation.

The Company has a Directors' Deferred Compensation Plan available to any director who is entitled to compensation as a Board member. Under this plan, the maximum amount that is eligible to be deferred is the total of all fees paid to the director by reason of his or her membership on the Board or any Committee thereof. The plan provides that directors may defer all or part of their director fees and the deferral may be in cash or Common Stock. The fees deferred in cash are credited to individual deferred compensation accounts that bear interest at the rate of 8.0% per annum. The amounts deferred pursuant to this plan will be paid either: (i) in a lump sum on January 31st of the calendar year following the year in which the director ceases to be a director or on January 31st of any year thereafter; or (ii) in five equal consecutive annual installments commencing on January 31st of the first calendar year after the director ceases to serve as a director. In the event of death, the balance in a director's account will be paid in a lump sum to a designated beneficiary or to the director's estate.

The Company has a director stock plan for any director who is not an employee of the Company. The director stock plan was amended by the Board in December 2012 and for 2013 provides for an annual grant of 1,800 shares of the Company's common stock to each non-employee director on the Annual Meeting date. The shares vest in increments of one-third of the total grant on each of the first, second and third anniversaries of the date of grant. Even after

vesting, the shares are subject to Sensient's stock ownership guidelines for non-employee directors, including a requirement that directors hold at least 75% of future awards (net of taxes and any exercise price) until separation from the Board, with limited exceptions for exercise and sale of shares from stock options expiring within one year and for sale of up to 50% of vesting restricted stock to permit payment of related taxes.

Set forth below is a summary of the compensation paid to each non-employee director in fiscal 2012:

2012 DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)(3)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
H. Brown	\$ 83,500	\$ 56,175	\$ 31,000	\$ -	\$ 170,675
Dr. F. M. Clydesdale	76,500	56,175	17,000	-	149,675
J. A.D. Croft	84,000	56,175	19,000	-	159,175
W. V. Hickey	82,500	56,175	30,000	-	168,675
P. M. Salmon	59,500	56,175	42,119	-	157,794
Dr. E. R. Wedral	59,500	56,175	35,000	-	150,675
E. Whitelaw	73,500	56,175	48,000	-	177,675

(1) Includes annual retainer, meeting attendance and chairmanship fees.

(2) The amounts in the table reflect the grant date fair value of stock awards to the named director in 2012. Accounting Standards Codification (“ASC”) 718 requires recognition of compensation expense over the vesting period (or until retirement age) for stock options and other stock-related awards granted to Sensient employees and directors based on the estimated fair value of the equity awards at the time of grant. The assumptions used to determine the valuation of the awards are discussed in note 6 to Sensient’s consolidated financial statements. The 2012 restricted stock awards to directors were made on April 26, 2012. The grant date fair value of the 2012 restricted stock award to each director was \$37.45 per share.

(3) The shares of restricted stock awarded to directors vest in increments of one-third of the total grant on each of the first, second, and third anniversaries of the date of grant.

(4) Each non-employee director had the following equity awards outstanding as of the end of fiscal 2012:

Option  
Awards