

DO MORE GOOD

Sustainability
Report
2019



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YEAR IN REVIEW

2019



Announced anticipated combination with DuPont's Nutrition & Biosciences business



Named to *Barron's* 100 Most Sustainable Companies in America list for the third consecutive year

Named to the FTSE4Good Index Series and Euronext Vigeo's World 120 Index for environmental, social, and governance performance



Opened the industry's largest solar array at our Union Beach, New Jersey, U.S., property

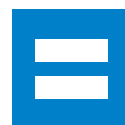
Listed among the 2019 Noteworthy companies by *DiversityInc*, the premier U.S.-based diversity and inclusion publication

DiversityInc

Awarded a place on CDP's prestigious A lists for climate change and water security

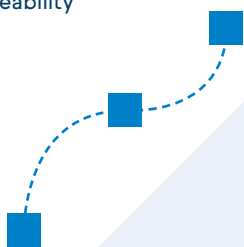


Honored by the Human Rights Campaign as a Best Place to Work for LGBTQ Equality after receiving a perfect score of 100 on the 2019 Corporate Equality Index



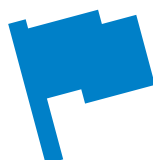
Named among *CR Magazine's* 100 Best Corporate Citizens

Expanded blockchain technology as a tool for ensuring ingredient traceability



Reconfirmed commitment to mitigate climate change by signing the U.N. Business Ambition for 1.5°C: Our Only Future pledge

Received the Sustainability Award at Fashion Group International's Night of Stars Gala



Signed the U.N. Global LGBTI Standards of Conduct for Business and the U.N. Women's Empowerment Principles



Received the 2019 Industry Mover award from SAM, a subsidiary of RobecoSAM, which specializes in providing ESG data, benchmarks and ratings



Continued to execute on our EcoEffective+ goals for energy, waste and water, including reducing absolute greenhouse gas emissions by 5.7% from the prior year



Earned certification from the Economic Dividends for Gender Equality (EDGE) for our U.S. business, and pledged to achieve global EDGE certification in 2020

HENRY ROSE

Developed the first fine fragrance collection to be EWG Verified™ and Cradle to Cradle Certified™ with Henry Rose



Andreas Fibig
Chairman and
Chief Executive Officer

A MESSAGE FROM OUR CHAIRMAN

Last year held a number of firsts for IFF. It was the first full year that we operated as one company after the acquisition of Frutarom, a deal that helped to solidify our industry-leading position in taste, scent and nutrition. It was the first time in nearly 40 years that we changed our logo as part of a complete and uncommon rebrand. It was also the first time in our 130-year history that we declared sustainability as the foundation of our new purpose: to redefine how we live in and care for the resources of our world.

With the onset of the coronavirus pandemic in early 2020, our efforts to protect people and planet took a new and more personal turn. We pivoted to safeguard our employees even as we strove to do the essential work of supporting our customers – and, just as importantly, our communities – in new ways. Driven by our employees' desire to #DoMoreGood, by the time of publication we'd manufactured and/or donated more than 65 tons of hand sanitizer and distributed personal protection equipment and other needed resources to hospitals, medical facilities and first responders around the world. And we are still going.

When we identified **Embracing People and Communities** as part of our new four-pillar sustainability strategy in 2019 – along with **Reducing Our Environmental Footprint**, **Strengthening Responsible Sourcing** and **Driving Sustainable Innovation** – we had no idea that our 13,000 employees would collectively roll up their sleeves and focus their expertise, creativity and access to help neighbors in need.

I am more than proud of them. I am awed.

What I am not, however, is surprised.

IFFers have a history of stepping up when needed, whether it's on a collective philanthropic level or in a unified shift to do business in a better way. When there's good to be done, our employees work to lead the charge.

In 2018, we established EcoEffective+, our aspirational environmental goals that call for science-based emission reductions, zero waste to landfill and water stewardship. In 2019, we reaffirmed those targets and others, including our longstanding commitment to the 10 principles of the United Nations (U.N.) Global Compact and the 17 U.N. Sustainable Development Goals. Additionally, we joined other likeminded companies by answering the call to commit to the U.N.'s Business Ambition for 1.5°C: Our Only Future pledge. Whether it's joining a coalition or leading the way in innovative scent and taste experiences, we know our employees, customers, investors and the broader community seek to be connected to a company that is dedicated to creating a better world, one that is circular by nature and transparent in practice.

On the environmental front, we have already achieved three out of our four 2020 goals by reducing greenhouse gas (GHG) emissions per metric ton of production by 39.4%, water withdrawal by 66.6% and hazardous waste by 48.5% below 2010 levels. We are making good progress on reaching our fourth goal of reducing energy intensity by 20% below 2010 levels by the end of 2020.

For our 2025 EcoEffective+ goals, we have reduced our legacy IFF absolute GHG emissions by 5.7% from the prior year, bringing our overall reduction to nearly 20% below 2015 levels. We increased our renewable energy usage to cover nearly 50% of our total electricity consumption, commenced an innovative water recycling project and certified four additional zero waste to landfill facilities.


Last year also held some incredible milestones within our Sustainable Innovation pillar, with two breakthrough forays into the world of sustainable fragrances. Actress Michelle Pfeiffer founded the revolutionary Henry Rose company, and IFF perfumers worked with her to create five fine fragrances that disclose 100% of their ingredients and are the first perfumes in the industry to be Environmental Working Group (EWG) Verified™ and Cradle to Cradle Certified™ Gold. We also announced a historic partnership with Caswell-Massey and Yellowstone Forever that launched the Yellowstone Living Florals Collection, composed of “nature identical” scents created from sustainably sourced materials from America’s oldest national park.

Within our Taste division, we’re continuing to innovate on ways to reduce food waste, including through upcycling – a key circular design principle – which is making an impact across the business. Our POWDERPURE team, for example, is using discarded fruit and vegetable materials to create food powders that retain organic nutrients while allowing for flexibility in use.

We can’t talk about our sustainability strategy without sharing our approach on responsible sourcing. To date we have seven natural ingredient supply chains that are certified For Life and another 90 natural extracts within our portfolio that are certified vegan. These industry-leading accomplishments are delivering an ethical and sustainable enhancement to our customers’ offerings while providing consumer products that match personal beliefs.

Spurred by heightened public awareness and the demand for good-for-you and gentle-on-the-Earth products, we are continuing our work with smallholder farmers and have redoubled our focus on building environmentally conscious supply chains, as exemplified by our blockchain technology, which provides greater transparency and traceability for naturals such as blackcurrant bud from France.

These kinds of partnerships and our focus on being a responsible company led to IFF being named one of Barron’s 100 Most Sustainable Companies for the third consecutive year and listed in the FTSE4Good Index series as well as the Euronext Vigeo World 120 Index for environmental, social and governance (ESG) performance. We were also named to CDP’s A list for climate change for the fifth consecutive year and to their A list for water security for the second year in a row.



What's most gratifying, however, are the recognitions that point to how well we treat our people. Last year, we were named a Best Place to Work for LGBTQ Equality by the Human Rights Campaign and received a perfect score of 100 on the 2019 Corporate Equality Index. In the U.S., we were certified by the Economic Dividends for Gender Equality, and we're looking to attain global certification from the group next year. We also proudly signed onto the U.N. Global LGBTI Standard of Conduct for Business and U.N. Women's Empowerment Principles.

When we launched our new brand and unveiled our Vision 2021 business strategy, we deliberately left space for growth. We're not perfect, but we're doing what's needed to help lead our industry in combating the global climate crisis.

One of our biggest challenges – and areas of opportunity – in 2019 sat squarely with transitioning into one company after our Frutarom acquisition, especially in regard to our sustainability outlook. In terms of health and safety, some of our sites have seen increases in accident rates, but our global and local teams are recalibrating our protocols and strengthening our safety programs to ensure we continue working toward an accident-free workplace. We are working hard to unite our environmental footprint by recognizing gaps and identifying synergies that will help meet our sustainability targets and move the company forward for people and planet.

One of our last “firsts” of 2019 was the news that we're merging with DuPont's Nutrition & Biosciences business. With this announcement, we are looking forward to becoming a new global integrated solutions leader that serves consumer-oriented food & beverage, home & personal care, as well as health & wellness end markets.

The possibilities with the closing of this deal in Q1 2021 are unbounded, but one thing is for certain. We will continue our journey to have sustainability at the essence of everything we do.

Be well and stay safe.



Andreas Fibig
Chairman and Chief Executive Officer

DO
MORE
GOOD



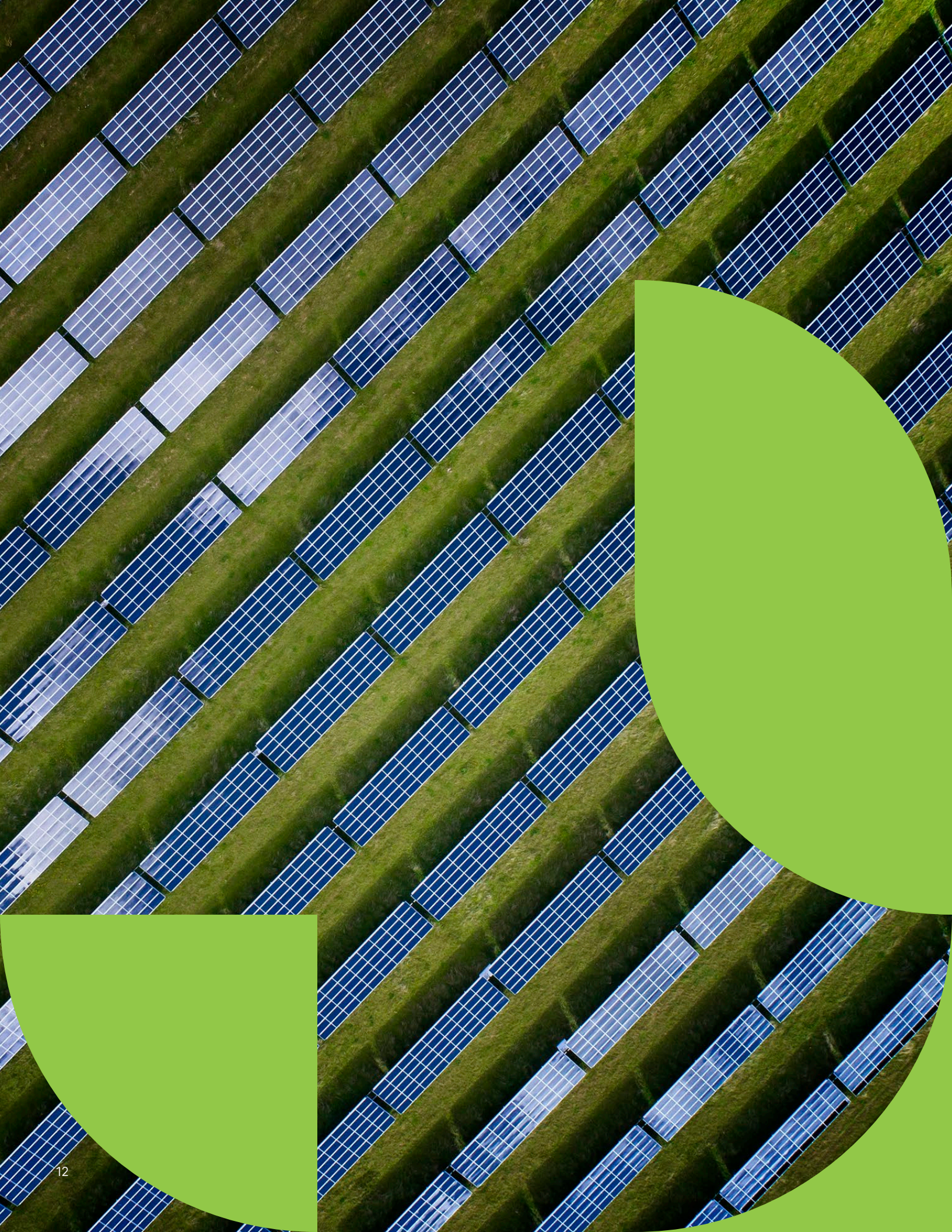
WELCOME TO THE NEXT ERA OF IFF

After more than 130 years of leadership, IFF is kicking off a new era that celebrates our history of innovation, expanded capabilities and the drive to deliver for our customers. Today we are more than we have ever been. We exist to redefine how we live in and care for the resources of our world.

Our new brand identity and mantra of Uncommon Sense encourages customers and employees alike to rethink conventional wisdom in favor of delivering what the world needs. This approach not only exemplifies and further reinforces our sustainability strategy but galvanizes our employees to embrace their role in making the world a better place where ideas and possibilities flow.

The world doesn't need another flavors and fragrances company. It needs a partner that's willing to Do More Good: to go further, to stand up for a different way and to aim higher for the good of people and planet. Welcome to IFF.

[EXPLORE OUR WORLD](#) ►



THE POWER OF SOLAR

We recently opened the industry's largest solar array at our Union Beach, New Jersey, U.S., property. The installation is made up of more than 440,000 square feet of solar panels that are expected to generate more than 9 million kilowatt hours annually – powering our research and development facility and returning excess energy to the grid.

But that's not the whole story. When we first learned this land was compromised, we took steps to excavate and cap the site, which was then given new life through soil remediation before being transformed into a solar field. We also installed a series of nesting platforms at the site to support the conservation of ospreys, a raptor species challenged by environmental changes.

Our latest solar field builds on a series of steps we are taking to cut our greenhouse gas emissions, mitigate climate risks and contribute to the low-carbon economy. These are just some of the ways we're doing better for people and planet.

[EXPLORE OUR SOLAR FIELDS](#) ►



RESPONSIBLY SOURCING PATCHOULI

Indonesia is one of the world's largest producers of patchouli oil, distilled from the dried leaves of the patchouli plant and used as a key ingredient in a variety of fragrances and personal care products around the world. Yet the supply chain in this region faces significant environmental, social and economic challenges – from deforestation and plastic waste to the high number of intermediaries involved in the process that can hinder transparency.

Ensuring ethical practices in our supply chain means reducing our environmental impact and supporting workers and grower communities. To support patchouli farmers, LMR Naturals by IFF worked closely with a partner to develop a traceable and environmentally conscious supply chain using a vertically integrated model. Our optimization program – audited annually through ECOCERT's For Life program – combined with our community program, sustainably provides direct benefits to more than 600 patchouli farmers and indirect benefits to more than 2,800 community members on three Indonesian islands. We also support local reforestation efforts to protect the biodiversity of the region.

[EXPLORE OUR HARVEST](#) ►

UNCOMMON
SENSE

fff

ABOUT IFF

Who We Are

IFF is a leading innovator of sensory experiences that move the world. Our creative capabilities, global footprint, and regulatory and technological know-how provide us a competitive advantage in meeting the demands of our global, regional and local customers around the world.

Our Purpose

To redefine how we live in and care for the resources of our world.

Our Mantra

UNCOMMON SENSE

We reject convention to create what the world needs. Our international team uses artistry, science and expertise to think outside the box and create unique and unexpected scents, tastes, experiences and nutrition for the products our world craves. Along the way, we're redefining what a flavors and fragrances company can stand for by questioning everything, championing creators and "Doing More Good" at every opportunity.

Our Pillars

We use our Uncommon Sense mantra to fulfill three commitments:

QUESTION EVERYTHING.

We think, act and create in our own way, because the world needs less of what's been done and more of what's unexpected.

CHAMPION CREATORS.

We empower creators of every shape and scale with all of the ingredients, technology and passion to take ideas beyond imagination.

DO MORE GOOD.

We're not perfect, but we are committed to doing more for the world than just satisfying the senses. We push for more at every opportunity.



IFF is headquartered at 521 West 57th Street, New York, New York, U.S.A. Detailed information about the scale of our organization, operational structure, markets served and geographical footprint is available in our 2019 Annual Report and U.S. Securities and Exchange Commission Form 10-K (collectively, "[2019 Annual Report](#)").

What We Do

The markets for taste and scent are part of a larger industry that supplies a wide variety of ingredients and compounds used in consumer products. This includes seasonings, texturizers, spices, enzymes, certain food-related commodities, fortified products and cosmetic ingredients.

For the period covered by this report – calendar year 2019 – IFF’s business was organized into three segments: Taste, Scent and Frutarom. As of December 31, 2019, we had 186 manufacturing facilities, creative centers and application laboratories located in 44 different countries. We have approximately 13,600 employees worldwide, of whom approximately 2,000 are employed in the U.S. Our product portfolio covers taste, scent and complementary adjacent products, and we provide more than 128,000 individual products to customers in approximately 200 countries.

TASTE

Our Taste business comprises a diversified portfolio across flavor compounds, savory solutions, inclusions, and nutrition and specialty ingredients. The latter three categories were included in the legacy Frutarom businesses during 2019, and we will begin reporting them under the Taste business segment in 2020.

- Flavor compounds are used by our customers in the following end-use categories:
 - Savory products (soups, sauces, meat, fish, poultry, snacks, etc.)
 - Beverages (juice drinks, carbonated or flavored beverages, spirits, etc.)
 - Sweets (bakery products, candy, cereal, chewing gum, etc.)
 - Dairy products (yogurt, ice cream, cheese, etc.)
- Savory solutions include marinades or powder blends of flavors, natural colors, seasonings, functional ingredients and natural antioxidants that are primarily designed for the meat and fish industry.
- Inclusions provide taste and texture by, among other things, combining flavorings with fruit, vegetables and other natural ingredients for a wide range of food products, such as health snacks, baked goods, cereals, pastries, ice cream and other dairy products.
- Nutrition and specialty ingredients primarily consist of natural health ingredients, natural food protection, natural colors and flavor ingredients. For example, natural health ingredients are used in dietary supplements, functional food, infant and elderly nutrition, cosmetics, personal care and other over-the-counter products.
- Flavor ingredients (including natural flavor extracts, specialty botanical extracts, distillates, essential oils, citrus products, aroma chemicals, and natural gums and resins) are used for food, beverages and flavors and are often sold directly to food and beverage manufacturers who use them in producing consumer products.

6.7% of Sales

Spent on R&D



13,600

Employees Worldwide



200

Countries in which
IFF’s Customers’
Products are Sold



\$455.9 Million

in Net Income



\$5.1 Billion

in Sales



About IFF

SCENT

Our Scent business creates fragrance compounds and fragrance ingredients that are integral elements in the world's finest perfumes and best-known household and personal care products. The fragrance compounds category is organized into two broad groups: fine fragrances and consumer fragrances.

- Fine fragrances focus on perfumes and colognes. Our scientists and perfumers develop new molecules, natural extractions and innovative processes to create unique, inspiring scents.
- Consumer fragrances include five end-use categories of products:
 1. Fabric care (laundry detergents, fabric softeners and specialty laundry products)
 2. Home care (household cleaners, dishwashing detergents and air fresheners)
 3. Personal wash (bar soaps and shower gels)
 4. Hair care (shampoos and conditioners)
 5. Toiletries (deodorants and shaving creams)

The fragrance ingredients category consists of natural and synthetic ingredients, as well as active and functional ingredients, that are used internally and sold to third parties for use in the preparation of compounds.

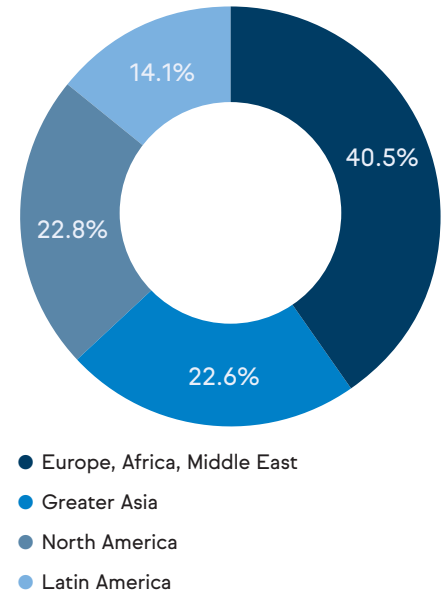
LEGACY FRUTAROM

Following a full year of integrating the talent and technologies of legacy Frutarom into the IFF family in 2019, we have begun to realize the powerful potential of our combined capabilities.

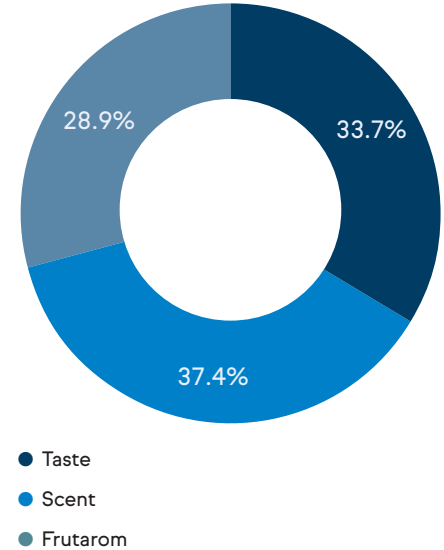
During 2019, our Frutarom business created and manufactured a broad suite of flavor compounds and specialty fine ingredients, largely targeting small, local and regional customers. With the integration of Frutarom, we now have the strongest innovation pipeline in IFF history and have exponentially expanded our capabilities in fast-growing categories such as food protection, inclusions, cosmetic actives and health ingredients.

Beginning in fiscal year 2020, there will be two reportable operating segments: Taste and Scent. As part of this new operating model, nearly all of the former Frutarom business segment will be combined with the Taste segment.

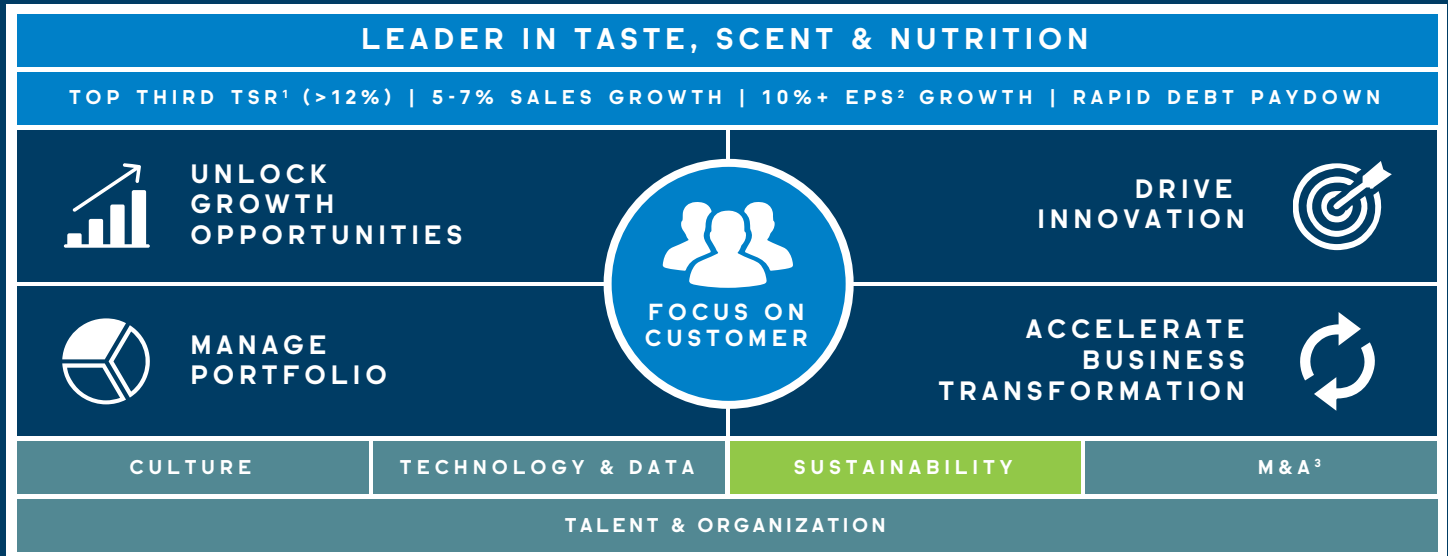
PERCENTAGE OF 2019 SALES BY REGION



PERCENTAGE OF 2019 SALES BY BUSINESS UNIT



OUR STRATEGY: VISION 2021



Following the acquisition of Frutarom, IFF developed a new strategic framework to achieve our ambition of being a leader in taste, scent and nutrition, while differentiating ourselves from our competitors and accelerating profitable growth.

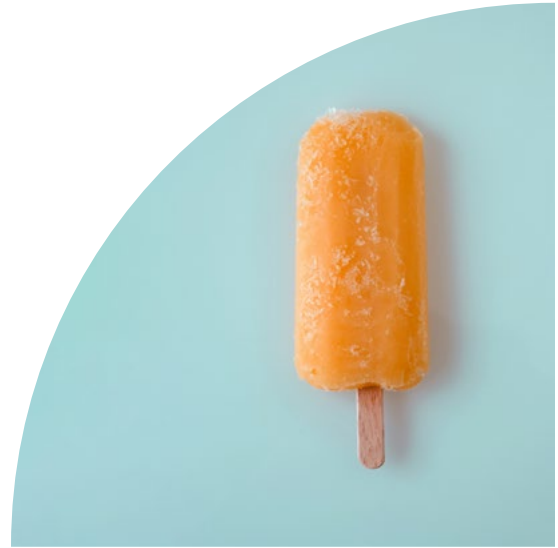
Sustainability is a key enabler of this corporate strategy. In line with IFF's purpose of redefining how we live in and care for the resources of our world, our Vision 2021 Sustainability Strategy comprises four key pillars (see figure on page 21).

Vision 2021 Sustainability Strategy



Environmental Footprint

We will leverage synergies to reduce our energy, water and waste and achieve our EcoEffective+ goals by 2025.



Sustainable Innovation

We will embed regenerative approaches and circular design principles into our products and processes.



Responsible Sourcing

We will ensure ethical practices in our supply chain by reducing our environmental footprint and supporting workers and grower communities.



People & Communities

We will nurture an inclusive and fair culture where we embrace diversity and give back to the communities where we source and operate.

External Initiatives, Memberships & Associations

We are members of a number of organizations and associations for our industry, including, among others, the following (parentheses indicate leadership positions held):

<u>American Chemical Society</u>	
<u>American Cleaning Institute</u>	
<u>Association for Chemoreception Sciences</u>	
<u>Cosmetic Executive Women</u>	(Board of Governors)
<u>Flavor and Extract Manufacturers Association</u>	(Board of Governors)
<u>Fragrance Creators Association</u>	(Board of Directors)
<u>Fragrance Foundation</u>	(Board of Directors)
<u>Household and Commercial Products Association</u>	
<u>International Federation of Essential Oils and Aroma Trades</u>	
<u>International Fragrance Association</u>	(Board of Directors)
<u>International Organization of the Flavor Industry</u>	(Board of Directors)
<u>Monell Chemical Senses Center</u>	
<u>Personal Care Products Council</u>	(Board of Directors)
<u>Research Institute for Fragrance Materials</u>	(Board of Directors)
<u>Society of Flavor Chemists</u>	

We also engage in the following sustainability-related organizations and partnerships:

<u>Disability:IN Inclusion Works</u>	
<u>EcoVadis</u>	
<u>Rainforest Alliance</u>	
<u>Roundtable on Sustainable Palm Oil</u>	
<u>Sedex</u>	
<u>Together for Sustainability</u>	
<u>Upcycled Food Association</u> ⁴	
<u>Union for Ethical BioTrade</u> ⁵	
<u>World Business Council for Sustainable Development</u>	(Executive Committee and Operating Committee)

About IFF

We formally support the following initiatives:

[CEO Action for Diversity & Inclusion™](#)

[CDP](#)

[RE100](#)

[Science Based Targets](#)


[The Valuable 500](#)

[U.N. Business Ambition for 1.5°C: Our Only Future pledge](#)

[U.N. Global LGBTI Standards of Conduct for Business](#)

[U.N. Women's Empowerment Principles](#)

[We Are Still In](#)



**LEADING
POSITIVE
CHANGES**

OUR COMMITMENT TO SUSTAINABILITY

Vision 2021 is IFF's strategic framework to achieve our ambition as a market leader and to accelerate profitable growth. In line with our Vision 2021 strategy and our goal of redefining how we live in and care for the resources of our world, our sustainability strategy is made up of four key pillars: Reduce Environmental Footprint, Strengthen Responsible Sourcing, Drive Sustainable Innovation and Embrace People & Communities.

These are the four areas where we believe we can use our influence to contribute to addressing global sustainability challenges. Our approach is based on the concept of a circular economy, one that is restorative and regenerative by design.

U.N. Sustainable Development Goals

Our sustainability strategy is guided by the U.N.'s 17 Sustainable Development Goals (SDGs), which represent a common framework through which the public and private sectors can work together to identify transformational opportunities to achieve the 2030 Agenda for Sustainable Development. In 2016, in partnership with the World Business Council for Sustainable Development, we utilized the **SDG Compass** to assess the positive and negative impacts that our business activities have on the SDGs across our value chain. From this analysis, we identified the SDGs that are most relevant to our business and where we feel we can have the most impact.

We support and embrace all of the SDGs. However, in 2019, we reassessed the subset of our most important SDGs against our Vision 2021 sustainability strategy to identify those that are most aligned with each pillar of our strategy. We have made significant progress in our work to support the SDGs and, looking ahead, we will continue to do our part to drive transformational change.

Our Commitment to Sustainability

- To contribute to SDG 5, we are:
 - Affirming our commitment to combat gender discrimination by earning certification from the Economic Dividends for Gender Equality (EDGE) for our U.S. business and pledging to achieve global EDGE certification in 2020 (see [People & Communities, page 75](#))
 - Supporting initiatives for the promotion of gender equality and the empowerment of women by signing the U.N. Women’s Empowerment Principles (see [People & Communities, page 75](#))

- To contribute to SDG 12, we are:
 - Tackling food waste and food loss by developing upcycled ingredients that utilize waste side streams from manufacturing processes (see [Sustainable Innovation, page 63](#))
 - Supporting the environmentally sound use of chemicals through a strong governance framework for product responsibility (see [Governance & Compliance, page 87](#))
 - Reducing our own waste generation as part of our EcoEffective+ goal to achieve zero waste to landfill status at major manufacturing facilities by 2025 (see [Environmental Footprint, page 35](#))
 - Encouraging our suppliers to integrate sustainability information into their reporting cycle as part of our science-based target for emission reductions (see [Environmental Footprint, page 35](#))
 - Supporting awareness of sustainable development and helping to facilitate sustainable patterns of consumption and production through our community programs (see [Responsible Sourcing, page 49](#))



Our Commitment to Sustainability

- To contribute to SDG 13, we are:
 - Integrating climate change measures into our strategies and planning, such as increasing our use of renewable energy at our facilities (see [Environmental Footprint, page 35](#))
 - On track to achieving our 2025 EcoEffective+ science-based target to reduce our greenhouse gas emissions by 30% below 2015 levels (see [Environmental Footprint, page 35](#))
 - Innovating our products to shrink our environmental footprint by embedding a circular mindset throughout our company (see [Sustainable Innovation, page 63](#))
- To contribute to SDG 15, we are:
 - Promoting sustainable terrestrial ecosystems and combating land degradation through our commitment to sustainable palm oil, and ensuring our palm oil supply chain does not contribute to deforestation, biodiversity destruction or human rights abuses (see [Responsible Sourcing, page 49](#))
 - Mobilizing resources to support sustainable forest management through community engagement, such as our program in Sulawesi, Indonesia, which is focused on reforestation, establishing seedling nurseries and providing guidance on forest resources management (see [Responsible Sourcing, page 49](#))
 - Increasing the capacity of local communities to pursue sustainable livelihood opportunities through our community programs, such as our For Life certification program for patchouli farmers in Indonesia that supports strong environmental and social practices (see [Responsible Sourcing, page 49](#))



Materiality

For our 2019 Sustainability Report, we completed a materiality assessment refresh to validate and update our list of material environmental, social and governance (ESG) topics. This update builds on full materiality assessments conducted in 2011 and 2014. In 2014 we surveyed internal stakeholders, including members of our senior leadership team, Sustainability Business Council and subject matter experts from our business units. We also interviewed external stakeholders representing our customer companies, nongovernmental organizations (NGOs) and regulatory bodies. We synthesized feedback from these internal and external stakeholders to prioritize our material ESG topics.

Between 2014 and 2019, we continued to engage internally and externally with our stakeholders, particularly customers and suppliers, to monitor changes in our material topics and inform the development of our circular-design-focused sustainability strategy. For example, in 2015 we reviewed the results of materiality assessments conducted by two of our trade associations to identify additional considerations for our own disclosures.

Our materiality refresh, completed in early 2020 in collaboration with an independent third party, validated the results of our 2014 materiality assessment, updated the boundaries and definitions of our material topics and uncovered six potentially material emerging topics. The process included:

- Analyzing the results of IFF's 2014 materiality assessment and refining material topic definitions to reflect our current business, sustainability strategy and external stakeholder impacts
- Benchmarking ESG topics and trends across 13 industry peers and customers
- Creating a value chain map to identify potential sustainability-related risks and opportunities
- Understanding global trends and ESG topics by reviewing industry-relevant sources, reporting frameworks, and research from NGOs, think tanks and trade associations
- Collecting input from – and validating the findings of the materiality refresh with – our Global Sustainability Team

Throughout this process, we evaluated how topics impact our entire company, including the legacy Frutarom business, which, as part of the chemicals industry, had similar stakeholders as IFF. It was important to consider legacy Frutarom in this assessment as the integration of its operations and products progressed in 2019. Frutarom was also reflected in our value chain map and considered as part of the global industry trends analysis. For example, our desk research included studies on topics representative of Frutarom and our Taste business, such as sustainable food systems.

Our Commitment to Sustainability

CHANGES FROM 2014

Among the updates made during the materiality refresh, we simplified and streamlined the categories of our material topics, moving from six to four: environmental, social, governance and product. For example, topics previously spread across the three categories of supply chain, labor practices and human rights were moved to one new category: social.

No material topics during the 2019 assessment were removed or deemed irrelevant, which affirms the continued validity of our 2014 materiality assessment. Rather, the nature of the updates fell into three areas:

1. Updating the names of the material topics to better reflect revised topic definitions (e.g., reclassifying “Stakeholder Engagement” to “External Partnerships & Collaborations” and adjusting “Community Support” to “Community Relations”)
2. Breaking apart broad material topics into two issues to better reflect the distinctive attributes of each (e.g., splitting “Governance” into “Corporate Governance” and “Ethics & Transparency” and pulling “Emissions” out from the broader topic of “Climate Change”)
3. Identifying emerging topics that we expect to be material when we complete our next full materiality analysis (e.g., Data Security)

The results of this year’s materiality refresh are presented alphabetically, by band of priority, below.

We address all priority material topics and material topics throughout this report in accordance with the guidelines of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). We plan to further consider and address emerging topics in our next full materiality assessment, expected to be by or before the 2022 reporting year following IFF’s anticipated combination with DuPont’s Nutrition & Biosciences business.

	ENVIRONMENTAL	SOCIAL	GOVERNANCE	PRODUCT
 PRIORITY MATERIAL TOPICS	<ul style="list-style-type: none"> ● Climate Change ● Water Management 	<ul style="list-style-type: none"> ● Consumer Health & Wellness ● Human Rights ● Responsible Sourcing ● Workplace Health, Safety & Wellbeing 		<ul style="list-style-type: none"> ● Green Chemistry ● Product Innovation ● Product Safety
 MATERIAL TOPICS	<ul style="list-style-type: none"> ● Biodiversity ● Emissions ● Energy Management ● Waste Management 	<ul style="list-style-type: none"> ● Community Relations ● Diversity & Inclusion ● Employee Attraction, Engagement & Retention ● External Partnerships & Collaborations ● Raw Materials ● Traceability 	<ul style="list-style-type: none"> ● Corporate Governance ● Ethics & Transparency 	
 EMERGING TOPICS	<ul style="list-style-type: none"> ● Sustainable Agriculture & Aquaculture 		<ul style="list-style-type: none"> ● Data Security ● Economic & Political Disruption 	<ul style="list-style-type: none"> ● Circular Design ● Genetically Modified Organisms

Stakeholder Engagement

IFF's new brand and purpose open the door for more innovation, partnerships and creativity with our stakeholders. In fact, we believe the importance of stakeholder engagement and collaboration to achieve our sustainability strategy, the U.N.'s 2030 Agenda for Sustainable Development and the development of a prosperous, net-zero-carbon economy by or before 2050 cannot be overstated.

We identify our most important stakeholder groups through consultation with internal business functions and subject matter experts. Throughout the year, we engage with our key stakeholder groups in a variety of ways, listening carefully to their concerns and priorities, which inform our strategy and material issues on an ongoing basis.

GROUP	EXAMPLES OF HOW WE ENGAGE
EMPLOYEES	<ul style="list-style-type: none"> ● Regular communications, including emails, newsletters, videos, town halls, the intranet, our CEO's blog, face-to-face meetings and social media ● Human Resources' employee engagement campaigns and surveys, webinars and e-learning courses
CUSTOMERS	<ul style="list-style-type: none"> ● Industry events, expos, meetings, presentations and sustainability performance reviews, press releases and social media ● Responses to customer requests for information regarding our environmental and social performance via customer-specific surveys and platforms, such as EcoVadis and Sedex
INVESTORS	<ul style="list-style-type: none"> ● Regulatory filings, disclosures and press releases ● Conference calls and meetings to maintain an open dialogue on our strategies, performance, matters of corporate governance and executive compensation
REGULATORS	<ul style="list-style-type: none"> ● Participation in the trade associations and industry organizations that represent the interests of the global flavors and fragrances industry, including the International Fragrance Association and the International Organization of the Flavor Industry ● Interaction with governmental agencies and legislators to ensure a clear understanding of our business needs, align on interpretation, and inform upcoming regulations
SUPPLIERS	<ul style="list-style-type: none"> ● Leveraging of global platforms, such as EcoVadis and Sedex, to assess the performance of our suppliers and communicate our sustainability performance to our customers ● Membership in Together for Sustainability, an initiative to assess, audit and improve sustainability practices in the supply chains of the chemical industry ● Periodic outreach, such as audits and an internal questionnaire ● Working directly with growers on research and development projects
CONSUMERS	<ul style="list-style-type: none"> ● Extensive market research and interpretation of key trends ● Monitoring product launches and conducting interviews throughout the year
COMMUNITIES	<ul style="list-style-type: none"> ● Volunteer and charitable activities that are organized, hosted and implemented locally by sites around the world ● Hosting "Open Days," in which community members are invited to visit IFF facilities, share their perspectives or concerns and experience the flavors and fragrances industry ● Initiatives through our Responsible Sourcing program to support the sustainable development of communities where our ingredients are grown

Our Approach to Reporting

The scope of this 2019 Sustainability Report covers January 1, 2019, to December 31, 2019, and includes facilities owned and operated by IFF, as well as all entities included in IFF's 2019 consolidated financial statements, excluding those referenced below. This report should be read in conjunction with our **2019 Annual Report** and **2020 Proxy Statement**. Previous years' sustainability reports and data are available at www.iff.com.

RESTATEMENTS & CHANGES IN REPORTING

In recent years, we have acquired several new companies. The data from these entities, excluding Frutarom, represent a small percentage of our overall operating footprint. Consistent with best practices and applicable guidelines for sustainability reporting, we generally include acquisitions' performance data in our reporting boundary for the first full year of operation following their acquisition.¹ An exception to this is made for safety data, if an acquired site has a recordable incident during the year it is acquired, in which case we include the incident(s) and manhours for the affected site, beginning with the month in which the incident(s) occurred.

2018 marked the first full year of operation following the 2017 acquisition of Fragrance Resources. Its human resources and safety data were included in the 2018 reporting boundary. Its environmental data – which was still in the process of being collected during 2018 – is now included in the 2019 reporting boundary.

2019 marked the first full year of operation following the 2018 acquisition of Frutarom. Due to the finalization of that acquisition, as well as the size and complexity of its operations, we had planned to begin reporting integrated data as a combined company in the 2021 reporting year. However, in order to proactively respond to stakeholder interest, as well as to prepare for the anticipated merger with DuPont's Nutrition & Biosciences business, the scope of this 2019 Sustainability Report incorporates Frutarom, as available, unless stated otherwise. Any instances where Frutarom is not yet fully integrated into the 2019 reporting scope – such as disclosures related to the Responsible Sourcing program, for example – are noted and due to data not yet being available.

In 2012, we announced our 2020 intensity-based sustainable production goals against a 2010 baseline. Legacy Frutarom was not incorporated into these 2020 goals due to lack of available data going back to 2010.

In 2018, we announced EcoEffective+, our next set of 2025 environmental goals against a 2015 baseline. In 2019, we completed initial modeling and used the data to internally track combined company emissions performance. Moving forward, legacy Frutarom will be officially incorporated into the 2025 EcoEffective+ goals.

We understand that applicable best practice reporting framework guidelines, such as the Greenhouse Gas Protocol and the Science Based Targets initiative, would expect an update to our 2015 baseline following material acquisitions like Frutarom. Setting new baselines and targets is a complex and resource-intensive process. IFF has committed to re-establishing our targets and baselines once the anticipated combination with DuPont's Nutrition & Biosciences business is complete in 2021.

Other recent acquisitions (excluding Frutarom) have not been material, and their integration with IFF has not materially impacted our baseline or progress against our 2020 goals or 2025 EcoEffective+ goals. Therefore, no baseline adjustment to reflect those acquisitions has been made.

Aside from recent acquisitions, no significant changes have been made from previous reporting periods to the scope and topic boundaries, as defined by the GRI Standards.

1. With respect to financial reporting, we include the results of the acquired entity from the day we acquire the company.

REPORTING PROCESS

The content of this report is based on our sustainability strategy and materiality assessment. It is developed through an in-depth consultation process with relevant subject matter experts. The report is then reviewed by representatives from each business function. Feedback is incorporated, and our senior management and CEO review the final report prior to publication.

DISCLOSURE FRAMEWORKS

To assist stakeholders in understanding and benchmarking our performance, we annually prepare our sustainability report in accordance with the Global Reporting Initiative (GRI) Standards: “Core” option. GRI is an internationally recognized and widely adopted set of indicators for reporting, in a transparent and reliable way, on economic, environmental and social issues related to business performance. For additional information on the GRI Standards, please visit www.globalreporting.org.

This year, for the first time, we have also prepared a Sustainability Accounting Standards Board (SASB) disclosure for the chemicals industry in this report. SASB is an independent, nonprofit organization with a mission to develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors. For additional information on SASB, please visit www.sasb.org.

IFF is a formal signatory of the U.N. Global Compact (UNGC), a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption. Our 2019 Sustainability Report serves as our annually required Communication on Progress, which provides an overview of our commitments to sustainable and socially responsible policies in these areas. For more information on IFF’s UNGC participation, please visit unglobalcompact.org.

EXTERNAL ASSURANCE

We retained **ERM CVS** to conduct a third-party assurance of our 2019 Sustainability Report. Specifically, they assessed whether the report presents a complete and balanced presentation of IFF’s sustainability activities and performance in accordance with the GRI Standards: “Core” option, and whether the 2019 information and combined IFF and Frutarom data for specified indicators (primarily related to environmental and safety metrics) are fairly presented in accordance with the reporting criteria.

During the assurance engagement, due to travel restrictions following the outbreak of COVID-19, four of the planned in-person facility visits, as well as the planned headquarters visit (for interviews and a review of data systems), were changed to “virtual” visits via conference calls. Additional documentation to support corporate claims and operational data was provided, as needed, to inform the process and ensure accuracy and completeness. The visits scheduled prior to the travel restrictions were conducted in-person as planned.

For more information, please see the **External Assurance Statement** at the end of this report, which details the scope, activities and conclusions of their engagement.





HELPING
NATURE
THRIVE

ENVIRONMENTAL FOOTPRINT

At IFF, we understand that how we operate and the choices we make have a direct impact on the world and its natural resources. This realization drives our long-term sustainability commitments and is at the core of our purpose, “To redefine how we live in and care for the resources of our world.”

Building on our success in surpassing our 2020 targets for emissions, water and waste in 2018, we launched new environmental goals to take us to 2025 and beyond. These initiatives, which focus on emission reductions, water stewardship and zero waste to landfill, are known collectively as our **EcoEffective+** goals.

Following the Frutarom acquisition, we are working to assess our combined environmental footprint. Through our Vision 2021 sustainability strategy, we are identifying synergies, gaps and opportunities and sharing best practices with the legacy Frutarom operations, to better align them with IFF’s sustainability practices.

KEY HIGHLIGHTS

- Named to CDP’s A List for climate change for the fifth consecutive year and to their A List for water security for the second consecutive year – affirming IFF as a leader in climate and water management strategies
- Opened the industry’s largest solar array at our Union Beach, New Jersey, U.S., location, which will generate more than 9 million kilowatt hours on-site annually and power our research and development (R&D) facility
- Reconfirmed commitment to mitigate climate change by signing the U.N. Business Ambition for 1.5°C: Our Only Future pledge

Strategy

Our approach for managing our environmental footprint is rooted in our Vision 2021 sustainability strategy and administered by the champions of our cross-functional Eco-Effectiveness Team (one of four committees that make up our Sustainability Business Council). Composed of senior management from our global Operations and Sustainability departments, the Eco-Effectiveness Team reviews the status of our key performance indicators on a quarterly basis and selects sustainability capital projects annually across targeted sites to catalyze progress on our corporate goals.

The Eco-Effectiveness Team's strategic focus areas are driven and implemented by tactical, on-the-ground Green Teams, or cross-functional groups of employees who have a demonstrated passion for sustainability. Green Teams are in place at our legacy IFF manufacturing facilities, creative centers and offices and are expanding to our newly acquired Frutarom locations. These teams are empowered to drive improved environmental performance through eco-effectiveness projects at their respective locations. Globally, Green Teams connect each quarter to communicate progress and share best practices across the organization.

Green Teams use a centralized management system to track, measure and report on their environmental performance metrics. Through this structure, facility leadership and Green Teams take responsibility for minimizing the footprint of their own facilities, while benefiting from the resources and knowledge of other sites. This autonomy allows each site to focus on the projects that will result in the most significant environmental improvements.

We rely on external certification systems to measure and manage our environmental footprint throughout our value chain. ISO 14001 is a globally recognized set of environmental management standards that helps organizations minimize their operational impacts on the environment. Adhering to ISO 14001 improves resource efficiency, reduces waste, manages costs and underscores our commitment to continuous improvement. IFF's major manufacturing facilities¹ are ISO 14001 certified or in the process of becoming certified. For those facilities that fall below the ISO's threshold classification of a "major manufacturing facility" due to their size, we follow the identical procedures to leverage the benefits of the ISO certification process.

1. For ISO 14001 certification, a "major manufacturing facility" is defined as a site that is greater than 15,000 square feet. For waste management, a "major manufacturing facility" is defined as a site that generates more than 100 metric tons of waste (hazardous and nonhazardous) annually.

2. Based on our 2015 site portfolio

3. Facility communities are identified based on risk profiles using the World Resources Institute's Aqueduct tool and Ecolab's Water Risk Monetizer.

4. "Major manufacturing facility" is defined as a site that generates more than 100 metric tons of hazardous and nonhazardous waste annually.

ECOEFFECTIVE+ GOALS

Science-Based Target:

Reduce absolute Scope 1 and Scope 2 greenhouse gas (GHG) emissions by 30% below 2015 levels by 2025

2019 status: Legacy IFF GHG emissions reduced by 19.5% below 2015 levels, representing 65% of our goal

Procure 75% of our electricity portfolio² from renewable sources by 2025

2019 status: 119,879 megawatt hours (MWh) of renewable energy procured, representing 49.6% of our electricity portfolio² and 66.2% of our goal

Reduce freshwater consumption by using recycled water for more than 50% of our nonproduct operations, and drive collective action for water stewardship in targeted communities where we source and operate³

2019 status: More than 11,000 cubic meters of water recycled at our Tilburg, Netherlands, plant during the first three months of our first recycled water project

Achieve zero waste to landfill (ZWL) status at all major manufacturing facilities⁴ by 2025

2019 status: ZWL achieved at five out of our original 31 facilities, representing 16% of our goal

Metrics & Targets⁵

We track key metrics and targets to assess climate impacts and monitor alignment with our Vision 2021 sustainability strategy. This past year, to gain a better understanding of energy usage, gaps and priorities across our entire enterprise, we completed a third-party review of 2018 data for recently acquired facilities from the legacy Frutarom business. In 2019, we included legacy Frutarom in our full data assurance process. This process included a significant data collection and training effort for more than 60 facilities in 27 countries. Once the data was collected, it was incorporated into our global environmental management system software, which will enable us to report metrics as a combined company. In the sections that follow, we include and clearly label data for legacy IFF operations, legacy Frutarom operations, and the combined company, as appropriate.

Over the past year, we have continued to achieve notable progress and improvements toward the metrics and targets associated with our EcoEffective+ goals for emissions, energy, water and waste.

STANDARDS AND BASIS OF CALCULATIONS FOR ENVIRONMENTAL DATA

Greenhouse gas (GHG) emissions are calculated according to the Greenhouse Gas Protocol. This report includes all Scope 1 and Scope 2 emissions. Of the 15 Scope 3 categories, 10 are relevant to IFF, and we have historically reported on a minimum of six in our sustainability report (see IFF Performance Data, page 100). While we have less influence over the remaining four categories – employee commuting, downstream transportation and distribution, processing of sold products, and end-of-life treatment of sold products – we include estimates for these in our annual CDP report.

The organizational boundaries for this report align with the Operational Control approach outlined in the GHG Protocol. Following Scope 1 Guidance for Direct Emissions, we use appropriate emission factors from the Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines for National Greenhouse Gas Inventories and the U.S. Environmental Protection Agency (EPA) Fugitive Emissions Guidance. For electricity (Scope 2 emissions), we follow the EPA's 2018 eGrid Subregion emission factors and the latest International Energy Agency emission factors. Emission factors for steam are specific for each site and are provided by the suppliers.

Emissions for process-derived fuels are specific to each site and are calculated by mass balance based on product mix. The emissions calculations include GHGs covered by the Kyoto Protocol – carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆) – and are reported as CO₂ equivalents (CO₂e).

We use the global warming potentials provided in the IPCC's Fifth Assessment Report. We report both market-based and location-based emissions data in this sustainability report, which follow the methodologies provided in the Scope 2 Guidance of the GHG Protocol. Market-based emissions use supplier-specific emission factors and include renewable energy credits.

5. Due to rounding, individual numbers in text, charts and tables in this section may not sum to the totals shown.

Environmental Footprint

EMISSIONS

We believe that companies play a critical role in addressing the climate crisis, reducing GHGs and helping to safeguard life on our planet. At IFF, we do this by taking a leadership role in the mobilization of wider industry action and by setting an example through our strategy and performance.

In 2017, IFF signed the “**We Are Still In**” declaration of support for the Paris Agreement and climate action. In September 2019, during the U.N. Climate Action Summit, we reconfirmed this commitment to mitigating climate change by being among the first companies to sign the U.N.’s Business Ambition for 1.5°C: Our Only Future pledge, a communications and advocacy campaign to limit global temperature rise to 1.5 degrees Celsius through more aggressive science-based targets for emission reduction. As of June 2020, more than 240 companies had adopted this important pledge.

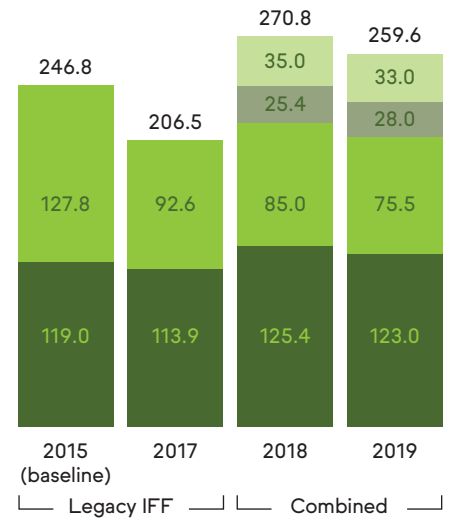
SCOPE 1 & SCOPE 2 EMISSIONS

As approved by the **Science Based Targets** (SBT) initiative, our goal is to reduce our absolute legacy IFF Scope 1 emissions (those we directly control) and Scope 2 emissions (those generated through purchased electricity and steam) by 30% below 2015 levels by 2025. We are on track to meet this target. In 2019, we reduced legacy IFF absolute Scope 1 and market-based Scope 2 GHG emissions by 5.7% from the prior year and by 19.5% below 2015 levels.

We have made significant progress in collecting and incorporating legacy Frutarom emissions data as we transition to reporting as a combined company. While the legacy Frutarom facility count is greater than the legacy IFF count, Frutarom’s absolute emissions were approximately 30% of the emissions for legacy IFF in 2019 (due to most legacy Frutarom facilities being less intensive than the legacy IFF portfolio). We have modeled the legacy Frutarom data into our baseline, and we are happy to report that we are still on track to meet our 2025 SBT. Accordingly, in 2019, we reduced our combined (legacy IFF and legacy Frutarom) absolute Scope 1 and market-based Scope 2 GHG emissions by 4.2% from the prior year.

In line with our 2020 intensity-based emissions goal, this year we reduced our legacy IFF Scope 1 and market-based Scope 2 GHG emissions by 5.9% per metric ton of production compared with 2018, representing 39.4% below our original 2010 baseline.

ABSOLUTE GHG EMISSIONS PERFORMANCE

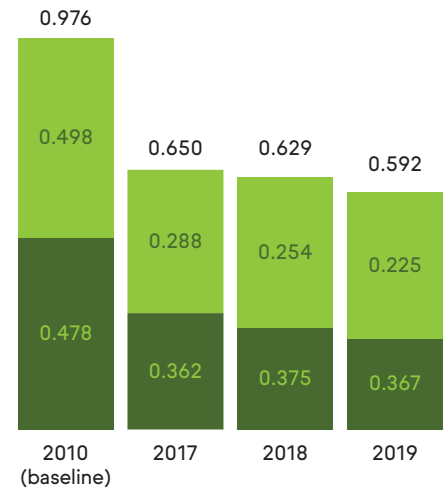


Thousands of metric tons CO₂e

- Legacy IFF Scope 1
- Legacy IFF Scope 2
- Legacy Frutarom Scope 1
- Legacy Frutarom Scope 2

ANNUAL MARKET-BASED EMISSIONS INTENSITY BY SCOPE

(Legacy IFF)



Metric tons CO₂e per metric ton of production

- Legacy IFF Scope 1
- Legacy IFF Scope 2

Environmental Footprint

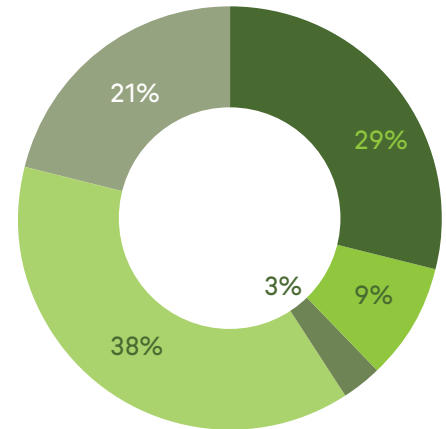
SCOPE 3 EMISSIONS

In 2019, legacy IFF generated 1,102,147 metric tons of CO₂e Scope 3 emissions (i.e., indirect emissions in our value chain such as upstream fuel and energy-related activities and employee business air travel). These emissions were generated from six categories relevant to IFF from the GHG Protocol. Gases in our Scope 3 calculation include CO₂, methane CH₄ and N₂O.

As part of our approved SBT, IFF has a related Scope 3 goal to engage suppliers representing 70% of our legacy IFF supply chain emissions by 2025 to set their own SBTs and report annual emissions. To work toward this goal, we engage with suppliers through CDP Supply Chain to encourage them to track their emissions, respond to the CDP climate change questionnaire and set an SBT. As of 2019, we have engaged suppliers representing 33% of our legacy IFF supply chain emissions through the CDP Supply Chain platform. Of this, suppliers representing 26% of our legacy IFF supply chain emissions have approved, committed to or plan to set an SBT. Looking ahead, we will be working to further align our commitment to Scope 3 emission reductions throughout our combined value chain, including legacy Frutarom.

2019 TOTAL STATIONARY SCOPE 1 AND SCOPE 2 MARKET-BASED EMISSIONS BY SOURCE

(Legacy IFF)



198,538 metric tons of CO₂e

- Electricity
- Steam
- Fuel Oil, LPG (Propane), Mobile Vehicles and Refrigerants
- Natural Gas
- Process-Derived

Environmental Footprint

ENERGY MANAGEMENT

To manage the GHG emissions and operating costs associated with the combustion of fossil fuels for energy, we employ an energy management strategy grounded in data and focused on efficiency measures and a commitment to using renewable energy.

In 2019, total legacy IFF energy consumption was 3,123,846 gigajoules (GJ), including 14.0% grid electricity, 13.1% purchased renewable electricity and 0.7% on-site generated renewable electricity.

We have a goal in place to reduce our legacy IFF energy intensity by 20% (per metric ton of production from a 2010 baseline) by 2020. After a slight increase in energy intensity in 2018 caused by supply chain disruptions and other factors, we resumed normal operating conditions and returned our product mix to less energy-intensive products at our legacy IFF facilities in 2019. To further support efficiency measures, we launched facility-led eco-effectiveness projects, installed new equipment and initiated operational changes at several of our sites. As a result, in 2019, we reduced our legacy IFF energy intensity by 2.1% per metric ton of production from the prior year. Since 2010, legacy IFF has achieved an overall energy intensity reduction of 15.6%.

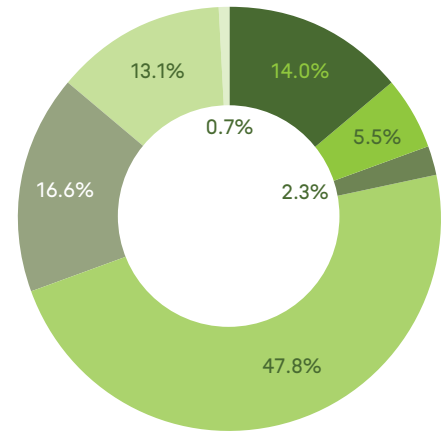
Total legacy Frutarom energy consumption in 2019 was 1,232,397 gigajoules (GJ), including 25.0% grid electricity, 0.4% renewable electricity and 34.9% biomass. In addition, we have made good progress in mapping and measuring annual energy intensity by type for legacy Frutarom. For more information on this, please see [IFF Performance Data, page 100](#).

CLEAN ENERGY

As a member of **RE100** – a corporate leadership initiative of businesses committed to 100% renewable electricity – we are committed to procuring 100% of our electricity needs from renewable sources in the shortest practical timescale possible and as financially feasible. In the meantime, we have continued to make progress toward our interim EcoEffective+ goal of procuring 75% of our electricity needs from renewable sources by 2025. As of the end of 2019, legacy IFF has procured or produced 431,565 GJ of renewable electricity for our operations, covering 49.6% of total electricity needs and representing approximately 66% of the way to meeting our EcoEffective+ goal.

2019 TOTAL ENERGY CONSUMPTION⁶

(Legacy IFF)

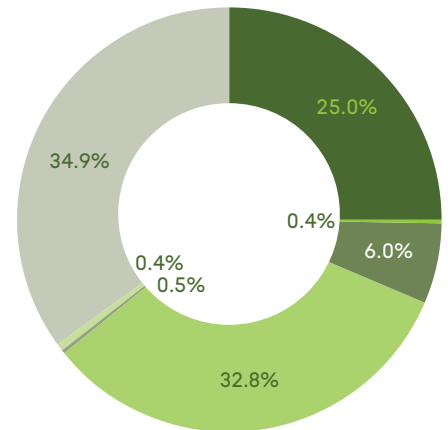


3,123,846 gigajoules

- Electricity
- Steam
- Fuel Oil, LPG (Propane)
- Natural Gas
- Process-Derived
- Purchased Renewable Electricity
- On-Site Renewable Electricity

2019 TOTAL ENERGY CONSUMPTION⁶

(Legacy Frutarom)



1,232,397 gigajoules

- Electricity
- Steam
- Fuel Oil, LPG (Propane)
- Natural Gas
- Process-Derived
- Renewable Electricity
- Biomass

Environmental Footprint

For example, our on-site renewable energy power purchase agreements include:

- A 5.6 MWh wind turbine at our Tilburg, Netherlands, facility
- A 4.5 MWh solar field at our Hazlet, New Jersey, U.S., location
- A 9,000 MWh (expected) **solar array**, at our Union Beach, New Jersey, U.S., property

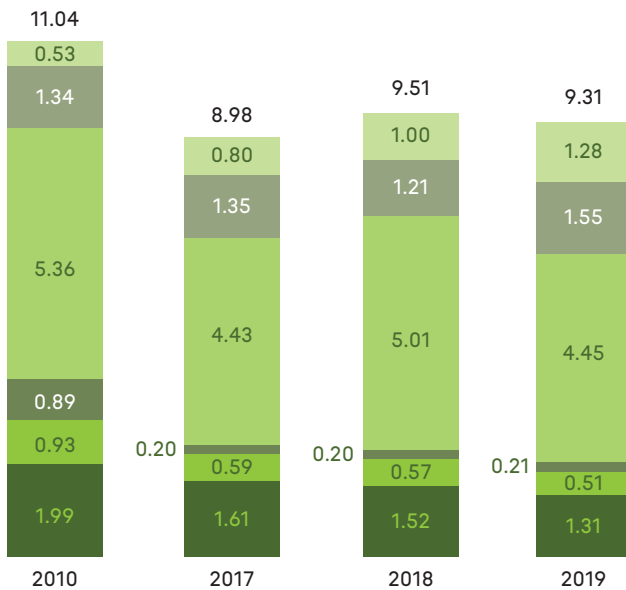
In 2019, we also continued purchasing green electricity for multiple facilities, including in Haverhill, U.K.; Carrollton, Texas, U.S.; and Benicarló, Spain.

We are in the process of mapping and verifying renewable energy from various legacy Frutarom sites around the world and we will be incorporating this into our total going forward.

ANNUAL ENERGY INTENSITY BY TYPE

(Legacy IFF)

Gigajoules per metric ton of production



- Electricity
- Steam
- Fuel Oil, LPG (Propane)
- Natural Gas
- Process-Derived
- Renewable Electricity (Purchased and On-Site)
- Biomass

Environmental Footprint

WATER MANAGEMENT

Water is a critical input to IFF's business, from our taste and scent ingredients to our production processes, including cooling, steam generation, feedstock processing and cleaning. We also rely on water indirectly for all agricultural-related processes throughout our supply chain. We generate wastewater as an output of our manufacturing processes, and this water is treated before disposal.

Across our portfolio, we have made significant progress in reducing our global water footprint over time. We have twice surpassed 2020 goals to reduce legacy IFF water use intensity by 25% and 50% against a 2010 baseline. In 2019, we reduced our legacy IFF water intensity by 1.9% from the prior year, achieving a total reduction in water use intensity of 66.6% since 2010. This improvement was due primarily to the continued application of water-saving initiatives at legacy IFF facilities (such as eliminating once-through cooling, optimizing cleaning procedures, and repairing or upgrading piping to prevent water leaks).

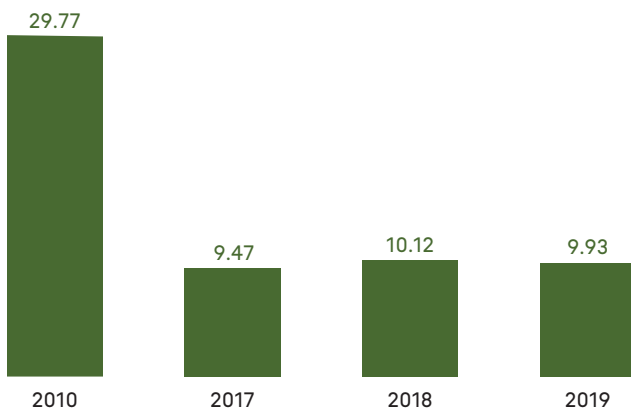
We track or estimate water withdrawal for all our legacy IFF manufacturing facilities and office buildings. Globally, approximately 80% of our water usage is from 10 of our facilities, which have varying risk profiles according to their location.

We have made good progress in mapping and measuring annual water intensity for legacy Frutarom. For more information on this, please see [IFF Performance Data, page 100](#).

ANNUAL WATER USE INTENSITY

(Legacy IFF)

Cubic meters per metric ton of production



Environmental Footprint

WATER STEWARDSHIP

Beyond our water intensity reduction goals, we have two EcoEffective+ water stewardship goals focused on watershed management and community engagement efforts. First, we aim to use recycled water for more than half of our nonproduct operations by 2025. Our Tilburg plant in the Netherlands implemented a water recycling project in 2019, resulting in the recycling of 11,088 cubic meters of water. This initiative was a model of successful collaboration between multiple private entities to utilize recycled water, reduce strain on the municipal supply and save money. IFF will leverage the learnings from this collaboration to identify new projects in support of our goal.

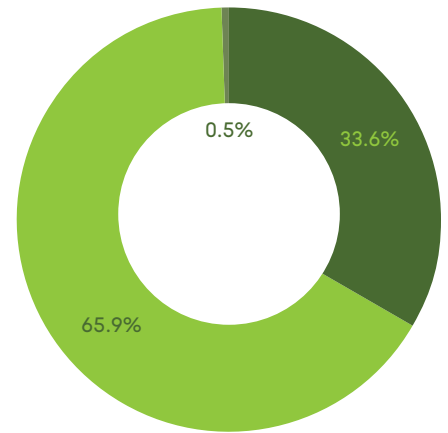
Second, we will focus on driving collective action for water stewardship in the communities where we source and operate. As the risks of water scarcity and overconsumption increase around the world, particularly in locations with high baseline water stress, we strive to reduce our water use and consumption through increased efficiency and other water management strategies. Our CEO has confirmed this commitment by signing the U.N. Global Compact's CEO Water Mandate to advance water stewardship in partnership with the U.N., governments, civil society and others.

In order to map our water footprint and manage possible risks, we use several publicly available and globally recognized tools for informing water stewardship approaches. To identify water stress, flood occurrence and drought severity risks for our manufacturing facilities, for example, we use the World Resources Institute's (WRI) Water Risk Atlas tool, **Aqueduct**. On a project basis, we use other tools, such as the World Business Council for Sustainable Development's Global Water Tool and the U.S. EPA's Surf Your Watershed tool. We also use Ecolab's Water Risk Monetizer to help understand water-related risks and to quantify those risks in financial terms. We have not identified any substantive risks to our business associated with water, but we are continuing to focus on our water stewardship efforts.

To work toward our goal of driving collective action for local water stewardship and addressing community needs, we are in the process of identifying areas of our operations with potentially high baseline water stress as classified by the WRI Aqueduct tool and other tools. Preliminary results from the initial screening for legacy IFF and legacy Frutarom locations indicate that 17.9% of our total water withdrawal in 2019 came from regions with high or extremely high baseline water stress. The results of this initial screen are in the process of being finalized

2019 WATER WITHDRAWAL BY SOURCE

(Legacy IFF)

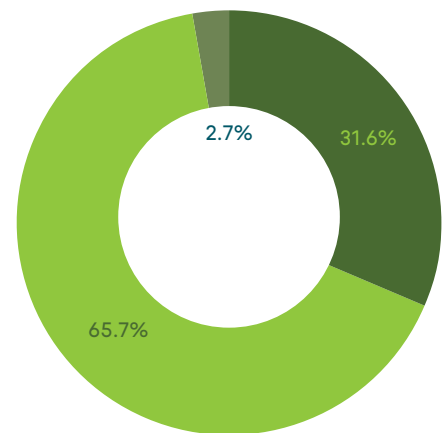


3,332,340 cubic meters

- Groundwater
- Municipal System
- Other (Process Water and Rainwater)

2019 WATER WITHDRAWAL BY SOURCE

(Legacy Frutarom)



1,226,829 cubic meters

- Groundwater
- Municipal System
- Other (Process Water and Rainwater)

Environmental Footprint

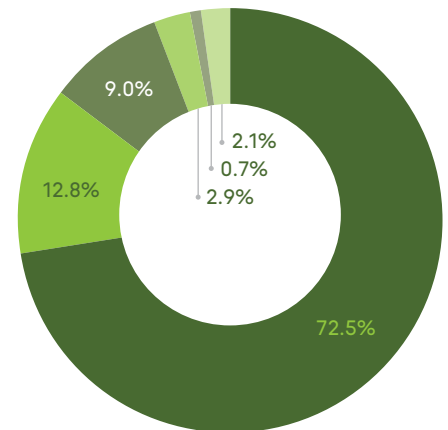
WASTE MANAGEMENT

As part of our comprehensive approach to managing our waste, we are continually identifying and monitoring trends that affect our production while tracking our key performance metrics against our targets. We are particularly focused on increasing our recycling rates and eliminating the concept of waste in our operations. In 2019, our total nonhazardous waste was 25,731 metric tons for legacy IFF sites and 15,447 metric tons for legacy Frutarom sites. Our EcoEffective+ goal is to achieve zero waste to landfill (ZWL) status at all 31 of our legacy IFF major manufacturing facilities⁸ by 2025. We are on track to meet this goal for legacy IFF, and we are currently evaluating legacy Frutarom facilities that reach the waste generation threshold.

We have made significant progress in implementing our ZWL program, which is focused on encouraging our Green Teams and employees to implement innovative solutions to reduce waste by reusing and recycling materials. Building on the lessons learned from our South Brunswick, New Jersey, U.S., flavors facility (which was certified in 2017 as the industry's first ZWL manufacturing facility worldwide), we formalized an internal process for ZWL verification in 2019. Following this framework, four IFF sites were internally verified as ZWL this year: Jurong, Singapore; Jammu in the Indian union territory of Jammu and Kashmir; Karawang, Indonesia; and Tilburg, the Netherlands.

2019 NONHAZARDOUS WASTE BY DISPOSAL METHOD

(Legacy IFF)



25,731 metric tons

- Recycling
- Energy Recovery
- Landfill
- Composting
- Incineration
- Other

Environmental Footprint

HAZARDOUS WASTE

Because chemical manufacturing generates some unavoidable hazardous process waste, we take steps to reduce its generation, identify effective treatments and disposal methods and focus on recovery, reuse and recycling, where possible. In 2017, we achieved our original goal (set in 2012), to reduce hazardous waste intensity by 25% below a 2010 baseline by 2020. From that point on, our goal has been to drive continuous improvement by further reducing our hazardous waste intensity.

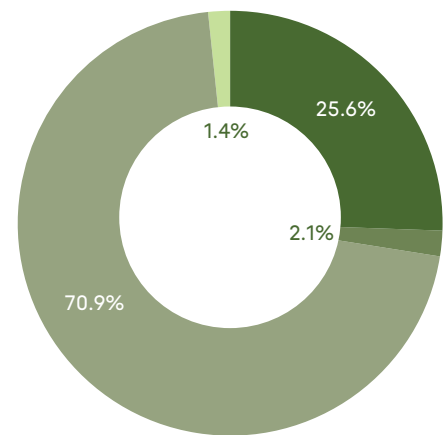
In 2019, legacy IFF sites generated 0.0497 metric tons of hazardous waste per metric ton of production, representing a nearly 8% reduction from the prior year and a 48% reduction from the 2010 baseline.

These reductions stem from systematically focusing on the production processes that typically generate the highest volumes of hazardous waste. For example, in 2019 our Operations team optimized processes and found new ways to manage waste during the washing phases of production (which also presented new water savings opportunities).

We have made good progress in mapping and measuring annual hazardous waste intensity for legacy Frutarom. For more information on this, please see [IFF Performance Data, page 100](#).

2019 HAZARDOUS WASTE BY DISPOSAL METHOD

(Legacy IFF)



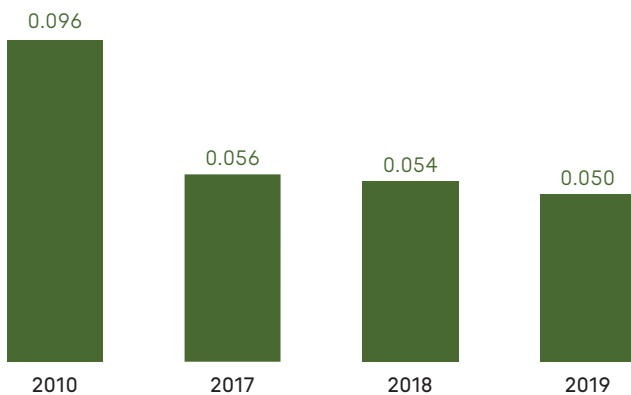
16,662 metric tons

- Recovery/Reuse/Recycling
- Landfill
- Incineration
- Other

ANNUAL HAZARDOUS WASTE INTENSITY

(Legacy IFF)

Metric tons per metric ton of production



Commending Sustainability Performance

Our employees are on the front lines of identifying ways to operate more sustainably, save resources and reduce costs while meeting the environmental performance expectations of our customers and other stakeholders. Without our employees, these achievements would not be possible.

INFORMATION TECHNOLOGY EFFICIENCIES

With an eye toward the digital future, IFF took steps in 2019 to increase the flexibility, reliability, security and efficiency of our global information technology (IT) infrastructure, while reducing waste and energy consumption. These efforts included the following:

- **Moving to a colocation data center:** As part of our disaster resilience and recovery planning in response to sea-level rise, we recently moved our primary data center away from the coast in New Jersey to a geographically strategic, highly resilient and purpose-built colocation data center. Following the move, we dedicated part of the space previously used for equipment to build out new research and development labs. This much-reduced physical footprint in New Jersey is now powered by our on-site solar array.
- **Responsibly disposing of electronic waste:** IFF has partnerships in place with specialized disposal companies in select global locations to recycle and responsibly dispose of e-waste (i.e., discarded electrical or electronic devices). The collection and proper processing of e-waste reduces pollution and recovers valuable materials that can be used to make new products. Looking ahead, we will be expanding our partnerships for e-waste collection in areas where it is not yet available and where we are collecting and storing material in the meantime.
- **Migrating to the cloud:** From email to expense reports to business analytics, IFF is increasingly leveraging cloud-delivered software that drives sustainable resource efficiencies. We continued to accelerate this transition last year to achieve optimal automation, consistency and availability while reducing the fixed costs and potential capacity expansion delays associated with server maintenance. Going forward, we will also build all bespoke applications cloud-first in order to utilize on-demand cloud capacity.

Environmental Footprint

ECO-EFFECTIVENESS RECOGNITION PROGRAM

Annually, our Global Sustainability Team holds an Eco-Effectiveness Recognition Program to honor our manufacturing facilities that have improved their sustainability performance in energy, water and waste. In 2019, the winners were as follows:

● **Most Sustainable Site**

- **Gebze, Turkey:** In addition to supporting a large social engagement program through a variety of events, activities and organizations, Gebze was the only site to make year-over-year reductions in all four categories of evaluation: energy usage, absolute carbon emissions, waste and water use.

● **Most Improved Sites**

- **Carrollton, Texas, U.S.** – Emissions: Decreased CO₂e generation from the prior year, following the purchase of Renewable Energy Credits to drive down emissions from electricity
- **Cairo, Egypt** – Energy: Decreased energy usage from the prior year as a result of installing new LED lighting in all operations, which reduced lighting intensity and energy consumption
- **Tlalnepantla, Mexico** – Water: Decreased water usage from the prior year, following the implementation of water reduction processes, including an employee awareness campaign
- **Jacksonville, Florida, U.S.** – Hazardous Waste: Decreased hazardous waste generation from the prior year, driven by improvements in materials management processes and optimizing process efficiencies

These awards demonstrate our employees' continued passion and commitment to progressing IFF's transition to a sustainable future.



**STRENGTHENING
OUR SUPPLY
CHAIN**

RESPONSIBLE SOURCING

IFF's supply chain is broad and complex – from raw material sourcing to manufacturing, quality assurance, regulatory compliance and distribution. In order to provide our customers with consistent quality products on a timely and cost-effective basis, we purchase thousands of natural and synthetic ingredients for our compounds from supplier companies around the globe. We purchase approximately 41,000 different raw materials from an extensive network of domestic and international suppliers and distributors. With the acquisition of Frutarom in 2018, we significantly increased our natural products, thereby also increasing the percentage of our ingredients that are natural or crop-related.

Our global manufacturing footprint allows us to optimize our supply chain and support our global and regional customers. Yet we recognize that our footprint extends beyond our own fences and that, in order to make a positive impact, we must influence our entire value chain. Our Responsible Sourcing program seeks to ensure ethical practices in our supply chain, reduce impact to the environment and support workers and grower communities. This aligns with our global corporate strategy for sustainability.

Our Global Procurement team is engaged in leading the full integration of Frutarom into our Responsible Sourcing program, including consolidating purchases, communicating sourcing policies and codes and onboarding vendors into the system. Global Regulatory Affairs and Vendor Quality are also involved in the integration process, including reviewing, quality assuring and approving strategic products and ingredients in the now-expanded portfolio. The integration of legacy Frutarom into the Responsible Sourcing program remained ongoing in 2019 and will continue to progress toward full integration over the next year.

KEY HIGHLIGHTS

- Accelerated industry-leading blockchain technology as a tool for ensuring ingredient traceability
- Launched a companywide traceability project covering 93% of our global palm volumes, revealing new insights, risks and opportunities within our supply chain
- Became provisional members¹ of the Union for Ethical BioTrade (UEBT) – an internationally recognized nonprofit that promotes the “Sourcing with Respect” of ingredients that come from biodiversity

LOOKING AHEAD

- Continue to work closely with the Roundtable on Sustainable Palm Oil and other industry partners to further contribute to the sustainability of palm oil globally
- Further advance our ethical sourcing practices through full UEBT membership¹ in 2020
- Increase our support for, and investment in, the communities where we source from, such as Haiti

1. This is applicable to LMR Naturals by IFF and Southern Cross Botanicals, a division of Lucas Meyer Cosmetics by IFF.

Commitments & Policies

Our Responsible Sourcing Committee, which meets quarterly, oversees all commitments and policies related to responsible procurement and supplier engagement. The committee – led by our Vice President and Chief Procurement Officer, as well as our Vice President of Global Sustainability – provides updates to the Sustainability Business Council. It comprises senior management from our Procurement, Sustainability, Regulatory and Quality functions, as well as leadership from our Taste and Scent business units and LMR Naturals by IFF, our natural ingredients division. In 2019, Responsible Sourcing Committee meetings covered a range of topics and decisions, including progress against targets and goals, worldwide community and biodiversity programs and strategic planning for 2020 and beyond.

Our **Vendor Code of Conduct** (“Vendor Code”), available in seven languages, sets forth the basic requirements a vendor must meet in order to maintain a business relationship with IFF. We expect our suppliers, and their suppliers, to conduct their business ethically and honestly and in compliance with all applicable laws, rules, regulations and industry standards, including those concerning workplace safety and human rights. Through our vendor onboarding process, led by Global Procurement, new vendors are provided with the Vendor Code and must acknowledge in our procurement system that they have received and read it. Existing suppliers must acknowledge our Vendor Code with each contract renewal.

As outlined in our **Global Human Rights Policy**, we explicitly support all internationally recognized human rights standards. Discrimination, child labor and forced or compulsory labor are prohibited, and we expect our vendors to recognize and respect their employees’ rights to freely associate and engage in collective bargaining.

Our **Policy on Sustainable Palm Oil** affirms our commitment to source all palm oil sustainably where possible and seeks to ensure that our palm oil supply chain does not contribute to deforestation, peat clearance or human rights abuses.

Risk Assessment & Prioritization

IFF has rigorous quality and sustainability expectations for our suppliers. On the quality side, our Vendor Management program and internal auditors help to ensure that our suppliers meet these expectations. Selected new raw material suppliers undergo initial audits of their operations to confirm that they meet IFF's quality requirements and standards, while existing suppliers are audited on an ongoing, periodic basis. These auditing efforts are complemented by our Vendor Quality Risk Management program, which tracks vendor performance to help determine audit frequency. Our vendor risk scorecards, which are managed by our Global Quality function, allow us to focus our resources where the needs are greatest.

Similarly, our Responsible Sourcing program assesses vendors for environmental, social and governance risks based on the vendor's country of operation. We also track the corporate social responsibility performance of vendors. For material-specific risks, we categorize natural raw materials and renewables based on country of harvest. In summary, both our Vendor Management program and our Responsible Sourcing program allow us to share best practices and technical advice with our suppliers to support them in making continuous improvements.

With respect to evaluating specific naturals and renewable ingredients for environmental and social risks and performance, we use a similar approach to that of our vendor risk management process: identify and prioritize risks so they can be appropriately mitigated.

RISK ASSESSMENT METHODOLOGY

Our risk assessment methodology helps to identify inherent sourcing risks for suppliers and ingredients based on their countries of operation. The methodology was validated in 2017 by the [Rainforest Alliance](#) – an international nongovernmental organization working to build strong forests, healthy agricultural landscapes and thriving communities. In 2019, we underwent a risk methodology refresh, again in partnership with the Rainforest Alliance, to enhance our risk assessment tool and expand it to incorporate global environmental, social and governance risk insights, specifically the following:

- Environmental risks related to water, climate change, biodiversity, agriculture and deforestation, using input sources such as the World Resources Institute, Global Forest Watch and academic studies
- Social risks related to human rights and labor rights, using sources such as the Global Slavery Index, the World Bank, the U.N. Development Programme and UNICEF
- Governance risks related to government effectiveness and corruption, using sources such as Worldwide Governance Indicators and Transparency International

We also conduct hot-spot screenings on raw materials that have been flagged by credible sources and other risk tools, such as the [U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor](#) and the [NEPCon Sourcing Hub](#), among others.

HOW WE SUSTAINABLY SOURCE NATURALS



HAITI

Vetiver^{1, 2, 3}



1. Community Development Project



2. Optimization Program:
Agronomy / Mechanization / R&D Expertise



3. For Life Ingredient Certification



4. Fair for Life Ingredient Certification



5. FairWild Ingredient Certification



6. Blockchain

IFF'S FOR LIFE CERTIFIED FACILITIES

- Grasse, France
- Aumont-Aubrac, France
- Isparta, Turkey



EL SALVADOR

Peru Balsam⁵



FRANCE

Blackcurrant Bud^{3,6}
Clary Sage
Lavandin
Lavender
Orris Root^{2,3}



TURKEY

Rose^{1,2,3}



EGYPT

Basil
Geranium^{2,3}
Orange Flower
Violet



INDONESIA

Patchouli^{1,2,3}
Vanilla



TOGO

Citronella^{2,3}



MADAGASCAR

Black Pepper
Cinnamon²
Ginger
Patchouli³
Pink Pepper
Vanilla^{1,4}
Ylang-Ylang³



INDIA

Davana
Jasminum Sambac
Jasminium Grandiflorum
Tuberose²
Turmeric



NEW CALEDONIA

Sandalwood²

Monitoring Performance

As part of the material approval process, we query suppliers on responsible sourcing practices, traceability and other relevant topics. We leverage different tools to monitor and assess our supply chain's responsible sourcing status. For example, our internal vendor questionnaire covers questions regarding suppliers' own corporate social responsibility management and sustainability programs, including responsible sourcing topics and traceability. We also partner with like-minded organizations and others in our value chain to monitor and assess our suppliers' sustainability commitments and responsible sourcing practices.

CDP SUPPLY CHAIN

As a member of the CDP Supply Chain program, we invite suppliers to complete the CDP questionnaire about their greenhouse gas emissions, the results from which are used to improve our Scope 3 (value chain) emission estimates and better prioritize future mitigation measures. As part of this effort, we work with industry partners and the CDP Supply Chain platform to reach out to suppliers and offer encouragement, support, training and guidance (such as through webinars and discussions) about how to participate in the CDP climate change reporting initiative.

ECOVADIS & SEDEX

We focus our supplier engagement efforts on key suppliers that are critical to our business, reviewing the list annually as our supply chain evolves. We require that these suppliers be assessed through EcoVadis or Sedex (Supplier Ethical Data Exchange), two supply chain information platforms that help us drive improvement in labor standards, health and safety, environmental management and ethical business conduct.

In 2019, approximately 75% of legacy IFF's direct global spend was with suppliers assessed through EcoVadis or Sedex. We also use the EcoVadis platform to assess ourselves as a supplier to our customers, and in 2019 we achieved Gold status. And, we use Sedex to run reports on our suppliers' ethical data, manage information on our own facilities and share information with our customers.

TOGETHER FOR SUSTAINABILITY

IFF is a member of **Together for Sustainability** (TfS), a collaborative chemical industry effort that seeks to assess, audit and improve sustainability practices in the supply chain. Through this partnership, we share our supplier sustainability assessments and audits with all members, which avoids duplicate efforts for our suppliers. TfS assessments and audits cover issues such as labor and human rights, working conditions, and the environment, which align with IFF's Vendor Code. We combine the outcomes of these supplier-specific assessments with information based on other criteria (such as country of manufacture) to determine supplier audit schedules. In 2019, we continued to work with suppliers on their corrective action plans identified through TfS audits.

TfS also enables member companies to work together by facilitating constructive dialogue regarding supply chain complexity, challenges and opportunities. Specific initiatives are led and executed by TfS members through targeted work streams. IFF participates actively in the regional TfS North America committee, which holds meetings quarterly, as well as the annual TfS membership meetings. Our Chief Procurement Officer participates in the TfS steering committee meetings.

UNION FOR ETHICAL BIOTRADE

In 2019, to further advance our ethical sourcing practices, LMR Naturals by IFF and Southern Cross Botanicals, a division of Lucas Meyer Cosmetics by IFF, became provisional members of the **Union for Ethical BioTrade** (UEBT). The UEBT is an internationally recognized nonprofit association made up of member companies in the natural ingredient supply chains for the food, cosmetics and natural pharmaceutical sectors. As part of our journey to ensure that our products are made with ingredients sourced with respect for people and biodiversity, we successfully passed the UEBT membership assessment. We expect to acquire full UEBT membership in 2020 following approval of our workplans by the UEBT. In the meantime, we are actively working with the UEBT to benefit from their independent expertise on responsible sourcing.

Certifications & Continuous Improvement

IFF strives to source materials that have been certified by credible, internationally recognized, third-party environmental and social responsibility certification schemes. We partner with our suppliers and invest resources to achieve certifications for strategic supply chains. We also encourage collaboration with industry peer groups and our customers to raise the bar on certified materials.

For example, within our botanicals supply chain, our guiding principle has always been to deliver premium, 100% pure and natural extracts, with a strict ethos of complete transparency and a commitment to environmental management and sustainable development. We work with local producers around the world to provide our perfumers and flavorists with pure, natural, transparent and sustainable ingredients that reset the standard on quality, inspire customers and delight consumers every day.

We also strive to provide comprehensive information to our customers about the environmental and health impacts of ingredients. Using ISO 14040-14044 standards, we have conducted detailed lifecycle assessments for 10 key botanical ingredients, from vegetal to final extract. This includes measures of climate change impact, water consumed, ecosystem quality, resources used and human health.

INGREDIENT CERTIFICATIONS

Underscoring our commitment to responsible sourcing, ingredient certifications support the conservation of natural resources and improvement in the livelihoods of the farming communities where our raw materials are grown. In recent years, we have expanded our offerings of certified ingredients.

FOR LIFE

LMR Naturals by IFF (LMR) certifies specific supply chains and facilities through ECOCERT's rigorous **For Life program**. ECOCERT, an organic certification organization founded in France, conducts inspections in more than 80 countries. For Life certification recognizes an organization's adherence to sustainability criteria related to transparency, environmental responsibility, sustainable agriculture, fair and safe working conditions, human rights, and relationships with producers and local communities.

LMR has supply chains for nine natural ingredients that are certified annually through the For Life program: rose harvested in Turkey, vetiver from Haiti, geranium oil from Egypt, patchouli and ylang-ylang from Madagascar, patchouli from Indonesia, citronella from Togo and orris root and blackcurrant bud from France. Achieving these certifications is challenging, as it often involves years of work with growers and communities to improve their practices to meet the necessary criteria. Thanks to the long-term partnerships we have cultivated through the For Life framework, we are supporting the livelihoods of more than 3,000 farmers. Counting their families and communities, the program indirectly supports approximately 10,000 beneficiaries. LMR's operational facilities in Grasse and Aumont-Aubrac, France, as well as in Isparta, Turkey are also For Life certified by ECOCERT.

Responsible Sourcing

FAIRWILD

The **FairWild Foundation** provides a framework for implementing a sustainable and fair management system for the supply chain of wild-collected natural ingredients. The FairWild standards ensure the long-term survival of wild species, while respecting local traditions and cultures and supporting the livelihoods of harvesters. LMR gained FairWild certification for Peru balsam, an ingredient used in perfumery, from El Salvador. The protection of this limited raw material is important because El Salvador is one of the only countries where large populations of these resin-producing trees are found. LMR's certification recognizes our commitment to natural resource conservation, sustainable harvesting processes and fair working conditions. Once the harvest is complete, this will be the first FairWild-certified flavor or fragrance ingredient to be commercially available globally.

ORGANIC & VEGAN

As more of our customers seek certified organic ingredients to use in their products, we are proactively moving forward to address this demand by obtaining these certifications for many ingredients. We have three operating locations with organic certification and an increasing number of certified organic products within LMR, including, for example, marjoram oil from Egypt, myrtle oil from Tunisia and petitgrain oil from Paraguay.

We also now have an industry-leading position of 90 natural extracts in our portfolio that are certified by **EVE (Expertise Vegane Europe) VEGAN®**, an official certification body for vegan products and vegan farming. This voluntary label is recognized worldwide as guaranteeing products free of ingredients from animal origin (i.e., from breeding, slaughter, hunting or fishing) and not tested on live animals.

Responsible Sourcing

ROUNDTABLE ON SUSTAINABLE PALM OIL

Palm oil production is linked to deforestation, biodiversity destruction and human rights abuses. At IFF, we use less than 0.1% of the palm oil and palm kernel oil produced worldwide, but we recognize we have an important role to play in ensuring that the palm oil in our supply chain – no matter how limited – comes from sustainable sources.

As a member of the **Roundtable on Sustainable Palm Oil** (RSPO) – a nonprofit that unites stakeholders to develop and implement global standards for sustainable palm oil – we seek to ensure that our palm oil supply chain does not contribute to deforestation, peat clearance or human rights abuses. As outlined in our **Policy on Sustainable Palm Oil** (released in 2016), our goal is to have 100% of the palm oil used in our products be certified, according to the **RSPO Mass Balance Supply Chain Model**, by the end of 2020.² We have made good progress in this area, and we are confident that we are on track to meet this goal on time.

We have begun the process of integrating Frutarom into our sustainable palm oil program and accounting for their palm volumes. In fact, palm oil was the first raw material for which we initiated the integration of legacy Frutarom into the Responsible Sourcing program in 2019. This included retiring Frutarom's RSPO membership and consolidating it into the IFF membership. We completed a similar transition to group membership for the Lucas Meyer Cosmetics by IFF business unit in 2019 as well.

Also in 2019, we conducted a palm traceability study that covered nine suppliers for which upstream investigation was completed, representing 93% of palm volumes for the legacy IFF business. The study included a supply chain mapping exercise that identified more than 1,400 mills and 70 refineries and crushers in our palm supply chain. Of those, the traceability results revealed that 22% of the mills and 85% of the refineries and crushers are RSPO certified. These and other insights from this study not only help to raise awareness on the limited availability of certified supply globally but also help us identify our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

In order to meet customer demand for certified palm oil products, we intend to purchase palm oil products from suppliers that have made public commitments to protect human rights and avoid deforestation and development on peat lands or high-conservation-value areas. We currently have 21 facilities that meet the standards of RSPO Supply Chain Certification. Looking ahead, we will continue our close partnership with the RSPO and continue to work with them to further contribute to the sustainability of palm oil globally.

See IFF's annual communication of progress for the RSPO [here](#).

Strengthening Local Communities

Our commitment to responsible sourcing means we strive to improve the quality of life in farming communities, helping to make them more stable, resilient and prosperous. Based on the results of these community programs, we annually re-evaluate where our efforts and investments will create the most value and how we can continue to reach more people.

Our work in Indonesia, France and Madagascar offers three examples.

SUPPORTING PATCHOULI FARMING IN INDONESIA

Patchouli is a bushy herb native to Asia that is now extensively cultivated in tropical regions around the globe. The scent of patchouli has been popular for centuries and is commonly used in fine fragrances as well as consumer products such as laundry detergents and air fresheners. We source much of our patchouli oil from Indonesia, where there are significant environmental, social and economic challenges facing supply chains for this botanical – from deforestation and plastic waste to the high number of intermediaries involved in the process that can hinder transparency. (For more information, see [page 15.](#))

In 2019, we continued our shared value program to support patchouli farming communities in Indonesia through For Life certification, which brings strong environmental and social practices to the supply chain. Programming was targeted in three main geographic areas, directly or indirectly benefiting more than 2,800 community members on these islands:

- Bali, where 80 farmers have been For Life certified, benefiting more than 300 local people
- Sulawesi, where 405 farmers have been For Life certified, benefiting approximately 2,000 local people
- Flores, where 125 farmers have been For Life certified, benefiting approximately 500 local people

To further support the local community in Sulawesi, we worked with a partner to develop a program to address key challenges related to agroforestry, women's empowerment, resources management and plastic waste management. For example, to support reforestation and protect biodiversity, we planted more than 10,000 trees – comprising 19 distinct species – and are on track to plant 75,000 more trees over the next three years. We are establishing community seedling nurseries, supporting women's empowerment through the nurseries, and offering sustainable resources management training on topics such as sustainable firewood collection. Additionally, through a plastic waste management program, 1.7 metric tons of plastic waste were collected, sorted and sold. Through this project, we are supporting four U.N. Sustainable Development Goals: SDG 5 Gender Equality; SDG 8 Decent Work and Economic Growth; SDG 13 Climate Action and SDG 15 Life on Land.

PILOTING BLOCKCHAIN TECHNOLOGY IN FRANCE

Beginning in 2018, in collaboration with a partner, LMR Naturals by IFF piloted blockchain technology as a tool to ensure ingredient transparency and traceability for blackcurrant bud in France. The use of blockchain makes it possible to accurately notarize the flow of raw materials from the crop to the customer in an inviolable and transparent manner. All stakeholders along the value chain can benefit from this process. For example, for farmers, blockchain helps to build a bridge with consumers while increasing trust and transparency.

In 2019, our efforts focused on collecting field data, identifying the best management systems, and setting up registries at critical points along the chain to document blackcurrant bud supplies. For example, when a farmer transfers raw material to the local cooperative, the blockchain registry captures key information, such as date of delivery, weight/volume and the farm and parcel location of the crop. When the cooperative then transfers the material to the processor, data is again captured to confirm receipt and verify batch composition. At each point, data registered into the blockchain are permanently timestamped, forgery-proof and decentralized, thereby building trust among stakeholders.

Through blockchain, we have clear visibility into the origin and journey of our raw materials, which is knowledge and certainty that we can pass along to our customers. In addition to connecting us more closely to farmers and local communities, the pilot project has allowed LMR to objectively assess various choices associated with the technology to ensure we create the most efficient process. Moving forward, we plan to leverage our learnings and roll out similar approaches to other ingredient supply chains we manage around the world.

Responsible Sourcing

SUSTAINABLY SOURCING VANILLA IN MADAGASCAR

Though one of the largest vanilla-exporting countries in the world, Madagascar is also one of the poorest. Due to its location and isolation, it has tremendous biodiversity, but this is being threatened by slash-and-burn agriculture, primarily for rice cultivation. Vanilla cultivation, which requires pollination by hand, is a time-consuming and labor-intensive process for independent smallholder farmers. To support the communities in this important supply chain, we are working with a partner to address the most pressing economic, environmental and raw material challenges in this region. In 2019, we made progress on the three pillars of this initiative:

- Improve vanilla quality and productivity
 - We developed a farmers' association and registered more than 400 producers, approximately 20% of whom are female. Through the association, we are providing a variety of benefits and support, including the tools, education and guidance to apply sustainable environmental and social practices to vanilla cultivation, thereby sustainably increasing high-quality yields. These steps are also setting the stage for vanilla producers to become For Life certified in the future.
- Engage communities and improve livelihoods
 - We set up a series of community and healthcare access programs for association members and their families, including training in crop diversification beyond vanilla to support new income opportunities. We invested in educational infrastructure by renovating a school, delivering new equipment and materials and distributing more than 1,500 kits of school supplies to children. We also distributed bags of rice to address food insecurity during seasonal shortages.
- Preserve ecosystems
 - We created a reforestation pilot program by setting up two tree nurseries, distributing more than 2,000 seedlings to association members and training nine local managers to oversee seedling distribution moving forward. With these steps in place, we will officially kick off the tree planting pilot project in 2020 in order to preserve biodiverse ecosystems in the region while expanding environmental awareness.

Looking ahead over the next four to five years, we aim to scale up the program by bringing more producers into the program, which will indirectly benefit more families and community members.

**CREATING
REGENERATIVE
PRODUCTS**



SUSTAINABLE INNOVATION

In the face of large-scale global challenges such as climate change and natural resource scarcity, businesses are responding by making more sustainable decisions. At the same time, consumers are shifting their purchases toward wellness-focused products that are environmentally and socially responsible. At IFF, we stay ahead of these shifts by embracing circular design principles and designing products that offer a positive contribution to people, society and the world around us.

Circular design is an emerging business ethos that aims to design waste out and create closed-loop systems in which materials are constantly reused and waste becomes a resource. It's a significant shift toward a restorative, regenerative economy and away from the unsustainable "take-make-dispose" approach of traditional linear design.

We have embedded our commitment to circular design across our business. At each step in our design process, we seek to ensure that ingredients come from nature (or are repurposed from other materials) and go back into nature, in a continuous cycle. This involves defining and identifying renewable and biodegradable feedstocks, using green chemistry and developing innovative products geared toward health and wellness.

We are always seeking to set a higher bar for environmental and social sustainability, both internally and externally. As we continue this path, we seek to further ingrain the circular design approach into our culture and throughout our value chain. For example, we are re-imagining how we can address the challenge of waste through upcycling – a circular design principle of creating scalable, sustainable and value-added solutions by reusing products from typically discarded side streams.

We have initiatives in each business unit to formalize a circular design approach:

- Our Taste business focuses on innovation programs that reflect the consumer drive toward health, transparency and great taste in food and beverage products.
- Our Scent business drives continuous ingredient and process innovations to create socially responsible scents that are good for the planet.

Specific examples of our progress in these areas are detailed in this section.

KEY HIGHLIGHTS

- Completed food waste reduction pilot projects and commercialized upcycled ingredients that utilize waste side streams from manufacturing processes
- Developed the first fine fragrance collection to be EWG Verified™ and Cradle to Cradle Certified™ with Henry Rose
- Strengthened our sustainable innovation capabilities through the acquisition of The Additive Advantage, which utilizes a novel print technology to develop next-generation delivery systems that enable the printing of flavors, fragrances, and cosmetic, health and nutrition actives onto a variety of consumer products

LOOKING AHEAD

- Continue to drive sustainable innovation – one of the four pillars of IFF's Vision 2021 strategy – through a robust R&D pipeline
- Further embed circular design principles, including upcycling, into our products and processes
- Accelerate our capabilities to be able to offer our customers more sustainable flavor and fragrance options

Taste

Consumer preferences for food and beverage products with health and wellness attributes continue to evolve rapidly. Our industry is also affected by the often-unpredictable impacts of climate change on many of the crops in our supply chain. In response, in 2019, we completed several food waste reduction pilot projects, commercialized new upcycled ingredients and further developed our pipeline of potential new opportunities. We also became associate members of the Upcycled Food Association to join with other like-minded leaders in developing the upcycled food economy.

Additionally, we worked with the legacy Frutarom business in 2019 to share IFF's sustainable innovation and circular design approach. This provided the opportunity to better understand and assess Frutarom's own innovation capabilities, including identifying existing examples of products that embrace circular design (for example, see IFF Health on [page 67](#)).

RE-IMAGINE PROGRAMS

To stay ahead of the curve on consumer and market trends, IFF's Re-Imagine programs focus on six key areas: protein, natural, citrus, culinary, modulation and delivery. Through a combination of future-trends analysis, consumer insights and a sustainability-focused development process, the program serves unmet needs in the food and beverage market while contributing to positive environmental and social solutions. Each program is led by a director charged with overseeing innovation and product research and development.

RE-IMAGINE MODULATION®

Through our Re-Imagine Modulation® program, we create ways for our customers to make products that are lower in sodium, fat, sugar and calories, without compromising taste. Such products provide alternatives for consumers who are often too busy to cook at home and increasingly turn to convenience food. For example, we have expanded our tools around sweetness modulation, an area of increasing concern among food manufacturers as more governments around the world enact taxes on sugar.

IFF also supports industry and stakeholder dialogue on reimagining healthier food options. In 2019, in collaboration with **FReSH (Food Reform for Sustainability and Health)**, a project of the World Business Council for Sustainable Development, we hosted a workshop in Mexico to discuss sugar-reduction strategies that are being put into place by governments across Latin America. In Brazil, for example, the federal government and entities representing the national food and beverage industries are working to voluntarily remove more than 144,000 tons of sugar from products manufactured in the country by 2022. With attendees from global and local consumer packaged goods (CPG) brands, we hosted an interactive session illustrating key learnings in Brazil related to CPG company commitments, regulatory engagement and working toward the common goal of consumer wellbeing. Attendees benefited from having our regulatory experts on hand to facilitate open discussions about the Brazilian experience, which presents a useful example for Mexico.

Sustainable Innovation

RE-IMAGINE NATURAL®

With an increased focus on optimizing health and clean eating, consumers are becoming increasingly mindful of their meal choices. Our Re-Imagine Natural® global innovation program delivers natural and organic taste designs to address the increased desire for trust, transparency and a healthier world. True to our circular design principles, we are exploring biomass side-stream recovery for flavor products that target side-stream materials from several internal and external food and flavor manufacturing processes. Our global team applies processing techniques to transform byproducts into unique natural taste technologies.

IFF TASTE ORIGINS™ is the Taste business' international brand that enables manufacturers to address consumers' growing appetite for clean-label products. In 2019, as part of an extensive portfolio of natural flavors and ingredients, we commercialized Smoke & Grill Ingredients, a collection of authentic and bold-tasting profiles that allow food and beverage manufacturers to create products with a smoke or grill taste and make a clean-label declaration. The portfolio is made using sustainably sourced wood and, for the rosemary and hops smoke profiles, two raw material side streams:

- To create rosemary-smoked sunflower oil, we upcycle spent rosemary biomass, a side stream from a process elsewhere in our Taste business that extracts natural rosemary antioxidants from rosemary leaves. This biomass side stream would normally be incinerated or discarded.
- To create hops-smoked sunflower oil, we upcycle spent hops biomass, a side stream from the process of our exclusive partner, BarthHaas®, one of the world's largest suppliers of hops and hop products for the brewing industry. After extracting the natural aroma and bitterness components from the hops, the biomass side stream would normally be used as animal feed.

RE-IMAGINE CITRUS®

UPCYCLED ORANGE

CONSUMERS ARE SEEKING GREAT-TASTING PRODUCTS THAT ARE PRODUCED RESPONSIBLY



RETAILERS & FOODSERVICE

New products made with Upcycled Orange enter the supply chain, advancing the circular economy



FOOD & DRINK MANUFACTURERS

Upcycled Orange can be used in food and drink applications



IFF TASTE DESIGN®

Essential oil is re-imagined into Upcycled Orange



TRADITIONAL RETAIL PATHWAY

Products without sustainability credentials and storytelling



TRANSFORMATION

Collected peels are washed, and essential oils are extracted



TRADITIONAL SOURCING PATHWAY

Citrus oils as byproducts from bulk juice processing



DISCARDED PEELS COLLECTED

Within 72 hours of juicing, peels are collected, sorted and delivered to PeelPioneers



FRESHLY SQUEEZED ORANGE JUICE

From supermarkets, juice bars and restaurants



TRADITIONAL DISPOSAL PATHWAY

Peels are incinerated

START HERE

Sustainable Innovation

RE-IMAGINE CITRUS®

Because of climate change and citrus crop greening over the past decade, responding to consumer demands for natural and authentic citrus taste is becoming increasingly complex. Through the Re-Imagine Citrus® program, we are developing natural and sustainable technologies that meet the taste demands of citrus today and prepare for the needs of tomorrow.

For example, through an exclusive partnership with Dutch startup PeelPioneers, in 2019 we utilized circular design principles to co-create Re-Imagine Citrus® Upcycled Orange. This new standardized orange oil uses the fresh, leftover orange peels – that would otherwise be wasted or incinerated – from supermarkets, juice bars and other quick-service restaurants in the Netherlands. While orange peels cannot be composted as easily as other fruits and vegetables due to their high water content, they are naturally rich in highly prized essential oils. Thanks to PeelPioneers' agreement with one of the largest commercial waste management companies in the Netherlands, discarded fresh peels are delivered to the PeelPioneers factory within 72 hours of juicing, where they are washed and treated to obtain a high-quality, oil-in-water emulsion via cold extraction. Following additional refinement and standardization processes, we use the essential oil to create signature taste designs, including natural orange flavorings and natural orange extracts.

IFF HEALTH

With the acquisition of Frutarom, IFF now has a strong innovation pipeline with expanded capabilities in fast-growing categories such as food protection, inclusions, cosmetic actives and health ingredients. This includes science-based ingredients for dietary supplements that are developed with circular design principles in mind.

In 2019, for example, we launched **Organic SoyLife Complex** soy isoflavones, which are sustainably produced with zero waste using carefully selected, non-GMO organic soybeans grown for traditional food production. Used for a variety of food and health applications – from traditional supplement capsules and tablets to functional food and beverage options – SoyLife Complex is an ingredient produced simply from the soy germ that sits at the heart of the soybean. Since soy germs are not utilized in the soy-milk production process, upcycling them decreases food waste and results in a value-added product that is naturally abundant in valuable micronutrients and fiber. With the introduction of the organic label, we can offer an ingredient that is not only sustainably produced, but responsive to the consumer demand for trust and transparency.

POWDERPURE™

The Food and Agriculture Organization of the United Nations estimates that 30% of food raised or prepared is wasted globally, contributing to approximately 8% of global greenhouse gas emissions. Our **POWDERPURE** division is in a unique position to address food waste through the special combination of our technology and expertise in natural materials and powder design. While fresh produce deteriorates rapidly, our patented INFIDRI™ infrared dehydration technology uses gentle infrared light waves to target the water molecules in fresh food, thereby significantly extending its shelf life while preserving nutritional content.

POWDERPURE developed Uncommon Harvest™, a collection of upcycled powders derived from food-loss streams at farms and in processing that are not otherwise utilized. Some of the waste streams we are targeting for upcycling solutions are as follows:

- Imperfect produce, such as oranges and watermelons, from farms
- Overproduction of produce, such as spinach, from farms to meet fresh market demand (read more about our successful pilot program in [this case study](#))
- Harvest byproducts, such as cacao pulp, cacao juice and cascara
- Side streams from processing facilities, such as wastewater from the blanching of mushrooms prior to canning
- Pomace (the pulp and residue remaining after produce has been crushed for juice extraction), such as that from blueberries or cranberries

We see an opportunity to reduce food waste by converting excess fruits and vegetables – such as those directly from a farm or leftover at a food processing facility – into nutritious, value-added food ingredients.



Scent

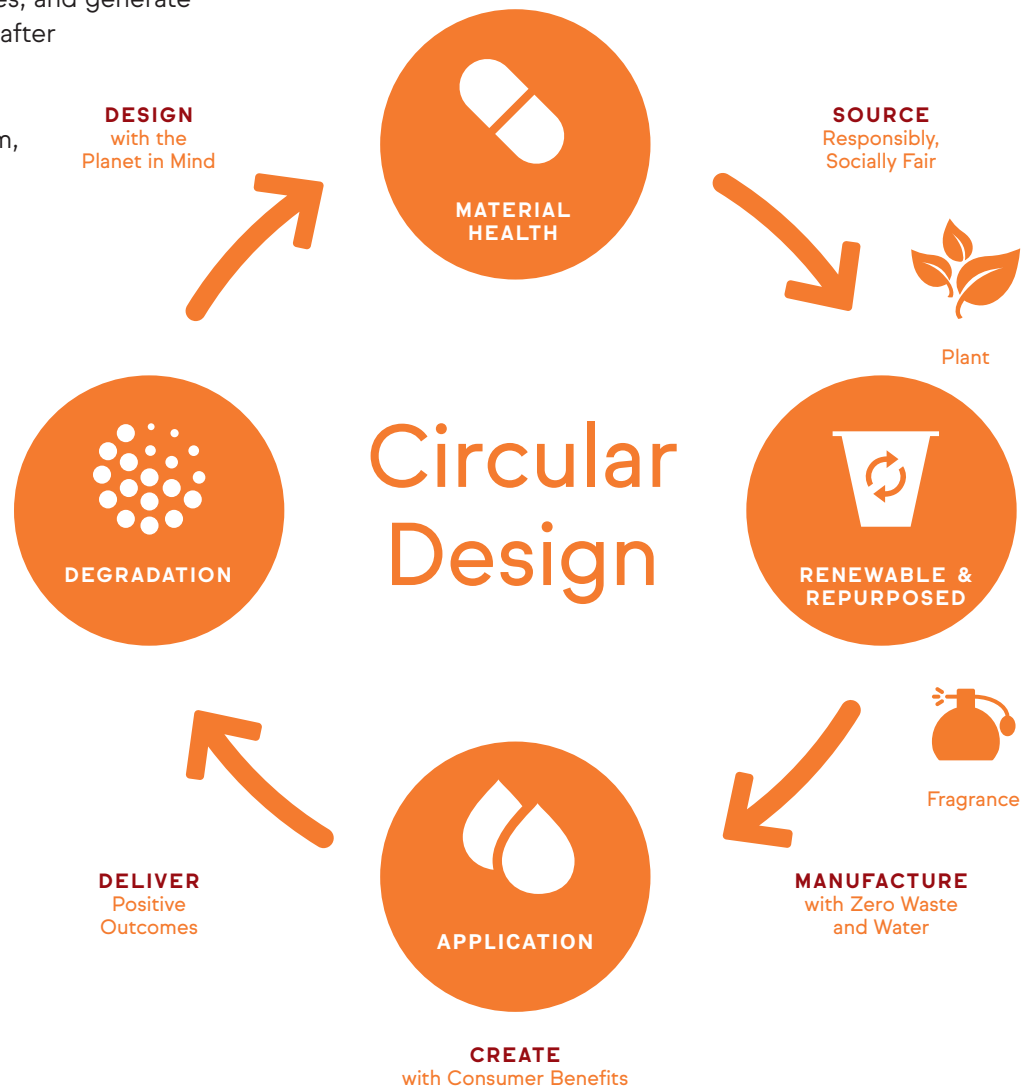
At IFF, we find and develop ingredients that give our customers the best fragrances for everything from fine perfumes to beauty, detergent and household goods. Our curiosity drives us to find new ways to create innovative scents that are socially responsible and good for the planet. This means creating a full palette of materials inspired by circular design that meet the evolving needs of our customers and consumers.

CIRCULAR DESIGN

As pioneers in bringing a circular design approach to the world of scent creation, we are contributing to the acceleration of the circular economy.

We begin by designing with the planet in mind from the earliest stages of our R&D processes, assessing the material health of each ingredient against standards beyond regulatory requirements. We then seek raw materials that are renewable or repurposed and sourced in environmentally and socially responsible ways. Next, we create products with consumer benefits and health applications in mind, manufacturing them in ways that use renewable energy and minimal natural resources, and generate zero waste, where possible. Finally, after delivering positive outcomes, our ingredients are designed to biodegrade back into the ecosystem, completing the biological cycle of a circular economy.

In the last few years, we have made the sustainability metrics of our fragrance ingredients even more transparent for our perfumers, enabling them to more easily find ingredients that meet their standards when creating sustainable perfumes. Approximately half of the ingredients in our catalog are renewable, and every odor family is well-represented. Still, we are continually addressing gaps in our catalog through a variety of initiatives, including work on raw ingredient integration, as well as new process and formulation technologies.





FINE FRAGRANCE AND PERSONAL CARE TRANSPARENCY

In 2019, **Henry Rose**, founded by actress Michelle Pfeiffer, launched a line of fine fragrances comprised of six distinct, genderless scents. Pfeiffer worked with us to develop Henry Rose based on the strictest health, safety and environmental standards set forth by two industry-leading nonprofit organizations – the **Environmental Working Group (EWG)** and the **Cradle to Cradle Products Innovation Institute**. To meet their strict guidelines, our perfumers were limited to formulating with a palette of a few hundred ingredients, down from thousands available for standard perfumery.

As a result, in a striking departure from industry norms established over many decades, Henry Rose is proud to disclose 100% of its ingredients, thereby setting a new precedent for transparency in fine fragrance and personal care. It is the first fine fragrance to receive the distinctions of EWG Verified™ and Cradle to Cradle Certified™, receiving an overall score of Gold and a material health score of Platinum, which is the highest certification level within the Cradle to Cradle program.

The EWG, which is dedicated to protecting human health and the environment, ensures that EWG Verified products avoid chemicals of concern, fully disclose ingredients to consumers and follow good manufacturing processes. Cradle to Cradle Certified is the world's leading science-based standard for safe, circular and responsible materials and products. To achieve certification, products are assessed for sustainability performance across five critical categories: material health, material reuse, renewable energy and carbon management, water stewardship and social fairness. Achieving both of these distinctions is truly a breakthrough for the industry in circular design and transparency.

GREEN CHEMISTRY

Green chemistry principles are crucial to our evolution as a circular design company. These widely used principles – centered around energy efficiency, the use of renewable raw ingredients and the avoidance of hazardous materials – are well integrated in our R&D practices, beginning at the earliest stages of design. For example, from the R&D phase to commercial production, our scientists use IFF's proprietary **Green Chemistry Assessment Tool** to quantitatively score the overall sustainability of our ingredient catalog, products and processes.

In 2019, we began identifying green chemistry practices at our Lucas Meyer Cosmetics by IFF (LMC) business unit, which develops innovative ingredients for the cosmetic and personal care industry. In 2020, we will be expanding on those existing practices and testing the use of our Green Chemistry Assessment Tool in LMC's product development process.

One key focus of our green chemistry efforts is finding novel waste-reduction methods and biotechnological innovations to create natural products from abundant raw ingredients, rather than depleting important resources such as food. This includes converting the byproducts of our natural product processes into useful fragrance ingredients. For example, our terpene-based chemistry utilizes an abundant, readily-available natural raw material – a pine-based side product from the paper industry – to create a number of high-performing fragrance ingredients. We also have several patented initiatives, including a zero-waste processing method for a high-volume ingredient.

In addition, we are moving toward greater use of renewable carbon in our products. Carbon management, besides being an important part of sustainable business practices, is increasingly valued by consumers. We are actively seeking to increase the proportion of bio-based carbon in all our fragrances.

UPCYCLING TURMERIC

In 2019, leveraging our green chemistry principles, LMR Naturals by IFF pioneered the development of two new upcycled ingredients from waste side streams related to the processing of turmeric, a raw material conventionally used by the food industry solely for the curcumin contained in its roots. Curcumin is widely used as a coloring agent and is well known for its antioxidant activity. Yet the treatment process to extract it yields side products that contain all the aromatic parts of the turmeric spice. In collaboration with Nesso, our turmeric manufacturing partner in India, we are putting our creativity and uncommon sense to work by utilizing every part of the plant, leaving no waste in the supply chain. Specifically:

- Turmeric Root Ultimate™ Extract MD, used in both Taste and Scent™ applications, utilizes side products of the curcumin production chain. The process gathers the spicy, woody and fruity notes of the spice from raw material that would normally be discarded.
- Turmeric leaf oil, used in Scent applications, is made from a distillation of turmeric leaves, which are byproducts of the harvest that are typically wasted and not used to their full potential.

To learn more, watch our turmeric harvest [video](#).

External Innovation

At IFF, we've always been unconventional in our collaborations and unlimited in our exploration. We leverage strategic partnerships and memberships to help us drive innovation and deliver regenerative products. By working with partners – from university researchers to sustainable development experts – we are creating products that help both consumers and the environment. For example, as members of the World Business Council for Sustainable Development, we support the acceleration of transformational change in global food systems and an industry-driven shift toward a circular economy.

We also explore new and creative ways to collaborate with entrepreneurs and the startup community around the world. We currently have several projects with key partners focused on carbon sequestration, plastics degradation and upcycling, as well as identifying valuable compounds in our waste stream biomass for use in fragrance, flavor and health applications. These solutions are driving new efficiencies, reducing costs and improving our sustainability metrics.

SUPPORTING WELLNESS THROUGH SLEEP

As a leading innovator of sensory experiences, we are building on our consumer and sensory science knowledge through strategic partnerships. For example, in collaboration with SleepScore Labs – the company behind the world's most comprehensive suite of data-backed sleep solutions – we are working to create and validate products designed to support healthier lives through improved sleep.

Specifically, we know that scent has significant potential as a noninvasive, nonaddictive means of supporting sleep. With over 70% of the developed world impacted by poor sleep and the resulting adverse effects on overall health, weight and productivity, we are working with SleepScore Labs to help identify the most promising scent ingredients to test, and then we are supporting those findings with robust scientific field research. Tests have included assessing the effectiveness of a scented pillow spray over 800 nights, taking both self-reported data and objective sleep measures every night using SleepScore's technology.

**DEVELOPING
AND
ENGAGING
OUR
SENSATIONAL
PEOPLE**



PEOPLE & COMMUNITIES

Every day is an opportunity to make a positive difference for our employees and our communities. We know that the work we do is woven into the day-to-day moments that make life special, and we are honored to play such a powerful role in consumers' lives. To drive breakthrough innovation and top performance, we aim to develop and engage employees through effective talent management, career development and workplace health and safety programs. Encouraging our leaders and our employees to "Say, Behave and Operate" according to our cultural principles is critical to employee development and engagement. We also strive to identify and implement unique opportunities to give back to the communities where we source and operate.

IFF operates in many countries with various legal frameworks governing the workplace. Our Human Resources (HR) teams in each region are accountable for ensuring compliance with local employment legislation, as well as with IFF policies. Additionally, our People Services teams, a segment of our HR department, are empowered to support employee initiatives based on local needs and priorities.

Employee Engagement

Our culture is fueled by our four corporate values of passion, creativity, expertise and empowerment. It is this unique blend that makes us IFF, and the expression of these values can be seen and felt throughout our history. Every IFFer understands that they contribute to products that touch and enhance the lives of millions of people around the world.

In 2019, we implemented a high-performing culture employee engagement campaign designed to embed three critical attributes into the culture in order to take performance in these areas to new levels: extreme accountability, bias toward action and effective collaboration. Throughout the year, we engaged employees around the world – soliciting feedback on what these attributes mean and identifying potential roadblocks.

KEY HIGHLIGHTS

- Kicked off a high-performing culture campaign to further embed three critical attributes into our culture: extreme accountability, bias toward action and effective collaboration
- Supported wider industry action on diversity and inclusion initiatives by signing the U.N. Global LGBTI Standards of Conduct for Business, the U.N. Women's Empowerment Principles and The Valuable 500 pledge for disability inclusion
- Honored by the Human Rights Campaign as a Best Place to Work for LGBTQ Equality after receiving a perfect score of 100 on the 2019 Corporate Equality Index

LOOKING AHEAD

- Expand our talent recruitment capabilities to new regions
- Build on the Economic Dividends for Gender Equality (EDGE) certification of our U.S. business by achieving global EDGE certification
- Continue to expand safety best practices globally, including further integrating and aligning systems and training programs at acquired sites

Incorporating that feedback, we designed a campaign to kick off in 2020 that will highlight the attributes of a high-performing culture and address potential challenges in behaving and operating in accordance with these attributes.

Talent Management

Every day, we use the power of inquiry to create sensorial experiences that invite our customers to discover something new. That lens of discovery is also turned on ourselves. The foundation of our talent agenda begins with strong recruitment. IFF's talent acquisition strategy is built around delivering the best possible quality of hire and candidate experience. In 2019, we rolled out an upgraded global recruiting software to further improve the effectiveness of our talent acquisition process. We also leveraged best practices as part of the integration of legacy Frutarom locations. Our approach to talent management includes measuring our own performance and identifying areas for improvement in how we recruit, screen and select best fit candidates. We also adapt our approach based on internal feedback and other indicators of program effectiveness, such as that gathered from outreach campaigns, town halls and other employee engagement opportunities.

Career ladders are designed to provide an accessible global framework for vertical professional development and career planning. They are organized according to job function and tailored for specific commercial and technical positions in our Taste and Scent businesses. Clear expectations are outlined for specific roles at all levels, including the knowledge, experience, skills, competencies, performance expectations and criteria for success. For example, in the Scent business, a career ladder for a Perfumer role begins with Perfumer Trainee and progresses to Junior Perfumer, Senior Perfumer and so on. In combination with our training programs, career ladders help employees manage their learning and development progress and provide a roadmap for building a successful career at IFF.

Learn more about the opportunities IFF offers at our [Why IFF page](#) and our [IFF Careers](#) page.

PERFORMANCE MANAGEMENT & REVIEWS

Performance management at IFF is a continuous and personalized process. Managers and their direct reports work together to develop annual objectives that support core business priorities as well as professional development goals. We use an online performance management system that captures performance history, strengthens accountability and enhances transparency. In 2019, all eligible employees had access to the performance management system and received performance reviews. Employees receive formal progress evaluations twice a year, creating opportunities for feedback to drive continuous improvement. Beyond those conversations, managers are encouraged to provide feedback throughout the year. The feedback process is further enabled by the implementation of various industry-leading assessment tools. Those targeted tools provide exceptional insights for managers and, when coupled with facilitation, elevate the performance of our employees and teams.

People & Communities

In addition to regular performance reviews, IFF conducts multilevel internal talent reviews several times each year to engage our most critical talent¹ and demonstrate that IFF supports their careers. Our Board recognizes that one of its most important duties is to ensure excellence and continuity in our senior leadership. This is partially accomplished by overseeing the development of executive talent and by planning for the effective succession of our Chairman and CEO and other senior members of executive management. As part of this process, our CEO and our executive officers are required to prepare detailed development and succession plans for themselves and for their direct reports on an annual basis. Those reports build upon similar reviews, occurring at multiple levels within IFF.

TRAINING & EDUCATION

Because so many of our career tracks are unique to our industry, we provide a variety of blended professional opportunities tailored to specific careers. We look for appropriate educational backgrounds and expertise when hiring for these positions, and we have found ways to develop important skillsets in-house as well as in collaboration with well-respected educational institutions.

- **IFF University** offers an educational architecture that drives learning opportunities, maintains a consistent and cohesive approach to our business strategy, and provides a continuous leadership and management development environment. It also includes in-house technical schools relevant to our industry, such as our Flavorist School and our Sensory University. These curricula further support IFF's next generation of talent – from perfumers and flavorists to R&D scientists, engineers and executive leaders who are shaping the industry.
- In 2019, we introduced a new integrated learning solutions platform for employees to embrace their own learning and development and act as their own personal champions for sharing knowledge at IFF. The platform offers a catalog of training modules, including access to more than 20,000 pieces of content, translated into 17 different languages, in a variety of engaging formats. This new online library uses powerful learning technologies to present engaging opportunities for skill building in a personalized format that encourages team collaboration. This tool represents another step in helping us embed a culture of learning across the organization.
- In partnership with the world's premier perfumery school, ISIPCA (Institut Supérieur International du Parfum, de la Cosmétique et de L'aromatique Alimentaire), IFF offers a **Master of Science in Scent Design and Creation**, the first and only accredited program of its kind. Launched in 2016, this highly selective program immerses students in the foundations and pioneering advances of the profession. Classes are held at ISIPCA's state-of-the-art campus in France, the historic heart of perfumery culture. The inaugural class of students completed the three-year training program in 2019. Learn more about the new graduates and their perfumer mentors [here](#).

Looking ahead, our goal is to continue to grow these programs by expanding enrollment and access to educational tools that further support our employees.

1. "Most critical talent" is internally defined as those individuals who have the highest performance ratings over time and the highest potential scores over time, as determined during annual review cycles.

MANAGEMENT & LEADERSHIP PROGRAMS

Leadership development empowers participants to become forward-looking, inspiring and capable decision-makers, agents of change and great leaders. To cultivate talent and sustain long-lasting careers at IFF, we offer several specialized courses for employees. These provide blended experiences at every career stage while providing on-demand opportunities to meet specific needs. In 2019, we integrated legacy Frutarom into these management and leadership programs and trained a total of 278 of IFF's future leaders, representing a 40% increase from the prior year.

- Management Essentials, our junior manager training, was offered to more than 100 first-time managers during 2019. Composed of self-paced courses and live group webinars, Management Essentials lasts two months and covers key concepts such as giving and receiving feedback, managing performance and managing workplace conflict.
- Our People Leader Program is designed for first-line supervisors, managers with direct reports, and employees who are new to management. Participants spend a year building a foundation for understanding leadership while broadening their perspectives and expanding their internal networks. In 2019, 90 employees participated in the program – 30 in Europe, Africa and the Middle East, 30 in Greater Asia and 30 in North America/Latin America.
- With a focus on leading innovation, strategy execution and change management, the six-month-long Organizational Leader Program helps mid- to senior-level managers learn from each other in a highly interactive development process. Fifty-nine individuals participated in the Organizational Leader Program in 2019.
- We partner with INSEAD, one of the world's leading graduate business schools, to help participants explore new business opportunities, new markets and enhanced profitability models. The program is run periodically to provide a deeper understanding of marketing, operational and corporate finance, cross-cultural leadership and more. In 2018, 28 mid- to senior-level managers participated, and we plan to run the program again in 2021.

BENEFITS & WELLBEING

IFF offers an array of competitive benefits to meet the diverse needs of our employees and their eligible dependents. From healthcare to holidays, our aim is to help our employees enjoy happy and healthy lifestyles, while maintaining a good work-life balance.

We also recognize the importance of supporting employee wellbeing in different ways around the world. In the U.S., for example, we offer a program that helps employees reach personal health goals and make improvements to avoid future health problems. Employees can learn vital information about their overall health by taking an assessment and participating in a biometric screening. They can then earn credit and rewards for completing program activities in support of improved health outcomes.

We are also proud to offer programs that support the flexibility and work-life balance of our employees, including the following:

- **Vacation Time:** In addition to the observance of holidays throughout the year, we provide eligible employees time off with pay for rest, recreation and personal activities, based on their years of service.
- **Paid Time Off:** We maintain a discretionary paid time off program for employees to deal with emergency situations and unexpected or unavoidable events.
- **Flexible Work Program:** We rolled out a global flexible work program in 2018 that offers two options for employees: Flex Time (a standard five-day workweek with a set schedule that includes core hours and untraditional start and end times) and Flex Week (a work schedule that compresses the standard number of hours in a workweek into fewer, longer days). The program goal is to help reduce employee stress caused by conflicting personal and professional priorities; increase job satisfaction, energy and creativity; and allow opportunities for employees to pursue other interests, such as education or participation in community activities.

Diversity & Inclusion

We believe that our differences make us great. When creatives of all kinds come together, imagination comes to life, as captured in our diversity and inclusion (D&I) vision: “Your Uniqueness Unleashes Our Potential.” Through this lens, we put uncommon sense to work to shake things up, reject business as usual, defy convention and strive to forge a path to inclusiveness at every opportunity.

To that end, we are dedicated to nurturing a truly inclusive and fair culture through the three pillars of our D&I mission:

- **OUR PEOPLE** embody the mosaic of the markets we serve and are empowered to transform the future
- **OUR SPIRIT** nurtures an inclusive and fair culture where every voice is valued and heard
- **OUR WORLD** embraces diversity of thought and strives to Do More Good, creating a better future for all

To execute on this mission, we strive for global consistency and local relevance. That is, while we operate within a companywide framework, we aim to ensure that each program, platform and initiative is translated in ways that resonate with our colleagues and stakeholders at the local level around the world. We introduced this D&I approach to legacy Frutarom employees throughout 2019 as part of the integration process. Our CEO continues to support the CEO Action for Diversity & Inclusion™ pledge, the largest CEO-driven business commitment to date in advancing diversity and inclusion in the workplace.

Our D&I governance structure ensures the development and execution of our D&I strategy. The employee-led Global D&I Steering Committee oversees the work of the D&I Office, led by our Global Head of Diversity & Inclusion. In early 2019, as part of integration, we added two business leaders, formerly of Frutarom, to this steering committee. The committee’s strategy and annual plan are presented as recommendations to the CEO and the Chief Human Resources Officer (CHRO). Several other Executive Committee members, who report directly to the CEO, provide executive sponsorship for our six global Colleague Community groups (see [Our Spirit, page 82](#)). As part of the governance structure, employee-led initiative teams focus on specific areas and actions to support and advance the three pillars of our D&I mission.

In 2019, we also launched Regional Inclusion Councils (one for each of our four IFF regions) that are responsible for identifying and delivering regional and locally specific D&I activities while supporting global initiatives across each region. To ensure all voices across the organization are being heard, we have added legacy Frutarom representation to these new councils as well. The councils help to provide a source of feedback to the D&I Office and Global D&I Steering Committee about key inclusion priorities at the local level. We use this input, along with other employee feedback received throughout the year, to evaluate the effectiveness of our D&I approach and identify new opportunities for engagement.



OUR PEOPLE

Initiative teams supporting this pillar of our D&I mission include Mosaic of Talent and Disability Inclusion. With their support, we deepened our commitment to D&I in three primary areas in 2019 by doing the following:

- Being the first in our industry to sign the U.N. Global LGBTI Standards of Conduct for Business and pledging to tackle discrimination against lesbian, gay, bisexual, transgender and intersex (LGBTI) people. We were recognized for our commitment to equality by the Human Rights Campaign as a Best Place to Work for LGBTQ Equality after receiving a perfect score of 100 on the 2019 Corporate Equality Index survey on LGBTQ policies and practices.
- Solidifying our commitment to gender parity and women's empowerment by working with global partners to complement ongoing efforts to increase equality within our worldwide footprint. We adopted the U.N. Women's Empowerment Principles, a set of seven tenets to advance and empower women and provide equal treatment in the workplace, marketplace and community. We also earned certification from the Economic Dividends for Gender Equality (EDGE) for our business in the U.S., which included input from legacy Frutarom employees. EDGE provides a third-party evaluation to assess gender balance, equal pay, effectiveness of policies and practices, and the inclusiveness of the organizational culture. Using the EDGE methodology, we determined that with 38% of our global workforce composed of female employees and a 2% pay gap in favor of women in the U.S., we are consistently advancing on our gender equality commitment. As a next step, we have identified an action plan that includes expanding internal employee awareness about gender parity and IFF's favorable EDGE results. Also, to further guide and support our journey to full gender equality in the workplace, we will begin the process to achieve a full global EDGE certification in 2020.
- Launching our Global Disability Platform initiative and committing ourselves to becoming an employer of choice for people with disabilities. We joined **Disability:IN**, a leading nonprofit coalition made up of more than 185 companies. We also joined Disability:IN's Inclusion Works program, along with more than 40 other member companies, to receive customized guidance from a team of disability inclusion experts on creating an inclusive culture while developing a sustainable recruitment strategy. Their **Disability Equality Index**, a comprehensive benchmarking tool, guides the framework for our strategic action plan. As affirmed in our **Global Equality Policy**, we will continue to focus on increasing our representation of disabled employees, our technology accessibility and our inclusive culture and leadership. To underscore this commitment, in 2019 our CEO signed **The Valuable 500**, a global movement and pledge to put disability on the business leadership agenda.



People & Communities

OUR SPIRIT

Initiative teams for this pillar include Value Proposition, Education and Colleague Communities. In 2019, the Value Proposition team continued to lead employee focus groups to gain perspectives on how to attract and retain top talent across generations. We also continued our successful reverse mentoring program, in which Executive Committee members are paired with millennial employees to share perspectives and learn from each other. In 2019, we had nine mentor/mentee pairings to support cross-learning opportunities and professional development.

We also rolled out a new framework for our Colleague Communities. The objectives and executive sponsors for each are as follows:

- **Women@IFF:** To create an inclusive space where women can advance their skills and leadership potential through connection, mentorship, collaboration and discussion. Our Executive Vice President (EVP), General Counsel, serves as executive sponsor.
- **Pride@IFF:** To lead the way in celebrating Pride around the world while ensuring IFF remains an inclusive workplace for lesbian, gay, bisexual, transgender, intersex, queer and questioning (LGBTIQ+) colleagues. Our Divisional CEO, Scent, serves as executive sponsor.
- **SERVE@IFF** (Supporting Emergency Responders and Veterans Engagement): To provide a supportive setting for employees who serve or have served their communities in selfless and, at times, dangerous situations. Our EVP, Chief Integration Officer, serves as executive sponsor.
- **AccessAbilities@IFF:** To provide a community for colleagues who care about disability, learning differences, special needs, or neurodiversity, whether for themselves or a child, relative or friend. Our EVP, Chief Global Scientific and Sustainability Officer, serves as executive sponsor.
- **NextGen@IFF:** Established in 2019 to promote the next generation of IFF leaders. Our EVP, CHRO, serves as executive sponsor.

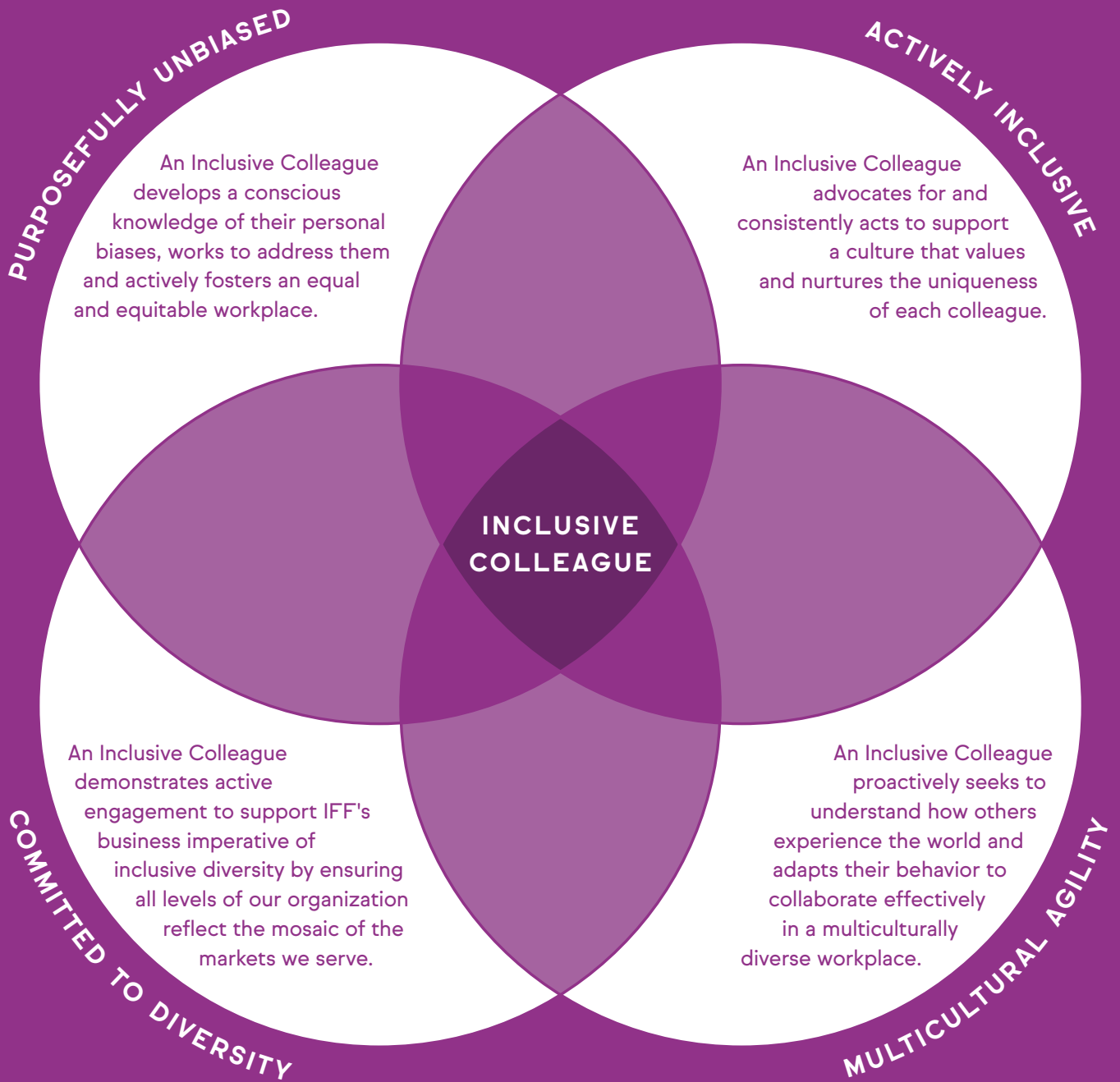
OUR WORLD

Initiative teams for this pillar include Fit to Market and Supplier Diversity. Our Fit to Market initiative works to change the way we do business. For example, in regions where we have a growing presence, past teams have held cross-functional workshops on how to differentiate ourselves and secure a competitive advantage by incorporating diversity considerations in our go-to-market approach.

Our Supplier Diversity initiative also made great progress in 2019 to position IFF as a leader in our industry moving forward. We are committed to using our purchasing power to buy products, goods and services from certified diverse suppliers, including those businesses owned and operated by women, people with disabilities, veterans, LGBTIQ+ individuals and minorities.

INCLUSION COMPETENCY MODEL

An Inclusive Colleague actively fosters a diverse, unbiased culture that unleashes the unique potential of every individual.



Occupational Health & Safety

Employee safety is the cornerstone of any business – and IFF is no exception. Ensuring that our working environments are safe is an important part of everyone’s job at IFF, no matter where they are in the company. Our occupational health and safety management system covers employees and supervised contractors for activities at sites globally. All are expected and encouraged to uphold IFF’s protocols, report any incidents and suggest improvements that will increase the safety of work sites. Our safety management system in each country is based on local regulations. Our guidelines for reporting safety incidents and the criteria we use for corporate tracking are based on U.S. Occupational Safety and Health Administration (OSHA) standards. In the absence of country-specific requirements, IFF guidelines are implemented.

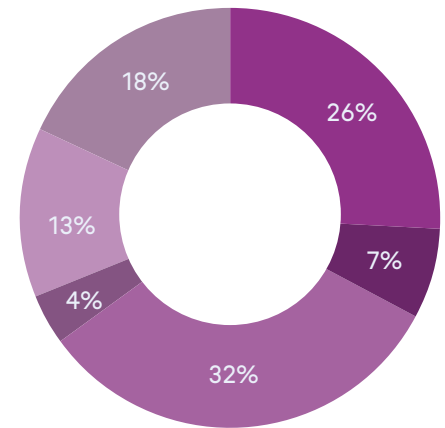
We have a safety reporting system that includes an online software solution for incident tracking. Local teams report safety metrics to the corporate EHS department on a monthly basis. The corporate team reviews all incidents and works with local teams to resolve issues as appropriate, including identifying corrective actions and safety improvement plans. Based on metrics and insights from the safety reporting, the EHS department identifies key training priorities to focus on for continuous improvement.

To work toward an accident-free workplace, we uphold a set of policies, protocols and programs in three key areas:

- **Safety governance:** Our EHS department is responsible for setting comprehensive safety policies and procedures to guide our employees and operations. Plant managers are responsible for implementing safety procedures at their locations, and they are held accountable for safety-related key performance indicators and objectives. The EHS department conducts periodic internal inspections and audits to ensure that sites meet our rigorous standards.
- **Safety training:** EHS training for employees is managed at the site level, with each facility customizing safety and environmental programs based on both local requirements and global IFF policies. Mandatory trainings are held for leaders at all sites. The topics – covering incident management, fire prevention, grounding and bonding, and handling raw materials safely – are based on key safety priorities and reflect EHS best practices, regulatory requirements and IFF policies.

In 2019, as part of the integration of Frutarom, we also led mandatory trainings in IFF safety-related systems, safety policies and incident reporting procedures. In 2020, we plan to target improvements in key areas based on 2019 incident trends. We will do this by leading site-level workshops, as well as hosting regional training sessions with multiple sites to share knowledge and best practices.

2019 LOST TIME INCIDENTS*



- Incident Source
- Trips/Falls
 - Chemical Exposure
 - Strains/Sprains
 - Burns
 - Struck by Objects
 - Other

* Combined data for legacy IFF and legacy Frutarom

People & Communities

- Safety culture:** Instilling a strong and proactive safety culture characterized by awareness and communication is vital to improving our performance over time. In 2019, we launched a Safety Observation program at select sites, which empowers employees to identify potentially unsafe acts and report near misses so improvements can be made before future incidents occur. We also have a safety team or a safety coordinator at every site to take a lead role in implementing safety efforts, identifying and resolving issues and conducting regular inspections to improve conditions and awareness. Manufacturing safety committees meet monthly, and creative center safety committees meet quarterly. The EHS department also hosts weekly safety calls with sites as part of the Frutarom integration process to ensure a continued and open line of communication on safety.

PERFORMANCE IN 2019

In recent years, our safety performance had been steadily improving, a testament to the dedicated focus on our established global and local safety programs. In 2019, however, some of our sites experienced increases in accident rates. After careful review, it was determined that these incidents primarily occurred at a few sites due to incomplete procedures and employee awareness. Safety improvement plans – focused on reinforcing safety behaviors and safety responsibilities at the shop floor level – were established to address the incidents and improve general awareness.

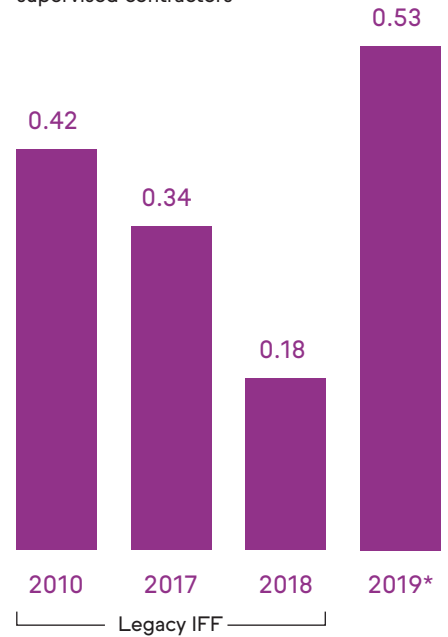
In addition, 2019 marked a transition year for IFF following the acquisition of Frutarom. As part of our integration of Frutarom facilities, we have worked closely with local teams to assess safety metrics and identify synergies, gaps and opportunities to further strengthen the safety program in these locations. For example, we have worked directly with the teams during environmental, health & safety (EHS) meetings at multiple locations around the world and with third-party support by EHS professionals.

As part of the integration process, we began including Frutarom in our safety statistics reporting with associated training and technology-based reporting applications. Prior to the IFF-specific training and guidance on incident classification and reporting, Frutarom facilities followed their own reporting guidelines, which were often inconsistent across facilities and differed from IFF-specific requirements. Therefore, although we are reporting legacy Frutarom safety data in this report, we recognize it may not be comprehensive. We expect that the training and further integration will result in more unified reporting for 2020 and that we may need to adjust prior year's data in future reports.

Moving forward, as part of our established safety program of continuous improvement, we are working to address critical safety priorities by implementing solutions across all sites in the company. We will do this over the next several years of this transition period by continuing to focus on the three critical areas of safety governance, safety training and safety culture.

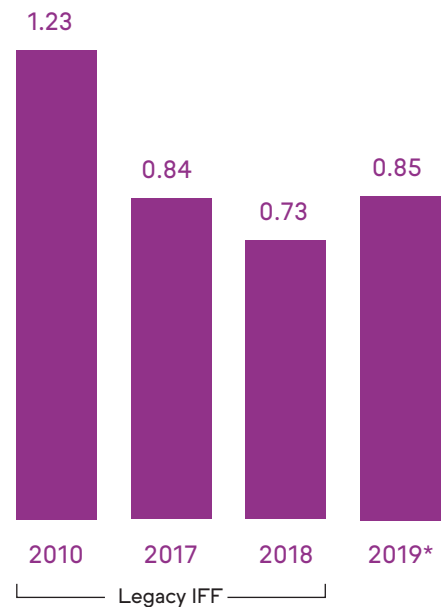
ANNUAL LOST TIME INCIDENTS

Per 100 employees and supervised contractors



ANNUAL TOTAL RECORDABLE INCIDENTS

Per 100 employees and supervised contractors



* Combined data for legacy IFF and legacy Frutarom

A close-up photograph of a pine cone, showing the intricate details of its scales. The scales are a warm, golden-brown color with some darker, reddish-brown tones. The lighting is soft, highlighting the texture and depth of the cone. On the left side of the image, there is a teal-colored overlay that contains white text.

**COMMITTED
TO HIGH
STANDARDS
OF ETHICS
AND INTEGRITY**

GOVERNANCE & COMPLIANCE

At IFF, we are proud of what our company stands for, the relationships we have established and the trust we have built with our stakeholders. We adhere to the highest standards of ethics, integrity, honesty and respect in our dealings with each other and our business partners. To maintain those relationships and our strong reputation, we have a robust program to ensure compliance with our Code of Business Conduct and Ethics (“Code”), related company policies, and all applicable laws and regulations, as outlined in our [governance documents and charters](#).

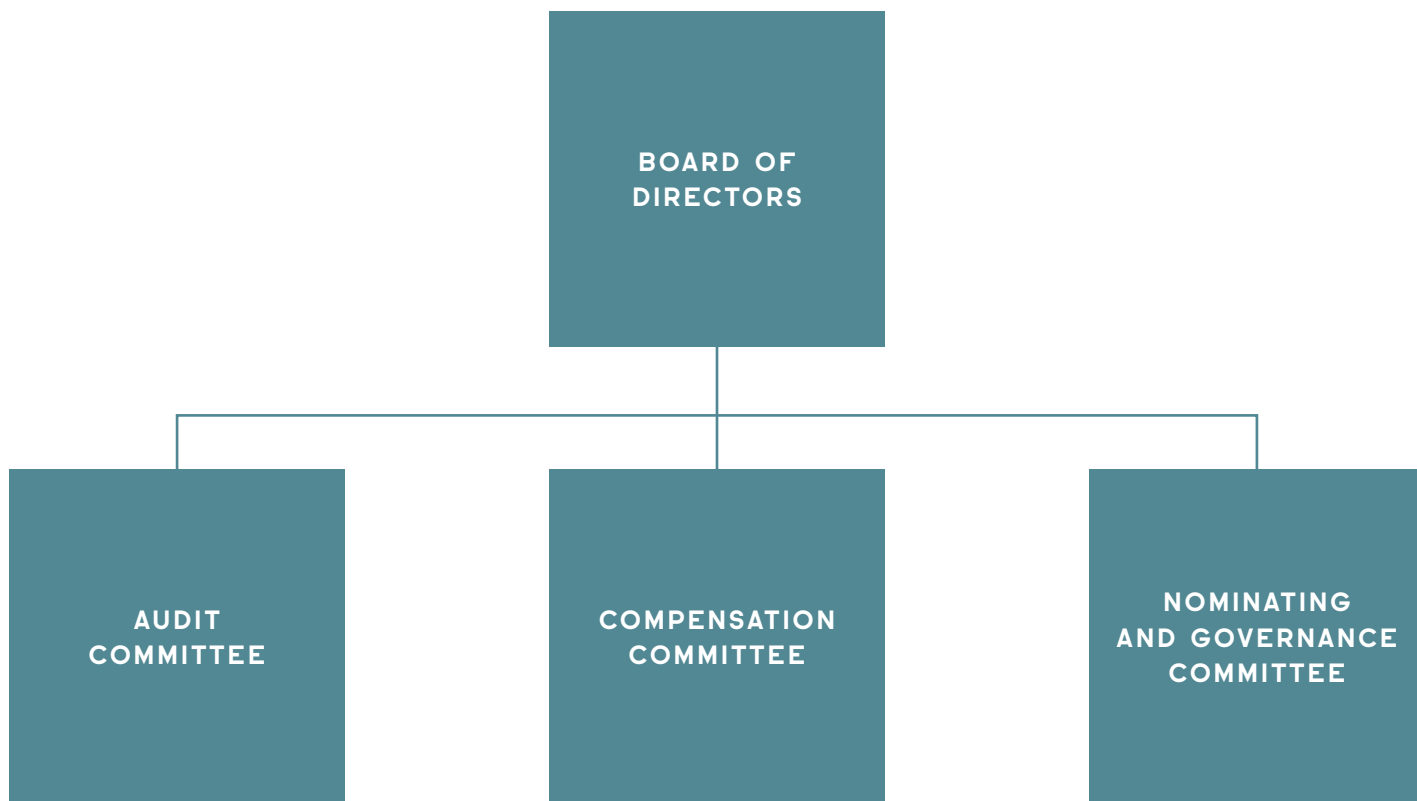
Corporate Governance

Our commitment to good governance starts with our Board of Directors (“Board”) and Executive Committee (EC) and is supported by a strong governance framework. This framework is driven through our organization with continual communication and training on best practices in governance, risk management, business conduct, compliance and ethics.

Our diverse, independent Board of Directors provides the highest level of oversight for our organization and includes three committees: Audit, Compensation, and Nominating and Governance. We also have an internal audit function that assists in evaluating and improving the effectiveness of our risk management, internal control, financial reporting and governance processes.

Our EC is chaired by our CEO and composed of IFF’s most senior executives. The EC addresses strategic, operational and financial matters and is the highest approval body before the Board.

For more information about our governance structure, please refer to our [2020 Proxy Statement](#), the [Governance page](#) on our website and our [Corporate Governance Guidelines](#).



RESPONSIBLE FOR

- Overseeing and reviewing the financial reporting process
- Ensuring the integrity of financial statements and related information
- Monitoring compliance with all policies, laws and regulations and the Code of Business Conduct and Ethics

RESPONSIBLE FOR

- Ensuring that a proper system of compensation is in place
- Confirming that compensation plans are appropriate, are competitive and properly reflect the objectives and performance of management and the company

RESPONSIBLE FOR

- Overseeing matters related to Board nominees for election
- Managing the size and composition of the Board and its committees
- Handling evaluations of the Board, its committees and the CEO

SUSTAINABILITY GOVERNANCE

Our sustainability governance model provides oversight for the execution of our global sustainability strategy. Our Executive Vice President, Chief Scientific and Sustainability Officer, an EC member who reports directly to our CEO, provides executive oversight of our sustainability program. Our Vice President of Global Sustainability is charged with leading and embedding sustainability throughout the organization via the Sustainability Business Council (SBC). The SBC is chaired by our CEO, and cross-functional committees – Responsible Sourcing, Eco-Effectiveness, Corporate Sustainability and Product Design – are each led by the appropriate EC member and supported by a member of the Global Sustainability Team. Each of these committees drives sustainability throughout that function, raises potential issues and provides regular progress updates to the SBC. This governance model relies on functional integration of our sustainability strategy across IFF, including goal development, implementation and progress toward goals.

Ethics & Transparency

IFF is committed to the highest standards of ethics and integrity and has strict compliance policies in place. Our **Code of Business Conduct and Ethics** (applicable to all employees and directors), **Code of Conduct for the Board of Directors** (applicable to all directors) and **Code of Conduct for Executive Officers** (applicable to all officers) set the ethical tone for our organization. Our **Anti-Bribery Policy** prohibits the giving of anything of value to a government official or any other person to influence that person's decisions to help the company obtain or retain business or gain an unfair advantage. We also uphold policies related to, among other things, political contributions, conflicts of interest and international business transactions; these policies are available on our **website** or intranet. We periodically update these policies and develop new policies according to emerging topics or risks as they arise.

Our **Code of Business Conduct and Ethics** serves as a compass outlining the general ethical and workplace standards and policies to which all our employees are expected to adhere. The Code not only summarizes our policies on topics such as workplace safety, protecting confidential information, and diversity and inclusion, but also includes questions about potential ethical dilemmas that employees may encounter throughout their careers.

In addition to being online, the Code is available in 12 languages on IFF's intranet. It is accessible to all employees, and they are responsible for understanding and complying with its requirements. We also take steps to ensure that it is fully explained through annual trainings and other internal communications, such as intranet articles, corporate email alerts and town hall meetings. These opportunities are a mix of in-person sessions, online webinars and creative contests and events.

In addition to training on the Code, we seek to ensure that employees understand and comply with other compliance topics, such as anti-bribery and anti-corruption, workplace harassment, reporting concerns, insider trading, information security and use of company assets, through the same online and live training methods and internal communication channels.

IFF COMPLIANCE HOTLINE

An effective compliance program depends on the company's being alerted to potential violations of the Code of Business Conduct and Ethics and the law, or any other issues that might compromise the health and safety of our employees or the reputation of the company, our employees and shareholders.

IFF encourages all employees to report allegations of serious misconduct or suspected violations of law or company policy to their supervisor, a member of the Human Resources department, or an attorney in the Law department. We have also established a compliance hotline that allows employees to report concerns confidentially and anonymously (where permitted by local law). The hotline – which accepts calls and emails in multiple languages – is accessible 24 hours a day and 365 days a year through an [online page](#) and offers local phone numbers in 45 countries. Employees will not be subject to disciplinary measures or retaliation for making reports in good faith. All matters reported to IFF are thoroughly investigated, and appropriate actions are taken, up to and including termination of employment.

MANAGING CHALLENGES

In August 2019, during the integration of Frutarom, IFF was made aware of allegations that two Frutarom businesses operating principally in Russia and Ukraine had made certain improper payments, including to representatives of a number of customers. With the assistance of outside legal and accounting firms, our prompt investigation substantiated the allegations, including that key members of Frutarom's senior management at the time were aware of such payments. IFF took appropriate remedial actions, including replacing senior management in relevant locations, and consequently believes that such improper customer payments have stopped. Our investigation has thus been completed. In addition to our standard compliance integration activities, we also completed a robust secondary review of Frutarom's operations in certain other jurisdictions, including those deemed high risk. These reviews supplemented existing IFF global compliance initiatives that were implemented at Frutarom in connection with the closing of the Frutarom transaction.

POLITICAL CONTRIBUTIONS

We participate in industry and customer trade associations that coordinate advocacy and communications on public policy issues related to our business. We work through both industry trade associations (e.g., the International Fragrance Association, the International Organization of the Flavor Industry, etc.) and through our customers' trade associations. The core position of the industry is that our products are safe for their intended use. This assurance is determined through a science-based, safety risk assessment utilizing validated scientific methods and experts. There are no significant differences between our industry lobbying efforts and stated policies and IFF's goals or public positions.

Our Policy on Political Contributions strictly prohibits direct or indirect contributions by the company to any political office and the reimbursement of any such contribution made by an employee. All political activity on behalf of the company must receive prior clearance from the company's General Counsel.

Risk Management

IFF has a multidisciplinary enterprise risk management (ERM) program designed to identify and assess global risks to our business, including sustainability risks, and to develop steps to continually mitigate and manage those risks. Our approach relies on our management's evaluation of current events and our expectations regarding future developments.

Our CEO and other senior management oversee the day-to-day execution of the risk management process. The Board receives regular reports on our ERM process and oversees and reviews with management the company's enterprisewide risks and the policies and practices established to manage such risks. As part of our risk management practices, we have a Global Risk Committee made up of key members of management to integrate global risk activities (including cybersecurity, compliance, business and crisis management) and to ensure appropriate prioritization of resources and alignment across IFF. Sustainability-related risks – such as water availability and natural disasters and other climate-related risks – are formally incorporated into this process. We evaluate the potential impact of, and our vulnerability to, these risks and have developed mitigation measures accordingly.

Our Board is actively involved in the oversight of IFF's risks. The full Board focuses on operational, financial, regulatory, litigation, cybersecurity, information security, tax, credit and liquidity risk, as well as our general risk management strategy and how these risks are being managed.

Please refer to the Risk Management Oversight section of our [2020 Proxy Statement](#) for more information.

CRISIS MANAGEMENT

Like any global company, IFF faces unexpected events that can disrupt our operations. To combat this risk, we have a comprehensive Global Crisis Management Plan, which outlines preparation for, and responses to, emergency situations that may imperil the safety of our employees, customers, facilities, operations or reputation. We have Crisis Management Teams in place at the global, regional and local levels to ensure that situations are handled quickly and effectively by subject matter experts trained on IFF's plan.

On a regular basis, membership on the local, regional and global crisis teams is verified and updated. All new crisis team members are required to complete training on the Global Crisis Management Plan.

INFORMATION SECURITY

At IFF, defending our organization against today's increasing and persistent cyber threats is of utmost importance. Our Chief Information Officer (CIO) is responsible for delivering on the company's global information technology (IT) strategy and the digital technology transformation program as well as overseeing infrastructure, data, application delivery and end user services. The Chief Information Security Officer (CISO) is responsible for delivering on the company's global information security strategy as well as overseeing information security and risk, including incident management, across the enterprise. The CIO and CISO provide regular updates on IT and information security initiatives to the Board.

Information security is a shared responsibility, and to best protect our network, computers and data from threats, we rely on our employees to be our first line of defense. Our risk-aligned strategy promotes employee awareness through regular communication, including companywide email reminders on best practices to combat email phishing attempts and an annual compliance video. Relevant policies are available to all employees on our intranet, including an Acceptable Use Policy to ensure the appropriate use of IFF computer systems and applications; a Media Disposal Policy to protect IFF data from unauthorized disclosure; and a Confidential Information and Data Classification Policy to provide guidance for handling, protecting and classifying information based on its level of sensitivity.

Information security tools are in place to deter threat actors, block malicious emails and avoid IT system interruptions. In the event of an information security incident, we follow our comprehensive business continuity and incident response procedures. We regularly evaluate the effectiveness of our systems and test our contingency plans by conducting vulnerability analyses, including simulated information security incidents.

IFF is committed to protecting the **privacy** of the personal data of our employees, customers and any other parties with whom we have a business relationship and from whom we collect personal data. As a global company, we comply with privacy laws around the world, including the European Union's General Data Protection Regulation. We also review pending global privacy laws on an ongoing basis. We protect our systems against information security threats and follow defense in depth, including measures designed to protect the secure availability, confidentiality and integrity of personal data in our possession. These measures include firewalls, intrusion detection and prevention systems, unique and complex passwords, encryption and email security.

Product Responsibility

Quality is central to everything we do at IFF. It is the basis of the value we create for our customers, shareholders, suppliers, employees and consumers of the thousands of products we make every day. We actively support the use of safe, responsibly produced tastes and scents that respect the environment and enrich the lives of consumers, as outlined in our [Quality Policy](#).

Our Global Product Safety & Quality team manages quality processes to ensure product safety and compliance with all applicable laws, regulations and customer requirements. We maintain a comprehensive database of all raw materials, which documents, among other things, information about regulatory status, countries of sale and end-use applications. The system allows us to efficiently track and manage legacy IFF products with great visibility and transparency. In 2019, legacy Frutarom materials were in the process of being integrated into this database.

We also conduct a variety of inspections at our operating facilities, including supplier audits and quality audits. In addition, our Global Regulatory Affairs (GRA) team conducts environmental, health and safety audits at approximately 15 sites per year, determined annually based on their levels of risk and the last time they were audited. Legacy Frutarom sites were included in the audit sample in 2019 and are in the process of being fully incorporated into IFF's auditing cycle and schedule.

All finished legacy IFF products undergo final quality control testing, which, depending on the product, includes sensory, analytical and microbiological analysis. In cooperation with regulators and our industry's leading trade associations, GRA manages a comprehensive set of policies and procedures to help legacy IFF achieve safety compliance in all countries where we operate. In 2019, because of the complex and ongoing process of integrating legacy Frutarom into IFF's product quality and regulatory programs, some sites within the legacy Frutarom network were still operating independently.

Our regulatory disclosure policy provides our basic framework for responding to product information requests from regulatory agencies while managing confidential business information. In case of potential health concerns for customers, we have a procedure in place to voluntarily recall products.

We work with a variety of customers on their own initiatives to create and implement additional ingredient disclosure models that provide consumers with valuable information while protecting our proprietary formulations. While our IFF-specific disclosure policy and future outcomes of customer initiatives provide a robust framework for compliance and ingredient disclosure, we understand that information requests will continue to vary by product and customer, and we therefore tailor our disclosures to the requirements of each situation.

CULTURE OF QUALITY

Launched in 2018, our Culture of Quality program seeks to build and strengthen our quality culture to improve tangible business outcomes. By fostering a culture of learning and execution, the program aims to enable and empower our employees to solve problems and focus on the long-term solutions necessary to meet our company's strategy. In 2019, we surpassed our goal of engaging 95% of our legacy IFF manufacturing facilities in the behavior-based Culture of Quality program – reaching 97% – and we introduced the program to legacy Frutarom manufacturing facilities.

IFF Quality Ambassadors – a cross-functional group of employees from operations, manufacturing, procurement, customer service and planning roles – bring the Culture of Quality program to life through behavior-based training and other engagement opportunities. Trainings for legacy IFF sites focus on topics such as quality principles, customer and vendor quality, product safety and employee empowerment. The goal of the program is to emphasize an organizational culture that champions quality at all levels of the organization, rather than as the sole responsibility of the Global Quality Team.

In cooperation with our Quality Ambassadors, we celebrated the 100th anniversary of World Quality Day in November 2019 to recognize the contributions of quality professionals and raise continued awareness about the importance of quality in our work. This year, we did not assign a particular theme for the day, but rather empowered our legacy IFF manufacturing facilities to celebrate and advocate in their own ways – using their creativity and local culture to make an impact. Examples of activities ranged from puzzles to contests to interactive process demonstrations and escape rooms.

PRODUCT & SERVICE LABELING

As expectations around product labeling transparency continue to grow, Global Regulatory Affairs is responsible for ensuring adherence to the entire regulatory landscape. This includes combining governmental authority requirements with industry self-regulatory policies and our own internal IFF protocols. We carefully consider customer restrictions, including engaging customers in advance of any required implementation dates for product and service labeling. In the event of an incident related to marketing or product labeling, we work directly with our customers and regulatory authorities as needed to resolve the issue. All such incidents result in root cause analysis and corrective action where appropriate. This holistic approach results in an effective input into our R&D strategy and processes.

IFF is committed to working with key industry organizations, governmental authorities and customers to share the appropriate technical information about our products and ensure that ingredients are evaluated on a risk-based scientific basis. For example, we worked collaboratively with our industry peers in support of California Senate Bill 258, the Cleaning Products Right to Know Act of 2017, which requires ingredient disclosure through online access and product labeling. We also played a key role in the implementation of the latest revision to the fragrance industry's self-regulatory process (the International Fragrance Association's 49th Amendment), which was published in January 2020.

Globally, we monitor registration and compliance requirements carefully as they develop. This includes ongoing work on substance registrations, such as the 2018 REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) mandatory product registrations in Europe. The same exercise is in process for Korea and Turkey. We also work with supply chain partners and the EPA on specific elements relevant to our business. For example, we are involved in the defense of OTNE (octahydrotetramethyl acetophenone or, by its commercial trade name, Iso E Super), which is a synthetic fragrance ingredient commonly used in perfumes and assessed by the EPA. OTNE has been found to be safe for its intended use and is registered on EU REACH and all major chemical inventories.

Finally, we provide key leadership and advisory support to governmental authorities as legislation is being developed and implemented. For example, we are working with the European Commission on the defense of encapsulation systems and the biodegradability of inorganic compounds. We have also continued to work with our industry partners and trade associations to improve the implementation of the Frank R. Lautenberg Chemical Safety for the 21st Century Act in the U.S., which amends the 1976 Toxic Substances Control Act to better protect public health.

Human Rights

IFF is committed to conducting business in a sustainable and lawful manner that respects the human rights of workers. Issues related to human rights are managed by our Law department, which oversees all legal matters for the company.

Our approach to this issue is guided by the U.N.'s Guiding Principles for Business and Human Rights, the U.N.'s Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The principles are embedded in our **Global Human Rights Policy**, which requires compliance with all applicable laws, regulations and guidelines related to hiring, wages, overtime and working conditions. In addition, the policy recognizes and respects employees' rights to form and join trade unions and to bargain collectively. It strictly prohibits the illegal employment of underage children as well as involuntary labor of any kind, including prison labor, debt bondage, indentured servitude or forced labor. The policy also reinforces the importance of diversity and equal opportunity and outlines stipulations with respect to wages, hours and working conditions.

We conduct human rights due diligence by implementing a review and screening of our global direct spend suppliers, which helps IFF prioritize our auditing and verification efforts. Based on our human rights due diligence screening, we may require participation in EcoVadis and Sedex. These collaborative platforms for sharing supply chain information help drive continuous improvement in the areas of labor standards, health and safety, environmental management and ethical business conduct. We focus our efforts with Sedex on a core set of suppliers that are critical to our business, reviewing the list annually as our supply chain evolves. The Sedex Risk Assessment Tool allows us to prioritize our suppliers for completion of the Sedex Self-Assessment Questionnaire and Sedex Members Ethical Trade Audit (SMETA) 4-pillar audits, which include human rights considerations. In addition to our assessment of our suppliers, a majority of our legacy IFF manufacturing facilities have undergone SMETA audits, and no major nonconformances (e.g., product recalls) were identified.

We have not identified significant risk in our direct operations for forced or compulsory labor, child labor or violations of the right to freely associate and bargain collectively. We release an annual **Slavery and Human Trafficking Statement** that provides information on our global human rights due diligence processes.

An aerial, high-angle photograph of a city intersection. The central focus is a zebra crossing with white stripes on a dark asphalt road. Several pedestrians are captured in motion, crossing the street. The image is framed by large, white, angular shapes that cut into the scene from the top-left and bottom-left corners, creating a dynamic, geometric composition. The lighting is bright, casting soft shadows.

APPENDIX

APPENDIX

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IFF Performance Data

EMISSIONS & ENERGY DATA

	UNITS	LEGACY IFF			LEGACY FRUTAROM		COMBINED
		2017	2018	2019	2018	2019	2019
SCOPE 1 AND SCOPE 2 GREENHOUSE GAS (GHG) EMISSIONS							
Direct emissions (Scope 1)	Metric Tons CO ₂ e	113,944	125,429	122,996	25,411	28,006	151,002
CO ₂	Metric Tons CO ₂ e	113,811	124,408	122,088	NC	26,685	148,773
CH ₄	Metric Tons CO ₂ e	84	100	104	NC	117	221
N ₂ O	Metric Tons CO ₂ e	49	195	203	NC	423	626
Refrigerants	Metric Tons CO ₂ e	NC	NC	602	NC	780	1,382
Operated direct emissions (Scope 1) by source							
Fuel combustion	%	98%	99%	99%	NC	98%	99%
Other	%	2%	1%	1%	NC	2%	1%
Operated indirect emissions (market-based Scope 2)	Metric Tons CO ₂ e	92,639	84,997	75,542	34,993	33,049	108,591
CO ₂	Metric Tons CO ₂ e	92,162	84,719*	75,310	NC	32,904	108,214
CH ₄	Metric Tons CO ₂ e	73	47*	44	NC	35	79
N ₂ O	Metric Tons CO ₂ e	404	231*	189	NC	110	299
Operated indirect emissions (location-based Scope 2)	Metric Tons CO ₂ e	NC	NC	110,775	NC	27,943	138,718
CO ₂	Metric Tons CO ₂ e	NC	NC	110,367	NC	27,819	138,185
CH ₄	Metric Tons CO ₂ e	NC	NC	112	NC	31	143
N ₂ O	Metric Tons CO ₂ e	NC	NC	296	NC	93	390
SCOPE 3 GHG EMISSIONS							
Indirect emissions (Scope 3)	Metric Tons CO ₂ e	1,016,082	1,019,770	1,102,147	NC	602,075	1,704,222
Employee business air travel	Metric Tons CO ₂ e	2,750	3,228	6,627	NC	4,719	11,346
Purchased goods and services	Metric Tons CO ₂ e	800,000	800,000	907,000	NC	500,000	1,407,000
Capital goods	Metric Tons CO ₂ e	30,000	30,000	7,200	NC	4,000	11,200
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Metric Tons CO ₂ e	39,835	43,045	38,454	NC	10,908	49,362
Upstream transportation and distribution	Metric Tons CO ₂ e	130,000	130,000	130,000	NC	70,000	200,000
Waste generated in operations	Metric Tons CO ₂ e	13,497	13,497	12,866	NC	12,448	25,314
BIOGENIC CO₂ EMISSIONS							
CO ₂ emissions from biomass burned on-site	Metric Tons CO ₂ e	0	0	0	NC	38,699	38,699
HYDROCHLOROFLUOROCARBON (HCFC) EMISSIONS							
HCFC emissions from refrigerants used on-site	Metric Tons CO ₂ e	NC	NC	384	NC	262	646

Appendix

	UNITS	LEGACY IFF			LEGACY FRUTAROM		COMBINED
		2017	2018	2019	2018	2019	2019
AIR EMISSIONS (EXCLUDES GHGS)*							
Volatile organic compounds (VOCs)	Metric Tons	3.48	4.11	3.68	NC	1.11	4.79
NO _x emissions	Metric Tons	34.24	40.12	36.51	NC	13.40	49.91
SO _x emissions	Metric Tons	0.71	0.83	0.86	NC	1.01	1.87
ENERGY USE							
Nonrenewable fuels (nuclear fuels, coal, oil, natural gas, etc.) purchased and consumed	MWh	530,383	596,797	578,579	NC	134,458	713,037
Nonrenewable electricity purchased	MWh	142,644	128,669	121,753	NC	85,576	207,329
Steam/heating/cooling and other energy (nonrenewable) purchased	MWh	52,519	52,784	47,523	NC	1,456	48,979
Total renewable energy (wind, solar, biomass, hydroelectric, geothermal, etc.) purchased or generated	MWh	71,380	105,897	119,879	119,575	120,842	240,721
Total nonrenewable energy consumption	MWh	725,546	790,820	747,856	213,748	220,035	967,891
Production energy intensity	Gigajoules/Metric Ton	8.98	9.51	9.31	NC	5.10	7.55
Electricity	Gigajoules/Metric Ton	1.61	1.52	1.31	NC	1.27	1.29
Steam	Gigajoules/Metric Ton	0.59	0.57	0.51	NC	0.02	0.31
Fuel Oil, LPG (Propane)	Gigajoules/Metric Ton	0.20	0.20	0.21	NC	0.31	0.25
Natural Gas	Gigajoules/Metric Ton	4.43	5.01	4.45	NC	1.67	3.28
Process-Derived	Gigajoules/Metric Ton	1.35	1.21	1.55	NC	0.03	0.91
Renewable Electricity (Purchased and On-Site)	Gigajoules/Metric Ton	0.80	1.00	1.28	NC	0.02	0.76
Biomass	Gigajoules/Metric Ton	-	-	-	NC	1.78	0.75
Direct energy use	Thousand Gigajoules	1,909	2,149	2,083	NC	915	2,998
Natural gas	Thousand Gigajoules	1,416	1,677	1,492	NC	404	1,896
Diesel	Thousand Gigajoules	14	16	19	NC	38	57
Nonrenewable energy used in on-site mobile sources (i.e., trucks, forklifts, cars, etc.)	Thousand Gigajoules	NC	NC	13	NC	21	34
Purchased electricity	Thousand Gigajoules	959	811	849	NC	313	1,162
Renewable energy certificates	Thousand MWh	71.11	105.90	119.88	NC	1.27	121

* Restated from 2018 disclosure to correct an allocation error in the tracking methodology.

Notes:

NC: Not collected

In 2018, the production volume (normalization factor) was 334,705 metric tons for legacy IFF.

In 2019, the production volume (normalization factor) was 335,430 metric tons for legacy IFF and 241,783 metric tons for legacy Frutarom.

GHG Direct (Scope 1) emissions consist of CO₂, CH₄ and N₂O.

Global warming potentials used: CO₂: 1; CH₄: 25; and N₂O: 298.

The reporting boundary for our dataset is detailed in the [Our Approach to Reporting](#) section.

Nonrenewable energy used in on-site mobile sources is not included in our total energy consumption numbers nor in our 2020 environmental goals.

2018 Frutarom environmental data was reviewed by an independent third party, but was not assured.

Appendix

OTHER ENVIRONMENTAL INDICATORS

	UNITS	LEGACY IFF			LEGACY FRUTAROM		COMBINED
		2017	2018	2019	2018	2019	2019
FRESHWATER USE							
Total freshwater use	Million Cubic Meters	3.02	3.39	3.33	1.20	1.23	4.56
Groundwater	Million Cubic Meters	1.26	1.25	1.12	NC	0.39	1.51
Municipal	Million Cubic Meters	1.76	2.14	2.20	NC	0.81	3.01
Surface water	Million Cubic Meters	0.00	0.00	0.00	NC	0.00	0.00
Process water	Million Cubic Meters	NC	NC	0.01	NC	0.03	0.04
Rainwater	Million Cubic Meters	NC	NC	0.00	NC	0.00	0.00
Annual Water Use Intensity	Cubic meters per metric ton of production	9.47	10.12	9.93	NC	5.07	7.90
WASTEWATER							
Total wastewater discharge	Million Cubic Meters	2.46	2.75	2.5	NC	0.76	3.26
Municipal	Million Cubic Meters	NC	NC	2.42	NC	0.55	2.97
Groundwater	Million Cubic Meters	NC	NC	0.02	NC	0.00	0.02
Fresh surface water	Million Cubic Meters	NC	NC	0.06	NC	0.16	0.22
Truck/rail	Million Cubic Meters	NC	NC	0	NC	0.05	0.05
SOLID WASTE							
Nonhazardous waste	Thousand Metric Tons	21.04	26.85	25.73	NC	15.45	41.18
Recovery/reuse/recycle	%	87	90	85	NC	NC	NC
Landfill	%	8	6	9	NC	NC	NC
Incineration	%	1	1	1	NC	NC	NC
Composted	%	3	2	3	NC	NC	NC
Other	%	1	1	2	NC	NC	NC
Hazardous waste	Thousand Metric Tons	17.82	17.99	16.66	5.74	7.24	23.90
Recovery/reuse/recycle	%	16	15	26	NC	NC	NC
Landfill	%	2	2	2	NC	NC	NC
Incineration	%	49	50	71	NC	NC	NC
Composted	%	0	0	0	NC	NC	NC
Other	%	32	33	1	NC	NC	NC
Annual Hazardous Waste Intensity	Metric Tons per metric ton of production	0.056	0.054	0.050	NC	0.030	0.041
Total waste (hazardous + nonhazardous)	Thousand Metric Tons	38.86	44.84	42.39	NC	22.69	65.08
Recovery/reuse/recycle	%	55	60	62	NC	NC	NC
Landfill	%	5	4	6	NC	NC	NC
Incineration	%	23	21	28	NC	NC	NC
Composted	%	2	1	2	NC	NC	NC
Other	%	15	14	2	NC	NC	NC
Basel Convention (recovery/reuse/recycle)	Metric Tons	0	0	0	0	0	0

Appendix

	UNITS	LEGACY IFF			LEGACY FRUTAROM		COMBINED
		2017	2018	2019	2018	2019	2019
OTHER ENVIRONMENTAL INDICATORS							
ISO 14001-certified operations (medium and large facilities)*	% of Production	93%	93%	94%	NC	18%	65%
ISO 14001-certified operations (medium and large facilities)*	#	24*	24*	24	NC	5	29
Environmental reserve	\$ Million	<5	<5	<5	NC	NC	<5

* Following the Frutarom acquisition, IFF reclassified facilities as "small", "medium" or "large" based on size, revenue and employee count. For consistency, 2017 and 2018 disclosures for legacy IFF have been restated to reflect medium and large facilities only. The 2017, 2018 and 2019 figures for legacy IFF do not reflect the total number of ISO 14001-certified legacy IFF facilities. Based on production, facilities classified as "small" represent less than 10% of production totals.

Notes:

NC: Not collected

In 2018, the production volume (normalization factor) was 334,705 metric tons for legacy IFF.

In 2019, the production volume (normalization factor) was 335,430 metric tons for legacy IFF and 241,783 metric tons for legacy Frutarom.

The reporting boundary for our dataset is detailed in the [Our Approach to Reporting](#) section.

2018 Frutarom environmental data was reviewed by an independent third party, but was not assured.

Appendix

WORKFORCE DATA

EMPLOYMENT CONTRACT	LEGACY IFF			LEGACY FRUTAROM	COMBINED
	2017	2018	2019	2019	2019
Permanent employees	7,299	7,639	7,996	5,694	13,690
Temporary employees (contingent workers)	NC	NC	688	176	864
Interns	NC	NC	224	25	249
Permanent employees covered by collective bargaining agreements	18.7%	14.6%	18.2%	10.7%	15.0%
PERMANENT EMPLOYEE TYPE					
Full-time	NC	NC	7,742	5,430	13,172
Part-time	NC	NC	254	264	518
PERMANENT EMPLOYEE GENDER					
Male	4,447	4,652	4,833	3,669	8,502
Female	2,852	2,987	3,163	2,025	5,188
PERMANENT EMPLOYEE HIRES AND HIRE RATE					
New hires	736	1,115	1,145	1,098	2,243
New hire rate	10.1%	14.6%	14.3%	19.3%	16.4%
PERMANENT EMPLOYEE TURNOVER COUNT					
Voluntary	NC	NC	487	742	1,229
Involuntary	NC	NC	329	387	716
Total	908	766	816	1,129	1,945
PERMANENT EMPLOYEE TURNOVER RATE					
Voluntary	6.7%	5.8%	6.1%	13.0%	9.0%
Involuntary	5.7%	4.2%	4.1%	6.8%	5.2%
Total	12.4%	10.0%	10.2%	19.8%	14.2%

Appendix

WORKFORCE DATA (CONTINUED)

2019 GENDER DIVERSITY BY REGION (PERMANENT EMPLOYEES)

	LEGACY IFF			LEGACY FRUTAROM			COMBINED				
	Total	Male	Female	Total	Male	Female	Total	Male	Female	% Male	% Female
Europe, Africa and Middle East	2,883	1,668	1,215	3,292	2,102	1,190	6,175	3,770	2,405	61%	39%
Greater Asia	2,119	1,391	728	878	524	354	2,997	1,915	1,082	64%	36%
Latin America	1,137	690	447	1,061	729	332	2,198	1,419	779	65%	35%
North America	1,857	1,084	773	463	313	150	2,320	1,397	923	60%	40%
Total	7,996	4,833	3,163	5,694	3,668	2,026	13,690	8,501	5,189	62%	38%

2019 AGE DIVERSITY BY REGION (PERMANENT EMPLOYEES)

	LEGACY IFF			LEGACY FRUTAROM			COMBINED		
	AGE <30	AGE 30-50	AGE >50	AGE <30	AGE 30-50	AGE >50	AGE <30	AGE 30-50	AGE >50
Europe, Africa and Middle East	459	1,726	698	487	1,987	818	946	3,713	1,516
Greater Asia	412	1,445	262	167	567	144	579	2,012	406
Latin America	242	749	146	333	610	118	575	1,359	264
North America	263	923	671	43	259	161	306	1,182	832
Total	1,376	4,843	1,777	1,030	3,423	1,241	2,406	8,266	3,018

2019 ETHNIC DIVERSITY BY EMPLOYEE CATEGORY (PERMANENT EMPLOYEES)

	LEGACY IFF (U.S. ONLY) [^]						
	ASIAN ^{**}	BLACK OR AFRICAN AMERICAN	HISPANIC OR LATINO	NATIVE AMERICAN OR ALASKA NATIVE	TWO OR MORE RACES	WHITE	NOT SPECIFIED
Executive Committee	2		1			4	
Upper management	2		7			17	
Middle management	27	1	21		3	153	
Junior management	128	41	53	1	9	575	1
Operational	70	97	136	1	10	458	4
Total	229	139	218	2	22	1,207	5

[^] Based on U.S. government reporting EEO data

^{**} Includes Native Hawaiian or Pacific Islander

Appendix

WORKFORCE DATA (CONTINUED)

2019 NEW EMPLOYEE HIRES BY REGION, AGE AND GENDER (PERMANENT EMPLOYEES)

	LEGACY IFF				
	AGE <30	AGE 30-50	AGE >50	Male	Female
Europe, Africa and Middle East	176	260	16	226	226
Greater Asia	141	108	7	177	79
Latin America	88	99	1	108	80
North America	87	130	32	148	101
Total	492	597	56	659	486

2019 EMPLOYEE TURNOVER BY REGION, AGE AND GENDER (PERMANENT EMPLOYEES)

	LEGACY IFF				
	AGE <30	AGE 30-50	AGE >50	Male	Female
Europe, Africa and Middle East	48	129	63	139	101
Greater Asia	52	132	21	132	73
Latin America	40	73	9	67	55
North America	32	134	83	154	95
Total	172	468	176	492	324

2019 EMPLOYEE TURNOVER RATE BY REGION, AGE AND GENDER (PERMANENT EMPLOYEES)

	LEGACY IFF				
	AGE <30	AGE 30-50	AGE >50	Male	Female
Europe, Africa and Middle East	10%	7%	9%	8%	8%
Greater Asia	13%	9%	8%	9%	10%
Latin America	17%	10%	6%	10%	12%
North America	12%	15%	12%	14%	12%
Total	13%	10%	10%	10%	10%

Notes:

NC: Not collected

Employee data on this page are based on actual year-end 2019 headcount and include legacy Frutarom employees where noted.

For more information on the reporting boundary for this report, see [Our Approach to Reporting](#).

New hire rate is based on the number of new hires divided by the total global, permanent headcount in that category at year-end 2019.

Turnover rate is based on the total turnover headcount divided by the total headcount in that category at year-end 2019.

Turnover information is inclusive of departures related to synergies in IFF's recent acquisitions. Historical averages of IFF's turnover with no impact of acquisition synergies are materially lower.

IFF does not utilize a significant number of part-time, self-employed or seasonal workers in our workforce.

Appendix

LEGACY FRUTAROM					COMBINED				
AGE <30	AGE 30-50	AGE >50	Male	Female	AGE <30	AGE 30-50	AGE >50	Male	Female
179	267	46	316	176	355	527	62	542	402
79	105	6	105	85	220	213	13	282	164
179	113	7	210	89	267	212	8	318	169
32	71	14	85	32	119	201	46	233	133
469	556	73	716	382	961	1,153	129	1,375	868

LEGACY FRUTAROM					COMBINED				
AGE <30	AGE 30-50	AGE >50	Male	Female	AGE <30	AGE 30-50	AGE >50	Male	Female
115	267	107	309	180	163	396	170	448	281
48	94	23	85	80	100	226	44	217	153
166	157	17	248	92	206	230	26	315	147
24	88	23	92	43	56	222	106	246	138
353	606	170	734	395	525	1,074	346	1,226	719

LEGACY FRUTAROM					COMBINED				
AGE <30	AGE 30-50	AGE >50	Male	Female	AGE <30	AGE 30-50	AGE >50	Male	Female
24%	13%	13%	15%	15%	17%	11%	11%	12%	12%
29%	17%	16%	16%	23%	17%	11%	11%	11%	14%
50%	26%	14%	34%	28%	36%	17%	10%	22%	19%
56%	34%	14%	29%	29%	18%	19%	13%	18%	15%
34%	18%	14%	20%	20%	22%	13%	11%	14%	14%

Appendix

GOVERNANCE & SAFETY DATA

	UNITS	LEGACY IFF			LEGACY FRUTAROM	COMBINED
		2017	2018	2019	2019	2019
GOVERNANCE						
Total members of the Board of Directors	#	11	11			12
Independent Board members	#	10	10			11
Female members of the Board	%	27	27			33.3
Minority members of the Board	%	9	9			16.7
Board members in the "50 and above" age group	%	100	100			100
Political contributions	\$	0	0			0
OCCUPATIONAL HEALTH & SAFETY**						
Workforce fatalities	#	0	0	0	0	0
Workforce total recordable incident rate	Per 100 employees	0.84	0.73	0.95	1.28	0.85
Workforce lost time incident rate	Per 100 employees	0.34	0.18	0.31	1.17	0.53

** Permanent employees + supervised contractors

Note:

The reporting boundary for our dataset is detailed in the [Our Approach to Reporting](#) section.

Appendix

IFF FACILITY CERTIFICATIONS

PLANT DESCRIPTION	SMETA 4 PILLAR	ISO 14001	ISO 9001	GFSI	RSPO	ISO 18001	ISO 22716	OTHERS
TASTE								
Egypt	Yes	Yes	Yes	Yes		Yes		
United Kingdom	Yes	Yes	Yes	Yes	Yes			
Netherlands	Yes	Yes		Yes	Yes			FairTrade
South Africa	Yes	Yes		Yes				
Turkey	Yes	Yes		Yes	Yes			
Japan	Yes	Yes	Yes	Yes				
Yunpu, China	Yes	Yes		Yes	Yes			
Zhangjiagang, China	Yes			Yes				
Karawang, Indonesia	Yes			Yes				
Jakarta, Indonesia	Yes	Yes		Yes				
Australia	Yes	Yes	Yes	Yes	Yes			
Singapore	Yes	Yes	Yes	Yes	Yes			
Chennai, Chitoor, Jammu, India	Yes	Yes	Yes	Yes		Yes		
Philippines	Yes			Yes				
Thailand	Yes			Yes				
Mexico	Yes	Yes		Yes				
Brazil	Yes	Yes		Yes	Yes	Yes		
Argentina	Yes	Yes	Yes	Yes				
United States	Yes	Yes		Yes				
TastePoint, U.S.	Yes			Yes				
POWDERPURE, U.S.				Yes				
SCENT								
Netherlands	Yes	Yes	Yes		Yes		Yes	
China	Yes	Yes	Yes		Yes		Yes	
Singapore	Yes	Yes	Yes		Yes	Yes	Yes	
India	Yes	Yes	Yes			Yes	Yes	
Mexico	Yes	Yes	Yes		Yes		Yes	
Brazil	Yes	Yes	Yes		Yes		Yes	
Argentina	Yes	Yes	Yes		Yes		Yes	
United States	Yes	Yes	Yes		Yes		Yes	
Germany			Yes					

Appendix

IFF FACILITY CERTIFICATIONS (CONTINUED)

PLANT DESCRIPTION	SMETA 4 PILLAR	ISO 14001	ISO 9001	GFSI	RSPO	ISO 18001	ISO 22716	OTHERS
FRAGRANCE INGREDIENTS								
China	Yes	Yes	Yes					
United Kingdom	Yes	Yes	Yes		Yes			
Spain	Yes	Yes	Yes			Yes		
France	Yes	Yes	Yes					ECOCERT, Organic, For Life
United States	Yes	Yes	Yes					
Israel		Yes	Yes	Yes				
COSMETICS								
France					Yes			
Southern Cross Botanicals, Australia					Yes			

GRI Content Index

Our 2019 Sustainability Report was prepared in accordance with the Global Reporting Initiative (GRI) Standards: “Core” option. We apply the 2016 version of the GRI Standards, except for GRI 303 and GRI 403, which apply the 2018 version of the GRI Standards. The “2016” and “2018” labels in this GRI Content Index refer to the respective GRI Standards issue dates, not the date of information presented in the report.

GRI 102: GENERAL DISCLOSURES 2016		
DISCLOSURE	DESCRIPTION	CROSS-REFERENCE OR ANSWER
ORGANIZATIONAL PROFILE		
102-1	Name of the organization	International Flavors & Fragrances Inc.
102-2	Activities, brands, products and services	What We Do, page 18 2019 Annual Report (Business, page 1) IFF website Taste webpage Touch webpage Scent webpage
102-3	Location of headquarters	IFF is headquartered at 521 West 57th Street, New York, New York, 10019, U.S.A.
102-4	Location of operations	2019 Annual Report (Properties, page 31) Locations webpage
102-5	Ownership and legal form	Our common stock is principally traded on the New York Stock Exchange and available on the Tel Aviv Stock Exchange, both under the ticker symbol “IFF.”
102-6	Markets served	2019 Annual Report (Business, page 1) Taste webpage Touch webpage Scent webpage
102-7	Scale of the organization	What We Do, page 18 2019 Annual Report (Business, page 1)
102-8	Information on employees and other workers	IFF Performance Data, page 100 2019 Annual Report (Our People, page 9)
102-9	Supply chain	Responsible Sourcing, page 49 Global Procurement webpage 2019 Annual Report (Supply Chain, page 6)
102-10	Significant changes to the organization and its supply chain	2019 Annual Report (Business, pages 1-2) We finalized the acquisition of Frutarom in late 2018. In late 2019, we announced the anticipated combination with DuPont’s Nutrition & Biosciences business.
102-11	Precautionary principle or approach	Risk Management, page 91 Sustainable Innovation, page 63 CDP Climate Change response CDP Water Security response CDP Forests response

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DISCLOSURE	DESCRIPTION	CROSS-REFERENCE OR ANSWER
102-12	External initiatives	External Initiatives, Memberships & Associations, page 22 U.N. Global Compact RE 100 CEO Water Mandate CEO Action for Diversity & Inclusion
102-13	Membership of associations	External Initiatives, Memberships & Associations, page 22 International Fragrance Association International Organization of the Flavor Industry Research Institute for Fragrance Materials
STRATEGY		
102-14	Statement from senior decision-maker	A Message from Our Chairman, page 5 2019 Annual Report (Year in Review, pages 1-4)
102-15	Key impacts, risks and opportunities	Vision 2021 webpage Sustainability webpage 2019 Annual Report (Risk Factors, pages 11-31) CDP Climate Change response CDP Water Security response
ETHICS AND INTEGRITY		
102-16	Values, principles, standards and norms of behavior	Who We Are, page 17 Our Purpose webpage Our Culture webpage Code of Business Conduct and Ethics
102-17	Mechanisms for advice and concerns about ethics	Ethics & Transparency, page 89 Code of Business Conduct and Ethics (Living the Code, pages 4-5) How to Report Concerns
GOVERNANCE		
102-18	Governance structure	Corporate Governance, page 87 Governance webpage 2019 Annual Report (Directors, Executive Officers and Corporate Governance, page 69)
102-19	Delegating authority	Corporate Governance, page 87
102-20	Executive-level responsibility for economic, environmental and social topics	Sustainability Governance, page 88 2020 Proxy Statement (Environmental, Social, and Governance Initiatives, page 15)
102-22	Composition of the highest governance body and its committees	Corporate Governance, page 87 Board of Directors webpage Committee Composition webpage
102-23	Chair of the highest governance body	2020 Proxy Statement (Our Current Board, page 1)
102-24	Nominating and selecting the highest governance body	Corporate Governance Guidelines (pages 1-2) Charter of the Nominating and Governance Committee 2020 Proxy Statement (Nominating and Governance Committee, page 22)
102-25	Conflicts of interest	Ethics & Transparency, page 89 Code of Conduct for Directors Related Person Transactions Policy 2020 Proxy Statement (Related Person Transactions and Other Information, page 24 -25)

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DISCLOSURE	DESCRIPTION	CROSS-REFERENCE OR ANSWER
102-26	Role of the highest governance body in setting purpose, values and strategy	Corporate Governance, page 87 2020 Proxy Statement (Management, page 24)
102-27	Collective knowledge of the highest governance body	2020 Proxy Statement (Director Nominee Experience and Qualifications, page 1)
102-28	Evaluating the highest governance body's performance	Corporate Governance Guidelines (page 7) 2020 Proxy Statement (Corporate Governance Guidelines, page 15)
102-30	Effectiveness of risk management processes	Charter of the Audit Committee 2020 Proxy Statement (Board and Committee Assessment Process, pages 22-23; Risk Management Oversight, pages 23-24)
102-35	Remuneration policies	Compensation Committee Charter 2020 Proxy Statement (Compensation Discussion and Analysis, pages 37-59)
102-36	Process for determining remuneration	2020 Proxy Statement (Compensation Discussion and Analysis, pages 37-59)
102-38	Annual compensation ratio	2020 Proxy Statement (Pay Ratio, pages 62-63)
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Stakeholder Engagement, page 30
102-41	Collective bargaining agreements	IFF fully respects the rights of our employees to freely associate and bargain collectively in a legal, ethical and safe way. IFF Performance Data, page 100
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, page 30 Uncommon Culture webpage
102-43	Approach to stakeholder engagement	Stakeholder Engagement, page 30 Sustainability webpage
102-44	Key topics and concerns raised	Materiality, page 28 Sustainability webpage
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	2019 Annual Report (Principles of Consolidation, page 78)
102-46	Defining report content and topic Boundaries	Materiality, page 28
102-47	List of material topics	Materiality, page 28
102-48	Restatements of information	Our Approach to Reporting, page 31
102-49	Changes in reporting	Our Approach to Reporting, page 31
102-50	Reporting period	January 1, 2019 through December 31, 2019
102-51	Date of most recent report	The most recent previous report was IFF's Sustainability Report 2018: Toward a Circular Future
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	sustainability@iff.com
102-54	Claims of reporting in accordance with the GRI Standards	We have reported in accordance with the GRI Standards: "Core" option.
102-55	GRI content index	GRI Content Index, page 111
102-56	External assurance	External Assurance Statement, page 122

Appendix

GRI 103: TOPICS AND TOPIC BOUNDARIES 2016 AND 2018		
MATERIAL TOPIC	MANAGEMENT APPROACH CROSS-REFERENCE	RELEVANT EXTERNAL ENTITIES
ECONOMIC		
GRI 201: Economic Performance 2016	Vision 2021 webpage	Communities
	2019 Annual Report (Vision 2021 and Frutarom Integration Initiative, pages 1-2)	Customers
	Global Tax Policy	Investors
	Capital Allocation Policy	Regulators Suppliers
GRI 203: Indirect Economic Impacts 2016	Responsible Sourcing, page 49	Communities
	Sustainable Innovation, page 63	Customers
	Sustainability webpage	Investors Regulators Suppliers
GRI 205: Anti-corruption 2016	Ethics & Transparency, page 89	Communities
	Code of Business Conduct and Ethics, pages 32-33	Customers
	Anti-Bribery Policy	Investors
	2019 Annual Report (Risk Factors, page 24)	Regulators Suppliers
ENVIRONMENTAL		
GRI 302: Energy 2016	Energy Management, page 40	Communities
	CDP Climate Change response	Customers
	2019 Annual Report (Risk Factors, page 18)	Investors
	RE 100	Regulators Suppliers
GRI 303: Water and Effluents 2018	Water Management, page 42	Communities
	CDP Water Security response	Customers
	2019 Annual Report (Risk Factors, page 18)	Regulators Suppliers
GRI 304: Biodiversity 2016	Commitments & Policies, page 50	Communities
	Roundtable on Sustainable Palm Oil, page 58	Customers
	Policy on Sustainable Palm Oil	Regulators
	CDP Forests response	Suppliers
GRI 305: Emissions 2016	Emissions, page 38	Communities
	CDP Climate Change response	Customers
	2019 Annual Report (Sustainability, page 7)	Investors
	2020 Proxy Statement (Environmental, Social and Governance Initiatives, pages 15-16)	Regulators
	RE 100	Suppliers
GRI 306: Effluents and Waste 2016	Waste Management, page 44	Communities
	2019 Annual Report (Sustainability, page 7)	Customers
	2020 Proxy Statement (Environmental, Social and Governance Initiatives, pages 15-16)	Investors Regulators Suppliers

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MATERIAL TOPIC	MANAGEMENT APPROACH CROSS-REFERENCE	RELEVANT EXTERNAL ENTITIES
GRI 307: Environmental Compliance 2016	Environmental Footprint, page 35 Global Environmental, Health and Safety Policy 2019 Annual Report (Risk Factors, pages 19-20)	Communities Customers Investors Regulators Suppliers
GRI 308: Supplier Environmental Assessment 2016	Responsible Sourcing, page 49 Vendor Code of Conduct Policy on Sustainable Palm Oil 2020 Proxy Statement (Environmental, Social and Governance Initiatives, pages 15-16)	Communities Investors Regulators Suppliers
SOCIAL		
GRI 401: Employment 2016	People & Communities, page 75 Careers webpage Our Culture webpage Our Purpose webpage	Communities Customers Suppliers
GRI 402: Labor/Management Relations 2016	Global Human Rights Policy 2019 Annual Report (Risk Factors, page 19)	Communities Customers Investors Regulators Suppliers
GRI 403: Occupational Health and Safety 2018	Occupational Health & Safety, page 84 Global Environmental, Health and Safety Policy	Communities Customers Investors Regulators Suppliers
GRI 404: Training and Education 2016	Training & Education, page 77 Our Culture webpage Our Purpose webpage Corporate Governance Guidelines , pages 8-9	Communities Investors Suppliers
GRI 405: Diversity and Equal Opportunity 2016	Diversity & Inclusion, page 80 Global Equality Policy 2019 Annual Report (Sustainability, page 7) 2020 Proxy Statement (Diversity and Tenure, page 2)	Communities Customers Investors Regulators Suppliers
GRI 407: Freedom of Association and Collective Bargaining 2016	IFF fully respects the rights of our employees to freely associate and bargain collectively in a legal, ethical and safe way. Human Rights, page 96 IFF Performance Data, page 100	Communities Customers Investors Regulators Suppliers
GRI 408: Child Labor 2016	Human Rights, page 96	Communities Customers Investors Regulators Suppliers

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MATERIAL TOPIC	MANAGEMENT APPROACH CROSS-REFERENCE	RELEVANT EXTERNAL ENTITIES
GRI 409: Forced or Compulsory Labor 2016	<u>Human Rights, page 96</u>	Communities Customers Investors Regulators Suppliers
GRI 413: Local Communities 2016	<u>Strengthening Local Communities, page 59</u> <u>Sustainability webpage</u> <u>2019 Annual Report</u> (Sustainability, page 7)	Communities Customers Suppliers
GRI 414: Supplier Social Assessment 2016	<u>Responsible Sourcing, page 49</u> <u>Vendor Code of Conduct</u>	Communities Customers Investors Regulators Suppliers
GRI 415: Public Policy 2016	<u>Political Contributions, page 90</u> <u>Code of Business Conduct and Ethics</u> (page 19)	Communities Customers Investors Regulators Suppliers
GRI 416: Customer Health and Safety 2016	<u>Product Responsibility, page 93</u> <u>Global Environmental, Health and Safety Policy</u> <u>Quality Policy</u> <u>2019 Annual Report</u> (Sustainability, page 7) <u>2020 Proxy Statement</u> (Environmental, Social and Governance Initiatives, pages 15-16)	Communities Customers Investors Regulators Suppliers
GRI 417: Marketing and Labeling 2016	<u>Product & Service Labeling, page 95</u> <u>GMO Policy</u> <u>Animal Testing Policy</u> <u>2019 Annual Report</u> (Risk Factors, page 20)	Communities Customers Investors Regulators Suppliers
GRI 418: Customer Privacy 2016	<u>Information Security, page 92</u> <u>Privacy webpage</u> <u>2020 Proxy Statement</u> (Corporate Governance, page 24)	Communities Customers Investors Regulators Suppliers

Appendix

GRI 200-400 TOPIC-SPECIFIC DISCLOSURES 2016 AND 2018			
TOPIC	DISCLOSURE	DESCRIPTION	CROSS-REFERENCE OR ANSWER
ECONOMIC			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	2020 Proxy Statement (Executive Compensation, Matching Charitable Contributions, page 63)
	201-2	Financial implications and other risks and opportunities due to climate change	Environmental Footprint, page 35 CDP Climate Change response 2019 Annual Report (Risk Factors, page 18)
	201-3	Defined benefit plan obligations and other retirement plans	Benefits & Wellbeing, page 79 2019 Annual Report (Employee Benefits, page 117) 2020 Proxy Statement
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Responsible Sourcing, page 49 Sustainability webpage
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Ethics & Transparency, page 89 Due to confidentiality constraints, the total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region, is not included in this report. Due to confidentiality constraints, the total number and percentage of governance body members that have received training on anti-corruption, broken down by region, is not included in this report.
	205-3	Confirmed incidents of corruption and actions taken	Ethics & Transparency, page 89 Managing Challenges, page 90
ENVIRONMENTAL			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Energy Management, page 40 IFF Performance Data, page 100
	302-3	Energy intensity	Energy Management, page 40 IFF Performance Data, page 100
	302-4	Reduction of energy consumption	Energy Management, page 40
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Water Management, page 42 CDP Water Security response
	303-2	Management of water-related discharge impacts	Water Management, page 42 CDP Water Security response
	303-3	Water withdrawal	Water Management, page 42 CDP Water Security response
	303-4	Water discharge	Water Management, page 42 IFF Performance Data, page 100 CDP Water Security response
	303-5	Water consumption	Water Management, page 42 IFF Performance Data, page 100 CDP Water Security response
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	Roundtable on Sustainable Palm Oil, page 58 Strengthening Local Communities, page 59 CDP Forests response

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TOPIC	DISCLOSURE	DESCRIPTION	CROSS-REFERENCE OR ANSWER
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Emissions, page 38 IFF Performance Data, page 100
	305-2	Energy indirect (Scope 2) GHG emissions	Emissions, page 38 IFF Performance Data, page 100
	305-3	Other indirect (Scope 3) GHG emissions	Emissions, page 38 IFF Performance Data, page 100 CDP Climate Change response
	305-4	GHG emissions intensity	Emissions, page 38
	305-5	Reduction of GHG emissions	Emissions, page 38
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	Waste Management, page 44
GRI 307: Environmental Compliance 2016	307-1	Noncompliance with environmental laws and regulations	We had no material incidents of noncompliance with respect to environmental laws and regulations in 2019.
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Risk Assessment Methodology, page 51
SOCIAL			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	IFF Performance Data, page 100
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	We comply with notice periods (as defined by collective bargaining agreements in place or by local laws or regulations) prior to the implementation of any changes that could potentially involve our employees. In each case, we follow the appropriate channels of communication to ensure our employees and their elected representatives or union/works councils are informed and consulted where required. Minimum notice periods regarding operational changes range from no notice to seven months.
GRI 403: Occupational Health and Safety 2018	403-1	Workers representation in formal joint management-worker health and safety committees	Occupational Health & Safety, page 84
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health & Safety, page 84 Types of injury and rates of injury, occupational diseases and lost days are included in our companywide occupational health and safety reporting. Absenteeism due to safety incidents is included in the lost days rate that we report. We do not report safety rates by gender at the global level due to privacy concerns. No fatalities were reported in 2019.
	403-4	Worker participation, consultation and communication on occupational health and safety	Occupational Health & Safety, page 84
	403-5	Worker training on occupational health and safety	Occupational Health & Safety, page 84
	403-6	Promotion of worker health	Benefits & Wellbeing, page 79
	403-9	Work-related injuries	Occupational Health & Safety, page 84
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	Performance Management & Reviews, page 76
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	IFF Performance Data, page 100 2020 Proxy Statement (Diversity and Tenure, page 2)

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TOPIC	DISCLOSURE	DESCRIPTION	CROSS-REFERENCE OR ANSWER
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Rights, page 96 Slavery and Human Trafficking Statement Global Human Rights Policy Vendor Code of Conduct
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Human Rights, page 96 Slavery and Human Trafficking Statement Global Human Rights Policy Vendor Code of Conduct
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights, page 96 Slavery and Human Trafficking Statement Global Human Rights Policy Vendor Code of Conduct
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments and development programs	We discuss local community engagement in the context of our supply chain, where it is most relevant. As part of our responsible sourcing program, we have several initiatives to support communities where our ingredients are grown. Strengthening Local Communities, page 59
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Responsible Sourcing, page 49 Human Rights, page 96 Vendor Code of Conduct Due to the information being unavailable, the percentage of new suppliers that were screened using social criteria is not included in this report. We currently report on our progress in screening suppliers for environmental and social criteria by reporting the percentage of our supplier spend that have been assessed through EcoVadis or Sedex. We are currently evaluating our data systems to enable future reporting on this indicator for new suppliers.
GRI 415: Public Policy 2016	415-1	Political contributions	Political Contributions, page 90 IFF Performance Data, page 100 Per IFF's Policy on Political Contributions, neither IFF nor any of its subsidiaries or affiliates, directly or indirectly, shall make any contribution to, or reimburse any employee for any contribution to, any candidate for federal, state or other local political office.
GRI 416: Customer Health and Safety 2016	416-2	Assessment of the health and safety impacts of product and service categories	We had no material incidents of noncompliance with respect to the health and safety impacts of products and services in 2019. A material non-compliance incident is one that results in a significant adverse impact to IFF's business, condition (financial or otherwise), assets or results. 2019 Annual Report
GRI 417: Marketing and Labeling 2016	417-2	Incidents of noncompliance concerning product and service information and labeling	We had no material incidents of noncompliance with respect to product and service information and labeling in 2019. A material non-compliance incident is one that results in a significant adverse impact to IFF's business, condition (financial or otherwise), assets or results. 2019 Annual Report
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	We had no material, substantiated complaints concerning breaches of customer privacy and losses of customer data in 2019.

SASB Disclosures

This report marks the first year IFF has disclosed under the Sustainability Accounting Standards Board (SASB) standards. We have included the topics and metrics below related to the Resource Transformation sector and the Chemicals industry. We do not claim to fulfill the disclosures for all indicators this year, but we are continuing to evaluate them for the future.

TOPIC	ACCOUNTING METRIC	CODE	CROSS-REFERENCE OR ANSWER
Greenhouse Gas Emissions	Gross global Scope 1 emissions and the percentage covered under emissions-limiting regulations	RT-CH-110a.1	<p>Emissions, page 38 IFF Performance Data, page 100</p> <p>IFF operates in jurisdictions where cap-and-trade and other forms of emission-related regulatory frameworks are currently in place, including California and the European Union. In 2019, none of IFF's Scope 1 emissions were covered under these regulations.</p>
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	RT-CH-110a.2	<p>Emissions, page 38</p> <p>Additional information can be found in our most recent CDP Climate Change response.</p>
Air Quality	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) volatile organic compounds, and (4) hazardous air pollutants	RT-CH-120a.1	<p>IFF Performance Data, page 100</p> <p>Hazardous air pollutants are not material to our operations.</p>
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	RT-CH-130a.1	<p>Energy Management, page 40 IFF Performance Data, page 100</p> <p>Additional information can be found in our most recent CDP Climate Change response. We have a goal to procure 75% of our energy needs from renewable sources by 2025, and we are a member of RE 100.</p>
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	RT-CH-140a.1	<p>Water Management, page 42 IFF Performance Data, page 100</p> <p>Additional information can be found in our most recent CDP Water Security response.</p>
	Number of incidents of noncompliance associated with water quality permits, standards and regulations	RT-CH-140a.2	We had no significant incidents of noncompliance concerning water quality permits, standards or regulations in 2019.
	Description of water management risks and discussion of strategies and practices to mitigate those risks	RT-CH-140a.3	<p>Water Management, page 42</p> <p>Additional information can be found in our most recent CDP Water Security response.</p>
Hazardous Waste Management	Amount of hazardous waste generated, and percentage recycled	RT-CH-150a.1	<p>Hazardous Waste, page 45</p> <p>Recycled hazardous waste was not applicable during the reporting period.</p>
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	RT-CH-210a.1	<p>Risk Assessment & Prioritization, page 51 Strengthening Local Communities, page 59</p> <p>To support open lines of communication and keep a strong pulse on community interests, we take a proactive role in community outreach. For example, IFF facilities periodically host "Open Days" in which community members are invited to visit and learn more about our business and experience the flavors and fragrances industry. Open Days are also opportunities to promote and share more information about our sustainability programs and other topics of interest to the community.</p> <p>Additional information about how we contribute to healthy communities can be found on our Sustainability webpage.</p>

Appendix

TOPIC	ACCOUNTING METRIC	CODE	CROSS-REFERENCE OR ANSWER
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	RT-CH-320a.1	Occupational Health & Safety, page 84 IFF Performance Data, page 100
	Description of efforts to assess, monitor and reduce exposure of employees and contract workers to long-term (chronic) health risks	RT-CH-320a.2	Occupational Health & Safety, page 84 Additional information can be found in our Global Environmental, Health and Safety Policy .
Product Design for Use-phase Efficiency	Revenue from products designed for use-phase resource efficiency	RT-CH-410a.1	We have embedded our commitment to circular design across our business. Please note that use-phase resource efficiency is less material for IFF than other product lifecycle stages (e.g., product design and end-of-life phases). Sustainable Innovation, page 63 Additional information can be found on our Taste and Scent webpages.
Safety & Environmental Stewardship of Chemicals	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, and (2) percentage of such products that have undergone a hazard assessment	RT-CH-410b.1	IFF has products that have been classified as GHS Category 1 and 2 Health and Environmental Hazardous Substances. All products have been evaluated for hazard and assigned hazard classifications as required by law.
	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	RT-CH-410b.2	Product Responsibility, page 93 Additional information can be found on our Research & Development webpage.
Genetically Modified Organisms	Percentage of products by revenue that contain genetically modified organisms (GMOs)	RT-CH-410c.1	In Europe, we do not source genetically modified raw materials. In North America and other regions, we source raw materials that may contain GMOs, such as corn or soy. However, given the distinction between “presence” versus “detectable protein,” some GM raw materials may not result in the final product being considered GM by regulatory standards due to low levels of detectable GM protein. Because of this complexity, this is a metric that we are continuing to assess. Additional information can be found in our GMO Policy .
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	RT-CH-530a.1	Political Contributions, page 90 We seek to ensure that there are no significant differences between our industry lobbying efforts and stated policies and IFF’s goals or public positions. Further information on governmental regulations can be found in IFF’s 2019 Annual Report (pages 8 and 19-20).
Operational Safety, Emergency Preparedness & Response	Process Safety Incidents Count, Process Safety Total Incident Rate and Process Safety Incident Severity Rate	RT-CH-540a.1	Occupational Health & Safety, page 84 IFF Performance Data, page 100
	Number of transport incidents	RT-CH-540a.2	Apart from the incidents reported in the performance data for occupational health and safety, we had no significant operational safety, emergency preparedness and response incidents in 2019.
ACTIVITY METRIC		CODE	CROSS-REFERENCE OR ANSWER
Production by reportable segment		RT-CH-000.A	What We Do, page 18 Additional information on our reportable segments can be found in our 2019 Annual Report .

External Assurance Statement

Independent Assurance Statement to International Flavors and Fragrances Inc.

ERM Certification and Verification Services (ERM CVS) was engaged by International Flavors and Fragrances Inc. (IFF) to provide limited assurance in relation to the information set out below and presented in the IFF Sustainability Report 2019.

ENGAGEMENT SUMMARY	
SCOPE OF OUR ASSURANCE ENGAGEMENT	<p>1. Whether the 2019 Sustainability Report presents a complete and balanced presentation of IFF's sustainability activities and performance in the reporting year in accordance with the GRI Standards (Core option);</p> <p>2. Whether the 2019 information and data for the specified indicators listed below are fairly presented in accordance with the reporting criteria:</p> <p>Environmental indicators (absolute and intensity):</p> <ul style="list-style-type: none"> • Total GHG Scope 1 [metric tons CO₂e] • Total GHG Scope 2 [metric tons CO₂e] • Total (direct/indirect) energy consumption [GJ] • Total water (withdrawal, consumption, discharge) [cubic meters] • Total waste generated (hazardous* and non-hazardous) [cubic meters] <p>Safety indicators:</p> <ul style="list-style-type: none"> • Total Recordable Incidents (TRI) per 100 employees in 2019 • Total Lost Time Incidents per 100 employees in 2019 <p>Other indicators:</p> <ul style="list-style-type: none"> • ISO 14001 Certification • Production volume [metric tons] <p><i>*excludes Frutarom legacy sites</i></p>
REPORTING CRITERIA	<p>GRI Sustainability Reporting Standards;</p> <p>WBCSD/WRI GHG Protocol for Scope 1 and 2 GHG emissions;</p> <p>IFF's internal reporting criteria and definitions</p>
ASSURANCE STANDARD	<p>ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).</p>
ASSURANCE LEVEL	<p>Limited assurance.</p>
RESPECTIVE RESPONSIBILITIES	<p>IFF is responsible for preparing the Report and for the collection and presentation of the information within it.</p> <p>ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>

OUR CONCLUSIONS

Based on our activities, as described below, nothing has come to our attention to indicate that IFF's 2019 Sustainability Report is not a complete and balanced presentation of IFF's sustainability activities and performance in 2019, in accordance with GRI Standards (Core option) or that the 2019 information and data for the topics and indicators listed above are not fairly presented, in all material respects, in accordance with the reporting criteria.

EMPHASIS OF MATTER

We draw attention to the explanatory notes included in the third paragraph of the *Performance in 2019* section on page 85 of the report regarding uncertainties in the safety data disclosed by IFF in the Occupational Health and Safety chapter. These relate to the status of integration of the IFF and legacy Frutarom safety reporting guidelines and systems and should be taken into account by users of the data. This does not affect our conclusions.

OUR ASSURANCE ACTIVITIES

Our objective was to assess whether the selected information and data are reported in accordance with the principles of completeness, comparability, and accuracy (including calculations, use of appropriate conversion factors and consolidation). We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our limited assurance conclusion.

A multi-disciplinary team of sustainability and assurance specialists performed the following activities:

- Multiple 'virtual' interviews at corporate level with the IFF Sustainability Team to understand IFF's Sustainability Report preparation, stakeholder engagement and materiality determination processes.
- A review of external media reporting relating to IFF to identify relevant issues in the reporting period.
- 'Virtual' interviews with Subject Matter Experts responsible for each of the material topics disclosed in the Sustainability Report in order to understand the company strategy, policies, internal controls and the main activities in the reporting year.
- Sample documentary evidence review to support the management assertions in the Sustainability Report and evaluate the completeness and balance of the content based on the assurance evidence collected.
- In-person visits to four operational IFF legacy sites (Jacksonville, FL, USA; Jiande, China; LMR, France; and Tilburg, Netherlands) and 'virtual' visits to four operational legacy Frutarom sites (Enzymotec, Israel; Monterrey, Mexico; Samutsakorn (Mighty), Thailand; and Skofja Vas (Etol), Slovenia) to interview relevant staff, review local data capture and reporting methods, check calculations and assess local quality controls.
- A further desktop review of source data from a selection of sites.
- A review of the site level ISO 14001 certifications renewed in the reporting year.
- An analytical review of the year end data submitted by all locations included in the consolidated 2019 group data for the selected disclosures which included testing its completeness and mathematical accuracy and checking conversion factors and emission factors used.
- Examination of the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

THE LIMITATIONS OF OUR ENGAGEMENT

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. Our assurance should be considered in this context.

Force Majeure – COVID-19

During our assurance engagement, travel restrictions were imposed following the outbreak of COVID-19. As a result of these we were unable to carry out our assurance activities as originally planned and agreed with IFF. We agreed to replace in person head office visit and Frutarom site visits with 'virtual' visits via conference and video calls for this year's assurance engagement. While we believe these changes do not affect our limited assurance conclusion above, we draw attention to the possibility that if we had undertaken in person visits we may have identified errors and omissions in the assured information that we did not discover through the alternative assurance program.

OUR OBSERVATIONS

We have provided IFF with a separate management report with our detailed (non-material) findings and recommendations. Without affecting the conclusions presented above, we have the following key observation:

- IFF's sustainability reporting process would benefit from more formalized corporate level controls (QA/QC).
- Continued refinement of the global reporting manual could improve consistency of the reporting of metrics across all sites.



Jennifer Iansen-Rogers
Head of Corporate Assurance
19 June 2020



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Special Note Regarding Forward-Looking Statements

Statements in this annual Sustainability Report that are not historical facts or information are “forward-looking statements” within the meaning of The Private Securities Litigation Reform Act of 1995. These forward-looking statements should be evaluated with consideration given to the many risks and uncertainties inherent in the Company’s business that could cause actual results and events to differ materially from those in the forward-looking statements. Certain of such forward-looking information may be identified by such terms as “expect,” “anticipate,” “believe,” “outlook,” “may,” “estimate,” “should” and “predict” or similar terms or variations thereof. Such forward-looking statements are based on a series of expectations, assumptions, estimates and projections about the Company, are not guarantees of future results or performance, and involve significant risks, uncertainties and other factors, including assumptions and projections, for all forward periods. Actual results of the Company may differ materially from any future results expressed or implied by such forward-looking statements.

The Company intends its forward-looking statements to speak only as of the time of such statements and does not undertake or plan to update or revise them as more information becomes available or to reflect changes in expectations, assumptions or results.

The Company can give no assurance that such expectations or forward-looking statements will prove to be correct. Any public statements or disclosures by IFF following this report that modify or impact any of the forward-looking statements contained in or accompanying this report will be deemed to modify or supersede such outlook or other forward-looking statements in or accompanying this report.

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WE VALUE YOUR FEEDBACK

We welcome any questions, comments, suggestions or feedback on our 2019 Sustainability Report: iff.com/contact-us or sustainability@iff.com.

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COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.