



SUSTAINABLE PALM OIL POLICY

Policy Owner: Global Procurement and Global Sustainability

Effective Date: 10 December 2021

Introduction and Supply Chain Context

At IFF, an industry leader in food, beverage, scent, health and biosciences, science and creativity meet to create essential solutions for a better world so we can deliver end-to-end solutions for our customers and consumers.

The unsustainable production of palm oil can be linked to deforestation, conversion of other natural ecosystems, biodiversity destruction and human rights abuses. IFF has a role to play and is committed to sourcing palm oil in a sustainable manner. That implies, for example, contributing to the protection and conservation of forests, peatlands and biodiversity; respecting human rights; contributing to better livelihoods; and ensuring transparency about palm oil origin. Sustainability is central to the way we source and work with suppliers, and we are committed to driving improvement through our palm oil supply chain and contributing to the transformation of the wider palm oil sector. Our intention is to source all palm oil sustainably.

IFF does not source from mills and plantations directly and is not involved in the primary production of palm oil. Our purchases of palm-based raw materials include processed palm oil, sourcing materials that contain refined palm oil, derivatives and fractions. Our first-tier suppliers include refineries, oleochemical companies supplying refined palm oil and derivatives, and distributors of products that contain some volumes of palm-based derivatives.

IFF operates primarily in the Business to Business (B2B) market, which means that we are a midstream company in the palm oil supply chain. With our global presence, both in terms of manufacturing and the markets we serve, we believe that partnerships with our supply chain partners play an important role in supporting the availability of sustainable products.

Implementation Commitments

We aim to implement our above commitments through the following line of actions, including working in priority areas within and beyond our supply chains:

1. Source from deforestation and conversion free palm oil supply chains by 2025.
2. Continue to support RSPO as a mechanism to mainstreaming sustainable palm oil. We will source exclusively from RSPO members and source 100 percent physical¹ certified RSPO palm oil, palm kernel oil and their derivatives by 2025 globally. We will also increase RSPO Supply Chain certification for our manufacturing facilities, enabling us to supply RSPO certified ingredients to our customers.
3. Provide supply chain transparency in the palm oil supply chain through traceability.
4. Engage with direct suppliers, including the requirement of time-bound plans to meet policy commitments, address potential supply chain risks and support best practices.
5. Encourage our suppliers to minimize greenhouse gas emissions (GHGs) linked to palm oil production and processing and to report on progress.
6. Support the livelihoods of smallholder growers and the local sustainable development of communities through collaboration with our direct suppliers.
7. Monitor and address any potential non-policy compliance via a grievance mechanism which aligns with UNGPs Principle 31 on effective grievance mechanisms as well as close collaboration with our suppliers.
8. Participate in leading multi-stakeholder industry platforms where we can engage and drive collective change with NGOs, supply chain actors and other relevant stakeholders.
9. Monitor and report regularly, transparently, and publicly on our progress via our website and annual reporting, using KPIs.
10. Review of this Policy and implementation plan with targets and actions in the areas outlined above.

These commitments apply to 100 percent of the palm oil, palm kernel oil and their derivatives that IFF sources globally. Our ability to achieve this commitment depends heavily on the changing practices of the palm industry and the future market availability of the palm derivatives used in our products.

¹ RSPO physical models include RSPO Identity Preserved (IP), RSPO Segregated (SG) and RSPO Mass Balance (MB)

Principles

We support the Roundtable on Responsible Palm Oil's (RSPO) vision of transforming the palm oil industry and related tools such as the RSPO Principles and Criteria for the Production of Sustainable Palm Oil and the RSPO Shared Responsibility Requirements. With the engagement of our suppliers involved in the production of palm oil, we commit to the three (3) principles set forth below.

1. Protect natural forests, natural ecosystems and biodiversity from deforestation and conversion

Ensure that natural ecosystems are protected and there is no conversion of forests and other natural ecosystems. Furthermore, the following principles are critical:

- Palm oil does not originate from land cleared of [High Conservation Values areas](#) (HCV) and [High Carbon Stock \(HCS\) Forest areas](#).
- Assessments and new planting developments assessments follow HCV Resource Network requirements and HCS Approach. Identified HCV and HCS areas are managed and monitored to maintain or enhance HCV and to protect HCS forests.
- Fire is not used in the preparation of new planting, replanting or any developments, except for exceptional circumstances as defined by RSPO.
- There are no new plantings on peat, as defined by RSPO, regardless of depth and existing plantations on peat following the RSPO's Best Management Practices for palm cultivation on peat.

This Policy follows a cut-off date for deforestation and conversion of December 31, 2015.

2. Respect human rights including those of indigenous people, local communities, workers and smallholders

Our approach to respecting human rights is outlined in IFF's Global Human Rights Policy and IFF's Slavery and Human Trafficking Statement (see [IFF Policy Center](#)), which set out our commitment to the Universal Declaration of Human Rights, United Nations Guiding Principles (UNGPs) for Business and Human Rights, United Nations Global Compact and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

The respect for human rights applies equally for all persons, and no discrimination is tolerated. Respect for human rights includes right-holders most at risk such as all workers (employees, contractors, temporary, seasonal, and part-time workers) regardless of race, gender or sexual orientation, for example. Respect for human rights also applies to indigenous people, as well as human rights and environmental defenders, throughout the value chain. For the specific context of palm oil production and processing, the following principles are critical:

- No child labor.
- No forced or compulsory labor. Human trafficking and debt bondage are not allowed, and ethical recruitment practices are followed.
- The right to freedom of association and collective bargaining is upheld.
- Workplaces are safe and healthy. No abusive practices or undue disciplinary procedures occur.
- Work hours are legal, and wages and benefits are fair.
- Rights of indigenous, local communities, and others who may be impacted by companies' activities are respected, including their entitlement to Free, Prior and Informed Consent (FPIC). This is done in a culturally appropriate manner, in accordance with the traditions, norms, and values of these peoples and communities, and through the representatives and institutions they choose.
- Challenges faced by women, vulnerable persons, and marginalized groups are specifically taken into consideration and addressed according to relevant international standards².
- Facilitate the inclusion of smallholders into palm oil supply chains.
- IFF is committed to manage potential grievances in our supply chains through open and transparent collaboration with our suppliers and other relevant stakeholders. IFF will rely on established grievance systems where they exist and are deemed to be relevant and functional, such as the RSPO grievance process.

3. Uphold highest standards of transparency on progress towards no-deforestation, no-conversion, and respect to human rights commitments.

IFF is committed to bringing more transparency into palm oil supply chains. This is a necessary condition to drive positive change with partners at scale.

² Some of the relevant international standards are the following: Convention on the Right of the Child (CRC), Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), ILO C169 and the UN Declaration on the Rights of Indigenous People, the Declaration on human rights defenders, the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (ICMW), ILO C97 and ILO C143, among others.

Scope

This Policy applies to all palm-based raw materials (refined palm oil, palm kernel oil and derivatives) sourced globally by IFF and its subsidiaries³. Its implementation will be done in stages and we will transparently report on progress in a regular manner. We expect all direct and indirect suppliers, including third party manufacturers of palm-based raw materials to adhere to expectations in this Policy and support IFF in its ambitions to do more good for people and planet.

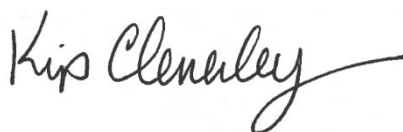
Supplier Requirements

When procuring palm-based products, we expect our direct suppliers to meet these requirements:

1. Adhere to our Vendor Code of Conduct and Responsible Sourcing Policy (see [IFF Policy Center](#)).
2. Comply with all applicable local and international regulations. The higher standard must be followed.
3. Have a sustainable palm oil policy and timebound plan that includes third party suppliers and are consistent with all the Principles for palm oil production outlined in the section above.
4. Have a robust due diligence mechanism that allows suppliers to monitor and address social and environmental risks in their supply chain. This must include the use of technology and spatial data to assess risks of deforestation and conversion.
5. Have a robust and public grievance mechanism in place which aligns with UNGP Principle 31.
6. Remediate non-compliance when it is found that the supplier has been linked to deforestation or other forms of conversions based on the cut-off date outlined in our Principles.
7. Provide an effective remedy when a supplier has been linked to or caused negative human rights impacts.
8. Share with IFF traceability information specific to its supply chains. That includes processing facilities supplying directly and indirectly as well as the agricultural supply area by sharing location of mills and plantations linked to IFF supply chains.
9. Support a culture of trust by addressing requests for collaboration, information sharing and action. That includes sharing information on deforestation and conversion free volumes as well as proactive communication on potential supply chain issues, so we can find the best approach forward.



Gladys Gabriel
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Where to go for help

If you have questions about this Policy or believe that someone may have violated it, please contact IFF's Global Ethics & Compliance team at compliance@iff.com. You may also report a concern or violation at <http://iff.com/speakup>.

IFF strictly forbids reprisal, retaliation, or subsequent discrimination against any person who in good faith raises a concern or reports possible misconduct. IFF will investigate alleged misconduct in relation to this Policy in accordance with internal procedures on investigations. Any IFF Personnel who violates this Policy may be subject to disciplinary measures, up to and including termination of employment.

³ For new businesses that become part of IFF, there will be an adaptation period of one year after integration.

Definitions

This policy uses the Accountability Framework Initiative (AFI)⁴ definitions for a number of terms:

Business Partner: Any agent, distributor, joint venture and equity investment partner, customs broker, consultant or any other third party that is authorized to act for, or on behalf of, IFF.

Code: IFF's Code of Conduct

IFF: International Flavors & Fragrances, Inc. and its subsidiaries and affiliates and any company that is directly or indirectly wholly or majority-owned or otherwise controlled by it.

Direct suppliers: Any person(s) or organization providing raw materials and goods used directly in IFF manufacturing processes.

Indirect suppliers: Any person(s) or organization providing palm based raw materials not used directly in IFF manufacturing processes. This includes tier 2 or third-party suppliers and contract manufactures.

Deforestation: is the loss of natural forest because of i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation (AFi).

Conversion: is the change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function. Conversion includes severe degradation or the introduction of management practices that result in substantial and sustained change in the ecosystem's former species composition, structure, or function (AFi).

Cut-off date: is the date after which deforestation or conversion renders a given area or production unit non-compliant with no-deforestation or no-conversion commitments, respectively (AFi).

Free, Prior, Informed Consent (FPIC): A collective human right of indigenous peoples and local communities to give and withhold their consent prior to the commencement of any activity that may affect their rights, land, resources, territories, livelihoods, and food security. It is a right exercised through representatives of their own choosing and in a manner consistent with their own customs, values, and norms (AFi).

Forest: Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ⁵. It does not include land that is predominantly under agricultural or other land use. Forest includes natural forests and tree plantations. For the purpose of implementing no-deforestation supply chain commitments, the focus is on preventing the conversion of natural forests, which is defined as a forest that is a natural ecosystem (AFi).

Natural Forest: A forest that is a natural ecosystem. Natural forests possess many or most of the characteristics of a forest native to the given site, including species composition, structure, and ecological function. Natural forests include: Primary forests that have not been subject to major human impacts in recent history; Regenerated (second-growth) forests that were subject to major impacts in the past (for instance by agriculture, livestock raising, tree plantations, or intensive logging) but where the main causes of impact have ceased or greatly diminished and the ecosystem has attained much of the species composition, structure, and ecological function of prior or other contemporary natural ecosystems; Managed natural forests where much of the ecosystem's composition, structure, and ecological function exist in the presence of activities such as harvesting of timber or other forest products, including management to promote high-value species, low intensity, small-scale cultivation within the forest, such as less-intensive forms of swidden agriculture in a forest mosaic; and Forests that have been partially degraded by anthropogenic or natural causes (e.g., harvesting, fire, climate change, invasive species, or others) but where the land has not been converted to another use and where degradation does not result in the sustained reduction of tree cover below the thresholds that define a forest or sustained loss of other main elements of ecosystem composition, structure, and ecological function (AFi).

Grievance mechanism: is any routinised process through which grievances concerning business-related negative impact on human rights or the environment can be raised, and remedy can be sought. According to Principle 31 of the UNGP on Business and Human Rights, this mechanism should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning and based on engagement and dialogue⁶ (AFi).

⁴ Source: <https://accountability-framework.org/the-framework/contents/definitions/>

⁵ Source: Food and Agriculture Organization of the United Nations (FAO), with further elaboration and clarification provided for the Accountability Framework.

⁶Source:

<https://www.ohchr.org/EN/Issues/Business/Pages/CorporateHRDueDiligence.aspx#:~:text=Human%20rights%20due%20diligence%20is,with%20which%20they%20are%20involved&text=Risks%20to%20human%20rights%20defenders,voices%20need%20to%20be%20considered.>