



## SUSTAINABLE SOY POLICY

**Policy Owner:** Global Procurement and Global Sustainability

**Effective Date:** 1 Dec 2021

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### Introduction and Supply Chain Context

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

The production of soy has rapidly expanded in the last few years in tropical regions due to the rising demand for soy (mainly used as animal feed) and has been associated with environmental and human rights risks. The expansion of soy threatens biodiversity-rich biomes. At IFF, we believe soy should be produced in a sustainable manner by conserving native vegetation and biodiversity and respecting human rights. Transparency about soybeans origin needs to be ensured. IFF is committed to improving its supply chain and supporting sector-wide transformational change.

IFF is not involved in the production of soybeans. Our purchase of soy-based raw materials includes soybeans and soybean flakes. IFF's first-tier suppliers are manufacturers, traders, refiners, cooperatives, and producers that use soybeans grown predominantly in the United States.

IFF operates primarily in the Business to Business (B2B) market. As a global business, IFF has an impact on and can influence the markets it serves; therefore, IFF partners with its supply chain partners to source sustainable products.

### Implementation Commitments

We aim to implement our above commitments through this line of action in North America and Brazil, including working in priority areas within and beyond our supply chains:

1. Source from deforestation and conversion free soybeans and soy white flakes by 2025.
2. Map our supply chains to production areas in high risk landscapes and provide supply chain transparency through traceability.
3. Perform risk analysis in our supply chains and prioritize action and engagement with suppliers and stakeholders linked to higher risk landscapes, jurisdictions and supply sheds.
4. Engage directly with suppliers to raise awareness on our commitments, including the requirement of policies and a time-bound plans that meet IFF commitments, address potential supply chain risks and support best practices including sourcing of sustainable certified soy from recognized sustainability standards.
5. Engage and/or support initiatives and projects tackling sustainability issues (e.g., deforestation, preventing child labor) in the landscapes, jurisdictions, and areas our company sources from.
6. Engage in sector discussions and initiatives to address systemic issues linked to soy production (e.g., conversion); this involves collaborating with peer companies and suppliers.
7. Encourage our suppliers to minimize greenhouse gas emissions (GHGs) linked to soy production and processing and to report on progress.
8. Monitor and address any potential non-policy compliance via a grievance mechanism which aligns with UNGP Principle 31 as well as close collaboration with our suppliers.
9. Monitor and report regularly, transparently, and publicly on our progress via our website and annual reporting, using KPIs.
10. Review this Policy and implementation plan with targets and actions in the areas outlined above.

The initial focus of implementation for IFF will be in South America (Brazil) and North America (US) and on our activities linked to soy-based protein solutions.

## Principles

IFF supports the following principles. With the engagement of our suppliers involved in soy production, we commit to:

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

IFF follows the Accountability Framework Initiative (AFi) definitions on natural forests and natural ecosystems.

We also support the protection and conservation of the Cerrado and Amazon Biomes in Brazil. To achieve this goal:

- IFF direct and indirect suppliers are expected to comply with the Forest Code.<sup>1</sup>
- In Brazil, soybeans growers' properties may not overlap indigenous territories and other protected areas and must not appear on the IBAMA (Brazilian Institute of the Environment and Renewable Natural Resources) list of embargoes for illegal deforestation<sup>2</sup>, nor in the 'dirty list of slave-like labor' of the Ministry of Economy.<sup>3</sup>
- Natural forest or natural ecosystems in soy farms must not have been deforested/converted to soy production. The following cut-off dates apply:
  - a. After July 2008 in the Amazon Biome (in compliance with the Soy Moratorium.)<sup>4</sup>
  - b. After January 2020 in the Cerrado Biome.
- IFF is committed to supporting regenerative agriculture practices to improve soil health, reduce water stress and pollution, enhance biodiversity, and support the reduction/sequestration of Greenhouse Gas (GHG) emissions linked to soy production.

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

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

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

- No child labor.
- No forced or compulsory labor. Human trafficking and debt bondage are not allowed, and ethical recruitment practices are followed.
- The right to freedom of association and collective bargaining is upheld.
- Workplaces are safe and healthy. No abusive practices or undue disciplinary procedures occur.
- Work hours are legal, and wages and benefits are fair.
- Rights of indigenous, local communities, and others who may be impacted by companies' activities are respected, including their entitlement to Free, Prior and Informed Consent (FPIC). This is done in a culturally appropriate manner, in accordance with the traditions, norms, and values of these peoples and communities, and through the representatives and institutions they choose.
- Challenges faced by women, vulnerable persons, and marginalized groups are specifically taken into consideration and addressed according to relevant international standards.<sup>5</sup>
- Grievances are managed through open and transparent collaboration with our suppliers and other relevant stakeholders. IFF will rely on established grievance systems where they exist and are deemed to be relevant and functional.

### 3. Manage and control pesticides and agrochemical use

The use of fertilizers and pesticides is done in accordance with local legislation. Agrochemicals listed in the Stockholm and Rotterdam Conventions are not used. IFF encourages suppliers to reduce and to adopt alternative solutions for the use of pesticides and fertilizers in the production of soybeans.

<sup>1</sup> Reference: [http://www.planalto.gov.br/ccivil\\_03/\\_ato2011-2014/2012/lei/L12651compilado.htm](http://www.planalto.gov.br/ccivil_03/_ato2011-2014/2012/lei/L12651compilado.htm)

<sup>2</sup> Reference: <https://servicos.ibama.gov.br/ctf/publico/areasembargadas/ConsultaPublicaAreasEmbargadas.php>

<sup>3</sup> Reference: <https://sit.trabalho.gov.br/portal/>

<sup>4</sup> Reference: <https://abiove.org.br/en/sustainability/>

<sup>5</sup> Some of the relevant international standards are the following: Convention on the Right of the Child (CRC), Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), ILO C169 and the UN Declaration on the Rights of Indigenous People, the Declaration on human rights defenders, the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (ICMW), ILO C97 and ILO C143, among others.

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

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

##### Scope

This Policy applies to soybeans and soy white flakes sourced and processed globally by IFF and its fully owned subsidiaries<sup>6</sup>. Its implementation will be done in phases and we will transparently report on progress in a regular manner. We expect all direct suppliers to adhere to the expectations in this Policy and support IFF in its ambitions to do more good for people and the planet.

##### Supplier Requirements

When procuring soybeans and soy white flakes, we expect our direct suppliers to meet these requirements:

1. Adhere to our Vendor Code of Conduct and Responsible Sourcing Policy (see [IFF Policy Center](#)).
2. Comply with all applicable local and international regulations. The higher standard must be followed.
3. Have a soy policy and implementation plan that aligns with IFF's targets on soy. The plan sets goals, activities, timelines and KPIs, including a narrative which outlines the company's responsible sourcing or production approach. The suppliers' policy and plan need to include their third-party suppliers.
4. Have a robust due diligence mechanism that allows suppliers to monitor and address social and environmental risks in their supply chain.
5. Have a robust public grievance mechanism in place and address grievances accordingly.
6. Remediate non-compliance when it is found that a supplier has been linked to deforestation or other forms of conversions based on the cut-off date outlined in our Principles.
7. Provide an effective remedy when a supplier has been linked to or caused negative human rights impact
8. Publicly report traceability to production areas and share with IFF traceability information specific to its supply chains, including processing facilities supplying directly and indirectly and the agricultural supply area.
9. Support a culture of trust by addressing requests for collaboration, information sharing and action. That includes sharing information on deforestation and conversion free volumes as well as proactive communication on potential supply chain issues, so we can find the best approach forward.



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Gladys Gabriel  
VP, Chief Procurement Officer



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Kip Cleverley  
VP, Global Sustainability & EHS

##### Where to go for help

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

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

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<sup>6</sup> For new businesses that become part of IFF, there will be an adaptation period of one year after integration.

## Definitions

This policy uses the Accountability Framework Initiative (AFI)<sup>7</sup> definitions for a number of terms:

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

**Code:** IFF's Code of Business Conduct & Ethics

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

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

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

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

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

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

**Forest:** Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ<sup>8</sup>. It does not include land that is predominantly under agricultural or other land use. Forest includes natural forests and tree plantations. For the purpose of implementing no-deforestation supply chain commitments, the focus is on preventing the conversion of natural forests, which is defined as a forest that is a natural ecosystem (AFi).

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

**Grievance mechanism:** is any routinised process through which grievances concerning business-related negative impacts on human rights or the environment can be raised, and remedy can be sought. According to Principle 31 of the UNGP on Business and Human Rights, this mechanism should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning and based on engagement and dialogue.<sup>9</sup> (AFi).

<sup>7</sup> Source: <https://accountability-framework.org/the-framework/contents/definitions/>

<sup>8</sup> Source: Food and Agriculture Organization of the United Nations (FAO), with further elaboration and clarification provided for the Accountability Framework.

<sup>9</sup> Source:

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