

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 2018	December 31 2018

F0.3

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

USD

F0.4

(F0.4) Select the stage(s) of the value chain which best represents your organization's area of operation pertaining to forest risk commodities.

	Stage of the value chain
Timber	Manufacturing
Palm Oil	Manufacturing
Cattle Products	Manufacturing
Soy	Manufacturing
Other - Rubber	Not applicable
Other	Manufacturing

F0.5

(F0.5) Do you produce, use, or sell materials or products that contain any of the forest risk commodities?

	Produce/use/sell	Disclosing	Explanation if produce/use/sell but not disclosing
Timber	Yes	No	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	Yes	Yes	<Not Applicable>
Cattle Products	Yes	No	IFF purchases animal derived raw materials. Currently this represents a low volume and we are prioritizing Palm Oil for our supply chain stakeholders.
Soy	Yes	No	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	No	<Not Applicable>	<Not Applicable>
Other	Yes	No	IFF purchases many different raw materials and processed ingredients. We will consider including other material commodities in the future and as they become available in the CDP Forest questionnaire.

F0.6

(F0.6) Are there any parts of your direct operations not included in your disclosure?

Yes

F0.6a

(F0.6a) Identify the parts of your direct operations not included in your disclosure.

Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Facility	We purchased Frutarom in October 2018. Frutarom is an Israel-based company that, through its subsidiaries, develops, produces and markets flavors and fine ingredients used in manufacturing food, beverages, flavors and fragrances, pharma/nutraceuticals, cosmetics and personal care products.	Potential for forests-related risk but not evaluated	Consistent with best practices and applicable reporting framework guidelines, where applicable, we generally include acquisitions' data in our reporting boundary for the first full year of operation following their acquisition. Due to finalization of the acquisition of Frutarom late in 2018, as well as the size and complexity of its operations, we plan to begin reporting integrated data in the 2021 reporting year. As such, the scope of this report excludes Frutarom unless stated otherwise. Frutarom results may be included in financial and operational data in order to be consistent with our filings with the U.S. Securities and Exchange Commission.

F0.7

(F0.7) Are there any parts of your supply chain not included in your disclosure?

Yes

F0.7a

(F0.7a) Identify the parts of your supply chain not included in your disclosure.

Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Facility	We purchased Frutarom in October 2018. Frutarom is an Israel-based company that, through its subsidiaries, develops, produces and markets flavors and fine ingredients used in manufacturing food, beverages, flavors and fragrances, pharma/nutraceuticals, cosmetics and personal care products.	Potential for forests-related risk but not evaluated	Consistent with best practices and applicable reporting framework guidelines, where applicable, we generally include acquisitions' data in our reporting boundary for the first full year of operation following their acquisition. Due to finalization of the acquisition of Frutarom late in 2018, as well as the size and complexity of its operations, we plan to begin reporting integrated data in the 2021 reporting year. As such, the scope of this report excludes Frutarom unless stated otherwise. Frutarom results may be included in financial and operational data in order to be consistent with our filings with the U.S. Securities and Exchange Commission.

F1. Current state

F1.1

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

Forest risk commodity

Palm Oil

Activity

Using as input into product manufacturing

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/Region of origin

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. In 2018, IFF launched a traceability study with an external consultant partner to conduct supply chain mapping of key players in the palm industry to enhance our efforts toward sustainable palm sourcing and provide greater visibility of our palm supply chain. We will consider on reporting the results of this study in the future. Currently palm oil (PO), palm kernel oil (PKO) based raw materials and derivatives represent approximately 1.5% of our total spend. These raw materials are used as components of flavors and fragrances. 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 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 are also committed to achieving RSPO Supply Chain Certification for our manufacturing facilities, enabling us to supply RSPO certified mass balance flavors and fragrances ingredients to our customers. We currently have more than 10 facilities that meet the standards of RSPO Supply Chain Certification and in 2018, 3 more IFF facilities become RSPO certified. Our raw material supply chain data indicates that we procure palm oil as input into product manufacturing from other countries of origin in addition to Malaysia and Indonesia. However, based on our knowledge of the supply chain, we do not have high confidence in this data and as a result are not disclosing it. This portion of our palm oil supply is also minor relative to our total. We are working to clarify this data for future years to improve our disclosure.

F1.1a

(F1.1a) Indicate from which State/region(s) and municipality(ies) your disclosed commodity(ies) originate.

Forest risk commodity

Palm Oil

Country/Region of origin

Indonesia

State/Region

Don't know

Municipality

Don't know

Please explain

The transparency of our supply chain data does not provide a level of granularity to identify the state/region or municipality of palm oil from Indonesia. We are working to obtain this data in future years.

Forest risk commodity

Palm Oil

Country/Region of origin

Malaysia

State/Region

Don't know

Municipality

Don't know

Please explain

The transparency of our supply chain data does not provide a level of granularity to identify the state/region or municipality of palm oil from Malaysia. We are working to obtain this data in future years.

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.

	% of revenue dependent on commodity	Comment
Timber	<Not Applicable>	<Not Applicable>
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.
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other	<Not Applicable>	<Not Applicable>

F1.3

(F1.3) Do you own or manage land used for the production of your disclosed commodity(ies)?

Forest risk commodity

Palm Oil

Own and/or manage land?

Don't own or manage land

Type of control

<Not Applicable>

Description of type of control

<Not Applicable>

Country/Region

<Not Applicable>

Land type

<Not Applicable>

Size (Hectares)

<Not Applicable>

Do you have a system in place to monitor forests-related risks?

<Not Applicable>

Type of monitoring system

<Not Applicable>

Description of monitoring system

<Not Applicable>

Recent infraction(s)

<Not Applicable>

Explanation of infraction

<Not Applicable>

F1.5

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

	Data availability/Disclosure
Timber	<Not Applicable>
Palm Oil	Consumption data available, disclosing
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other	<Not Applicable>

F1.5a

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

Forest risk commodity

Palm Oil

Data type

Consumption data

Volume

6846

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

Palm oil (PO) and Palm Kernel Oil (PKO) and derivatives represent <1% of our total direct consumption data. 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.

F1.6

(F1.6) Have you identified sufficient sources of sustainable materials to meet your current operational needs? If yes, what are you doing to ensure the security/continuity of this supply?

Palm Oil

Sustainable source identified

Yes

Primary action to ensure supply

Supplier diversification

Please explain

Though IFF has identified sufficient sources of sustainable materials to meet the majority of our volume needs, we continually look for new sources of certified sustainable palm oil/PKO, especially for materials that are not readily available. Due to the varying market demands across the range of palm and palm kernel oil derivatives, it is difficult to find certain fractions as certified for use in our products. To address these issues, IFF has diversified our supply chain by making every effort to purchase RSPO certified palm derivatives where possible. We review our palm supply chain annually and communicate our Code of Conduct and Palm Oil Policy to our suppliers. We also proactively communicate our palm commitment and RSPO membership to our suppliers to raise awareness and to encourage RSPO membership. We stand behind our Palm Oil Policy by working with suppliers who shares our commitment. Supply is secured on a year to year basis because suppliers are not willing to commit to volume and pricing for long terms. Additionally, we offer palm-oil substitutes to meet customer requests for "palm free" products, such as derived from coconut or rapeseed. These actions have been successful in diversifying our supply chain overall and ensuring that we secure from certified palm sources. By reviewing our palm suppliers and identifying sustainable palm sources on a yearly basis, our strategy has been effective in reducing the risk of shortages in our annual supply of certified palm and increasing the diversity of suppliers from which we source palm oil / palm kernel oil derivatives from.

F1.7

(F1.7) 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

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 to identify and assess risks

Internal company methods
External consultants

Please explain

We have implemented a responsible sourcing risk assessment for strategic and high priority materials. Our internal company methods for identifying and assessing forests-related risks align with a 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 these risks so they can be appropriately mitigated. This internal process is used because inclusion of forest-related risks in our enterprise risk management system ensures they are evaluated consistently with all risks facing the company. Furthermore, this aligns with our sustainability strategy and efforts to develop regenerative products in a circular economy. Forests / Deforestation risks are annually assessed across our full direct operations and supply chain through this methodology because it aligns with our company-wide risk assessment standards and informs our annual procurement process. Risks are considered more than 6 years into the future in line with our business' strategic planning cycle. 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. The EPI includes Biodiversity & Habitat and Forests (Tree cover loss) among other risk indicators. To complement and provide third-party validation of our internal company methods for identifying and assessing forests-related risks, we also utilize external consultants. In 2017, 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. This process of third-party engagement has been effective in validating our approach for assessing forest-related risks. The organization concluded that the results of their review are “very positive and indicate that IFF is aligned with industry expectations for sustainability.”

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

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

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.

Impact of activity on the status of ecosystems and habitats

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.

Regulation

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

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.

Impact on water security

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

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

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.

Brand damage related to forest risk commodities

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, EcoVadis 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

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

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

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

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

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

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

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. 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. Social and environmental impacts are also taken into consideration when auditing suppliers through Sedex, EcoVadis and TFS assessments, for which assessment criteria are based on International Labor Organization (ILO) Conventions, and the UN Global Compact Principles, among others. By utilizing recognized indices and auditing our suppliers through Sedex, EcoVadis and TFS, we engage with local communities indirectly on an annual basis as part of our risk assessment procedure. This engagement occurs via the facilitation provided by these external organizations.

NGOs

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. Additionally, through the work in the Natural Resources Stewardship Circle's (NRSC) palm oil working group, we engaged with TFT, an NGO with extensive experience helping companies meeting their sustainable palm oil goals. 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."

Other forest risk commodity users/producers at a local level

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

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

Relevance & inclusion

Relevant, always included

Please explain

Although our consumption of palm oil 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. 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. 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. More than 75% of our global supplier spend in 2017 was with suppliers assessed through EcoVadis or Sedex. In 2018, IFF began assessing supplier risk by engaging suppliers through the CDP Supply Chain program. We will continue to monitor supply and to work closely with our suppliers to achieve our commitments, including periodic field visits to their plantations.

Other stakeholders, please specify

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?
Timber	<Not Applicable>
Palm Oil	Yes
Cattle Products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other	<Not Applicable>

F3.1a

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

We have a multidisciplinary company-wide enterprise risk management (ERM) program that annually assesses risks, including sustainability issues and climate change, on our business and the business of our customers. The Global Risk Committee, made up of key members of management, oversees this program and integrates global risk activities to ensure appropriate prioritization of resources and alignment across IFF. An ERM Team Lead at each business unit complements this program by serving as a single point of contact for all aspects of the risk process related to the business function.

We define substantive financial or strategic impact when identifying or assessing forest-related risks in both our direct operations and supply chain as any change that would significantly affect our business, operations, revenue or expenditure. Substantive or material risks may include, among others, disruption in our manufacturing facilities, disruption in our supply chain, including the inability to obtain ingredients and raw materials from third parties, and volatility and increases in prices of raw materials, energy and transportation.

The metric that we use to identify substantive forest-related impact 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.

Another example that is a significant physical risk is the change in precipitation patterns. This could result in price volatility and supply shortages in natural products that represent approximately half of our raw material purchases. However, we mitigate this risk by working with our buyers to develop various sourcing strategies, including maintaining strategic stock levels for critical items, selecting multiple suppliers and increasing diverse supplier pools, inventory management systems, various geographic suppliers, and long-term agreements. IFF also evaluates the use of green chemistry and biotechnology as an alternative to natural raw materials.

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.

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

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. 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. Supply is secured on a year to year basis because suppliers are not willing to commit to volume and pricing for long terms. We review our palm supply chain annually. 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 currently 58% of our production/ consumption volume for palm oil is certified and we are on-track with achieving our goal by 2020.

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?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

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. While we are not able to provide the range of the financial impact this year for reputational risks associated with securing certified palm materials in our production, we consider this as immaterial in value to our business.

Primary response to risk

Promotion of certification, including financial incentives

Description of response

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 currently 58% of our consumption volume for palm oil is certified and we are on-track with achieving our goal by 2020. 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.

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?
Timber	<Not Applicable>
Palm Oil	Yes
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other	<Not Applicable>

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

Driving demand for sustainable materials

Financial incentives

<Not Applicable>

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. To realize this opportunity, IFF has a goal to source 100% RSPO certified PO/PKO through the Mass Balance supply chain model by 2020. Currently, 58% of our production/ consumption volume for palm oil is certified. In 2018, we also had 3 more IFF facilities become RSPO certified to meet our customers' demands for sustainable palm products. We consider the availability of certified palm sources when determining new or continuing businesses with our suppliers. For example, in 2018 we reviewed our supplier base to assess the status and consider the feasibility of RSPO certification from the suppliers as part of our strategic planning. We proactively communicate our palm commitment (Palm Oil Policy) and RSPO membership to our suppliers to raise awareness and to encourage RSPO membership. By driving demand for sustainable materials, IFF hopes to achieve our goal of 100% RSPO certified PO/PKO.

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?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We estimate that the financial impact of this opportunity is low because there are many companies pursuing this opportunity in the market, including our peers, RSPO members and many of our customers who also have sustainable palm policies and targets. This is positive because collectively, we drive more demand for sustainable materials. While we are not able to provide the range of the financial impact this year for this opportunity, we consider this as immaterial in value to our business.

F4. Governance

F4.1

(F4.1) Does your organization have a policy that includes forests-related issues?

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

F4.1a

(F4.1a) Select the options to describe the scope and content of your policy.

	Scope	Content	Please explain
Row 1	Company-wide	<p>Commitment to eliminate deforestation and/or conversion</p> <p>Commitment to eliminate forests degradation</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 education</p> <p>Commitment to align with public policy initiatives, e.g. SDGs</p> <p>Recognition of the overall importance of forests and other natural habitats</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 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>Reference to international standards and widely-recognized forests-related initiatives</p>	<p>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. 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. 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. 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 to the left, 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 underpinned by the Sensational People platform of our sustainability vision and strategy, which inspires us to engage our employees and stakeholders to make a positive difference in the world. Our Palm Oil Policy also commits us 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. Sourcing responsibly also has the direct business benefit of reducing risk in the supply chain. The commitments contained in our palm oil policy apply to 100% of the palm oil, palm kernel oil and their derivatives that IFF sources directly, thus covering all biomes and ecoregions. Collaboration from all stakeholders in the global palm oil supply chain – including industry peers, suppliers, governments, communities and nongovernmental organizations – is critical to ensuring a sustainable supply of palm oil. We currently have more than 10 facilities that meet the standards of RSPO Supply Chain Certification.</p>

F4.1b

(F4.1b) 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
Timber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm Oil	Yes	Company-wide	<p>Commitment to eliminate deforestation and/or conversion</p> <p>Commitment to eliminate forests degradation</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 education</p> <p>Commitment to align with public policy initiatives, e.g. SDGs</p> <p>Recognition of the overall importance of forests and other natural habitats</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 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>Reference to international standards and widely-recognized forests-related initiatives</p>	<p>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. 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. 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. 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 to the left, 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 underpinned by the Sensational People platform of our sustainability vision and strategy, which inspires us to engage our employees and stakeholders to make a positive difference in the world. Our Palm Oil Policy also commits us 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. Sourcing responsibly also has the direct business benefit of reducing risk in the supply chain. The commitments contained in our palm oil policy apply to 100% of the palm oil, palm kernel oil and their derivatives that IFF sources directly, thus covering all biomes and ecoregions. Collaboration from all stakeholders in the global palm oil supply chain – including industry peers, suppliers, governments, communities and nongovernmental organizations – is critical to ensuring a sustainable supply of palm oil. We currently have more than 10 facilities that meet the standards of RSPO Supply Chain Certification.</p>
Cattle Products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F4.2

(F4.2) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.2a

(F4.2a) 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.

F4.2b

(F4.2b) 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	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	Our Chairman of the Board and CEO chairs the Sustainability 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 (launched in late 2018). For example, the SBC provided guidance on our responsible sourcing strategy and goals in 2018. These issues are scheduled for some but not all board meetings. This governance model relies on functional integration of our sustainability strategy, which includes forest-related issues, across IFF, including goal development, implementation and progress toward goals.

F4.3

(F4.3) 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 Operating Officer (COO)	Both assessing and managing forests-related risks and opportunities	Annually	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 manages these issues by overseeing the Responsible Sourcing program, which includes sourcing palm oil responsibly.
Chief Sustainability Officer (CSO)	Both assessing and managing forests-related risks and opportunities	Annually	The CSO is a key leader of the Sustainable Business Council, which reviews targets and metrics quarterly. This position is also charged with driving low-carbon and circular-economy solutions into the R&D process.
Risk committee	Assessing forests-related risks and opportunities	Half-yearly	The Global Risk Committee is a management risk committee made up of key members of the Company's management to integrate global risk activities 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.
Corporate responsibility committee	Both assessing and managing forests-related risks and opportunities	Half-yearly	In early 2017, we formalized our Responsible Sourcing Committee to oversee all of our purchasing and supplier engagement efforts. This committee is part of our Sustainability Business Council and is led by our VP of Procurement. 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.

F4.4

(F4.4) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

Yes

F4.4a

(F4.4a) 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)?

	Who is entitled to benefit from these incentives?	Indicator for incentivized performance	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 for success is achievement of the target, which is measured via our engagement with suppliers certified through RSPO as well as our responsible sourcing program.
Recognition (non-monetary)	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.
Other non-monetary reward	No one is entitled to these incentives	No indicator for incentivized performance	We do not currently have additional non-monetary incentives beyond recognition described above.

F4.5

(F4.5) 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)

IFF_10K.pdf

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	5-10	One of the enablers of our Vision 2020 business strategy is creating a sustainable future. Forest-related issues are integrated into the long-term objectives laid out in this strategy via our commitment to responsible sourcing. We developed a clear strategy to achieve this sustainable future and responsible sourcing is a major part of it. Our responsible sourcing strategy is driven by long-term targets. 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 selected 5-10 year horizon based on this strategy and subsequent goals. An example of how we integrate forest-related issues into our long-term business objectives is our work with Vetiver farmers in Haiti. For years, we have worked closely with vetiver farmers in Haiti to share our techniques and know-how to help improve yields and quality and to increase income for their families. We procure high-quality vetiver oil from a distillery in Haiti, which, in turn, sources the raw material from smallholder farmers on the island. To further improve the livelihoods of Haitian smallholder farmers, we partnered with Heifer International and a key customer to support a program called Vetiver Together, launched in mid-2016 as a two-year pilot program. This partnership aimed to improve food security, increase yields and diversify income for vetiver farmers and their families, while also empowering women and supporting reforestation efforts.
Strategy for long-term objectives	Yes, forests-related issues are integrated	5-10	One of the enablers of our Vision 2020 business strategy is creating a sustainable future. Forest-related issues are integrated into this anticipated future state and our strategy for long-term objectives via our commitment to responsible sourcing. We developed a clear strategy to achieve this sustainable future and responsible sourcing is a major part of it. Our responsible sourcing strategy is driven by long-term targets. Our targets create a benchmark against which we can monitor and measure progress in reaching our vision for a sustainable future. 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 selected 5-10 year horizon based on this strategy and subsequent goals. We periodically review these targets to ensure the motive and scope behind our activities and the nature of our businesses account for the risks and opportunities presented by palm oil and other forest-related issues. An example of how we integrate forest-related issues into our strategy for long-term objectives is our work with Vetiver farmers in Haiti. For years, we have worked closely with vetiver farmers in Haiti to share our techniques and know-how to help improve yields and quality and to increase income for their families. We procure high-quality vetiver oil from a distillery in Haiti, which, in turn, sources the raw material from smallholder farmers on the island. To further improve the livelihoods of Haitian smallholder farmers, we partnered with Heifer International and a key customer to support a program called Vetiver Together, launched in mid-2016 as a two-year pilot program. This partnership aimed to improve food security, increase yields and diversify income for vetiver farmers and their families, while also empowering women and supporting reforestation efforts.
Financial planning	Yes, forests-related issues are integrated	5-10	One of the enablers of our Vision 2020 business strategy is creating a sustainable future. Forest-related issues are integrated into our financial planning process via our commitment to responsible sourcing. We developed a clear strategy to achieve this sustainable future and responsible sourcing is a major part of it. Our responsible sourcing strategy is driven by long-term targets. Our financial planning process, both near- and long-term, includes outlining the actions, assets, and resources necessary to meet our responsible sourcing targets and broader strategic 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 selected 5-10 year horizon based on this strategy and subsequent goals. An example of how we integrate forest-related issues into our financial planning is our work with Vetiver farmers in Haiti. For years, we have worked closely with vetiver farmers in Haiti to share our techniques and know-how to help improve yields and quality and to increase income for their families. We procure high-quality vetiver oil from a distillery in Haiti, which, in turn, sources the raw material from smallholder farmers on the island. To further improve the livelihoods of Haitian smallholder farmers, we partnered with Heifer International and a key customer to support a program called Vetiver Together, launched in mid-2016 as a two-year pilot program. This partnership aimed to improve food security, increase yields and diversify income for vetiver farmers and their families, while also empowering women and supporting reforestation efforts.

F6. Implementation

F6.1

(F6.1) 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

F6.1a

(F6.1a) 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)

F6.1b

(F6.1b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Commodity coverage

Palm Oil

Criteria

- No conversion of natural habitats
- Zero gross deforestation
- No new development on peatland
- 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
- Adoption of Free, Prior and Informed Consent (FPIC) 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 timeframe

2020

Please explain

In 2013 we developed and published our position on palm oil sourcing, and we published a revised palm oil policy in 2015. IFF measures the percent of relevant suppliers that are RSPO-certified. The RSPO certification includes social criteria to ensure fair payment and safe working conditions for workers and consultation with local communities over the use of their land. Here is a link to the criteria: <https://rspo.org/publications/download/224fa0187afb4b7> We intend to purchase palm oil products from suppliers that have made public commitments to protect human rights and avoid deforestation and development on peat lands or high-conservation- value areas. We achieve these commitments by procuring palm oil derivatives that meet the standards of recognized certifications (RSPO) and vetting against IFF Vendor Code of Conduct. We currently have more than 10 facilities that meet the standards of RSPO Supply Chain Certification. For example, collaboration from all stakeholders in the global palm oil supply chain – including industry peers, suppliers, governments, communities and nongovernmental organizations – is critical to ensuring a sustainable supply of palm oil. In 2017, IFF became one of the founding members of the North American Sustainable Palm Oil Network (NASPON). As a NASPON member, IFF supports the Network’s commitment to increasing the use of certified sustainable palm oil and certified sustainable palm kernel oil in North America, with the goal of reaching 100% CSPO in the market.

F6.2

(F6.2) Did you have any quantified targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.2a

(F6.2a) Provide details of your target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Palm Oil

Form of commodity covered

All forms of palm oil

Type of target

Third-party certification scheme

Coverage

Direct operations and supply chain

Traceability point

<Not Applicable>

Third-party certification scheme

RSPO Mass Balance

Start year

2015

Start figure

11-20%

Target year

2020

Target

100%

% achieved

51-60%

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. Currently, 58% of our production/consumption volume for palm oil is certified. 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 plan to meet the remainder of the target through our membership in the RSPO, which is focused on sustainable improvement in the supply chain. IFF primarily uses refined palm oil, palm oil derivatives, and palm kernel oil derivatives. However, by sourcing these 3 we recognize our impact on other forms of palm oil sourced or produced by our suppliers in the criteria list, such as crude palm oil, crude palm kernel oil, refined palm oil. Our Palm Oil Policy states our commitment to source all of our palm oil sustainably. RSPO Mass Balance is a supply chain model that allows certified claims to be transferred from one oil palm product to another either through physical blending or administratively under strictly controlled circumstances. Accountability is provided via required supply chain controls from the plantation through to the end product as defined in the RSPO Supply Chain Certification Standard. Additionally, the RSPO IT platform provides accountability via its web-based system for tracing RSPO certified palm oil, palm kernel oil, fractions and palm fatty acids (PFAD), palm kernel fatty acids (PKFAD) and palm kernel expeller, throughout the supply chain from mill to refineries included, under the supply chain Mass Balance model.

F6.3

(F6.3) 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?
Timber	<Not Applicable>
Palm Oil	Yes
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other	<Not Applicable>

F6.3a

(F6.3a) Provide details on the level of traceability your organization has for your disclosed commodity(ies).

Palm Oil

% of total production/consumption volume traceable

51-60%

Point to which commodity is traceable

Country

Description of traceability system

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 2018, in an effort to achieve greater visibility and traceability within our palm supply chain, IFF launched a traceability study with an external consultant partner 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.

Exclusions

Source/country/geographical area

Description of exclusion

In Malaysia and Indonesia, 51-60% of our palm oil consumption volume is traceable. Our raw supply chain data indicates that we procure palm oil as input into product manufacturing from other countries of origin in addition to Malaysia and Indonesia. However, based on our knowledge of the supply chain, we do not have high confidence in this data and as a result are not disclosing it. This portion of our palm oil supply is also minor relative to our total. We are working to clarify this data for future years to improve our disclosure.

F6.4

(F6.4) Do you specify any third-party certification schemes for your disclosed commodity(ies)? Indicate the volume and percentage of your production and/or consumption covered.

Forest risk commodity

Palm Oil

Do you specify any certification scheme?

Yes

Certification coverage

Consumption volume

Third-party certification scheme

RSPO Mass Balance

% of total production/consumption volume certified

58

Form of commodity

Crude palm oil (CPO)

Crude palm kernel oil (CPKO)

Palm oil derivatives

Palm kernel oil derivatives

Volume of production/ consumption certified

3955

Metric

Metric tons

Please explain

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. For example, in 2018 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. We also made progress last year to engage with our vendors by securing new contracts on certified raw materials such as palm. IFF has also dedicated a resource 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. 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 at corporate sustainable palm oil policy. 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. Additionally, IFF has completed RSPO Supply Chain Certification audits 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. One example of our progress last year was the improvement of the preciseness in the inventory accounting numbers, which was previously a manual process. By enhancing a tool update to our fixed inventory accounting template, we were able 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. 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.

F6.5

(F6.5) Do you specify any sustainable production/procurement standards for your disclosed commodity(ies), other than third-party certification? Indicate the percentage of production/consumption covered and if you monitor supplier compliance with these standards.

Forest risk commodity

Palm Oil

Do you specify any sustainability standards?

Yes

Type of standard

Procurement

Description of standard

We have defined procurements standards for suppliers through our Responsible Sourcing program and require EcoVadis third party assessments, Sedex assessments or SMETA 4-Pillar or Together for Sustainability (TfS) audits to monitor compliance against our standards. These procurement standards are based on key International Labor Organization (ILO) conventions, the UN Global Compact Principles, Social Accountability (SAI) criteria, among others. We then categorize our suppliers based on their environmental and social risks through our risk assessment methodology that has been validated by Rainforest Alliance, and sustainability performance metrics, including supplier platform scores (e.g. EcoVadis, Sedex).

% of total commodity volume covered by standard

71-80%

Do you have a system in place to monitor compliance with this standard?

Yes

Type(s) of monitoring system

Third-party auditing

Other, please specify (EcoVadis)

% of suppliers in compliance with standards

61-70%

Please explain

IFF works with approximately 1,400 raw material suppliers. We have defined procurements standards for suppliers through our responsible Sourcing program. This process is monitored through the same EcoVadis or Sedex (the Supplier Ethical Data Exchange) supply chain information platforms used for our assessment of labor standards, health and safety, environmental management and ethical business conduct. We require EcoVadis or Sedex SMETA 4-Pillar assessments. To supplement this monitoring process, we also use Together for Sustainability (TfS) audits. These audits cover issues such as labor and human rights, working conditions and the environment, which align with IFF's Vendor Code of Conduct. The overall Sedex score is used within the company to evaluate and assess suppliers. If an issue is identified through this assessment process, we create corrective action plans to improve the supplier's Sedex score. In 2018, 34% of suppliers had corrective action plans created and we continue to monitor performance for improvement. The impact of engagement on our suppliers could include increased awareness on our Code and Palm Oil policy, improvement on supplier management systems, and overall support to promote sustainability goals across our value chain.

F6.7

(F6.7) Are you working with your direct suppliers to support and improve their capacity to supply sustainable raw materials?

	Are you working with direct suppliers?	Supplier engagement approach	Please explain
Timber	<Not Applicable >	<Not Applicable>	<Not Applicable>
Palm Oil	Yes, working with direct suppliers	Encouraging certification Encouraging work with multi-stakeholder groups Supplier questionnaires on environmental and social indicators Supplier audits Contractual agreements	In 2015, IFF set a goal to source 100% RSPO certified PO/PKO through the Mass Balance supply chain model by 2020. We proactively communicate our palm commitment (Palm Oil Policy) and RSPO membership to our suppliers to raise awareness and to encourage RSPO membership. We consider the availability of certified palm sources when determining new or continuing businesses with our suppliers. For example, in 2018 we reviewed our supplier base to assess status and consider the feasibility of RSPO certification from the suppliers as part of our strategic planning. By driving demand for sustainable materials, IFF hopes to achieve our goal of 100% RSPO certified PO/PKO. IFF works with approximately 1,400 raw material suppliers. We have defined procurements standards for suppliers through our responsible Sourcing program. We require suppliers to be assessed through EcoVadis or Sedex (the Supplier Ethical Data Exchange) questionnaires, two supply chain information platforms that help us drive improvement in labor standards, health and safety, environmental management and ethical business conduct. We require Sedex assessments, EcoVadis third party assessments, SMETA 4-Pillar or Together for Sustainability Audits. 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. Through this initiative, we committed to conduct assessments and audits of our suppliers annually. TfS audits cover issues such as labor and human rights, working conditions and the environment, which align with IFF's Vendor Code of Conduct. These procurement standards are based on key International Labor Organization (ILO) conventions, the UN Global Compact Principles, Social Accountability (SAI) criteria, among others.
Cattle products	<Not Applicable >	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable >	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable >	<Not Applicable>	<Not Applicable>
Other	<Not Applicable >	<Not Applicable>	<Not Applicable>

(F6.8) Are you working beyond your first-tier supplier(s) to manage and mitigate forests-related risks?

	Are you working beyond first tier?	Please explain
Timber	<Not Applicable>	<Not Applicable>
Palm Oil	Yes, working beyond first tier	We work with approximately 1,400 raw material suppliers. Our main strategy of engagement of suppliers beyond our first tier is to purchase of RSPO-certified palm oil and palm kernel oil. 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. We have 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. As a result, our purchase of RSPO-certified palm oil and palm kernel oil means that we are reaching suppliers across our entire upstream value chain, beyond our first tier suppliers. Relationships with our suppliers are primarily managed by our Global Procurement group, and we partner and share best practices with suppliers to ensure a resilient and sustainable supply chain. We continue to leverage global platforms such as Sedex and EcoVadis to assess the performance of our suppliers and communicate our sustainability performance to our customers. Our Global Quality team monitors our suppliers through periodic audits, and our IFF-LMR Naturals division works directly with growers on research and development projects.
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other	<Not Applicable>	<Not Applicable>

(F6.9) Do you participate in external initiatives or activities to further the implementation of your policies concerning the sustainability of your disclosed commodity(ies)?

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; NRSC; TfS)

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 10 facilities that meet the standards of RSPO Supply Chain Certification. As an example of our participation in RSPO in 2018, 3 more IFF facilities become RSPO certified to meet our customers’ demands for sustainable palm products. 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. IFF is also a member of Natural Resources Stewardship Circle’s (NRSC) and NRSC’s palm oil working group. IFF also attended multiple industry events and working group session for palm oil in 2018, including RSPO and NSRC. Through the work in the NRSC, we also engaged with The Forest Trust (TfT), an NGO with extensive experience helping companies meeting their Sustainable Palm Oil goals. 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. 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. 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.

Forest risk commodity

Palm Oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Initiatives

<Not Applicable>

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 10 facilities that meet the standards of RSPO Supply Chain Certification. As an example of our participation in RSPO in 2018, 3 more IFF facilities become RSPO certified to meet our customers' demands for sustainable palm products. 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. IFF is also a member of Natural Resources Stewardship Circle's (NRSC) and NRSC's palm oil working group. IFF also attended multiple industry events and working group session for palm oil in 2018, including RSPO and NSRC. Through the work in the NRSC, we also engaged with The Forest Trust (TFT), an NGO with extensive experience helping companies meeting their Sustainable Palm Oil goals. 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. 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. 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.

Forest risk commodity

Palm Oil

Do you participate in activities/initiatives?

Yes

Activities

Engaging with non-governmental organizations

Initiatives

<Not Applicable>

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 10 facilities that meet the standards of RSPO Supply Chain Certification. As an example of our participation in RSPO in 2018, 3 more IFF facilities become RSPO certified to meet our customers' demands for sustainable palm products. 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. IFF is also a member of Natural Resources Stewardship Circle's (NRSC) and NRSC's palm oil working group. IFF also attended multiple industry events and working group session for palm oil in 2018, including RSPO and NSRC. Through the work in the NRSC, we also engaged with The Forest Trust (TFT), an NGO with extensive experience helping companies meeting their Sustainable Palm Oil goals. 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. 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. 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.

F7. Linkages and trade-offs

F7.1

(F7.1) Has your organization identified any linkages or trade-offs between forests and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

F7.1a

(F7.1a) Describe the linkages or trade-offs and the related management policy or action.

Linkage/tradeoff

Linkage

Type of linkage/tradeoff

Decreased GHGs emissions

Description of linkage/tradeoff

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. Palm oil is used minimally in our products, and thus the impact on our scope 3 GHG emissions is small, but we recognize we have an important role to play in ensuring that the palm oil in our supply chain comes from responsible sources, thus minimizing the greenhouse gas impact of this raw material in our products. By sourcing sustainable palm oil and avoiding deforestation, we estimate the impact of deforestation on our global Scope 3 Category 1 (Purchased Goods and Services) emissions in absence of our purchase of RSPO-certified palm oil would be 4.6% greater, resulting in approximately 37,000 additional tCO₂e.

Policy or action

To maximize the positive impact of this linkage, 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. This target is integrated into our Vision 2020 business strategy through our commitment to responsible sourcing. This is also led by our vision and business strategy in which case we work to move past a linear existence and embrace a circular economy that places us on a path of continuous improvement and greater environmental stewardship, as well as our commitment to address global climate change via our SBTi-approved science-based greenhouse gas reduction target. As a result of this policy, 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. This policy, by avoiding deforestation, helps to reduce associated GHG emissions. The change in the measured impact of the linkage in 2018 was not material due to the minimal use of palm oil in our products, but we estimate it likely declined.

F8. Verification

F8.1

(F8.1) Do you verify any forests information reported in your CDP disclosure?

No, but we are actively considering verifying in the next two years

F9. Barriers and challenges

F9.1

(F9.1) Describe the key barriers or challenges to avoiding forests-related risks in your direct operations or in other parts of your value chain.

Forest risk commodity

Palm Oil

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

IFF's supply chain is broad and complex. We purchase approximately 11,000 different raw materials from about 3,000 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.

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. We purchase approximately 11,000 different raw materials from about 3,000 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.

Forest risk commodity

Palm Oil

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Limited access to certified materials

Comment

IFF's supply chain is broad and complex. We purchase approximately 11,000 different raw materials from about 3,000 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.

F9.2

(F9.2) Describe the main measures that would improve your organization's ability to manage forests-related risks.

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. More than 75% of our global supplier spend in 2018 was with suppliers assessed through EcoVadis or Sedex. 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. More than 75% of our global supplier spend in 2018 was with suppliers assessed through EcoVadis or Sedex. 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. More than 75% of our global supplier spend in 2018 was with suppliers assessed through EcoVadis or Sedex. 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.

F18. 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.

F18.1

(F18.1) 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	3977539000

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) On F6.4 you were asked "Do you specify any third-party certification schemes for your disclosed commodity(ies)? Indicate the volume and percentage of your production and/or consumption covered". 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

15

Metric

Metric tons

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

91-99%

Comment

Total volume of palm derived materials sold to L'Oreal is between 10-15 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.

Requesting member

L'Oréal

Commodity related to the project

Palm oil

Category of project

Traceability and transparency

Type of project

Improvement of existing traceability system

Estimated timeframe for realization of benefits to customer

1-3 years

Details of project

Currently our supply chain data does not provide information specific to the origin state/region or municipality of palm oil products that we source. However, in 2018 IFF launched a traceability study with an external consultant partner to conduct supply chain mapping of key players in the palm industry to enhance our efforts toward sustainable palm sourcing and provide greater visibility of our palm supply chain. We will consider on reporting the results of this study in the future. Additionally, IFF is developing capability in blockchain technology.

Projected outcome

We see this as a mutually beneficial opportunity to allow us to achieve our traceability goals, and to allow our customers to achieve their traceability goals as well.

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.

Give an indication of the metric of success for the initiative

Approximately 99% 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

Requesting member

L'Oréal

Category of project

Certification

Type of project

Other certification projects, please specify (Certification of products)

Description of the project/initiative

The Mass Balance supply chain model allows everyone within the supply chain to demonstrate their commitment to sustainable palm production and to actively promote the use of RSPO certified palm. IFF views this solution as available. The nature of the mass balance supply chain model allows IFF to deliver certified sustainable flavors and fragrances to our customers with the same profile as our conventional products.

Give an indication of the metric of success for the initiative

In 2018 IFF has completed RSPO Supply Chain Certification audits at 13 manufacturing facilities in Europe, North America and Asia, which enables us to deliver RSPO Mass Balance (MB) flavors and fragrances to our customers.

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

Yes

Requesting member

L'Oréal

Category of project

Traceability and transparency

Type of project

Improvement of existing traceability system

Description of the project/initiative

Currently our supply chain data does not provide information specific to the origin state/region or municipality of palm oil products that we source. We see this as a mutually beneficial opportunity to allow us to achieve our traceability goals, and to allow our customers to achieve their traceability goals as well.

Give an indication of the metric of success for the initiative

100% of palm derived materials sold to L'Oreal are traceable to country of origin.

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

Yes

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Public	Customers	<Not Applicable>

Please confirm below

I have read and accept the applicable Terms