

## Welcome to your CDP Forests Questionnaire 2021

### F0. Introduction

#### F0.1

**(F0.1) Give a general description of and introduction to your organization.**

International Flavors & Fragrances Inc. is a leading global creator of flavors and fragrances for consumer products.

#### F0.2

**(F0.2) State the start and end date of the year for which you are reporting data.**

	Start Date	End Date
Reporting year	January 1, 2020	December 31, 2020

#### F0.3

**(F0.3) Select the currency used for all financial information disclosed throughout your response.**

USD

#### F0.4

**(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.**

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	Not disclosing	Manufacturing	IFF purchases timber products in forms of office furniture, printing paper, cardboard boxes and wood pallets. We also use essential oils from wood-derived sustainable sources such as cedarwood, pine, and sandalwood. Currently we are prioritizing Palm Oil for our supply chain stakeholders.
Palm oil	Disclosing	Manufacturing	

Cattle products	Not disclosing	Manufacturing	IFF purchases animal derived raw materials. Currently this represents a low volume and we are prioritizing Palm Oil for our supply chain stakeholders.
Soy	Not disclosing	Manufacturing	IFF purchases soy sauce and soybean oils. These represent a low percentage of our portfolio and we are prioritizing Palm Oil for our supply chain stakeholders.
Other - Rubber	Not disclosing	Manufacturing	IFF purchases rubber-derived products. Currently, these represent a low percentage of our portfolio and we are prioritizing Palm Oil for our supply chain stakeholders.
Other - Cocoa	Not disclosing	Manufacturing	IFF purchases cocoa but this represents a low percentage of our portfolio and we are prioritizing Palm Oil for our supply chain stakeholders.
Other - Coffee	Not disclosing	Manufacturing	IFF purchases coffee but this represents a low percentage of our portfolio and we are prioritizing Palm Oil for our supply chain stakeholders.

## F0.5

**(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?**

No

## F1. Current state

### F1.1

**(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?**

#### Palm oil

##### Activity

Using as input into manufacturing process for power generation

##### Form of commodity

Crude palm oil (CPO)  
 Refined palm oil  
 Palm oil derivatives  
 Palm kernel oil derivatives

##### Source

Multiple contracted producers  
 Trader/broker/commodity market  
 Contracted suppliers (processors)  
 Contracted suppliers (manufacturers)

**Country/Area of origin**

- Colombia
- Guatemala
- Honduras
- Indonesia
- Malaysia

**% of procurement spend**

1-5%

**Comment**

At IFF, we use less than 0.1 percent of the palm oil and palm kernel oil produced worldwide, primarily in the form of specialized derivatives. Although our consumption is minimal, because the production of palm oil is linked to deforestation, biodiversity destruction and human rights abuses, we have an important role to play in ensuring that the palm oil in our supply chain – no matter how small – comes from sustainable sources. Currently palm oil (PO), palm kernel oil (PKO) based raw materials and derivatives represent approximately 1.0% of our total direct spend. These raw materials are used as components of flavors and fragrances. IFF is a member of the Roundtable on Sustainable Palm Oil (RSPO) and will continue to support RSPO standards and certification as a mechanism to mainstreaming sustainable palm oil. We also seek to ensure that our palm oil supply chain does not contribute to deforestation, peat clearance and human rights abuses. We have a corporate sustainable palm oil policy in place, which includes a goal to source 100 percent RSPO certified palm oil, palm kernel oil and their derivatives through the Mass Balance supply chain model by 2020. We reached this goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book & claim credits (including smallholder credits) to reach 100%, as planned. This includes five legacy Frutarom sites that were previously RSPO members. Beyond 2020, we will refresh our palm oil commitment and implementation plan and continue to support sustainable palm oil sourcing. We currently have more than 20 facilities that meet the standards of RSPO Supply Chain Certification. In 2020, 9 sites had their RSPO licenses renewed.

**F1.2**

**(F1.2) Indicate the percentage of your organization’s revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.**

	<b>% of revenue dependent on commodity</b>	<b>Comment</b>
Palm oil	1-5%	Palm oil (PO) and Palm Kernel Oil (PKO) and derivatives represent 1-5% of our revenue. This includes revenue for products sold as RSPO Mass Balance certified. While PO/PKO and derivatives are commonly used in the manufacture of flavors and fragrances, these represent very small percentages of our final flavors or fragrances products.

## F1.5

**(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?**

	Data availability/Disclosure
Palm oil	Consumption data available, disclosing

### F1.5a

**(F1.5a) Disclose your production and/or consumption data.**

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**Forest risk commodity**

Palm oil

**Data type**

Consumption data

**Volume**

6,885

**Metric**

Metric tons

**Data coverage**

Full commodity production/consumption

**Please explain**

### F1.5b

**(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Sarawak

**% of total production/consumption volume**

14.04

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Pahang

**% of total production/consumption volume**

8.91

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Perak

**% of total production/consumption volume**

8.72

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Johor

**% of total production/consumption volume**

5.91

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Sabath

**% of total production/consumption volume**

5.4

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Selangor

**% of total production/consumption volume**

2.99

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Negeri Sembilan

**% of total production/consumption volume**

2.54

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Trengganu

**% of total production/consumption volume**

1.88

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Kelantan

**% of total production/consumption volume**

1.01

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Kedah

**% of total production/consumption volume**

1

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Melaka

**% of total production/consumption volume**

0.74

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Pluau Pinang

**% of total production/consumption volume**

0.26

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Riau

**% of total production/consumption volume**

10.04

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Central Kalimantan

**% of total production/consumption volume**

7.19

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
North Sumatra

**% of total production/consumption volume**

6.71

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
West Kalimantan

**% of total production/consumption volume**

5.34

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
South Sumatra

**% of total production/consumption volume**

3.92

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Jambi

**% of total production/consumption volume**

3.64

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
East Kalimantan

**% of total production/consumption volume**

3.34

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Aceh

**% of total production/consumption volume**

1.41

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
West Sumatra

**% of total production/consumption volume**

0.92

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Bengkulu

**% of total production/consumption volume**

0.91

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
South Kalimantan

**% of total production/consumption volume**

0.87

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Banka Belitung

**% of total production/consumption volume**

0.7

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Lampung

**% of total production/consumption volume**

0.48

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

North Kalimantan

**% of total production/consumption volume**

0.4

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

West Sulawesi

**% of total production/consumption volume**

0.14

**Please explain**

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Central Sulawesi

**% of total production/consumption volume**

0.11

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Banten

**% of total production/consumption volume**

0.08

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
West Papua

**% of total production/consumption volume**

0.08

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Southeast Sulawesi

**% of total production/consumption volume**

0.07

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Kepulauan Riau

**% of total production/consumption volume**

0.01

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Colombia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Santander

**% of total production/consumption volume**

0.01

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.



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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Colombia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Cesar

**% of total production/consumption volume**

0.04

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Colombia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Meta

**% of total production/consumption volume**

0.04

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to

collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Colombia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Casanare

**% of total production/consumption volume**

0.04

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Colombia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Magdalena

**% of total production/consumption volume**

0.03

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Colombia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Bolívar

**% of total production/consumption volume**

0.02

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Colombia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Norte de Santander

**% of total production/consumption volume**

0.01

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Colombia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Antioquia

**% of total production/consumption volume**

0.01

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Colombia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Vichada

**% of total production/consumption volume**

0.01

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Honduras

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Colon

**% of total production/consumption volume**

0.01

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Guatemala

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Alta Verapaz

**% of total production/consumption volume**

0.01

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Papua

**% of total production/consumption volume**

0.01

**Please explain**

In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

## **F1.5e**

**(F1.5e) How does your organization produce or consume biofuel derived from palm oil?**

---

**Does your organization produce or consume biofuel derived from palm oil?**

No

**Data type**

**Volume produced/consumed**

**Metric**

**Country/Area of origin**

**State or equivalent jurisdiction**

**% of total production/consumption volume**

**Does the source of your organization's biofuel material come from smallholders?**

**Comment**

## **F1.6**

**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

No

## **F2. Procedures**

### **F2.1**

**(F2.1) Does your organization undertake a forests-related risk assessment?**

Yes, forests-related risks are assessed

### **F2.1a**

**(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.**

**Palm oil**

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**Value chain stage**

Direct operations

Supply chain

**Coverage**

Full

**Risk assessment procedure**



Assessed as part of an established enterprise risk management framework

**Frequency of assessment**

Annually

**How far into the future are risks considered?**

> 6 years

**Tools and methods used**

Internal company methods

External consultants

NEPCon Sourcing Hub

**Please explain**

Our internal company methods for identifying and assessing forests-related risks align with a multidisciplinary enterprise risk management program to ensure they are evaluated consistently across the company. Forests-related risks are annually assessed across our full direct operations and supply chain to inform our annual procurement process. Our risk assessment methodology uses reliable indices such as the Human Development Index (HDI), Worldwide Governance Indicators (WGI), Freedom in the World (FIW) - Human Rights Index and Yale Environmental Performance Index (EPI) to assess risk. We also utilized external consultants to validate our internal company methods. In 2019, we re-engaged with The Rainforest Alliance to review our updated risk assessment and add NEPCon risks into our assessment. This process of third-party engagement has been effective in validating our approach for assessing forest-related risks. We also partnered with Transitions in 2019 to conduct a supply chain mapping study. The risk methodology and tool were developed by Transitions to understand environmental and social risks such as deforestation, threats to biodiversity, land conflicts, labor issues, and community involvement. The methodology assesses these impacts and is based on various datasets provided by stakeholders such as WWF, Daemeter, GFW, Malaysian Environmental statistics, IUCN, FAO, Global Wetlands, ASEAN Peatland Forest Project, MPOB, SiPongi and BPS (Indonesian government), and UNESCO-IHE. At the mills level, Transitions used the Global Forest Watch's Palm Risk Tool to investigate further risks in the catchment of the palm oil mills. This 2-step risk assessment approach is effective in confirming risks to a much more precise level and help prioritize landscapes (jurisdictional, ecosystems, etc.) and issues of concern for IFF. The result is an overall mapping of IFF's sourcing areas per level of risk and list of priority mills and landscapes in the value chain. The findings of the analysis are shared with our procurement team to review for vendor selection. In 2020, we continue to leverage the risk assessment results developed with our partners. As part of our program cadence, we review and refresh our responsible sourcing risk assessment methodology on a 2-3 year basis and the next update is planned for 2021-2022.

**F2.1b**

**(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?**

## Availability of forest risk commodities

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### Relevance & inclusion

Relevant, always included

### Please explain

As with other materials, our purchases of forest-risk materials are subject to fluctuations in market price and availability caused by weather, growing and harvesting conditions, market conditions, governmental actions and other factors beyond our control. In addition, our ingredient suppliers, similar to us, are subject to the risks inherent in manufacturing and distribution on a global scale, including industrial accidents, environmental events, strikes and other labor disputes, disruptions in supply chain or information systems, disruption or loss of key research or manufacturing sites, product quality control, safety and environmental compliance issues among other factors. Because of these factors, availability of forest risk commodities is always considered as part of our forest-related risk assessment process. Availability of forest risk commodities, including palm oil, are evaluated throughout our full value chain through our multidisciplinary company-wide enterprise risk management program that annually assesses risks, including sustainability, on our business and the business of our customers. Commodity availability is evaluated using appropriate market data and projections incorporated into this risk management program. We also review our palm supply chain with our suppliers on an annual basis because suppliers are not willing to commit to volume and pricing for long terms. We leverage RSPO membership and our existing supply chain network to assess risk and availability of the supply. In the specific case of palm oil, availability risk is also evaluated for RSPO certified materials, since demand for certified sustainable palm oil, particularly of some specialized materials, exceeds current supply. The findings of our analysis from availability of forest risk commodities are used by our procurement team for internal planning, including advanced budgeting, decisions on supplier markets, and overall procurement strategy. The findings also help us identify where certified sources are available and where there could be opportunities to engage with suppliers in key areas to promote sustainability and increase participation in certification efforts.

## Quality of forest risk commodities

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### Relevance & inclusion

Relevant, always included

### Please explain

Public awareness of forest risk commodities continues to grow, and we see an increase demand from customers of certified sustainable products. Our Palm Oil Policy outlines seven specific commitments, including a goal to have 100% of the palm oil used in our products be certified according to the Roundtable for Sustainable Palm Oil (RSPO) by 2020. Because of growing demand and our commitments, quality of forest risk commodities is always considered as part of our forest-related risk assessment process. Quality of forest risk commodities, including palm oil, are evaluated throughout our full value chain via our multidisciplinary company-wide enterprise risk management program

that annually assesses risks, including sustainability, on our business and the business of our customers. Moreover, IFF has rigorous quality expectations for our suppliers. Our FSSC 22000 certified Vendor Management Program and auditors help ensure that our supply chain meets these expectations. Select new raw materials 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. These findings of our analysis are used by our procurement team for internal planning, including advanced budgeting, decisions on supplier markets, and overall procurement strategy.

## Impact of activity on the status of ecosystems and habitats

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### Relevance & inclusion

Relevant, always included

### Please explain

Palm oil is an ingredient of concern due to complex social and environmental issues in the palm oil industry. In particular, its production is linked to deforestation, biodiversity destruction and human rights abuses. 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. Because of these factors and our commitments, impact of activity on the status of ecosystems and habitats is always considered as part of our forest-related risk assessment process. Impact of activity on the status of ecosystems and habitats is evaluated throughout our full value chain via our multidisciplinary company-wide enterprise risk management program that annually assesses risks, including sustainability, on our business and the business of our customers. Environmental impact risks for suppliers and raw materials are assessed at the country level, using reliable indexes such as the Human Development Index (HDI), Worldwide Governance Indicators (WGI), Freedom in the World (FIW) - Human Rights Index, the Yale Environmental Performance Index (EPI), and the International Union for Conservation of Nature (IUCN). The EPI includes Biodiversity & Habitat and Forests, among other risk indicators. Environmental impacts are also taken into consideration when auditing suppliers through Sedex, Eco Vadis and TFS assessments, for which assessment criteria are based on International Labor Organization (ILO) Conventions, and the UN Global Compact Principles, among others. These findings of our analysis are used by our procurement team for internal planning, including advanced budgeting, decisions on supplier markets, and overall procurement strategy.

## Regulation

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### Relevance & inclusion

Relevant, always included

### Please explain

We operate on a global basis, with manufacturing and sales facilities in the United States, Europe, Africa, the Middle East, Latin America and Greater Asia. Any regulation

that increases the cost of raw materials or commodities, has the potential to impact our profit margins and operations. In particular, various current regulatory efforts in forest risk commodities (including palm oil), health and safety regulations and similar regulations could impact costs for our operations or supply chain. As a result, regulations are always considered as part of our forest-related risk assessment process. Regulations are evaluated throughout our full value chain via our multidisciplinary company-wide enterprise risk management program that annually assesses risks, including sustainability, on our business and the business of our customers. To enhance our risk management practices, we established 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. The Global Risk Committee meets approximately six times per year to discuss critical risks, including regulation, and then critique mitigation plans and review the gap analyses. Regulatory risks are evaluated using appropriate policy and legal data and projections incorporated into this risk management program. The findings of our supplier assessments and analysis of risks from quality of forest risk commodities are used by our legal team in addition to a separate regulatory risk assessment process led by IFF Global Regulations team for supplier vetting, internal planning, including advanced budgeting, decisions on supplier markets, and overall procurement strategy. IFF ensures compliance with national laws and regulations, such as access and benefit sharing (ABS) regulations. This also applies to our suppliers. As outlined in the IFF Vendor Code of Conduct, we expect suppliers to conduct their businesses ethically and honestly and in compliance with all applicable laws, rules, regulations and industry standards.

## Climate change

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### Relevance & inclusion

Relevant, always included

### Please explain

Palm oil is an ingredient of concern due to complex social and environmental issues in the palm oil industry. In particular, its production is linked to deforestation, biodiversity destruction and human rights abuses. Deforestation is a major contributor to global GHG emissions, which creates a positive linkage between our management of sustainable palm oil and climate change. Moreover, our purchases of raw materials are subject to fluctuations in market price and availability caused by weather, growing and harvesting conditions, all of which may be exacerbated by climate change. Because of these factors, climate change is always considered as part of our forest-related risk assessment process. Impact of climate change is evaluated throughout our full value chain via our multidisciplinary company-wide enterprise risk management program that annually assesses risks, including sustainability, on our business and the business of our customers. Environmental and climate-related impact risks for suppliers and raw materials are assessed at the country level, using reliable indexes such as the Human Development Index (HDI), Worldwide Governance Indicators (WGI), Freedom in the World (FIW) - Human Rights Index, the Yale Environmental Performance Index (EPI), and the International Union for Conservation of Nature (IUCN). The EPI includes

Biodiversity & Habitat and Forests, among other risk indicators. Environmental impacts are also taken into consideration when auditing suppliers through Sedex, Eco Vadis and TfS assessments, for which assessment criteria are based on International Labor Organization (ILO) Conventions, and the UN Global Compact Principles, among others. These findings of our analysis are used by our procurement team for internal planning, including advanced budgeting, decisions on supplier markets, and overall procurement strategy.

## Impact on water security

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### Relevance & inclusion

Relevant, always included

### Please explain

In our value chain, impact on water security is important to our suppliers' value chain. Deforestation and other forest degradation activities can impact water quality and water cycling in our natural ecosystem. We include this impact on water security as a part of our forests-related risk assessment by leveraging risk indices such as the Yale Environmental Performance Index (EPI) in our risk assessment model. EPI specifies two dimensions of environmental performance by country: 1) environmental health and 2) ecosystem vitality. Water security risks in the forms of drinking water, water resources, water & sanitation are considered in the model. These findings of our analysis are used by our procurement team for internal planning, including advanced budgeting, decisions on supplier markets, and overall procurement strategy.

## Tariffs or price increases

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### Relevance & inclusion

Relevant, always included

### Please explain

There is a risk that tariffs, or price increases of palm oil/palm kernel oil materials, could increase our costs and negatively impact our revenue, as palm oil/palm kernel oil is a key ingredient in certain products. As such, these risks are always considered as part of our forest-related risk assessment process. Risks of tariffs or price increases are evaluated throughout our full value chain via our multidisciplinary company-wide enterprise risk management program that annually assesses risks, including sustainability, on our business and the business of our customers. We have made progress in categorizing renewable ingredients, including palm derived ingredients, according to their environmental and social risks and performance, which helps us to identify and prioritize risks so they can be appropriately mitigated. Price and tariff risks are evaluated using appropriate market data and projections incorporated into this risk management program. This tool also uses reliable external indexes such as the Human Development Index (HDI), Worldwide Governance Indicators (WGI), Freedom in the World (FIW) - Human Rights Index and Yale Environmental Performance Index (EPI) to assess risk. The findings of our analysis of risks from tariffs or price increases are used by our procurement team for internal planning, including advanced budgeting, decisions on supplier markets, and overall procurement strategy.

## Loss of markets

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### Relevance & inclusion

Relevant, always included

### Please explain

Consumers and customers are increasingly interested in product traceability and do not want products associated with deforestation. IFF sells its products primarily to consumer facing companies and our customers are increasingly challenged to find sustainable, reliable sources of ingredients to make products consumers have come to expect or demand. Potential loss of markets can come from reduced demand for products and loss of customers if IFF's reputation is harmed by not meeting customer expectations related to forest risk commodities. As a result, potential loss of markets is always considered as part of our forest-related risk assessment process. Loss of markets is evaluated throughout our full value chain via our multidisciplinary company-wide enterprise risk management program that annually assesses risks, including sustainability, on our business and the business of our customers. Environmental and social impact risks for suppliers and raw materials that could result in loss of markets are assessed at the country level, using reliable indexes such as the Human Development Index (HDI), Worldwide Governance Indicators (WGI), Freedom in the World (FIW) - Human Rights Index, the Yale Environmental Performance Index (EPI), and the International Union for Conservation of Nature (IUCN). The EPI includes Biodiversity & Habitat and Forests, among other risk indicators. More broadly, we established 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. The Global Risk Committee meets approximately six times per year to discuss critical risks, including loss of markets, and then critique mitigation plans and review the gap analyses. The findings of our analysis of risks from loss of markets are used by our procurement team for internal planning, including advanced budgeting, decisions on supplier markets, and overall procurement strategy.

## Leakage markets

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### Relevance & inclusion

Relevant, always included

### Please explain

At IFF we use less than 0.1 percent of the palm oil and palm kernel oil produced worldwide, and we are one of many players in the palm supply chain. The global palm oil value chain is highly complex. As RSPO member, IFF is committed to sourcing 100% sustainable palm oil through the RSPO certification and we work closely with RSPO to drive the demand for sustainable palm oil in the market. Moreover, in 2020, we have also launched and communicated the first Responsible Sourcing Policy. This Policy outlines IFF's expectations with respect to the responsible sourcing of raw materials, including the requirement to ensure that natural raw materials and naturally derived ingredients are not linked to deforestation, conversion of peat lands or high

conservation-value areas, or exploitation of indigenous people, workers and local communities. We recognize that certification schemes such as RSPO may lead to leakages from where suppliers are not able to meet certification requirements or implement NDPE principles. Leakage markets are part of our forest-related risk assessment as it challenges our RSPO commitment and the ability for IFF to implement and achieve our own policies and program targets. We review our supplier base annually to assess the RSPO certification status and consider the feasibility of RSPO certification from suppliers as part of our strategic planning. Furthermore, we continued to utilize insights during the year from our recent palm traceability study. Upstream investigation was completed for nine suppliers in 2019, representing 93% of palm volumes for the IFF business (excluding Frutarom). 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 to mitigate and manage leakage market risks.

## **Brand damage related to forest risk commodities**

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### **Relevance & inclusion**

Relevant, always included

### **Please explain**

Consumers and customers are increasingly interested in product traceability and do not want products associated with deforestation. IFF sells its products primarily to consumer facing companies and our customers are increasingly challenged to find sustainable, reliable sources of ingredients to make products consumers have come to expect or demand. Potential loss in business can come from reduced demand for products and loss of customers if IFF's reputation is harmed by not meeting customer expectations related to forest risk commodities. As a result, brand damage and reputational risks are always considered as part of our forest-related risk assessment process. Risk of brand damage related to forest risk commodities is evaluated throughout our full value chain via our multidisciplinary company-wide enterprise risk management program that annually assesses risks, including sustainability, on our business and the business of our customers. We have made progress in categorizing renewable ingredients, including palm derived ingredients, according to their environmental and social risks and performance, which helps us to identify and prioritize risks so they can be appropriately mitigated. Environmental and social impact risks for suppliers and raw materials are assessed at the country level, using reliable indexes such as the Human development Index (HDI), Worldwide Governance Indicators (WGI), Freedom in the World (FIW) - Human Rights Index, the Yale Environmental Performance Index (EPI), and the International Union for Conservation of Nature (IUCN). The EPI includes Biodiversity & Habitat and Forests, among other risk indicators. Environmental impacts are also taken into consideration when auditing suppliers through Sedex, Eco Vadis and TfS

assessments, for which assessment criteria are based on International Labor Organization (ILO) Conventions, and the UN Global Compact Principles, among others. The findings of our analysis of risks from brand damage related to forest risk commodities are used by our procurement team for internal planning, including advanced budgeting, decisions on supplier markets, and overall procurement strategy.

## Corruption

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### Relevance & inclusion

Relevant, always included

### Please explain

The global nature of our business, the significance of our international revenue and our focus on emerging markets create various domestic and local regulatory challenges and subject us to risks associated with our international operations, including corruption. Palm oil is an ingredient of concern due to complex social and environmental issues in the palm oil industry. In particular, its production is linked to corruption, local exploitation, and human rights abuses. IFF's palm oil policy includes a commitment to the protection of human rights including the respect for the rights of indigenous and local communities to give or withhold their free, prior and informed consent to operations on lands to which they hold legal, communal, or customary rights. Moreover, IFF's Code of Business Conduct and Ethics, as well as our Anti-Bribery, Political Contributions, Conflicts of Interest and International Business Transaction Policies, apply to all IFF employees worldwide and mandates compliance with all anti-bribery and corruption laws and with our global standards. As a result, corruption is always considered as part of our forest-related risk assessment process. Corruption is evaluated throughout our full value chain via our multidisciplinary company-wide enterprise risk management program that annually assesses risks, including sustainability, on our business and the business of our customers. Our responsible sourcing risk assessment methodology, which includes raw materials, uses reliable indexes such as the Human Development Index (HDI), Worldwide Governance Indicators (WGI), Freedom in the World (FIW) - Human Rights Index, Yale Environmental Performance Index (EPI), and the International Union for Conservation of Nature (IUCN), to assess risk. The Worldwide Governance Indicators (WGI) in particular measure six key dimensions of governance: Voice & Accountability, Political Stability and Lack of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. The findings of our analysis of risks from corruption are used for vendor selection and evaluation by our procurement team. Our use of vendor risk scorecards allows us to focus our resources where the needs are greatest.

## Social impacts

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### Relevance & inclusion

Relevant, always included

### Please explain

Palm oil is an ingredient of concern due to complex social and environmental issues in the palm oil industry. In particular, its production is linked to social impacts, local



exploitation, and human rights abuses. IFF's palm oil policy includes a commitment to the protection of human rights including the respect for the rights of indigenous and local communities to give or withhold their free, prior and informed consent to operations on lands to which they hold legal, communal, or customary rights. As a result, social impacts are always considered as part of our forest-related risk assessment process. Social impacts are evaluated throughout our full value chain via our multidisciplinary company-wide enterprise risk management program that annually assesses risks, including sustainability, on our business and the business of our customers. Our responsible sourcing risk assessment methodology, which includes raw materials, uses reliable indexes such as the Human Development Index (HDI), Worldwide Governance Indicators (WGI), Freedom in the World (FIW) - Human Rights Index, the Yale Environmental Performance Index (EPI), and the International Union for Conservation of Nature (IUCN), to assess risk. Social impact is also taken into consideration when auditing suppliers through Sedex, EcoVadis and TfS assessment. Assessment criteria for each of these platforms are based on International Labor Organization (ILO) Conventions, the UN Global Compact Principles, the Global Reporting Initiative (GRI) standards and the ISO 26000 standard, the CERES Principles among others. The findings of our analysis of risks from social impacts are used for vendor selection and evaluation by our procurement team. Our use of vendor risk scorecards allows us to focus our resources where the needs are greatest. Palm oil industry-related issues such as land availability and regulatory compliance are important criteria to assess and are included in our risk assessment and mitigation process. For example, our Responsible Sourcing Program requires Together for Sustainability (TfS) or SMETA audits for key strategic suppliers. For suppliers subject to SMETA audits, the scope includes land rights considerations. This is a current issue throughout the organization.

**Other, please specify**

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**Relevance & inclusion**

Not considered

**Please explain**

## **F2.1c**

**(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?**

**Customers**

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**Relevance & inclusion**

Relevant, always included

**Please explain**

Our customers' satisfaction is central to our business. Our customers are increasingly interested in ensuring their products contain sustainable palm oil/palm kernel oil or derivatives. We engage our customers through their requests of sustainably sourced

palm oil/palm kernel oil or “palm free” flavors and fragrances. IFF has obtained RSPO Supply Chain Certification at select manufacturing facilities in Europe, North America and Asia, which enables us to deliver RSPO Mass Balance (MB) flavors and fragrances to our customers, meeting their needs and expectations. If we are not able to deliver these solutions, there is a risk that this impact would affect customer satisfaction. For this reason, customer satisfaction is relevant and included in our forest-related risk assessments. IFF engages its customers through the CDP Supply Chain program. Customers request our participation in this program and include it in their scorecards that evaluate our sustainability strategy and performance.

## Employees

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### Relevance & inclusion

Relevant, always included

### Please explain

We recognize that environmental stewardship and corporate social responsibility are important to our employees, and poor sustainability performance could negatively impact our performance and talent acquisition prospects. For this reason, employees are relevant and always included in our forest-related risk assessments. We engage our employees on palm oil related issues through our intranet, in the form of “Top Stories” and through a dedicated Sustainable Palm Oil microsite and have addressed this during Q&A sessions at employee town halls. Questions posted through these mediums are answered directly. In addition to this and as part of our RSPO Mass Balance (MB) chain of custody site certification, relevant site employees and commercial teams receive Sustainable Palm Oil and RSPO Mass Balance trainings, at least once per year.

## Investors

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### Relevance & inclusion

Relevant, always included

### Please explain

As a publicly traded company, investors are an important stakeholder for IFF. We recognize the importance of environmental stewardship and corporate social responsibility to our investors. Damage to our reputation among investors could negatively impact our company’s value and brand. For this reason, investors are included in our forest-related risk assessments. To engage with investors on forest-related issues, IFF participates in the CDP Forests questionnaire. CDP represents more than \$100 trillion in assets and helps engage companies to disclose deforestation risks from four key agricultural commodities and forest stewardship strategies to investors and other stakeholders. This information is also provided to our CEO and CFO annually.

## Local communities

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### Relevance & inclusion

Relevant, always included

### Please explain

Palm oil is an ingredient of concern due to complex social and environmental issues in the palm oil industry. In particular, its production is linked to deforestation, biodiversity destruction and human rights abuses. These negative consequences are felt most directly and severely by the local communities around which palm oil is harvested and produced. If palm oil derivatives purchased by IFF contribute to these negative consequences for local communities, then there is a risk of reputational harm to the company in both the local communities and more broadly. Additional issues affecting local communities could create supply disruptions, another risk to our business. As a result, local communities are relevant and always included in our forests-related risk assessments. 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. We annually re-evaluate where our efforts and investments will create the most value and how we can continue to reach more people. We work with our suppliers, global and local partners to implement programs at the local communities level. Due to challenges related to the availability of certified volumes in the market and the pandemic in 2020, IFF consulted with RSPO and purchased credits where certified sources are not available to achieve our legacy goal. These credits include independent smallholder credits (120 out of 220) to support the independent smallholder community. Furthermore, we continued our efforts to engage local communities through inclusion of smallholders in our supply chains via our supplier diversity program and improving smallholder livelihoods through community projects (e.g. Haiti Vetiver Forward). These and other insights from our engagement with local communities not only helped to raise awareness on forest-related risks and certified palm supply globally, but also helped us with establishing strong partnerships with local communities to expand our responsible supplier engagement and inform our purchasing practices.

## NGOs

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### Relevance & inclusion

Relevant, always included

### Please explain

NGOs are an important stakeholder for IFF. We recognize the importance of environmental and social stewardship as part of our company's brand, and we recognize the risk that damage to our reputation among NGOs could negatively impact our brand. For this reason, NGOs are relevant and always included in our forest-related risk assessments. Our raw material risk assessment methodology leverages the work of several NGOs such as the United Nations Development Programme, the Natural Resource Governance Institute (NRGI), the Brookings Institution and the World Bank Development Research Group. We engaged The Rainforest Alliance – an international nongovernmental organization working to build strong forests, healthy agricultural landscapes and thriving communities – to review and audit the methodology we developed to conduct the categorization. The organization concluded that the results of their review are “very positive and indicate that IFF is aligned with industry expectations for sustainability.” 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 non-profit 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.

## **Other forest risk commodity users/producers at a local level**

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### **Relevance & inclusion**

Relevant, always included

### **Please explain**

Palm oil is an ingredient of concern due to complex social and environmental issues in the palm oil industry. In particular, its production is linked to deforestation, biodiversity destruction and human rights abuses. IFF is committed to protecting the local environment and communities where we operate and where we source our raw materials. As a purchaser of palm oil derivatives, we recognize the importance of maintaining local support and goodwill, particularly from palm oil producers and other users at the local level. If our reputation for forests stewardship and sustainability were damaged in local communities, there is a risk it could harm our brand, reputation, and ability to source raw materials from those communities, potentially impacting operations. For this reason, other palm oil users/producers at a local level are relevant and always included in our forest-related risk assessments. We engage palm oil producers and other users at the local level through our Palm Oil Policy and encouragement of RSPO membership.

## **Regulators**

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### **Relevance & inclusion**

Relevant, always included

### **Please explain**

IFF ensures compliance with national laws and regulations, such as access and benefit sharing (ABS) regulations. This also applies to our suppliers. As outlined in the IFF Vendor Code of Conduct, we expect suppliers to conduct their businesses ethically and honestly and in compliance with all applicable laws, rules, regulations and industry standards. There is a risk that non-compliance with local regulations could damage our brand and reputation. Additionally, there is a risk that changes to regulations, requirements, or standards could affect our ability to source these materials and thus our ability to meet our customers' needs. For these reasons, regulators are relevant and always included in our forest-related risk assessments. In our engagement with regulators, we leverage ISO 14001 to help foster a working relationship with regulators to ensure we are updated with changing legislation. ISO 14001 is recertified every 3 years.

## **Suppliers**

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### **Relevance & inclusion**

Relevant, always included

**Please explain**

Upholding the commitments in our palm oil policy, including our commitment to source 100 percent RSPO certified palm oil, palm kernel oil and their derivatives through the Mass Balance supply chain model by 2020, depends on our engagement with our suppliers. For these reasons, suppliers are relevant and always included in our forest-related risk assessments. In 2020, we were able to reach our goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book & claim credits (including smallholder credits) to reach 100%, as planned. Moreover, in 2020, we have also launched and communicated the first Responsible Sourcing Policy. This Policy outlines IFF's expectations with respect to the responsible sourcing of raw materials, including the requirement to ensure that natural raw materials and naturally derived ingredients are not linked to deforestation, conversion of peat lands or high conservation-value areas, or exploitation of indigenous people, workers and local communities. We review our supplier base annually to assess the RSPO certification status and consider the feasibility of RSPO certification from suppliers as part of our strategic planning. Furthermore, we continued to utilize insights during the year from our recent palm traceability study. Upstream investigation was completed for nine suppliers in 2019, representing 93% of palm volumes for the IFF business (excluding Frutarom). IFF has rigorous quality expectations for our suppliers. Our FSSC 22000 certified Vendor Management Program and auditors help ensure that our supply chain meets these expectations. We focus our supplier engagement efforts on certain 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, two supply chain information platforms that help us drive improvement in labor standards, health and safety, environmental management and ethical business conduct. In 2020, approximately 90% of IFF's business-critical suppliers were assessed through EcoVadis or Sedex (compared to 75% in 2019). In 2018, IFF began assessing supplier risk by engaging suppliers through the CDP Supply Chain program. We continued to do so in 2020 and doubled the number of suppliers in the program.

**Other stakeholders, please specify**

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**Relevance & inclusion**

Not considered

**Please explain**

## **F3. Risks and opportunities**

### **F3.1**

**(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?**

	Risk identified?
Palm oil	Yes

### F3.1a

#### (F3.1a) How does your organization define substantive financial or strategic impact on your business?

We define 'substantive financial impact' when identifying or assessing risks in both our direct operations and supply chain as any change that would significantly affect our business and operations. We utilize revenue and expenditures as quantifiable indicators of risk. In order to come to this definition of substantive risk, we have a multidisciplinary company-wide enterprise risk management program that annually assesses risks, including sustainability issues and responsible sourcing, on our business and the business of our customers. We annually prepare and review a risk dashboard with senior management and the Board of Directors. When prioritizing risks and opportunities, our strategic pillars are the starting point. However, we also identify natural disasters and other forest-related exposures as part of our process. As it relates to prioritization, consideration is also given to the following items: impact; both internal and external influences; our current capability and prior experience in mitigating such risks; and our expectations of the future outlook for the identified risk.

The metric that we use to identify forest-related risks is based on our responsible sourcing risk assessment methodology which categorizes the ingredients and suppliers that we source from according to their environmental and social risks and performance, which helps us to identify and prioritize risks so they can be appropriately mitigated. For example, social and environmental impact risks for suppliers and raw materials, including those related to local communities, are assessed at the country level, using reliable indexes such as the Human Development Index (HDI), Worldwide Governance Indicators (WGI), Freedom in the World (FIW) - Human Rights Index, the Yale Environmental Performance Index (EPI), and the International Union for Conservation of Nature (IUCN). The EPI includes Biodiversity & Habitat and Forests, among other risk indicators. In 2020, we conducted hot-spot screenings using NEPCon Sourcing Hub for palm oil and Global Forest Watch for deforestation in high risk countries.

In addition, we conducted a structured materiality analysis to identify the issues of most importance to our company and our stakeholders. The results of the materiality analysis identify potential strategic risks to consider, however these may not rise to the level to be considered substantive. The materiality analysis identified responsible sourcing and human rights as most material to IFF's stakeholders. Other material topics include biodiversity, raw materials, and traceability. We first assessed the materiality of conventional and emerging sustainability management issues in 2010. We evaluated these issues for their importance to our stakeholders, their potential impact on our business, and the degree of influence that we had on each issue. In 2014, we formally updated our materiality work by soliciting feedback from IFF employees, including our Sustainability Steering Team, key customers, academics, and NGOs. This input helped us further transform and adapt our sustainability strategy in order to properly manage climate change and related environmental issues. At IFF, we know that our approach

to sustainability and responsible sourcing must continually evolve, and we will continue to engage with stakeholders through dialogue on sustainability and materiality. As part of the Frutarom acquisition, in 2019 IFF refreshed our materiality assessment. The results of the refresh were consistent with the results with the prior material assessment and identified new emerging and evolving responsible sourcing risks and opportunities topics to consider in the future. The above methodologies have helped to further define substantive risk.

## F3.1b

**(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

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### **Forest risk commodity**

Palm oil

### **Type of risk**

Reputational and markets

### **Geographical scale**

Global

### **Where in your value chain does the risk driver occur?**

Supply chain

Other parts of the value chain

### **Primary risk driver**

Availability of certified sustainable material

### **Primary potential impact**

Reduction or disruption in production capacity

### **Company-specific description**

IFF strives to source materials that have been certified by credible, internationally recognized, third-party environmental and social responsibility certification programs. 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. Public awareness of sustainable palm sourcing continues to grow, and we see an increase demand from customers of certified sustainable products. If we are not able to secure sustainable palm supply in our products, this will impact our production capacity and ability to meet customer needs, which we consider to be a strategic risk as it does not rise to the level of substantive risks. Supply is secured on a year to year basis and we review our palm supply chain annually as different circumstances may happen e.g. new certified sources become available, supply chain partners exiting / enter their RSPO certifications, natural disasters. In 2015, IFF set a goal to source 100% RSPO certified PO/PKO through the Mass Balance supply chain model by 2020. This strategy has been effective at securing

certified sustainable material as we have reached this goal on time, ending 2020 for IFF with 97% RSPO certified volumes and 3% book & claim credits (including smallholder credits) to reach 100%, as planned.

**Timeframe**

Current - up to 1 year

**Magnitude of potential impact**

Low

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact (currency)**

**Potential financial impact figure - minimum (currency)**

50,000

**Potential financial impact figure - maximum (currency)**

250,000

**Explanation of financial**

We estimate that the financial impact is low because at IFF we use less than 0.1 percent of the palm oil and palm kernel oil produced worldwide, and we are one of many players in the palm supply chain. Therefore this would be more of a strategic impact as we manage our supply chain. Palm oil (PO) and Palm Kernel Oil (PKO) and derivatives represent 1-5% of our revenue. The range of financial impact is calculated by taking 0.1% of 1-5% of our annual revenue from palm oil. In 2020, IFF's annual revenue is 5,084,239,000 USD.

**Primary response to risk**

Promotion of certification, including financial incentives

**Description of response**

We consider the availability of certified palm sources when determining new or continuing businesses with our suppliers. We proactively communicate our palm commitment (Palm Oil Policy) and RSPO membership to our suppliers to raise awareness and to encourage RSPO membership. This response is done on an annual basis because supply is secured yearly. In 2020, Responsible Sourcing Committee meetings were held quarterly and covered a range of topics and decisions, including progress against targets and goals, worldwide community and biodiversity programs and strategic planning for 2021 and beyond. IFF re-joined the North American Sustainable Palm Oil Network (NASPON) in 2020, an independent group of associations, civil society organizations and others committed to increasing the use of certified sustainable palm oil in North America. IFF participated in quarterly meetings



and other events to build momentum toward our mutual sustainable palm oil sourcing ambitions. We currently have more than 20 facilities that meet the standards of RSPO Supply Chain Certification. Looking ahead, we will continue our close partnership with the RSPO and NASPON to further contribute to the sustainability of palm oil globally. Beyond 2020, we will refresh our palm oil commitment and implementation plan and continue to support sustainable palm oil sourcing.

**Cost of response**

0

**Explanation of cost of response**

Suppliers take on the cost to ensure certification of their palm sources. There is no additional monetary cost (neither one-off nor recurring) of the response to IFF.

**F3.2**

**(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Palm oil	Yes

**F3.2a**

**(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.**

**Forest risk commodity**

Palm oil

**Type of opportunity**

Markets

**Where in your value chain does the opportunity occur?**

- Direct operation
- Supply chain
- Other parts of the value chain

**Primary forests-related opportunity**

Increased demand for certified materials

**Company-specific description & strategy to realize opportunity**

Public awareness of sustainable palm sourcing continues to grow, and we see an increase demand from customers of certified sustainable products. At IFF, we use less than 0.1 percent of the palm oil and palm kernel oil produced worldwide, primarily in the form of specialized derivatives. Palm oil is used minimally in our products, but we

recognize we have an important role to play in ensuring that the palm oil in our supply chain comes from responsible sources and drive demand for sustainable materials. Currently, Palm oil (PO) and Palm Kernel Oil (PKO) and derivatives represent 1-5% of our revenue and approximately 1.0% of our total direct spend. This includes revenue for products sold as RSPO Mass Balance certified. To realize this opportunity, IFF has a goal to source 100% RSPO certified PO/PKO through the Mass Balance supply chain model by 2020. We reached this goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book & claim credits (including smallholder credits) to reach 100%, as planned. This includes five legacy Frutarom sites that were previously RSPO members. We currently have more than 20 facilities that meet the standards of RSPO Supply Chain Certification. In 2020, 9 sites had their RSPO licenses renewed. We consider the availability of certified palm sources when determining new or continuing businesses with our suppliers annually. In February 2020 we held an internal one-day workshop with the primary objective of ensuring that we are on track to achieve our 2020 goal. The local RSPO representative (North America) also joined the IFF team during the one-day workshop to discuss challenges and possible solutions to address limited availability of certified palm volumes and support to smallholder communities. We continue to proactively communicate our palm commitment (Palm Oil Policy) and RSPO membership to our suppliers to raise awareness and to encourage RSPO membership in 2020. IFF re-joined the North American Sustainable Palm Oil Network (NASPON) in 2020, an independent group of associations, civil society organizations and others committed to increasing the use of certified sustainable palm oil in North America. IFF participated in quarterly meetings and other events to build momentum toward our mutual sustainable palm oil sourcing ambitions to drive demand for sustainable materials.

**Estimated timeframe for realization**

1-3 years

**Magnitude of potential impact**

Low

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

50,000

**Potential financial impact figure – maximum (currency)**

250,000

**Explanation of financial impact figure**

We estimate that the financial impact is low because at IFF we use less than 0.1 percent of the palm oil and palm kernel oil produced worldwide, and we are one of many players in the palm supply chain. Therefore, this would be more of a strategic impact as we manage our supply chain. Palm oil (PO) and Palm Kernel Oil (PKO) and derivatives represent 1-5% of our revenue. The range of financial impact is calculated by taking 0.1% of 1-5% of our annual revenue coming from palm oil. In 2020, IFF's annual revenue is 5,084,239,000 USD.

## F4. Governance

### F4.1

**(F4.1) Is there board-level oversight of forests-related issues within your organization?**

Yes

#### F4.1a

**(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.**

Position of individual	Please explain
Board Chair	Our Chairman of the Board and CEO chairs the Sustainability Business Council (SBC), which consists of cross-functional committees (Responsible Sourcing, Eco-Effectiveness, Corporate Sustainability and Product Design) which are in turn 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 updates to the SBC on progress. This governance model relies on functional integration of our sustainability strategy, which includes forest-related issues (e.g. traceability and projects for palm oil), across IFF, including goal development, implementation and progress toward goals. Additionally, our Chief Scientific and Sustainability Officer and VP of Global Sustainability report annually to the Board on progress against sustainability related goals and targets and seek guidance on strategy.
Chief Operating Officer (COO)	The Executive Vice President (EVP) of Operations is the highest level Executive responsible for oversight of operations globally (note IFF does not have the title of COO). This role reports directly to the Chairman and CEO and along with the CSO and VP of Sustainability provides an annual briefing to the board on progress against sustainability goals and targets and to seek guidance on strategy. This position is responsible for global procurement and forest-related issues by overseeing the Responsible Sourcing program, which includes sourcing palm oil responsibly. For example, in 2019, to further advance our ethical sourcing practices, the EVP approved to join Union for Ethical BioTrade (UEBT) membership and in 2020, LMR Naturals by IFF and Southern Cross Botanicals, a

	division of Lucas Meyer Cosmetics by IFF, became official members of UEBT. Also in 2020, the EVP approved the launch of a three-year project, Vetiver Forward, with our partners.
Chief Sustainability Officer (CSO)	The CSO is a key leader of the Sustainable Business Council, which reviews targets and metrics quarterly. This role provides an annual briefing to the board on progress against sustainability goals and targets and to seek guidance on strategy, including forest-related issues. This position is also charged with driving low-carbon and circular-economy solutions into the R&D process.

## F4.1b

**(F4.1b) Provide further details on the board’s oversight of forests-related issues.**

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	<ul style="list-style-type: none"> <li>Monitoring implementation and performance</li> <li>Overseeing acquisitions and divestiture</li> <li>Overseeing major capital expenditures</li> <li>Providing employee incentives</li> <li>Reviewing and guiding annual budgets</li> <li>Reviewing and guiding business plans</li> <li>Reviewing and guiding corporate responsibility strategy</li> <li>Reviewing and guiding major plans of action</li> <li>Reviewing and guiding risk management policies</li> </ul>	<p>Our Chairman of the Board and CEO chairs the Sustainable Business Council (SBC), 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 updates to the SBC on progress. Our Chairman of the Board and CEO’s position leading the SBC, combined with our company-wide functional integration of sustainability strategy, allows the board to continually monitor implementation and performance of objectives. These governance mechanisms contribute to the board’s oversight of forest-related issues by providing a direct conduit to the SBC and committees that implement our policies, such as the Palm Oil policy, and approval of action on key projects such as palm traceability (conducted in 2019). For example, in 2020 the SBC addressed the challenges of supply chain disruptions caused by the global pandemic and provided guidance on actions needed, involving closure of certain regional and local operations. These issues are scheduled for some but not all board meetings. This governance model relies on functional integration of</p>

		Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	our sustainability strategy, which includes forest-related issues, across IFF, including goal development, implementation and progress toward goals.
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## F4.2

**(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Executive Officer (CEO)	Both assessing and managing forests-related risks and opportunities	Quarterly	<p>The Chief Executive Officer (CEO) is a major stakeholder in overseeing the direction of the global sustainability department and forest-related policies at IFF. As an example of our management's commitment to the Palm Oil policy, the VP of Global Sustainability and Chief Sustainability Office report quarterly to the CEO and executive committee on progress of forest related activities for the entire company including new acquisitions. In 2020, our CEO committed IFF further to join more than 560 companies in signing Business for Nature's Call to Action urging governments to adopt ambitious policies now to reverse nature loss this decade.</p> <p>The other positions listed in this response and our organization more broadly monitor forest-related issues through engagement with the World Business Council for Sustainable Development (WBCSD). Our Chairman and CEO, VP of Global Sustainability, and CSO each participate in WBCSD. Our Chairman and CEO was elected to the EC. Our engagement with the WBCSD, which holds forums and forest solution groups that provide information and trends on forest-related issues, is an</p>

			<p>opportunity to work with influential leaders to monitor these issues and make positive, lasting changes in society. Additionally, these positions also attend other forums, such as CDP events, to stay abreast of changes on key forests-related issues.</p>
Chief Operating Officer (COO)	Both assessing and managing forests-related risks and opportunities	Annually	<p>The Executive Vice President (EVP) of Operations is the highest level Executive responsible for oversight of operations globally (note IFF does not have the title of COO). This role reports directly to the Chairman and CEO. This position is responsible for global procurement and forest-related risks and opportunities in our operations. He manages these issues by overseeing the Responsible Sourcing program, which includes sourcing Palm Oil responsibly and is a part of the Sustainable Business Council (SBC). This position also enables the approval of budgets approved for Sustainability programs for own operations and supply chain partners, including the community programs budget. For example, in 2020, approval and funding was provided to launch the program Vetiver Forward with our partners. The three-year partnership will support more than 3,000 independent smallholder vetiver farmers across six cooperatives that are part of our supply chain, facilitating improved access to high-value markets, sustainable agricultural practices, technical services, and business training.</p>
Chief Sustainability Officer (CSO)	Both assessing and managing forests-related risks and opportunities	Annually	<p>The CSO is a key leader of the Sustainable Business Council (SBC) which reviews targets and metrics quarterly. The SBC consists of cross-functional committees (Responsible Sourcing, Eco-Effectiveness, Corporate Sustainability and Product Design) which are in turn led by the appropriate Executive Committee (EC) member and supported by a member of the Global Sustainability team. The CSO has responsibility for forest-related issues because each of these committees drives</p>

			sustainability throughout that function, raises potential issues and provides regular updates to the SBC on progress.
Risk committee	Both assessing and managing forests-related risks and opportunities	Half-yearly	Global Risk Committee is a management risk committee made up of key members of the Company's management to integrate global risk activities (including forests-related issues) and to ensure appropriate prioritization of resources and alignment across the Company. The Global Risk Committee is co-chaired by our CFO and EVP General Counsel and Corporate Secretary. The Global Risk Committee meets approximately six times per year to discuss critical risks, critique mitigation plans and review the gap analyses. The Global Risk Committee has responsibility over forests-related issues because ESG risks are also included in this program based on input from our Global Sustainability Team.
Corporate responsibility committee	Both assessing and managing forests-related risks and opportunities	Quarterly	In early 2017, we formalized our Responsible Sourcing Committee (RSC) to oversee all of our purchasing and supplier engagement efforts. This committee is part of our Sustainable Business Council (SBC) and is led by our VP of Procurement and VP of Sustainability. It comprises senior management from our Procurement, Sustainability, Regulatory and Quality functions, among others, as well as leadership from IFF-LMR Naturals, our natural ingredients division. In 2019, senior management from Commercial teams also joined the Committee to integrate forest-related risks and opportunities into commercial decision-making. In 2020, the committee meetings were held quarterly and virtually. A key decision that the RSC approved in 2020 was for the purchase of credits due to anticipated challenges in the shortage of certified palm supply and supply chain disruptions caused by the global pandemic.

### F4.3

**(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?**

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	The Executive Vice President (EVP) of Operations is the highest level Executive responsible for oversight of operations globally (note IFF does not have the title of COO). This role reports directly to the Chairman and CEO. The EVP of Operations, who is ultimately responsible for our responsible sourcing initiatives, has performance-based objectives that are aligned with organizational sourcing goals and targets, including a goal to have 100% of the palm oil used in our products be certified by the Roundtable on Sustainable Palm Oil by 2020. The threshold of success for each indicator is based on whether there has been improvement from the previous year and progress towards target. This is measured via our engagement with suppliers certified through RSPO as well as our responsible sourcing program. Our organizational performance and the EVP of Operations' performance-based objectives related to these goals are linked to monetary incentives via an annual assessment during performance reviews and salary determination. The level of incentive varies based on performance during the previous year.

### F4.3a

**(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?**

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Chief Operating Officer (COO)	Achievement of commitments and targets Supply chain engagement	The Executive Vice President (EVP) of Operations is the highest level Executive responsible for oversight of operations globally (note IFF does not have the title of COO). This role reports directly to the Chairman and CEO. The EVP of Operations, who is ultimately responsible for our responsible sourcing initiatives, has performance-based objectives that are aligned with organizational sourcing goals and targets, including a goal to have 100% of the palm oil used in our products be certified by the Roundtable on Sustainable Palm Oil by 2020. The threshold of




			success for each indicator is based on whether there has been improvement from the previous year and progress towards target. This is measured via our engagement with suppliers certified through RSPO as well as our responsible sourcing program. Our organizational performance and the EVP of Operations' performance-based objectives related to these goals are linked to monetary incentives via an annual assessment during performance reviews and salary determination. The level of incentive varies based on performance during the previous year.
Non-monetary reward	Other, please specify All employees	Achievement of commitments and targets	Employees are internally recognized locally and corporately for responsible sourcing initiatives on the company intranet's Top Story, which recognizes employees for exemplary performance. Selection of initiatives to Top Story is measured and determined by a small committee that reviews nominated submissions from employees. The committee performs a review based on indicators including performance and progress against publicly committed goals as well as importance to IFF. The threshold of success for recognition on Top Story is selection of the story by the review committee.

## F4.4

**(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?**

Yes (you may attach the report – this is optional)

 0000051253-21-000011.pdf

## F4.5

**(F4.5) Does your organization have a policy that includes forests-related issues?**

Yes, we have a documented forests policy that is publicly available

## F4.5a

**(F4.5a) Select the options to describe the scope and content of your policy.**

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation	Our Palm Oil Policy outlines seven specific commitments, including a goal to have 100% of the palm oil used in our products be certified according to the Roundtable for Sustainable Palm Oil (RSPO) by 2020. The policy was first launched in 2013 with a

		<p>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural habitats</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound milestones and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	<p>revised version published in 2015. We reached this goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book &amp; claim credits (including smallholder credits) to reach 100%, as planned. This includes five legacy Frutarom sites that were previously RSPO members. IFF undergoes an internal review of this policy annually and publishes a new version when changes are made. The commitments and policy elements selected in the “Content” column, including commitments beyond regulatory compliance and to protect rights and livelihoods of local communities, are included in the policy because they support our broader responsible sourcing efforts. Our Palm Oil Policy also commits to purchasing palm oil products from suppliers who also have public commitments to no deforestation and no development in high carbon stock areas, as well as peat lands, which further strengthens our overall commitment to eliminate such practices throughout our value chain. The policy informs our decision making around responsible sourcing of 100% of palm oil, palm kernel oil and derivatives, thus covering all biomes and ecoregions, which has the direct business benefit of reducing risk in the supply chain. Collaboration from all stakeholders in the global palm oil supply chain is critical to ensuring a sustainable supply of palm oil. IFF re-joined the North American Sustainable Palm Oil Network (NASPON) in 2020, an independent group of associations, civil society organizations and others committed to increasing the use of certified sustainable palm oil in North America. IFF participated in quarterly meetings and other events to build momentum toward our mutual sustainable palm oil sourcing ambitions. On the topic of deforestation and biodiversity, in September 2020, during the U.N. General Assembly and U.N. Biodiversity Summit, IFF joined more than 560 companies in signing Business for Nature’s Call to Action urging governments to adopt ambitious policies now to reverse nature loss this decade. Beyond 2020, we will refresh our palm oil commitment and implementation plan and continue to support sustainable palm oil sourcing.</p>
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## F4.5b

**(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.**

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Palm oil	Yes	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of business	Our Palm Oil Policy outlines seven specific commitments, including a goal to have 100% of the palm oil used in our products be certified according to the Roundtable for Sustainable Palm Oil (RSPO) by 2020. The policy was first launched in 2013 with a revised version published in 2015. We reached this goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book & claim credits (including smallholder credits) to reach 100%, as planned. This includes five legacy Frutarom sites that were previously RSPO members. IFF undergoes an internal review of this policy annually and publishes a new version when changes are made. The commitments and policy elements selected in the "Content" column, including commitments beyond regulatory compliance and to protect rights and livelihoods of local communities, are included in the policy because they support our broader responsible sourcing efforts. Our Palm Oil Policy also commits to purchasing palm oil products from suppliers who also have public commitments to no deforestation and no development in high carbon stock areas, as well as peat lands, which further strengthens our overall commitment to eliminate such practices throughout our value chain. The policy informs our decision making around responsible sourcing of 100% of palm

			<p>dependency on forests</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	<p>oil, palm kernel oil and derivatives, thus covering all biomes and ecoregions, which has the direct business benefit of reducing risk in the supply chain.</p> <p>Collaboration from all stakeholders in the global palm oil supply chain is critical to ensuring a sustainable supply of palm oil. IFF re-joined the North American Sustainable Palm Oil Network (NASPON) in 2020, an independent group of associations, civil society organizations and others committed to increasing the use of certified sustainable palm oil in North America. IFF participated in quarterly meetings and other events to build momentum toward our mutual sustainable palm oil sourcing ambitions. On the topic of deforestation and biodiversity, in September 2020, during the U.N. General Assembly and U.N. Biodiversity Summit, IFF joined more than 560 companies in signing Business for Nature's Call to Action urging governments to adopt ambitious policies now to reverse nature loss this decade. Beyond 2020, we will refresh our palm oil commitment and implementation plan and continue to support sustainable palm oil sourcing.</p>
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## F4.6

**(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?**

Yes

### F4.6a

**(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?**

Other, please specify

RSPO, a global initiative

## F4.6b

**(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.**

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### Forest risk commodity

Palm oil

### Criteria

No conversion of natural ecosystems  
Zero gross deforestation/ no deforestation  
No new development on peat regardless of depth  
Avoidance of negative impacts on threatened and protected species and habitats  
No conversion of High Conservation Value areas  
No conversion of High Carbon Stock forests  
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities  
Adoption of the UN International Labour Organization principles  
No sourcing of illegally produced and/or traded forest risk commodities  
No sourcing of forest risk commodities from unknown/controversial sources  
Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

### Operational coverage

Direct operations and supply chain

### % of total production/ consumption covered by commitment

100%

### Cutoff date

2013

### Commitment target date

2020

### Please explain

IFF published our position on palm oil sourcing in 2013 with commitments to no deforestation, no development on peat lands, and no development in high conservation value or carbon stock areas. We source 100% RSPO certified palm oil, palm kernel oil and their derivatives through the Mass Balance supply chain model as of 2020. The cut-off date is 2013 and the commitment is valid across the entirety of our palm oil production and consumption. We work with suppliers to ensure that our RSPO commitment is fully implemented by 2020 by procuring palm oil products that meet the RSPO requirements and IFF policies. In 2020, we faced challenges due to supply chain disruptions caused by the global pandemic. We achieved our goal on time, ending 2020 with 97% RSPO certified volumes and 3% book & claim credits to reach 100%. An

example of the work we have done in the past 3 years to achieve by 2020 is the traceability and supply chain mapping study we conducted with Transitions. In 2018, we began planning to conduct the study, aiming to trace the top 90% palm volumes to mill level, where possible. In 2019, IFF and Transitions conducted the mapping study. The study covered 93% of 2018 palm oil volumes sourced from 9 direct suppliers. It found that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. Our procurement team reviews the analysis for vendor selection, and we continue to leverage this study in 2020 to identify certified vs. non-certified suppliers and reach out to non-certified suppliers to work towards certification.

In 2020, we issued our first Responsible Sourcing Policy to more than 1,800 of our direct suppliers. This Policy outlines IFF's expectations for the responsible sourcing of raw materials, including the requirement to ensure that natural raw materials and naturally derived ingredients (not limited to palm oil) are not linked to deforestation, conversion of peat lands or high conservation-value areas, or exploitation of indigenous people, workers and local communities. We currently have more than 20 facilities that are RSPO certified. Certification ensures our environmental criteria are met and includes social criteria to ensure fair payment and safe working conditions for workers and consultation with local communities over the use of their land, including the adoption of the UN International Labour Organization principles and securing FPIC.

In 2020, we expanded engagements with local communities by including smallholders in our supplier diversity program and community projects. We strive to improve the quality of life in farming communities, helping to make them more stable, resilient and prosperous. We annually re-evaluate our efforts and investments to create the most value and continually reach more people. In 2020, many of our activities, particularly social engagement opportunities and farmer trainings, were delayed or adjusted to accommodate important safety considerations related to the COVID-19 crisis. However, despite the challenges and limited capacity of our field work operations, we continued to move forward on our local community objectives including our work in vetiver supply chain in Haiti, patchouli supply chain in Indonesia, and vanilla supply chain in Madagascar. The objectives of local projects include agroforestry, women empowerment, income diversification, sustainable agricultural practices, and preserving local ecosystems. Our engagement with industry experts and local partners raises awareness on forest-related risks and sustainable supply globally and helps us establish strong partnerships with local communities to expand our responsible supplier engagement and inform our purchasing practices.

## F5. Business strategy

### F5.1

**(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	11-15	<p>Forest-related issues are integrated into the long-term business objectives laid out in IFF's sustainability strategy via our commitment to responsible sourcing and embracing people and communities. In 2020, we launched and communicated the first Responsible Sourcing Policy. This Policy outlines IFF's expectations with respect to the responsible sourcing of raw materials, including the requirement to ensure that natural raw materials and naturally derived ingredients are not linked to deforestation, conversion of peat lands or high conservation-value areas, or exploitation of indigenous people, workers and local communities. Our responsible sourcing strategy is driven by long-term targets. We selected 11-15 year horizon based on this strategy and subsequent goals. For example, we have initiatives to support reforestation with several of our ingredients, including a goal to have 100 percent of the palm oil used in our products to be Roundtable on Sustainable Palm Oil (RSPO) certified by 2020. We were able to reach our goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book &amp; claim credits (including smallholder credits) to reach 100%, as planned. Beyond 2020, we will refresh our palm oil commitment and implementation plan and continue to support sustainable palm oil sourcing.</p> <p>Also in 2020, Responsible Sourcing Committee (RSC) meetings were held quarterly and virtually covering a range of topics and decisions, including progress against targets and goals, worldwide community and biodiversity programs and strategic financial planning for 2020 and beyond. A key decision that the RSC approved in 2020 was for the purchase of credits due to anticipated challenges in the shortage of certified palm supply and</p>

			<p>supply chain disruptions caused by the global pandemic.</p> <p>An example of how we integrate forest-related issues into our long-term business objectives and financial planning is our work with Vetiver farmers in Haiti, funded by the RSC Community Fund. In 2020, in cooperation with international development organization, Heifer International, and a development finance partner, we built on the success of our 2016 pilot program, Vetiver Together, by launching the next phase of the initiative: Vetiver Forward. The three-year partnership will support more than 3,000 independent smallholder vetiver farmers across six cooperatives.</p>
Strategy for long-term objectives	Yes, forests-related issues are integrated	11-15	<p>Forest-related issues are integrated into strategy for long-term business objectives laid out in IFF's sustainability strategy via our commitment to responsible sourcing and embracing people and communities. In 2020, we launched and communicated the first Responsible Sourcing Policy. This Policy outlines IFF's expectations with respect to the responsible sourcing of raw materials, including the requirement to ensure that natural raw materials and naturally derived ingredients are not linked to deforestation, conversion of peat lands or high conservation-value areas, or exploitation of indigenous people, workers and local communities. Our responsible sourcing strategy is driven by long-term targets. We selected 11-15 year horizon based on this strategy and subsequent goals. For example, we have initiatives to support reforestation with several of our ingredients, including a goal to have 100 percent of the palm oil used in our products to be Roundtable on Sustainable Palm Oil (RSPO) certified by 2020. We were able to reach our goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book &amp; claim credits (including smallholder credits) to reach 100%, as planned. Beyond 2020, we will refresh our palm oil commitment and implementation plan and continue to support sustainable palm oil sourcing.</p> <p>Also in 2020, Responsible Sourcing Committee (RSC) meetings were held quarterly and virtually covering a range of topics and decisions, including progress against targets and goals, worldwide community and biodiversity programs and strategic financial planning for 2020 and beyond. A key decision that the RSC approved in 2020</p>



			<p>was for the purchase of credits due to anticipated challenges in the shortage of certified palm supply and supply chain disruptions caused by the global pandemic.</p> <p>An example of how we integrate forest-related issues into our long-term business objectives and financial planning is our work with Vetiver farmers in Haiti, funded by the RSC Community Fund. In 2020, in cooperation with international development organization, Heifer International, and a development finance partner, we built on the success of our 2016 pilot program, Vetiver Together, by launching the next phase of the initiative: Vetiver Forward. The three-year partnership will support more than 3,000 independent smallholder vetiver farmers across six cooperatives.</p>
Financial planning	Yes, forests-related issues are integrated	11-15	<p>Forest-related issues are integrated into the financial planning of IFF's sustainability strategy via our commitment to responsible sourcing and embracing people and communities. In 2020, we launched and communicated the first Responsible Sourcing Policy. This Policy outlines IFF's expectations with respect to the responsible sourcing of raw materials, including the requirement to ensure that natural raw materials and naturally derived ingredients are not linked to deforestation, conversion of peat lands or high conservation-value areas, or exploitation of indigenous people, workers and local communities. Our responsible sourcing strategy is driven by long-term targets. We selected 11-15 year horizon based on this strategy and subsequent goals. For example, we have initiatives to support reforestation with several of our ingredients, including a goal to have 100 percent of the palm oil used in our products to be Roundtable on Sustainable Palm Oil (RSPO) certified by 2020. We were able to reach our goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book &amp; claim credits (including smallholder credits) to reach 100%, as planned. Beyond 2020, we will refresh our palm oil commitment and implementation plan and continue to support sustainable palm oil sourcing.</p> <p>Also in 2020, Responsible Sourcing Committee (RSC) meetings were held quarterly and virtually covering a range of topics and decisions, including progress against targets and goals, worldwide community and biodiversity</p>

		<p>programs and strategic financial planning for 2020 and beyond. A key decision that the RSC approved in 2020 was for the purchase of credits due to anticipated challenges in the shortage of certified palm supply and supply chain disruptions caused by the global pandemic.</p> <p>An example of how we integrate forest-related issues into our long-term business objectives and financial planning is our work with Vetiver farmers in Haiti, funded by the RSC Community Fund. In 2020, in cooperation with international development organization, Heifer International, and a development finance partner, we built on the success of our 2016 pilot program, Vetiver Together, by launching the next phase of the initiative: Vetiver Forward. The three-year partnership will support more than 3,000 independent smallholder vetiver farmers across six cooperatives.</p>
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## F6. Implementation

### F6.1

**(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?**

Yes

#### F6.1a

**(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.**

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**Target reference number**

Target 1

**Forest risk commodity**

Palm oil

**Type of target**

Engagement with direct suppliers

**Description of target**

Communicate palm oil policy & responsible sourcing policy to all palm suppliers that IFF purchases palm oil products from to ensure that our palm oil supply chain does not contribute to deforestation, peat clearance and human rights abuses.

**Linked commitment**

Zero net/gross deforestation

**Traceability point**

**Third-party certification scheme**

**Start year**

2013

**Target year**

2020

**Quantitative metric**

**Target (number)**

**Target (%)**

100

**% of target achieved**

100

**Please explain**

In 2013 we developed and published our position on palm oil sourcing, and we published a revised palm oil policy in 2015, setting a goal to source 100% RSPO certified PO/PKO through the Mass Balance supply chain model by 2020. We reached this goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book & claim credits (including smallholder credits) to reach 100%, as planned. This includes five legacy Frutarom sites that were previously RSPO members. Beyond 2020, we will refresh our palm oil commitment and implementation plan and continue to support sustainable palm oil sourcing. In 2020, we continued to proactively communicate our palm commitment (Palm Oil Policy) and RSPO membership to our suppliers to raise awareness and to encourage RSPO membership. In 2020, we have also launched and communicated the first Responsible Sourcing Policy. This Policy outlines IFF's expectations with respect to the responsible sourcing of raw materials, including the requirement to ensure that natural raw materials and naturally derived ingredients are not linked to deforestation, conversion of peat lands or high conservation-value areas, or exploitation of indigenous people, workers and local communities. This is our main strategy of engagement. We consider the availability of

certified palm sources when determining new or continuing businesses with our suppliers. In February 2020 we also held an internal one-day workshop with the primary objective of ensuring that we are on track to achieve our 2020 goal. In 2020, we also reviewed our supplier base to assess the status and considered the feasibility of RSPO certification from the suppliers as part of our strategic planning. The local RSPO representative (North America) also joined the IFF team during the one-day workshop to discuss challenges and possible solutions to address limited availability of certified palm volumes and support to smallholder communities.

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**Target reference number**

Target 2

**Forest risk commodity**

Palm oil

**Type of target**

Traceability

**Description of target**

90% of palm oil (by volume) is traceable beyond IFF's Tier 1 supply chain, with visibility of third-party verification (RSPO certification) of commitment towards no deforestation.

**Linked commitment**

Zero net/gross deforestation

**Traceability point**

Mill

**Third-party certification scheme**

**Start year**

2018

**Target year**

2020

**Quantitative metric**

**Target (number)**

**Target (%)**

90

**% of target achieved**

100

### **Please explain**

In 2013 we developed and published our position on palm oil sourcing, and we published a revised palm oil policy in 2015, setting a goal to source 100% RSPO certified PO/PKO through the Mass Balance supply chain model by 2020. We reached this goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book & claim credits (including smallholder credits) to reach 100%, as planned. This includes five legacy Frutarom sites that were previously RSPO members. To support our ongoing efforts dedicated to sustainable palm oil, in 2018, we defined a target to conduct a supply chain mapping study with the objective of tracing the top 90% palm volumes to mills level, where possible. We selected the top 90% volume threshold because it represents the majority of our strategic and key suppliers. In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The study covered 93% (exceeding our target of 90%) of 2018 palm oil volumes sourced from 9 direct suppliers. Transitions, with support and on behalf of IFF, contacted these suppliers to collect data and investigate their supply chains. The study also indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 suppliers, as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. 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.

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### **Target reference number**

Target 3

### **Forest risk commodity**

Palm oil

### **Type of target**

Third-party certification

### **Description of target**

Source 100 percent RSPO certified palm oil, palm kernel oil and their derivatives through the Mass Balance supply chain model by 2020.

### **Linked commitment**

Zero net/gross deforestation

### **Traceability point**

**Third-party certification scheme**

RSPO Mass Balance

**Start year**

2015

**Target year**

2020

**Quantitative metric**

**Target (number)**

**Target (%)**

100

**% of target achieved**

97

**Please explain**

The target was chosen based on customer requirements and IFF's commitment to sustainability. For example, IFF's top customers require RSPO Mass Balance certification for palm oil included in the products we supply them. Additionally, our sustainability report's section on responsible sourcing includes a commitment to working with partners to source palm oil responsibly. We acknowledge that although palm oil is used minimally in our products, we recognize we have an important role to play in ensuring that the palm oil in our supply chain comes from responsible sources. This is why we set the commitment to source 100 percent RSPO certified palm oil, palm kernel oil and their derivatives through the Mass Balance supply chain model by 2020, which is included in our palm oil policy. The timing and implementation plan were developed around market limitations on commercially available certified sources. IFF has worked with suppliers to identify certified sources and convert our consumption as the market allows. We review our supplier base annually to assess the status and considered the feasibility of RSPO certification from the suppliers as part of our strategic planning. In February 2020 we held an internal one-day workshop with the primary objective of ensuring that we are on track to achieve our 2020 goal. The local RSPO representative (North America) also joined the IFF team during the one-day workshop to discuss challenges and possible solutions to address limited availability of certified palm volumes and support to smallholder communities. A key decision that the Responsible Sourcing Committee (RSC) approved in 2020 was for the purchase of credits due to anticipated challenges in the shortage of certified palm supply and supply chain disruptions caused by the global pandemic. We were able to reach our goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book & claim credits (including smallholder credits) to reach 100%, as planned. This includes five legacy Frutarom sites that were previously RSPO members. Beyond 2020, we will refresh our palm oil commitment and implementation plan and continue to support sustainable palm

oil sourcing. We currently have more than 20 facilities that meet the standards of RSPO Supply Chain Certification. In 2020, 9 sites had their RSPO licenses renewed.

## F6.2

**(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?**

	Do you have system(s) in place?	Description of traceability system	Exclusions
Palm oil	Yes	IFF has implemented a traceability process as part of our Responsible Sourcing Risk Assessment methodology. Country of origin information is requested during the raw materials approval process via a supplier questionnaire. At this point IFF collects all necessary supplier documents to assess quality. This includes RSPO certificate data to confirm raw material certification. In 2019, in an effort to achieve greater visibility and traceability within our palm supply chain, IFF launched a traceability study to conduct supply chain mapping of key players and sourcing areas in the palm industry, up to the level of mills and plantations where possible. The scope of the study consists of direct palm suppliers contributing to top 93% volume. With support and on behalf of IFF, Transitions developed a supply chain mapping tool and contacted suppliers to collect data and investigate their supply chains (IFF indirect suppliers). The study identified over 1,400 mills primarily in Indonesia and Malaysia, and over 70 refineries and crushers, also primarily in Indonesia and Malaysia, down to the state-province level. The study indicated that for the scope investigated, IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 (indirect suppliers), as refineries & crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. 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.	Not applicable

## F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Palm oil	Mill	93
Palm oil	Country	7

## F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Palm oil	Yes	100

## F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

### Forest risk commodity

Palm oil

### Third-party certification scheme

RSPO Mass Balance

### Chain-of-custody model used

### % of total production/consumption volume certified

97

### Form of commodity

Crude palm oil (CPO)

Crude palm kernel oil (CPKO)

Palm oil derivatives

Palm kernel oil derivatives

### Volume of production/ consumption certified

6,665

### Metric for volume



Metric tons

**Is this certified by more than one scheme?**

No

**Please explain**

IFF is a member of the RSPO and will continue to support RSPO standards and certification as a mechanism to mainstreaming sustainable palm oil. Our goal is to source 100 percent RSPO certified palm oil, palm kernel oil and their derivatives through the Mass Balance supply chain model by 2020. In 2020, we improved our certification scheme by increasing the capability of our internal lead auditors to support our teams cross-functionally in local sites. IFF also increased our internal training efforts by conducting regional trainings to management and commercial teams across Europe, Asia, and Americas. The trainings provided visibility to management teams and empowered our commercial teams to engage with customers on our sustainable palm policy. IFF has also dedicated a team to oversee the certification system globally for RSPO to ensure that we maintain the standards and renew our participation in the scheme to work towards our sustainable palm oil goal. In 2020, we continued to enhance the inventory tool with IT in order to provide consistent and accurate information for RSPO certification and reduce the manual processing time. IFF views this solution as readily available and cost effective. In February 2020, we held an internal one-day workshop with the primary objective of ensuring that we are on track to achieve our 2020 goal. The local RSPO representative (North America) also joined the IFF team during the one-day workshop to discuss challenges and possible solutions to address limited availability of certified palm volumes and support to smallholder communities. A key decision that the Responsible Sourcing Committee (RSC) approved in 2020 was for the purchase of credits due to anticipated challenges in the shortage of certified palm supply and supply chain disruptions caused by the global pandemic. We were able to reach our goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book & claim credits (including smallholder credits) to reach 100%, as planned. This includes five legacy Frutarom sites that were previously RSPO members. Beyond 2020, we will refresh our palm oil commitment and implementation plan and continue to support sustainable palm oil sourcing. We currently have more than 20 facilities that meet the standards of RSPO Supply Chain Certification. In 2020, 9 sites had their RSPO licenses renewed.

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**Forest risk commodity**

Palm oil

**Third-party certification scheme**

RSPO Credits/Book & Claim

**Chain-of-custody model used**

**% of total production/consumption volume certified**

3

**Form of commodity**

Crude palm oil (CPO)  
Crude palm kernel oil (CPKO)  
Palm oil derivatives  
Palm kernel oil derivatives

**Volume of production/ consumption certified**

220

**Metric for volume**

Metric tons

**Is this certified by more than one scheme?**

No

**Please explain**

IFF is a member of the RSPO and will continue to support RSPO standards and certification as a mechanism to mainstreaming sustainable palm oil. Our goal is to source 100 percent RSPO certified palm oil, palm kernel oil and their derivatives through the Mass Balance supply chain model by 2020. In 2020, we improved our certification scheme by increasing the capability of our internal lead auditors to support our teams cross-functionally in local sites. IFF also increased our internal training efforts by conducting regional trainings to management and commercial teams across Europe, Asia, and Americas. The trainings provided visibility to management teams and empowered our commercial teams to engage with customers on our sustainable palm policy. IFF has also dedicated a team to oversee the certification system globally for RSPO to ensure that we maintain the standards and renew our participation in the scheme to work towards our sustainable palm oil goal. In 2020, we continued to enhance the inventory tool with IT in order to provide consistent and accurate information for RSPO certification and reduce the manual processing time. IFF views this solution as readily available and cost effective. In February 2020, we held an internal one-day workshop with the primary objective of ensuring that we are on track to achieve our 2020 goal. The local RSPO representative (North America) also joined the IFF team during the one-day workshop to discuss challenges and possible solutions to address limited availability of certified palm volumes and support to smallholder communities. A key decision that the Responsible Sourcing Committee (RSC) approved in 2020 was for the purchase of credits due to anticipated challenges in the shortage of certified palm supply and supply chain disruptions caused by the global pandemic. We were able to reach our goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book & claim credits (including smallholder credits) to reach 100%, as planned. This includes five legacy Frutarom sites that were previously RSPO members. Beyond 2020, we will refresh our palm oil commitment and implementation plan and continue to support sustainable palm oil sourcing. We currently have more than 20 facilities that meet the standards of RSPO Supply Chain Certification. In 2020, 9 sites had their RSPO licenses renewed.

## F6.4

**(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?**

A system to control, monitor or verify compliance	
Palm oil	Yes, we have a system in place for our no conversion and/or deforestation commitments

### F6.4a

**(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).**

#### Forest risk commodity

Palm oil

#### Operational coverage

Supply chain

#### Description of control systems

Our control system approach leverages third-party verification of the RSPO certification program to ensure compliance against our commitments and RSPO target, and traceability mapping with our partner Transitions in 2019. The traceability study identified over 1,400 mills primarily in Indonesia and Malaysia, and over 70 refineries and crushers, also primarily in Indonesia and Malaysia, down to the state-province level. The study found that all the volumes in scope (93%) sourced from IFF's direct suppliers are in compliance with IFF's palm oil policy. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

#### Monitoring and verification approach

Third-party verification

#### % of total volume in compliance

91-99%

#### % of total suppliers in compliance

91-99%

#### Response to supplier non-compliance

Retain & engage  
Suspend & engage  
Exclude

**Procedures to address and resolve non-compliance with suppliers**

Providing information on appropriate actions that can be taken to address non-compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

**Please explain**

We proactively communicate our palm commitment (Palm Oil Policy) and RSPO membership to our suppliers to raise awareness and encourage RSPO membership. We annually review and consider the availability of certified supply when determining new or continuing businesses with our suppliers. For example, in 2020 we reviewed our supplier base to assess status and consider the feasibility of RSPO certification from the suppliers as part of our strategic planning. Moreover, our FSSC 22000 certified Vendor Management Program and auditors help ensure that our supply chain meets these expectations. Select new raw materials 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 response to non-compliance will vary on the severity and overall business relationship with the supplier. We strive to work with our suppliers towards continuous improvement. We assess this by looking at several factors such as maturity of supplier’s own sustainability or sourcing program, willingness to implement improvements and the persistence of the non-compliance etc. These factors will determine whether we retain or suspend the supplier. These factors will determine whether we retain or suspend the supplier.

**F6.6**

**(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.**

	Assess legal compliance with forest regulations
Palm oil	Yes, from suppliers

**F6.6a**

**(F6.6a) For you disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.**

**Palm oil**

**Procedure to ensure legal compliance**

IFF has a responsible sourcing program to ensure legal compliance to applicable laws that utilizes our legal and regulatory teams, internal and external assessment tools, and

industry and local partners. In 2013 we developed and published our position on palm oil sourcing, and we published a revised palm oil policy in 2015, setting a goal to source 100% RSPO certified PO/PKO through the Mass Balance supply chain model by 2020. We also implemented our first Responsible Sourcing Policy in 2020, which outlines our expectations for responsible sourcing of raw materials. We require all natural ingredients to not be linked to deforestation, conversion of peat lands or high-value conservation areas, or exploitation of indigenous people, workers and local communities. Our Vendor Code of Conduct also requires compliance with all applicable laws, regulations, and industry standards as a basic requirement to maintain a business relationship with IFF.

Our Global Regulatory team actively monitors applicable, forest-related regulations that have the potential to impact our business. Our internal methods for identifying and assessing forests-related risks are a part of our company-wide enterprise risk management program, which are verified by an external consultancy. Additionally, we leverage assessment tools and programs to inform us of supply chain compliance and sustainability performance such as the RSPO certification program. IFF also ensures compliance with national laws and regulations specific to biodiversity and access and benefit sharing regulations.

We are also a member of the Union for Ethical BioTrade, and further review our palm suppliers against our Palm Oil Policy for both policy alignment and RSPO requirements. Both internal and external assessments of our policies and programs show that our business practices are aligned with industry best practices, which are more than sufficient to meet regulatory requirements, and our continual revision of our process ensures we will stay ahead of potential regulation in this space.

### **Country/Area of origin**

Colombia  
Guatemala  
Honduras  
Indonesia  
Malaysia

### **Law and/or mandatory standard(s)**

General assessment of legal compliance  
Other, please specify  
RSPO standard

### **Comment**

In line with our RSPO commitment to source 100% certified palm by 2020, we conduct due diligence by reviewing our palm supply chain with our suppliers on an annual basis to determine availability of certified palm and plans for future certifications (according to RSPO standard, which includes legal compliance requirements). As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers. The engagement helps us identify where certified sources are available and where there could be opportunities to engage with suppliers in key areas to promote sustainability and increase participation in certification efforts. We reached our palm oil goal on time,

ending the year for IFF with 97% RSPO certified volumes and 3% book & claim credits (including smallholder credits) to reach 100%, as planned. Beyond 2020, we will refresh our palm oil commitment and implementation plan and continue to support sustainable palm oil sourcing. We also leverage RSPO membership and our existing supply chain network for additional due diligence insights and guidance as guidelines evolve. Furthermore, we also leverage external consultancy partners, such as RainForest Alliance and Transitions to enhance our due diligence process and verify the effectiveness of our legal compliance procedure. This process of third-party engagement has been effective in validating our approach. In 2020, we continued to utilize insights from our recent palm traceability study. These and other insights from this study not only helped to raise awareness on the limited availability of certified supply globally, but also helped us with the identification of our next steps for expanding responsible supplier engagement and purchasing practices. In this way, we aim to further increase transparency and encourage RSPO certification.

## F6.7

**(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?**

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Palm oil	Yes, working with smallholders	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Supplier audits Offering on-site technical assistance and extension services Providing agricultural inputs	4,601	In 2019, IFF conducted a palm oil supply chain mapping study with our partner Transitions. The findings of the analysis are shared with the Responsible Sourcing Committee (RSC) to assess future strategies to support smallholder communities. In February 2020 we held an internal one-day workshop with the primary objective of ensuring that we are on track to achieve our 2020 goal. The local RSPO representative (North America) also joined the IFF team during the one-day workshop to discuss challenges and possible

			<p>Disseminating technical materials</p> <p>Organizing capacity building events</p> <p>Investing in pilot projects</p> <p>Prioritizing support for smallholders in high-risk deforestation regions</p> <p>Paying higher prices linked to best agricultural practices</p> <p>Financial incentives for certified products</p> <p>Purchase guarantee linked to best agricultural practices</p> <p>Long term contracts linked to forest related commitments</p>	<p>solutions to address limited availability of certified palm volumes and support to smallholder communities. RSC approved the purchase of credits due to anticipated challenges in the shortage of certified palm supply and supply chain disruptions caused by the global pandemic. We were able to reach our RSPO goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book &amp; claim credits (including smallholder credits) to reach 100%, as planned.</p> <p>We also work with local producers around the world. 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. For example, in 2020, in cooperation with international development organization, Heifer International, and a development finance partner, we built on the success of our 2016 pilot program, Vetiver Together, by launching the next phase of the initiative:</p>
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					<p>Vetiver Forward. The three-year partnership will support more than 3,000 independent smallholder vetiver farmers across six cooperatives.</p> <p>Another example is our work in the vanilla supply chain in Madagascar. In 2020, building on the two tree nurseries that we set up in 2019 (through which nine local managers oversaw the distribution of 2,000 seedlings to association members), this year we grew interest and participation and safely distributed more than 3,500 seedlings to farmers to plant on their land. Looking ahead over the next four to five years, we aim to scale up the vanilla shared value program by including more producers, which will indirectly benefit more families and community members.</p>
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## F6.8

**(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?**

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Palm oil	Yes, working with direct suppliers	Supply chain mapping Financial and commercial incentives	Supplier questionnaires on environmental and social indicators	91-99%	Our main strategy of engagement is to proactively communicate our Palm Oil Policy and RSPO commitments to our suppliers to raise



			<p>Developing or distributing supply chain mapping tool</p> <p>Supplier audits</p> <p>Paying higher prices linked to best agricultural practices</p> <p>Financial incentives for certified products</p> <p>Purchase guarantee linked to best agricultural practices</p> <p>Long-term contracts linked to forest related commitments</p> <p>Other, please specify</p> <p style="padding-left: 40px;">Encouraging work with multi-stakeholder groups</p>	<p>awareness and to encourage RSPO membership. In 2020, we launched and communicated the first Responsible Sourcing Policy to more than 1,800 of our direct suppliers. This Policy outlines IFF's expectations with respect to the responsible sourcing of raw materials, including palm oil. It aligns with IFF's global procurement commitments and global sustainability goals while promoting engagement and standardized communication with our suppliers. We review our supplier base annually to assess status and consider the feasibility of RSPO certification from the suppliers as part of our strategic planning. For example, in 2020, we were able to source newly certified volumes from 13 palm suppliers. As a result of our supplier engagement we made progress last year by securing new contracts on certified palm, increasing our certified volume to 97% (compared to 72% in 2019) with more forecasted in the future.</p> <p>We also worked with RSPO to secure smallholder credits (3% book and claim) to reach 100% of our goal, as planned. In 2019, IFF also conducted a supply chain mapping study with Transitions. The study identified over 1,400 mills primarily in Indonesia and Malaysia, and over 70 refineries and crushers, also primarily in Indonesia and Malaysia, down to the state-province level. In 2020, we continued to utilize insights from</p>
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				<p>our recent palm traceability study. 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.</p> <p>We also have procurements standards for suppliers through our Responsible Sourcing program. We require suppliers to be assessed through EcoVadis or Sedex, two supply chain platforms that help us drive improvement in labor standards, health and safety, environmental management and ethical business conduct. Through these initiatives, we committed to conduct assessments and audits of our suppliers annually and the scope cover issues such as labor and human rights, working conditions and the environment, which align with IFF's Vendor Code of Conduct.</p>
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## F6.9

**(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?**

Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
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Palm oil	Yes, working beyond first tier	Supply chain mapping	Developing or distributing supply chain mapping tools	<p>The main strategy of engagement for indirect suppliers beyond first tier is supply chain mapping. In 2019, IFF conducted a supply chain mapping study with Transitions. With support and on behalf of IFF, Transitions developed a supply chain mapping tool and contacted suppliers to collect data and investigate their supply chains (IFF indirect suppliers). The study identified over 1,400 mills primarily in Indonesia and Malaysia, and over 70 refineries and crushers, also primarily in Indonesia and Malaysia, down to the state-province level. The study indicated that IFF has 100% transparency up to refineries and crushers, 86% up to mills, and 20% up to plantations. The study also found that 85% of IFF's beyond tier 1 refineries and crushers (indirect suppliers), as refineries &amp; crushers, are RSPO certified and 22% of their downstream mills are RSPO certified. As part of our RSPO goal, IFF only sources RSPO MB from our certified suppliers and works actively with RSPO to monitor the certification status of our suppliers. In 2020, we continued to utilize insights from our recent palm traceability study. 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. This includes prioritizing uncertified suppliers or high risk suppliers to engage with. Beyond 2020, we will refresh our palm oil commitment and implementation plan and continue to support sustainable palm oil sourcing in our supply chain.</p>
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## F6.10

**(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?**

### **Forest risk commodity**

Palm oil

### **Do you participate in activities/initiatives?**

Yes

### **Activities**

Involved in multi-partnership or stakeholder initiatives

### **Initiatives**

UN Global Compact

Roundtable on Sustainable Palm Oil (RSPO)

Other, please specify

NASPON; UEFT; TfS

### **Jurisdictional approaches**

### **Please explain**

Collaboration from all stakeholders in the global palm oil supply chain is critical to ensuring a sustainable supply of palm oil. We are active members of several sustainability-focused organizations, including several that focus on palm oil. IFF joined RSPO in 2013 and we are committed to sourcing 100% certified palm oil by 2020. We reached this goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book & claim credits (including smallholder credits) to reach 100%, as planned. We also proactively communicate our palm commitment and RSPO membership to our suppliers to raise awareness and to encourage RSPO membership. In 2020, we launched and communicated the first Responsible Sourcing Policy to more than 1,800 direct suppliers. This Policy outlines IFF's expectations with respect to the responsible sourcing of raw materials. It aligns with IFF's global procurement commitments and global sustainability goals while promoting engagement and standardized communication with our suppliers. IFF is also a founding member of the North American Sustainable Palm Network (NASPON), an independent group of "associations, civil society organizations, consumer goods manufacturers, food-service retailers, retailers, and palm oil traders and producers who are committed to increasing the use of certified sustainable palm oil and palm kernel oil in North America," with the goal of reaching 100% CSPO in the market. IFF renewed our membership to the North American Sustainable Palm Oil Network (NASPON) in 2020 and participated in quarterly meetings and other events to build momentum toward our mutual sustainable palm oil sourcing ambitions. From a more general sustainability standpoint, we are active members of several sustainability-focused organizations. We formally support the 10 Principles of the UN Global Compact, and our Chairman and CEO serves on the Executive Committee of the World Business Council for Sustainable Development. In September 2020, during the U.N. General Assembly and U.N. Biodiversity Summit, IFF joined more than 560 companies in signing Business for Nature's Call to Action urging governments to adopt ambitious policies now to reverse nature loss this decade.

**Forest risk commodity**

Palm oil

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in industry platforms

**Initiatives**

**Jurisdictional approaches**

**Please explain**

We are active members of several sustainability-focused organizations, including several that focus on palm oil. IFF is a founding member of North American Sustainable Palm Network (NASPON), an independent group of “associations, civil society organizations, consumer goods manufacturers, food-service retailers, retailers, and palm oil traders and producers who are committed to increasing the use of certified sustainable palm oil and palm kernel oil in North America,” with the goal of reaching 100% CSPO in the market. IFF renewed our membership to the North American Sustainable Palm Oil Network (NASPON) in 2020 and participated in quarterly meetings and other events to build momentum toward our mutual sustainable palm oil sourcing ambitions. We also proactively communicate our palm commitment and RSPO membership to our suppliers to raise awareness and to encourage RSPO membership.

Collaboration from all stakeholders in the global palm oil supply chain is critical to ensuring a sustainable supply of palm oil. In 2020, we launched and communicated the first Responsible Sourcing Policy to more than 1,800 direct suppliers. This Policy outlines IFF’s expectations with respect to the responsible sourcing of raw materials. It aligns with IFF’s global procurement commitments and global sustainability goals while promoting engagement and standardized communication with our suppliers. IFF is also a member of Together for Sustainability (TfS), an initiative of leading chemical companies to develop and implement a global supplier engagement program that assesses and improves sustainability sourcing practices. With TfS, suppliers are able to assessments and audits. TfS assessments and audits cover issues such as labor and human rights, working conditions, and environmental compliance.

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**Forest risk commodity**

Palm oil

**Do you participate in activities/initiatives?**

Yes

**Activities**

Engaging with non-governmental organizations

## Initiatives

### Jurisdictional approaches

#### Please explain

We are active members of several sustainability-focused organizations, including several that focus on palm oil. IFF is a founding member of North American Sustainable Palm Network (NASPON), an independent group of “associations, civil society organizations, consumer goods manufacturers, food-service retailers, retailers, and palm oil traders and producers who are committed to increasing the use of certified sustainable palm oil and palm kernel oil in North America,” with the goal of reaching 100% CSPO in the market. We currently have more than 20 facilities that meet the standards of RSPO Supply Chain Certification. In 2020, 9 sites had their RSPO licenses renewed. We also proactively communicate our palm commitment and RSPO membership to our suppliers to raise awareness and to encourage RSPO membership. Collaboration from all stakeholders in the global palm oil supply chain is critical to ensuring a sustainable supply of palm oil. In 2020, to further advance our ethical sourcing practices, LMR Naturals by IFF and Southern Cross Botanicals, a division of Lucas Meyer Cosmetics by IFF, became members of the Union for Ethical BioTrade (UEBT). The UEBT is an internationally recognized non-profit association made up of member companies in the natural ingredient supply chains for the food, cosmetics and natural pharmaceutical sectors. IFF is also a member of Together for Sustainability (TfS), an initiative of leading chemical companies to develop and implement a global supplier engagement program that assesses and improves sustainability sourcing practices. TfS assessments and audits cover issues such as labor and human rights, working. In 2017, we began third-party TfS audits for selected suppliers. If noncompliance is identified during these audits, we will work with suppliers on corrective action plans and remediation. In 2020, approximately 90% of IFF’s business-critical suppliers were assessed through EcoVadis or Sedex (compared to 75% in 2019). In 2018, IFF began assessing supplier risk by engaging suppliers through the CDP Supply Chain program. We continued to do so in 2020 and doubled the number of suppliers in the program. At the community level, we partner with local NGOs and partners including Heifer International (Vetiver Forward in Haiti) and Transitions (palm traceability study).

## F6.11

**(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?**

Yes

## F6.11a

**(F6.11a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).**

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### Project reference

Project 1

### Project type

Agroforestry

### Primary motivation

Voluntary

### Description of project

Sustainable Patchouli, Sulawesi, Indonesia:

Patchouli is one of the most important ingredients used in fragrances. 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. IFF sources 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 these reasons, IFF voluntary selected this project.

To address these challenges, the project's objective is to implement agroforestry practices with For Life farmers together with social & traceability activities such as women empowerment, sustainable waste and resources management. There are 4 pillars of this project: 1) improve farmers' livelihoods, 2) increase attractiveness of patchouli farming for farmers, 3) promote more sustainable agricultural practices, and 4) ensure conformity of supply chain.

Agroforestry is implemented in 4 different phases: 1) Socialization of project, 2) Pre-registry, 3) Tree distribution, and 4) Tree monitoring. At every step of this process, everything is done to maximize the social & environmental impacts of tree planting and provide training to farmers.

As the project is completely new to the area, a gradual approach has been chosen:

- Wave 1 (distribution in Q1 2020): 10 000 trees
- Wave 2 (distribution in Q1 2021): 30 000 trees
- Wave 3 (distribution in Q1 2022): 35 000 trees

In total, during the 3-year project period, the objective is to plant 75 000 trees with IFF patchouli For life sourcing communities, in 3 different planting waves.

IFF also dedicated an agronomist to work closely with the project team and support with field visits several times a year.

**Start year**

2018

**Target year**

Other, please specify  
2021-2022

**Project area to date (Hectares)**

344.2

**Project area in the target year (Hectares)**

1,800

**Country/Area**

Indonesia

**Latitude**

-3.9675

**Longitude**

122.594722

**Monitoring frequency**

Six-monthly or more frequently

**Measured outcomes to date**

Biodiversity  
Other, please specify  
Social

**Please explain**

In 2020, we continued our shared value program to support patchouli farming communities in Indonesia through For Life certification in three main geographic areas (Bali, Sulawesi and Flores), where to date nearly 900 farmers have been For Life certified. In collaboration with a partner, we continued to drive producer engagement and empowerment through initiatives aligning income diversification with environmental restoration. In addition to addressing plastic waste management and sustainable firewood management, the program aims to enhance patchouli farming through the protection of local biodiversity. For example: Building on the success of the initial batch of 10,000 trees planted by farmers in 2019, we are on track to planting 75,000 trees – comprising 19 distinct species – by 2021; In early 2020 (prior to the COVID-19 crisis), we conducted trainings on tree planting and maintenance with more than 200 farmers in 12 participating villages and distributed more than 33,600 tree seedlings for planting; Agroforestry models shared with farmers during the training included: planting trees around patchouli parcels to demarcate borders, stabilize soil and create natural barriers against wind and pests; planting trees within patchouli parcels to promote shade, soil



fertility and biodiversity; densely reforesting unproductive or degraded lands to regenerate soil and enhance biodiversity. In 2021 we plan to distribute about 30,000 to 35,000 trees to reach the objectives of 75,000 trees on the 3 years of the project.

---

**Project reference**

Project 2

**Project type**

Reforestation

**Primary motivation**

Voluntary

**Description of project**

Sustainable vanilla, SAVA region, Madagascar:

Vanilla is a core ingredient both for flavours and fragrances. This precious spice is primarily cultivated in Madagascar, where social, environmental, quality and traceability challenges make the supply chain extremely fragile. Though one of the largest vanilla-exporting countries in the world, Madagascar is also one of the poorest. Vanilla cultivation, which requires pollination by hand, is a time-consuming and labor-intensive process for independent smallholder farmers.

Due to its location and isolation, it has tremendous biodiversity, but this is being threatened by slash-and-burn agriculture, primarily for rice cultivation. For these reasons, IFF voluntary selected this project.

The objective of this project is to create a long-term and stable supply of sustainable and high-quality vanilla with the current sourcing communities. There are 3 pillars of this project: 1) improve vanilla quality and productivity, 2) engagement communities and improve livelihoods, and 3) preserve ecosystems.

The main activities to support the project objective are the following:

- Develop a farmer organization to build a long-term relationship
- Promote good agricultural practices & transformation practices to improve yields and limit the impacts on environment
- Certify the project to increase the value added for farmers
- Support farmer communities through diverse social actions (health fund, rice banks, school & education etc.)
- Diversify farmer revenues
- Reforest the landscape with local communities

This activity is managed by a local NGO using a specific model: creating pilot tree nurseries with local farmers to train new tree nurseries managers and supply tree seedlings to local communities. The objective is to self-sustain the supply of trees at the end of the project, which is quite important given the remote area where the project is.

**Start year**

2019

**Target year**

Other, please specify  
2021-2022

**Project area to date (Hectares)**

0

**Project area in the target year (Hectares)**

0

**Country/Area**

Madagascar

**Latitude**

-14.355225

**Longitude**

49.905119

**Monitoring frequency**

Six-monthly or more frequently

**Measured outcomes to date**

Biodiversity  
Other, please specify  
Social

**Please explain**

In 2020, we made progress on multiple pillars of this initiative. With a key customer and other innovation partners, we launched a pilot program to leverage blockchain technology for our vanilla supply chain in Madagascar – our second natural ingredient blockchain (in addition to blackcurrant bud in France). Through the scanning of QR codes with mobile devices, the system permanently creates a timestamped and tamper-proof record by tracing each vanilla bean's journey through the supply chain. Beginning with a cooperative of 450 smallholder farmers, the platform brings greater transparency along the entire value chain by tracing vanilla beans along their path from initial sale at the farm level, to the local cooperative, to processing and ultimately to final destination. We continued to work closely with our farmers' association, made up of more than 400 producers, approximately 20% of whom are female. Through the association, we are providing a variety of benefits and support, including training on good agricultural practices that support sustainable improvements for vanilla cultivation. Through these tools, the program aims to increase producer yields and achieve high-quality product which can be maintained in the long term. These steps are also supporting vanilla producers to remain Fair for Life certified. To support sustainable incomes for vanilla farmers, we are providing guidance and resources for crop diversification involving native plants that also have a commercial interest to IFF. We arranged access to free

healthcare with local doctors and hospitals for more than 1,000 producers and their families in the community. We also safely distributed nearly 900 kits of school supplies for the 2020/2021 school year to children of farmers, which included notebooks, pens, pencils and other supplies. To preserve biodiverse ecosystems in the region while expanding environmental awareness, we continued to expand our reforestation pilot program during 2020. Building on the two tree nurseries that we set up in 2019, this year we grew interest and participation and safely distributed more than 3,500 seedlings to farmers to plant on their land. It is not possible to calculate the project area to date or target area yet as it depends on the density of plantation and the models selected by the farmers.

---

**Project reference**

Project 3

**Project type**

Agroforestry

**Primary motivation**

Voluntary

**Description of project**

In 2020, in cooperation with international development organization, Heifer International, and a development finance partner, we built on the success of our 2016 pilot program, Vetiver Together, by launching the next phase of the initiative: Vetiver Forward. The three-year partnership will support more than 3,000 independent smallholder vetiver farmers across six cooperatives that are part of our supply chain, facilitating improved access to high-value markets, technical services and business training. Vetiver root requires a 12- to 18-month crop cycle for optimal oil content and the farmers that rely on it as a primary source of income are often under financial pressure to harvest the crop early, leading to low-quality oil and poor profits. The roots also play an important role in stabilizing the soil. Promoting improved harvesting practices can reduce erosion, protecting fertile land and water in the soil, while decreasing the risk of floods and landslides. Vetiver Forward will increase farmers' access to agricultural inputs for alternative income streams, such as beans, corn, sorghum and plantains, as well as livestock. An agroforestry component of the program – which includes six new tree nurseries – will support climate, soil health and biodiversity objectives, enabling farmers to sell fruits as an additional income source.

**Start year**

2020

**Target year**

2023

**Project area to date (Hectares)**

0

**Project area in the target year (Hectares)**

1,250

**Country/Area**

Haiti

**Latitude**

18.286833

**Longitude**

-73.726361

**Monitoring frequency**

Six-monthly or more frequently

**Measured outcomes to date**

Financial

Other, please specify

Social

**Please explain**

In 2020, when COVID-19 caused the market demand for vetiver root to drop, we fast-tracked parts of the program focused on increasing financial resilience through income diversification. The project, through Heifer International, distributed cereal and bean seeds to the cooperatives for planting, and set up seed banks, where members can borrow seeds and repay them after harvest. They also focused on building strong leadership and governance models for long-term project success by: establishing a Steering Committee to represent each of the six cooperatives, serving as a communications bridge to Heifer International, IFF and other program partners; supporting cooperatives to set up technical and advisory committees to represent members' views and support implementation of program activities; and conducting Personal Leadership Development training for all 3,000 farmers that are part of the program.

## F7. Verification

### F7.1

**(F7.1) Do you verify any forests information reported in your CDP disclosure?**

Yes

### F7.1a

**(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?**

## Disclosure module

F6. Implementation

### Data points verified

Data points disclosed in Forests question (F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

The following sustainable production/consumption data were included within the scope of ERM's assurance engagement on the 2020 Sustainability Report as a whole:

% percent RSPO certified palm oil, palm kernel oil and their derivatives through the Mass Balance supply chain model sourced in 2020:

- 97% of palm oil volume RSPO certified
- 3% of palm oil covered by book & claim credits

### Verification standard

ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised)

### Please explain

Verification for palm volumes against 2020 public goal (stated in Palm Oil Policy) is conducted as part of our sustainability management process and the results are also included in our annual sustainability report, which is publicly available, and RSPO ACOP report, also publicly available.

## F8. Barriers and challenges

### F8.1

**(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.**

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#### Forest risk commodity

Palm oil

#### Coverage

Supply chain

#### Primary barrier/challenge type

Supply chain complexity

#### Comment

IFF's supply chain is broad and complex. As of December 31, 2020, we purchased approximately 124,500 different raw materials sourced from an extensive network of domestic and international suppliers and distributors. We have an integrated supply chain, from raw material sourcing through manufacturing, quality assurance, regulatory

compliance and distribution, which permits us to provide our customers with consistent quality products on a timely and cost-effective basis. We use both natural and synthetic ingredients in our compounds. We engage with these suppliers to help ensure they operate responsibly. As outlined in the IFF Vendor Code of Conduct, we expect suppliers to conduct their businesses ethically and honestly and in compliance with all applicable laws, rules, regulations and industry standards, including those concerning workplace safety and human rights. IFF explicitly supports internationally recognized human rights standards. With such a complex and large supply chain, IFF has limited leverage in influencing markets. We look to multi-stakeholder initiatives such as RSPO to influence the palm oil market. Public awareness continues to grow and we see an increase demand from customers of certified sustainable products. That said, the demand for certified sustainable palm oil, particularly of some specialized materials, currently exceeds availability. Despite overall increase in demand for certified palm oil, the market for certain palm oil fractions/derivatives is limited due to the complexity of the interconnected market. For example, even if there is strong demand for RSPO C8/C10 fractions, there needs to be demand for C12/C14 fractions also, for processors to run certified production.

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### **Forest risk commodity**

Palm oil

### **Coverage**

Direct operations

Supply chain

### **Primary barrier/challenge type**

Limited availability of certified materials

### **Comment**

IFF's supply chain is broad and complex. As of December 31, 2020, we purchased approximately 124,500 different raw materials sourced from an extensive network of domestic and international suppliers and distributors. We have an integrated supply chain, from raw material sourcing through manufacturing, quality assurance, regulatory compliance and distribution, which permits us to provide our customers with consistent quality products on a timely and cost-effective basis. We use both natural and synthetic ingredients in our compounds. We engage with these suppliers to help ensure they operate responsibly. As outlined in the IFF Vendor Code of Conduct, we expect suppliers to conduct their businesses ethically and honestly and in compliance with all applicable laws, rules, regulations and industry standards, including those concerning workplace safety and human rights. IFF explicitly supports internationally recognized human rights standards. With such a complex and large supply chain, IFF has limited leverage in influencing markets. We look to multi-stakeholder initiatives such as RSPO to influence the palm oil market. Public awareness continues to grow and we see an increase demand from customers of certified sustainable products. That said, the demand for certified sustainable palm oil, particularly of some specialized materials, currently exceeds availability. Despite overall increase in demand for certified palm oil,

the market for certain palm oil fractions/derivatives is limited due to the complexity of the interconnected market. For example, even if there is strong demand for RSPO C8/C10 fractions, there needs to be demand for C12/C14 fractions also, for processors to run certified production.

## F8.2

**(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.**

---

### **Forest risk commodity**

Palm oil

### **Coverage**

Supply chain

### **Main measure**

Improved data collection and quality

### **Comment**

IFF has rigorous quality expectations for our suppliers. Our FSSC 22000 certified Vendor Management Program and auditors help ensure that our supply chain meets these expectations. Select new raw materials 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 to improve transparency. Due to the complexity of our supply chain, data consistency and availability remains a challenge, especially when it involves smaller suppliers in developing regions. We attempt to improve transparency and data quality through our Vendor Management Program where we share best practices and technical advice with our suppliers to support them in making continuous improvements. We focus our supplier engagement efforts on certain 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 (the 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. Approximately 90% of our global supplier spend in 2020 was with suppliers assessed through EcoVadis or Sedex (compared to 75% in 2019). Through these assessments and audits, suppliers understand their sustainability performance by identifying strengths and areas of opportunity. Despite overall increase in demand for certified palm oil, the market for certain palm oil fractions/derivatives is limited due to the complexity of the interconnected market. For example, even if there is strong demand for RSPO C8/C10 fractions, there needs to be demand for C12/C14 fractions also, for processors to run certified production.

**Forest risk commodity**

Palm oil

**Coverage**

Supply chain

**Main measure**

Greater transparency

**Comment**

IFF has rigorous quality expectations for our suppliers. Our FSSC 22000 certified Vendor Management Program and auditors help ensure that our supply chain meets these expectations. Select new raw materials 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 to improve transparency. Due to the complexity of our supply chain, data consistency and availability remains a challenge, especially when it involves smaller suppliers in developing regions. We attempt to improve transparency and data quality through our Vendor Management Program where we share best practices and technical advice with our suppliers to support them in making continuous improvements. We focus our supplier engagement efforts on certain 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 (the 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 2020, approximately 90% of IFF's business-critical suppliers were assessed through EcoVadis or Sedex (compared to 75% in 2019). Through these assessments and audits, suppliers understand their sustainability performance by identifying strengths and areas of opportunity. Despite overall increase in demand for certified palm oil, the market for certain palm oil fractions/derivatives is limited due to the complexity of the interconnected market. For example, even if there is strong demand for RSPO C8/C10 fractions, there needs to be demand for C12/C14 fractions also, for processors to run certified production.

---

**Forest risk commodity**

Palm oil

**Coverage**

Supply chain

**Main measure**

Increased demand for certified products

**Comment**

IFF has rigorous quality expectations for our suppliers. Our FSSC 22000 certified Vendor Management Program and auditors help ensure that our supply chain meets



these expectations. Select new raw materials 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 to improve transparency. Due to the complexity of our supply chain, data consistency and availability remains a challenge, especially when it involves smaller suppliers in developing regions. We attempt to improve transparency and data quality through our Vendor Management Program where we share best practices and technical advice with our suppliers to support them in making continuous improvements. We focus our supplier engagement efforts on certain 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 (the 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 2020, approximately 90% of IFF’s business-critical suppliers were assessed through EcoVadis or Sedex (compared to 75% in 2019). Through these assessments and audits, suppliers understand their sustainability performance by identifying strengths and areas of opportunity. Despite overall increase in demand for certified palm oil, the market for certain palm oil fractions/derivatives is limited due to the complexity of the interconnected market. For example, even if there is strong demand for RSPO C8/C10 fractions, there needs to be demand for C12/C14 fractions also, for processors to run certified production.

## F17 Signoff

### F-FI

**(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

### F17.1

**(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.**

	Job Title	Corresponding job category
Row 1	Executive VP and Chief Financial Officer	Chief Financial Officer (CFO)

## SF. Supply chain module

### SF0.1

**(SF0.1) What is your organization’s annual revenue for the reporting period?**

	Annual revenue
Row 1	5,084,239,000

## SF0.2

**(SF0.2) Do you have an ISIN for your organization that you are willing to share with CDP?**

No

## SF1.1

**(SF1.1) In F6.3 you were asked “Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption”. Can you also indicate, for each of your disclosed commodity(ies), the percentage of certified volume sold to each requesting CDP supply chain member?**

Yes

### SF1.1a

**(SF1.1a) For each of your requesting CDP supply chain members, indicate the percentage of certified volume sold per disclosed commodity(ies).**

---

**Requesting member**

L'Oréal

**Forest risk commodity**

Palm oil

**Form of commodity**

Palm oil derivatives

Palm kernel oil derivatives

**Third-party certification scheme**

RSPO Mass Balance

**Total volume of commodity sold to member**

18.3

**Metric**

Metric tons

**What % of the volume reported in column 5 is certified?**

100%

**Comment**

Total volume of palm derived materials sold to L'Oréal is about 18.3 metric tons.

## SF2.1

**(SF2.1) Please propose any mutually beneficial forests-related projects you could collaborate on with specific CDP supply chain members.**

---

**Requesting member**

L'Oréal

**Commodity related to the project**

Palm oil

**Category of project**

Certification

**Type of project**

Increase in coverage of commodity certified

**Estimated timeframe for realization of benefits to customer**

1-3 years

**Details of project**

Our intention is to source all of our palm oil sustainably. IFF is a member of the Roundtable on Sustainable Palm Oil (RSPO) and will continue to support RSPO standards and certification as a mechanism to mainstreaming sustainable palm oil. We also seek to ensure that our palm oil supply chain does not contribute to deforestation, peat clearance and human rights abuses. We have implemented a corporate sustainable palm oil policy. IFF views this solution as available. The nature of the mass balance (MB) supply chain model allows IFF to deliver certified sustainable flavors and fragrances to our customers with the same profile as our conventional products.

**Projected outcome**

Our goal is to source 100 percent RSPO certified palm oil, palm kernel oil and their derivatives through the Mass Balance supply chain model by 2020. We reached this goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book & claim credits (including smallholder credits) to reach 100%, as planned. Beyond 2020, we will refresh our palm oil commitment and implementation plan and continue to support sustainable palm oil sourcing.

---

**Requesting member**

L'Oréal

**Commodity related to the project**

Palm oil

**Category of project**

Relationship sustainability assessment

**Type of project**

Aligning goals to feed into customers targets and ambitions

**Estimated timeframe for realization of benefits to customer**

1-3 years

**Details of project**

We welcome the opportunity to partner with you on initiatives that will help to support and advance your sustainability goals, including projects to provide renewable and natural feedstocks. An opportunity to collaborate may include community projects in areas where certain ingredients are grown, providing ingredients that are fully traceable and certified. One example is the solidarity sourcing project for rose in Turkey, which aims for a fully traceable, social and environmental excellence across the value chain.

**Projected outcome**

Collaboration from all stakeholders in the global palm oil supply chain is critical to ensuring a sustainable supply of palm oil. We believe having a shared goal and desired outcome will help foster collaboration and help promote a more sustainable palm oil supply chain.

## SF2.2

**(SF2.2) Have requests or initiatives by CDP supply chain members prompted your organization to take organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain?**

Yes

### SF2.2a

**(SF2.2a) Specify the requesting CDP supply chain member(s) that have driven organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain and provide details on how.**

---

**Requesting member**

L'Oréal

**Category of project**

Certification

**Type of project**

Increase in coverage of commodity

**Description of the project/initiative**

Our intention is to source all of our palm oil sustainably. IFF is a member of the Roundtable on Sustainable Palm Oil (RSPO) and will continue to support RSPO standards and certification as a mechanism to mainstreaming sustainable palm oil. Our goal is to source 100 percent RSPO certified palm oil, palm kernel oil and their derivatives through the Mass Balance supply chain model by 2020. We reached this goal on time, ending the year for IFF with 97% RSPO certified volumes and 3% book & claim credits (including smallholder credits) to reach 100%, as planned. Beyond 2020, we will refresh our palm oil commitment and implementation plan and continue to support sustainable palm oil sourcing.

**Give an indication of the metric of success for the initiative**

100% of palm derived materials sold to L'Oreal is RSPO certified.

**Would you be happy for CDP supply chain members to highlight this work in their external communication?**

Yes

## SF3.1

**(SF3.1) For your disclosed commodity(ies), do you estimate the GHG emission reductions and/or removals from land use and land use change that have occurred in your direct operations and/or supply chain?**

**Palm oil**

**Estimate GHG emissions and removals from land use and land use change**

No, but plan to do so in the next two years

**Please explain**

We are prioritizing our focus on our RSPO 2020 targets and certified volumes currently.

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Customers	Public

**Please confirm below**

I have read and accept the applicable Terms

