



## ENVIRONMENTAL SUSTAINABILITY POLICY

**Policy Owner:** Global Sustainability

**Effective Date:** May 29, 2024

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### I. SUMMARY

IFF recognizes that we face significant global environmental challenges. How we operate our business has a direct impact on the environment, our employees, our customers and suppliers. The objective of this Environmental Sustainability Policy (the “Policy”) is to communicate IFF’s position and response to global environmental challenges. The Policy aligns with IFF’s purpose and vision, as well as our ESG+ commitments encompassed within our 2030 [Do More Good Plan](#). The Policy is intended to provide guidance and direction for IFF’s direct operations and value chain as we continue to strive to Do More Good for people and planet.

### II. APPLICABILITY & SCOPE

This Policy applies to all IFF Personnel, Business Partners, Direct and Indirect Suppliers, as well as contractors, consultants and temporary employees or secondees.

This Policy and other relevant policies and procedures set a minimum standard that must be followed. Where local laws, regulations or rules impose a higher standard, that higher standard must be followed.

### III. DEFINITIONS

**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.

**Carbon Neutral:** Refers to achieving net zero carbon dioxide emissions by balancing carbon dioxide emissions with removal (i.e., funding an equivalent amount of carbon savings elsewhere in the world) or simply eliminating CO<sub>2</sub> emissions through operational efficiency measures.

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

**ESG (Environmental, Social, Governance):** Three central factors in measuring the sustainability and societal impact of an investment in a company or business. A more complete lens to determine future financial performance of companies than “CSR,” “citizenship,” “sustainability,” etc., and one aligned with investor priorities.

**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.

**IFF Personnel:** Any worldwide employee, officer or director of IFF.

**Indirect Suppliers:** Any person(s) or organization providing services and goods not considered raw materials.

**KPI:** Key performance indicators.

**Maximum Diversion:** This is an internal verification for IFF facilities that have government restrictions or are in a region which lacks recycling options. These facilities have performed the maximum diversion efforts but have not met the guidelines of IFF’s internal ZWL program.

**Net Positive:** Going beyond net zero greenhouse gas (GHG) emissions by removing additional emissions from the atmosphere and creating an environmental benefit (e.g., a company that eliminates fossil fuels from operations and generates more renewable energy than they consume).

**Net Zero:** Concept in which human-caused emissions are reduced to as close to zero as possible, with the remaining balanced through an equivalent amount of carbon removal (e.g., restoring forests or direct air capture/storage technology). The call by scientists to reach “net-zero” by mid-century is to avoid the worst climate impacts.

**PPA (Power Purchase Agreement):** A long-term agreement between two parties in which the buyer agrees to ensure the project earns a fixed price when the electricity is sold in a wholesale market. Power is physically delivered to buyer. Renewable energy project and buyer must be in the same grid region. Limited to states that permit direct retail access.

**RECs (Renewable Energy Credits):** A market-based instrument that represents the property rights to the environmental, social and other non-power attributes of renewable electricity generation. RECs are issued when one megawatt-hour (MWh) of electricity is generated and delivered to the electricity grid from a renewable energy resource.<sup>1</sup>

**Science-Based Target (SBT):** Clearly-defined pathways for companies to reduce GHG emissions, in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels.

**Scope 1 emissions:** Direct GHG emissions that occur from sources that are controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces and vehicles).<sup>2</sup>

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<sup>1</sup> <https://www.epa.gov/green-power-markets/renewable-energy-certificates-recs>

<sup>2</sup> [EPA Center for Corporate Climate Leadership, Scope 1 and Scope 2 Inventory Guidance](#)

**Scope 2 emissions:** Indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling. Although Scope 2 emissions physically occur at the facility where they are generated, they are accounted for in an organization's GHG inventory because they are a result of the organization's energy use.<sup>2</sup>

**Scope 3 emissions:** The result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly affects in its value chain. Scope 3 emissions include all sources not within an organization's Scope 1 and 2 boundaries. The Scope 3 emissions for one organization are the Scope 1 and 2 emissions of another organization.<sup>3</sup>

**Suppliers:** IFF's Direct and Indirect Suppliers.

**Task Force on Climate-Related Financial Disclosures:** The Financial Stability Board (FSB) created the Task Force on Climate-related Financial Disclosures (TCFD) in 2015 to improve and increase reporting of climate-related financial information. Following the release of the Task Force's 2023 Status Report, upon request of the FSB, the TCFD has been disbanded.

**vPPA (Virtual Power Purchase Agreement):** A financial contract between a buyer and a renewable energy project. The two parties enter a long-term financial agreement in which the buyer agrees to ensure the project earns a fixed price when the electricity is sold in a wholesale market.<sup>4</sup>

**ZWL (Zero Waste to Landfill):** Diverting disposal of waste from landfills by moving up through the waste hierarchy of reducing material consumption and waste; reusing materials; recycling (includes composting and anaerobic digestion); and then, for what's leftover, energy recovery. Facilities earn this internal verification by meeting all IFF's ZWL requirements.

#### IV. POLICY INTRODUCTION

IFF is a leading creator and manufacturer of food, beverage, health & biosciences, scent and pharma solutions and complementary adjacent products, which are used in a wide variety of consumer products. We recognize the need to reduce our environmental footprint not only within our operational control but also throughout our value chain. This also complements our global corporate strategy for responsible sourcing.

IFF's Global Sustainability team supports our manufacturing facilities in their transition to low carbon manufacturing as well as reducing our waste and water use volumes. This is done through many internal programs, such as our sustainability and energy capital expenditure (CAPEX) program, Green Team initiatives, and supported by our procurement and energy management specialists.

#### V. ENVIRONMENTAL SUSTAINABILITY AT IFF

This Policy is guided by IFF's alignment with and support of the United Nations Sustainable Development Goals (UN SDGs), the Intergovernmental Panel on Climate

<sup>3</sup> [EPA Center for Corporate Climate Leadership, Scope 3 Inventory Guidance](#)

<sup>4</sup> <https://watershed.com/blog/watershed-vppa-101>

Change (IPCC) pathway to limiting global warming to 1.5C, and the Science Based Targets Initiative (SBTi).

We are committed to reducing human impacts on the environment where possible by finding more efficient methods of manufacturing. While it is difficult to fully eliminate the consumption of energy, water and the generation of waste, IFF's focus is to improve efficiency across each of these streams to reduce our operational footprint. We believe it is also imperative to expand our efforts into our value chain. Throughout this Policy we establish IFF's operational guidelines as well as those we expect our Suppliers to follow, including as they relate to the following five areas.

### **1. Climate Change**

Climate change has been identified as a significant global environmental and societal risk. IFF contributes to the drivers of climate change through the consumption of fossil fuels and subsequent release of GHGs in our direct operations (Scope 1 and 2) and indirectly through our value chain (Scope 3).

The IFF Environmental Sustainability team will continue to implement environmental reduction transition plans at each of our manufacturing facilities. These transition plans encourage forward movement that will help IFF reach our goals for 2030 and beyond. These transition plans will continue to be supported and implemented with funding through IFF's sustainability and energy CAPEX program.

We expect, encourage and support our Suppliers to carry out similar transition plans as well as approach their own Suppliers in conducting similar practices. This approach will allow for a larger impact on IFF's upstream environmental impact.

### **2. Energy**

IFF strategically targets renewable energy opportunities as a critical lever to achieving long-term climate and renewable electricity targets.

- a. IFF's renewable electricity strategy includes onsite/offsite PPA and vPPA green supply contracts. In markets where these renewable electricity options are not available, IFF may use renewable energy credits (RECs). While RECs are not our preferred method of achieving renewable electricity targets, it is necessary until renewable energy reaches critical volume globally. As a member of [RE100](#), we have a goal to have 100% of our operational electricity needs from renewable sources by 2030.
- b. IFF also considers renewable fuel options where applicable and available. These renewable fuels include but are not limited to green hydrogen, renewable biomass and biogas. As these fuels become more readily available these will be incorporated as a lever to achieve our net zero ambition.

We expect, encourage and support our Suppliers to create a sustainable renewable energy plan to use renewable energy throughout their operations.

### **3. Water Stewardship**

Water is critical to IFF operations, and we are committed to taking actions to manage water risks that include direct operations, supply chain and minimizing impact to local watersheds.

IFF will maintain optimum efficiency while conducting an annual risk assessment to identify areas of water risk. Leveraging the results of the risk assessment IFF will engage directly with operations to increase water conservation efforts and work with the local partners and the community as needed to maintain the local water balance.

We expect, encourage and support our Suppliers to perform water risk assessments (acting on risks where applicable) and to have a water stewardship program in place that includes water reduction and re-use projects.

#### **4. Waste**

Waste elimination, including hazardous waste, remains an elevated area of emphasis for IFF. To reduce waste, IFF focuses efforts on our Zero Waste to Landfill (ZWL) program and our Maximum Diversion program.

For direct operations, the goal of the ZWL program is to manage byproducts of the manufacturing process in a manner that will not cause harm to the environment. IFF leverages our ZWL program to ensure that all major manufacturing facilities meet the program requirements and can be internally verified as ZWL.

We expect, encourage and support our Suppliers to have waste reduction processes in place. This includes reduction in but not limited to packaging and shipping material, with special intention to eliminate virgin and single use plastic.

#### **5. Deforestation and Biodiversity**

IFF's value chain relies on the sustainable management of raw materials. IFF expects that natural raw materials and naturally derived ingredients are not linked to deforestation, conversion of peat lands or high conservation-value areas, or exploitation of indigenous people, workers and local communities.

For more information on deforestation and biodiversity, please refer to the Responsible Sourcing, Sustainable Soy, and Sustainable Palm Oil policies available on the IFF [Policy Center](#).

## **VI. POLICY IMPLEMENTATION**

To implement this Policy, we take actions to identify instances of noncompliance, and work with our Suppliers to help them mature their environmental sustainability program. The process we take includes:

- Completing the above-described program reviews and assessments, as well as close collaboration with our Suppliers, to ensure that supplier practices are aligned with this Policy.

- Providing targeted training to business-critical Suppliers to support their implementation of this Policy.
- Providing targeted and proportionate support to our small- and medium-sized Suppliers to implement this Policy and any continuous improvement plans (decided on a case-by-case basis).
- Monitoring and reporting regularly, transparently and publicly on our progress via our website and annual sustainability disclosures, using KPIs.
- Reviewing this Policy and implementation plan against our targets and actions in the areas outlined above.

## VII. BEYOND OUR STANDARD

IFF is committed to industry and partnership programs that aim to procure raw materials in a traceable, sustainable and ethical manner, as well as to achieve sustainable and ethical manufacturing practices. We encourage Suppliers to explore opportunities to engage in such programs and participate in collaborations that will strengthen their responsible sourcing practices.

- **Public Reporting and Third-Party Certifications**

We encourage our Suppliers to review and consider publicly reporting their data as well as participating in certification programs suitable for their needs in the long-term.

These certification programs include, **but are not limited to**:

- CDP Climate Change, Water Security and Forest
- EcoVadis
- ISO 14001
- FSC/SFI
- SEDEX/SMETA

- **Community & Biodiversity Programs**

At IFF, we believe that going beyond responsible sourcing means connecting business performance directly with societal impact. These programs are designed to support the communities we operate and source from to achieve net positive impact through long-term business commitments. We also encourage Suppliers to engage with the local communities where they operate in and source from.

For examples of our community and biodiversity programs, visit IFF's latest ESG+ / Sustainability Report, or past archived reports, in our [Report Library](#).

- **Supply Chain Disclosures**

IFF participates in various supply chain disclosures. We also encourage our Suppliers to disclose information about their own sourcing practices and operations to support the sustainability of their business. IFF may request

Suppliers to do so through CDP or similar programs.

## VIII. TRANSPARENCY AND ACCOUNTABILITY

As we continue to increase transparency of our annual ESG disclosures and key performance indicators (KPIs) in line with stakeholder expectations, IFF annually releases a publicly available, standards adherent ESG+ / Sustainability Report that describes the ESG topics considered to be the most important to our business and stakeholders, as defined by the results of a double materiality assessment.<sup>5</sup> To assist our stakeholders in understanding and benchmarking our performance, the Report is also prepared in accordance with three credible and widely recognized disclosure frameworks, the Global Reporting Initiative (GRI); the Sustainability Accounting Standards Board (SASB); and the Task Force on Climate-related Financial Disclosures (TCFD). These external reports are also prepared in accordance with global and regional regulatory expectations / requirements and are used for compliance purposes.

In addition, IFF annually participates in evaluations for key ratings and rankings, such as CDP Climate Change, CDP Water Security, CDP Forests, EcoVadis and the Corporate Sustainability Assessment for the Dow Jones Sustainability Indices. Results of these questionnaire submittals are also shared publicly to validate and increase the level of transparency of IFF's ESG performance.

As sustainability is rooted in our company purpose, ESG accountability is critical to IFF's success. Annual sustainability KPIs align with our business initiatives and are endorsed and supported by the Chief Executive Officer and Governance & Corporate Responsibility Committee of the Board of Directors. The KPIs flow to the executive leadership team and their direct reports, each of whom are responsible for understanding and delivering on annual and long-term sustainability goals and targets.

## IX. ASSURANCE

Increasing transparency and disclosure of non-financial data, such as sustainability and ESG metrics, requires standardization and assurance. IFF follows the GHG Protocol Corporate Accounting and Reporting Standard, or other approved guidelines, for tracking, measuring and reporting GHG emissions for Scope 1, 2 and 3. We engage an independent third-party assurer to provide limited and reasonable assurance in relation to selected performance indicators, including for GHG emissions, energy, waste, water and ISO 14001 certifications, among others. For more information on the assurance standards used, the level of assurance obtained,

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<sup>5</sup> IFF's definition of double materiality aligns with the definition outlined in the Corporate Sustainability Reporting Directive's *European Sustainability Reporting Standards 1: General Requirements*. "Materiality" as used in our ESG reporting does not correspond to the concept of materiality used under U.S. securities law or other applicable laws and does not represent any determination by the Company that any of the content contained in this presentation is "material" for purposes of U.S. securities law or in the context of financial reporting or IFF's financial results.

and the assurance process, please see the Independent Assurance Report in the Appendix of our annual ESG+ / Sustainability Report in our [Report Library](#).

We expect our Suppliers to also follow the GHG Protocol or other approved guidelines when reporting their metrics to ensure their data follows a consistent methodology. We also expect and encourage Suppliers to obtain third-party limited assurance for their Scope 1, 2, 3 and waste and water data (at a minimum).

## X. REFERENCE DOCUMENTS

IFF has other policies regarding the sourcing and supply of specific raw materials. Suppliers are also expected to adhere to these policies, which can be found on IFF's policy center at <https://www.iff.com/responsibilities/ethics-transparency/policy-center>.

- [Vendor Code of Conduct](#)
- [Sustainable Palm Oil Policy](#)
- [Sustainable Soy Policy](#)
- [Responsible Sourcing Policy](#)

## XI. DOCUMENT HISTORY

Issue Date	Version	Description for Changes
9 Nov 2020	1.0	<b>Initial release.</b> This is a new policy on responsible sourcing.
5 Nov 2021	1.5	<b>Annual review.</b> Revised policy for IFF post-merger activities.
29 May 2024	2.0	<b>Updated release.</b> Revised policy format and level of detail.