

SUSTAINABILITY REPORT 2018

# Toward a Circular Future

**IFE**

# A Message from Our Chairman

GRI 102-14.

130 years ago, in a small Dutch kitchen, a company sparked to life when two brothers-in-law audaciously started a spice and essence business. They were Josef Polak and Leopold Schwarz. Along with the many entrepreneurial founders of companies that would ultimately become IFF, Polak and Schwarz started their business in an era of industry and innovation, built on the growing tapestry of a global community.

Today is not so different, except now technology and environmental responsibility are helping direct our advances. The passion for discovery that drove our founders continues to be our guidepost as we look to create transformative, high-quality and safe products for our customers and consumers.

A grassroots effort, our view of sustainability developed along with our evolving sense of responsibility to our stakeholders. Led by our vision and business strategy, 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. Around the world, we see consumers making thoughtful purchasing decisions based on whether products are responsibly sourced and environmentally conscious. Our sustainability vision

and strategy drive us to meet these global trends, and we are excited to share some of our greatest achievements from last year with you.

In 2018, we used our three-platform strategy – Positive Principles, Sensational People and Regenerative Products – as a touchstone. Having achieved three of our four 2020 eco-efficiency targets, we launched EcoEffective+, establishing environmental goals with a clear focus on science-based emission reductions, zero waste to landfill and water stewardship. Our accomplishments over the years were made possible due to the continuous efforts of IFF Green Teams at our manufacturing facilities. With true dedication, they worked to increase our sustainability performance without compromising production excellence.

We consistently strive for better, more efficient ways to operate our business, and it's always exciting when these efforts are externally noted. Last year, we received a CDP "A" for Water Security for the first time and were recognized for the fourth consecutive year on CDP's Climate Change A list. We also were finalists in the Circular Awards and named to the FTSE4Good Index series, Barron's 100 Most Sustainable Companies List for the second year in a row and the Euronext Vigeo World 120 Index for corporate social responsibility.

With our historic acquisition of Frutarom, we are now better-positioned to build on our focus on naturals and to lead in taste, scent *and* nutrition. Exploring innovations beyond our traditional offerings allows us greater insight into different aspects of the multifaceted health and wellness space and offers opportunities for growth.

**Andreas Fibig**

Chairman and  
Chief Executive Officer



As one of the leaders in circular design, we are vested in creating regenerative, socially fair products that are more renewable, biodegradable and made with alternative energy and minimal water. Along with our portfolio of nine For Life-certified naturals and 90 vegan-certified ingredients, we are demonstrating our ability to design and market products that positively contribute to society and the environment. Our upcoming harvest of Peru Balsam – the first FairWild-certified flavor or fragrance ingredient to be commercially available globally – is an example of what is possible.

We're also committed to driving sustainable practices throughout our supply chain. In Indonesia, we launched a patchouli initiative to support the livelihoods of smallholder farmers, and in Haiti we completed the pilot program Vetiver Together. Based

on our experiences we will continue to create resilient socioeconomic partnerships with our farmers, suppliers and customers.

As a corporate witness to the detrimental effects of climate change, we remain steadfast in upholding the United Nations Sustainable Development Goals, especially in igniting a transformational shift in the global food system. POWDERPURE, an IFF company that uses patented drying technology to create food powders from fruits and vegetables, has potential to decrease food waste within the supply chain. With IFF's Re-Imagine Protein Innovation program, we're designing taste for plant-forward protein alternatives.

Personally, 2018 was exceptional. Working with our various stakeholders reinforced the importance of traditional and nontraditional

knowledge-sharing in bringing our work to scale. Internally, I experienced first-hand the benefits of engaging with junior employees through the IFF Diversity & Inclusion reverse-mentoring initiative, even as I continued to serve in other external leadership roles, including on the World Business Council for Sustainable Development's Executive Committee.

Juxtaposing fresh ideas with seasoned guidance bolsters our ability to do all we can to build a restorative and regenerative future.

A handwritten signature in black ink that reads "Andreas Fibig". The signature is written in a cursive, flowing style with a large, stylized initial "A" and "F".

Andreas Fibig  
Chairman and Chief Executive Officer

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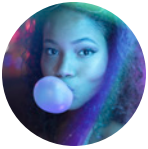
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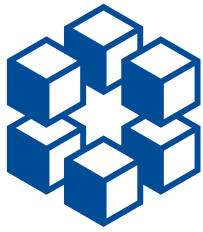
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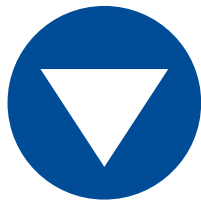
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Piloted **blockchain** technology as a tool for ensuring ingredient traceability



Achieved **FairWild** social responsibility certification for Peru Balsam from El Salvador



Named a finalist in **The Circularity**, the world's premier circular economy awards program



Launched an agroforestry program in **Indonesian patchouli** farming communities to support reforestation and empower women

# 2018

## Performance Highlights



CEO Andreas Fibig signed the **United Nations Global Compact CEO Water Mandate**

Achieved Gold status with **EcoVadis**, a social responsibility rating system that assesses suppliers' sustainable business practices



Named to **Euronext Vigeo's World 120 Index** and qualified for the **FTSE4Good Developed Market Index** in sustainability



Achieved **RSPO Supply Chain Certification** at 3 additional facilities (13 total)



Joined **Barron's 100 Most Sustainable U.S. Companies** list

# 0

## Waste

Launched the **EcoEffective+** environmental initiative featuring a Science-Based Target and zero waste to landfill and water stewardship goals



Certified 90 natural extracts to **EVE** (Expertise Vegan Europe) VEGAN standards.

Surpassed **three of our four** 2020 environmental targets



# A

**Lister**

Awarded a place on the **CDP Climate A** List for the 4<sup>th</sup> year in a row and received an A for Water Security for the first time

# IFF's Sustainability Strategy

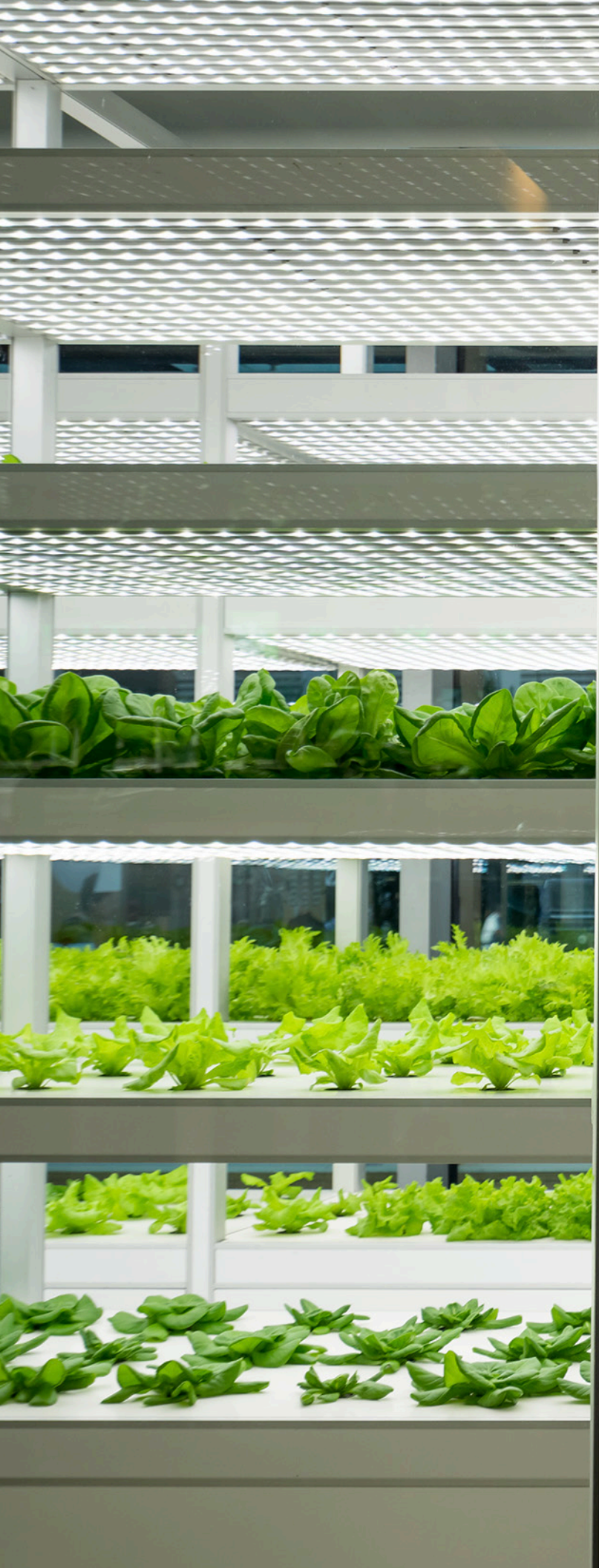
*Inspired by the Design for a Circular Economy*



*Positive Principles*

*Sensational People*

*Regenerative Products*





# Positive Principles

Positive Principles is the pillar of our sustainability strategy focused on our environmental footprint - specifically, our commitment to eliminating waste, using clean, renewable energy and water stewardship. We engage our global employee base to accomplish these goals through local, employee-led Green Teams.

2018 was a milestone, as we launched the next generation of our environmental goals, known collectively as EcoEffective+, that will take us to 2025 and beyond.

WATCH OUR [POSITIVE PRINCIPLES VIDEO](#) ►



# Sensational People

Sensational People are the heart of IFF. Whether it's our employees, our suppliers or the global communities in which we live and work, we seek to ignite passion, creativity and a spirit of inclusiveness that defines our culture as an organization.

Promoting diversity and inclusion leads to engagement, which fosters the collaboration and innovation that will drive our long-term growth. Through programs like Diversity & Inclusion and IFF University, we honor our commitment to making a positive difference in the world, starting with our Sensational People.

WATCH OUR [SENSATIONAL PEOPLE VIDEO](#) ►



**IFF** FLAVORS  
INGRID VD GRIFT

FLAVOR

# Regenerative Products

Regenerative Products are the realization of the IFF sustainability strategy. We aim to create products that are designed to accelerate a circular economy, improve the climate, do more with less and delight our customers and consumers.

Delivering innovative, sustainable solutions in taste, scent and nutrition is what inspires us every day.

WATCH OUR [REGENERATIVE PRODUCTS VIDEO](#) ►



ABOUT THIS REPORT

# Best practices in action

# Our Approach to Reporting

GRI 102-45. GRI 102-46. GRI 102-50. GRI 102-52. GRI 102-54. GRI 103-1.

We annually report our sustainability performance in accordance with the Global Reporting Initiative (GRI). This report has been prepared in accordance with the GRI Standards: Core option. It describes our strategy and performance with respect to environmental, social and governance issues in 2018. A GRI Content Index is available at the end of this report.

## REPORTING BOUNDARY

The scope of this report includes facilities owned and operated by International Flavors & Fragrances Inc. during calendar year 2018 and all entities included in IFF's 2018 consolidated financial statements, excluding those referenced below. For more information on our legal entities, see Exhibit 21 of our [2018 Annual Report](#).

## RESTATEMENTS AND CHANGES IN REPORTING

GRI 102-48.

In recent years, we have acquired several new companies. The data from these entities, excluding Frutarom, represent a small percentage of our overall operating footprint. Their inclusion in our dataset for this report is outlined below.

Consistent with best practices and applicable reporting framework guidelines such as the Greenhouse Gas Protocol, where applicable, we generally include acquisitions' environmental data in our reporting boundary for their first full year of operation following their acquisition. Prior years' environmental data, where possible, have been restated based on historical data and/or estimates. Our 2020 environmental sustainability goals are based on a 2010 environmental target baseline and have been adjusted to reflect these acquisitions. Our new EcoEffective+ goals are currently based on a 2015 baseline.<sup>1</sup>

ACQUISITION	YEAR ACQUIRED	DATA INCLUSION IN 2018 SUSTAINABILITY REPORT		
		ENVIRONMENTAL	HUMAN RESOURCES	HEALTH & SAFETY
Aromor	2014	Yes	Yes	Yes
Ottens Flavors (Tastepoint South)	2015	Yes	Yes	Yes
Lucas Meyer Cosmetics	2015	Yes	Yes	Yes
David Michael (Tastepoint North)	2016	Yes	Yes	Yes
Fragrance Resources	2017	No <sup>2</sup>	Yes	Yes
POWDERPURE	2017	Yes	Yes	Yes
Frutarom	2018	No <sup>3</sup>	No <sup>3</sup>	No <sup>3</sup>

<sup>1</sup> Consistent with best practices and applicable reporting framework guidelines, the Company's targets and baselines are based on current operations and may be adjusted to reflect material changes to the business, including the acquisition of Frutarom.

<sup>2</sup> Fragrance Resources environmental data is being collected and will be included in the 2019 reporting boundary.

<sup>3</sup> 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.

## ABOUT THIS REPORT

We also include safety data from acquired sites in our corporate totals for the first full year of operation following acquisition. An exception to this is if an acquired site has a recordable incident during the year it is acquired, in which case we include the incident(s) and manhours for the affected site beginning with the month in which the incident(s) occurred.

Exceptions to the above methodologies may be made in limited cases due to data availability, and we consistently report exceptions to these boundaries where applicable. For example, 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 no later than the 2021 reporting year.

Aside from these acquisitions, no significant changes have been made from previous reporting periods to the scope and topic boundaries, as defined by the GRI Standards. Financial and governance information, including our **2018 Annual Report** and 2019 Proxy Statement, is available on our website. Prior years' sustainability reports can also be found on our website.

## REPORTING PROCESS

The content of this report is based on our sustainability strategy and materiality assessment and is developed (with consideration of the GRI reporting principles) through an in-depth consultation process with relevant subject matter experts. The report is then reviewed by representatives from each business function. Feedback is incorporated, and our senior management and CEO review the final report prior to publication. Additionally, our process includes third-party assurance of our sustainability report, including environmental, health and safety data as well as key claims throughout the report. See External Assurance on the following page for more information.



## ABOUT THIS REPORT

### DATA MEASUREMENT TECHNIQUES AND BASIS OF CALCULATIONS

We have internal systems to ensure consistent and accurate data collection and aggregation from our facilities. For the majority of our environmental indicators, we conduct quarterly quality assurance/quality control checks to evaluate the reliability of facility-specific and aggregated data and correct any errors. ERM Certification and Verification Services (ERM CVS) conducts third-party assurance of selected current-year environmental and safety data that we report externally.

More detail about our energy and greenhouse gas emission calculation methodologies is provided in the Environment section.

Due to rounding, individual numbers in text, charts and tables may not sum to the totals shown. The unit of currency used in this report is the U.S. dollar.

### EXTERNAL ASSURANCE

#### GRI 102-56.

We retained ERM CVS to conduct a third-party assurance of our sustainability report. Our Vice President, Global Sustainability seeks this assurance in accordance with GRI best practices. The assurance scope covered specific 2018 data for a number of key indicators as well as the overall presentation of our 2018 sustainability performance, including completeness and balance. As part of this process, ERM CVS conducted representative site visits and interviews and reviewed our data collection and aggregation systems. ERM CVS also provided an opinion on this report's conformance with the GRI Standards "In Accordance – Core" option. ERM CVS' Assurance Statement, which details the scope, activities and conclusions of their engagement, is included at the end of this report.

### FEEDBACK

#### GRI 102-53.

For copies of our publicly available policies, or for more information regarding our operations, please visit our website at [iff.com](http://iff.com). For questions, comments and suggestions about our report, please email us at [sustainability@iff.com](mailto:sustainability@iff.com).

An aerial photograph of a large, open public square. The square is paved with large, light-colored tiles and is divided into several sections by darker, reddish-brown tiles. Numerous people are walking and standing throughout the square, creating a sense of a busy, active environment. A large, semi-transparent grey circle is centered over the middle of the square, containing the text.

ABOUT IFF

# Transforming the everyday

# Organizational Profile

GRI 102-1. GRI 102-2. GRI 102-3. GRI 102-5.

International Flavors & Fragrances Inc. (IFF) is a leading innovator of sensory experiences that move the world. We co-create unique products that consumers taste, smell or touch in fine fragrances and cosmetics, detergents and household goods, and food and beverages. We recently celebrated our 130-year anniversary – and while IFF has changed and reinvented itself many times over the years, our acquisition of Frutarom in October 2018 marks an unprecedented shift for our company. The Frutarom acquisition considerably increased our product portfolio, giving us new access to attractive adjacencies, and expanded our customer base to include a significant number of faster-growing small and mid-sized customers. IFF is headquartered at 521 West 57th Street, New York, New York, U.S.A. Detailed information about the scale of our organization, operational structure, markets served and geographical footprint is available in our [2018 Annual Report](#) and U.S. Securities and Exchange Commission Form 10-K (collectively, “2018 Annual Report”).



# Our Operating Footprint

**GRI 102-4. GRI 102-7. GRI 102-10.**

Prior to our acquisition of Frutarom, IFF had 37 manufacturing facilities and 21 creative centers and application laboratories located in 35 different countries. Upon our acquisition of Frutarom, we gained 60 additional manufacturing facilities and 84 additional R&D/application laboratories globally, including many in countries where we currently operate. Including Frutarom, we now have a combined total of approximately 13,000 employees and more than 90,000 individual products that reach customers in approximately 195 countries. The combined, full-year 2018 sales of IFF and Frutarom together were approximately \$5.1 billion, making us the second-largest company in the flavors, fragrances and nutrition industry.<sup>1</sup>

## OUR MARKETS

**GRI 102-6.**

We operate in three business segments: Taste (previously “Flavors”), Scent (previously “Fragrances”) and, commencing upon its acquisition, Frutarom. The flavors and fragrances market is part of a larger market that supplies a wide variety of ingredients and compounds used in consumer products. The broader market includes large multinational companies and smaller regional and local participants that supply products such as seasonings, texturizers, spices, enzymes, certain food-related commodities, fortified products and cosmetic ingredients.

In our Taste business, our flavor compounds are ultimately used by our customers in the following four end-use categories of consumer goods:

- Savory, for use in soups, sauces, condiments, prepared meals, meat, fish and poultry, potato chips and other savory snacks
- Beverages, for use in juice drinks, carbonated beverages, flavored waters and spirits
- Sweet, for use in bakery products, candy, chewing gum and cereal
- Dairy, for use in all dairy products, such as yogurt, ice cream, cheese and other products that have a creamy texture

Our Scent business consists of fragrance compounds and ingredients. Our creative and commercial teams within Fragrance Compounds are organized into two broad categories: Fine Fragrances and Consumer Fragrances. Consumer fragrance applications include fabric care (laundry detergent, fabric softeners and specialty laundry products), home care (household cleaners, dishwashing detergents and air care, including candles and air fresheners), personal wash (including bar soap and shower gel), toiletries and hair care products.

<sup>1</sup> 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.

7.8% of Sales

Spent on R&D



\$337.3 Million

in Net Income



13,000

Employees Worldwide



\$4 Billion

in Net Sales



195

Countries in which  
IFF's Customers'  
Products Are Sold



## Our End-Use Product Categories

### TASTE

Beverages

Dairy

Savory

Sweet

### OTHER

Cosmetic Actives

### SCENT

Fabric Care

Fine Fragrance

Fragrance Ingredients

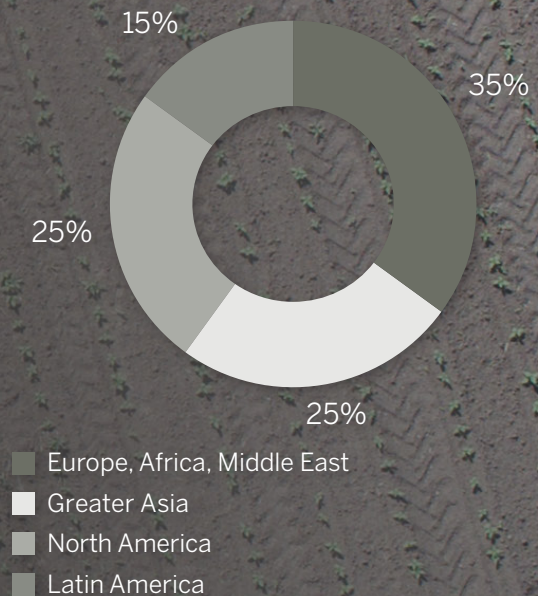
Home Care

Personal Wash

Hair Care

Toiletries

## Percentage of 2018 Sales



Source: 10-K

## ABOUT IFF

The fine fragrances we create include some of the industry-leading fine fragrance classics, as well as cutting-edge niche fragrances. We also source and distill natural fragrance ingredients and create and commercialize synthetic fragrance ingredients for use in our own formulations or for sale to the larger market. We expanded our business into the cosmetic active ingredients market with our 2015 acquisition of Lucas Meyer Cosmetics.

Our Frutarom business creates and manufactures a naturals-focused suite of flavor compounds and specialty fine ingredients, largely targeting local and regional customers. Frutarom seeks to capitalize on the health and wellness focus of consumers and deliver growth by offering customers natural flavor products that combine solutions to create natural colors and natural functional food ingredients, which promote health benefits and extend shelf life. Frutarom's products are focused on four principal areas:

- Savory Solutions, which include blends of spices, functional ingredients, natural colors, natural antioxidants and flavors that are primarily designed for the meat and fish industry
- Natural Product Solutions, which include the use of natural health ingredients, colors and shelf life extenders
- Taste Solutions, which include flavor compounds and foods
- Specialty Fine Ingredients, which include natural flavor extracts, specialty essential oils, citrus products, aromatic chemicals and natural gums and resins

We sell our products to many global, regional and local consumer product companies. The global market for flavors and ingredients has expanded consistently, primarily as a result of an increase in demand for, as well as an increase in the variety of, consumer products containing flavors and fragrances. For more information, see Item 1 of our [\*\*2018 Annual Report\*\*](#).

# Our Supply Chain

GRI 102-9. GRI 102-10.

We have a complex supply chain – from raw material sourcing through manufacturing, quality assurance, regulatory compliance and distribution – that 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. With the acquisition of Frutarom, we significantly increased our natural products, and, therefore, we expect that the percentage of our ingredients that are natural or crop-related – those derived from flowers, fruits and other botanical products, as well as from animal products – has increased. More information about our supply chain is available in our [2018 Annual Report](#) and the Responsible Sourcing section later in this report.



# Expanding Our Business

We believe that our diversified business platform, consisting of expansive geographic coverage, a broad product portfolio and a global and regional customer base, positions us to achieve long-term growth as the flavors and fragrances markets expand. As part of our strategy, we continue to strengthen and expand our portfolio through acquisitions.

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. This acquisition strengthened IFF's customer base, enlarged our capabilities and geographic reach, and is expected to result in more exposure to numerous end markets, including those with a focus on naturals and health and wellness. This acquisition allowed us to expand our customer base into the faster-growing mid-sized and smaller companies and expand our product portfolio to include natural colors, antioxidants for food preservation, nutraceuticals, ingredients for infant formula and proteins for elderly nutrition. It also expanded our core product lines with savory solutions aimed at the meat and fish industry, citrus and other naturals flavors, specialty ingredients and new cosmetic actives.



# External Initiatives, Memberships & Associations

GRI 102-12. GRI 102-13.

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

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

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

AIM-PROGRESS	
EcoVadis	
Roundtable on Sustainable Palm Oil	
Sedex	
Together for Sustainability	
World Business Council for Sustainable Development	(Executive Committee)

We formally support the following initiatives:

United Nations Global Compact
RE100
CEO Water Mandate
CEO Action for Diversity & Inclusion™



OUR COMMITMENT TO SUSTAINABILITY

# Leading positive transformational changes

# Our Sustainability Vision & Strategy

Although we are only one company, we understand how our decisions and actions can impact and influence the global value chain. In order to embed a sustainable mindset deeper into our company and throughout our culture, we consider sustainability to be a key enabler of our business strategy, and we are executing on an ambitious sustainability vision and strategy.

Our sustainability vision – to lead positive transformational changes toward a regenerative, healthy and abundant world – is based on the concept of a circular economy, one that is restorative and regenerative by design. We aim to leverage this mindset to transform how we design and manufacture our products and in the way we engage our employees, customers, suppliers and communities.

Transformation is an ambitious goal, and to accomplish it, we will focus on the three platforms of our sustainability strategy: Positive Principles, Regenerative Products and Sensational People.

# Our Roadmap to Circularity

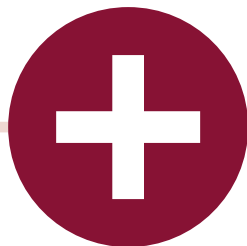
Our sustainability vision is to lead positive transformational changes toward a regenerative, healthy and abundant world



## Sensational People

Engage our employees and stakeholders to make a positive difference in the world

- Our CEO signed the CEO Action for Diversity & Inclusion™ pledge which is the largest CEO-driven business commitment to-date in advancing diversity and inclusion in the workplace.
- IFF University connects employees to learning and development opportunities critical to career advancement.



## Positive Principles

Embed the principles of eliminating the concept of waste, using clean renewable energy, and water stewardship into our company and culture<sup>1</sup>

- By 2025, reduce absolute greenhouse gas emissions by 30%<sup>1</sup> and work with our suppliers<sup>2</sup> so that they set their own science-based reduction targets and report annual emissions; also procure 75% of our electricity portfolio<sup>3</sup> from renewable sources
- By 2025, achieve zero waste to landfill status at all major manufacturing facilities<sup>4</sup>
- Further reduce our freshwater consumption by using recycled water for more than half of our non-product operations
- Drive collective action for water stewardship in targeted communities where we source and operate<sup>5</sup>



## Regenerative Products

Intentionally design our products to continuously support wellbeing and have a positive contribution to society and the environment in a circular economy

- Continue to leverage the principles of circular design to increase the renewability and biodegradability of our products and reduce waste

<sup>1</sup> Scope 1 and 2 emissions from a 2015 baseline.

<sup>2</sup> Representing 70% of our supply chain emissions.

<sup>3</sup> Based on our 2015 site portfolio.

<sup>4</sup> A major facility is defined as a site that generates more than 100 metric tons of waste (hazardous and non-hazardous) annually.

<sup>5</sup> Facility communities were identified based on risk profiles using the World Resources Institute's Aqeduct and Ecolab's Water Monetizer tools.

# Going Circular Throughout Our Value Chain

# ~50%

of the ingredients in our fragrances catalog are renewable<sup>1</sup>



## INNOVATION

Our R&D teams work to define and identify renewable and biodegradable feedstocks, leverage green chemistry principles and develop innovative products with health and wellness attributes.

# 75%

of supplier spend assessed through the EcoVadis or Sedex platforms<sup>1</sup>



## SOURCING

Our Responsible Sourcing program aims to conserve natural resources and improve the livelihoods of local farming communities.



## MANUFACTURING

We are doing our part to address critical environmental issues, such as global climate change and water scarcity.

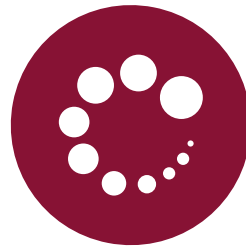
# ↓66%

reduction in water use since 2010<sup>1</sup>



## CONSUMER INSIGHTS

By developing a deep understanding of what consumers value and prefer, we are better able to focus our R&D and creative efforts.



## CUSTOMERS & CONSUMERS

We create ways for our customers to make products that are lower in sodium, fat, sugar and calories, without sacrificing flavor.

We're also developing ingredients for plant-based meat alternatives – products that are not only part of a healthy diet, but also a healthier planet.



<sup>1</sup> Numbers exclude Frutarom Data

## OUR COMMITMENT TO SUSTAINABILITY

### IFF AND THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations (UN) 2030 Sustainable Development Goals (SDGs) define global priorities and aspirations to address the many social, economic and environmental challenges facing companies and the world. By focusing on progress with respect to human rights, health, the human and natural environment and economic growth, the SDGs provide a critical roadmap to meeting these challenges and securing a socially and environmentally sustainable future. We believe the business sector is uniquely positioned to advance sustainable development and achieve real progress against these goals.

We embrace and support the SDGs. We have mapped them to our sustainability strategy and business and are focusing our efforts in areas where we can add the most value in advancing these goals. We partnered with the World Business Council for Sustainable Development (WBCSD) to pilot the SDG Compass Tool, which guides companies in aligning their strategies with the SDGs and measuring and managing their progress. IFF's sustainability strategy was informed by this analysis and designed to support the advancement of the SDGs. From this analysis, we have identified two SDGs that are most relevant to our business and where we feel we can have the most impact. We have already made significant progress through our sustainability strategy, and we will continue to do our part to drive transformational change.

### 3 GOOD HEALTH AND WELLBEING

With consumers' growing demand for better-for-you products, we are increasingly focused on developing taste, scent and cosmetic solutions that help our customers provide healthier options to consumers. We continue to leverage our Re-Imagine innovation programs in our Taste business and are building circular concepts into the earliest stages of fragrance design.

### 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

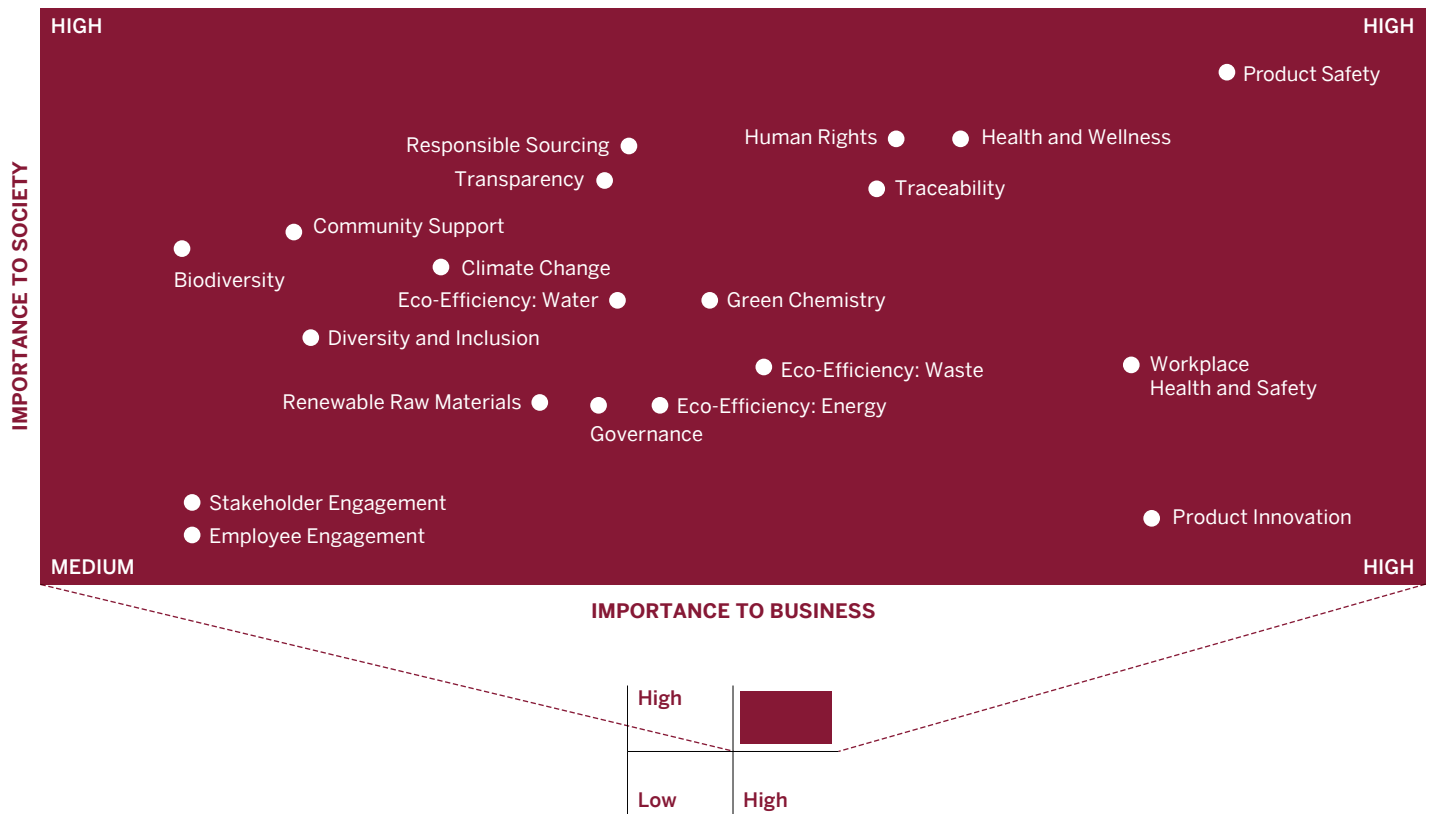
In 2018, we launched the EcoEffective+ environmental initiative, which features a Science-Based Target and zero waste to landfill and water stewardship goals. These goals support our commitment to sustainable production patterns, and we continue to innovate our products and shrink our footprint by embedding a circular mindset through our company. We formally support the RE100 initiative and were awarded a place on the CDP A Lists for Climate and Water Security.



# Materiality

GRI 102-46. GRI 102-47. GRI 102-49.

We conducted a formal materiality assessment in 2014 by surveying internal stakeholders, including members of our senior leadership team and Sustainability Business Council and representatives from our business units. We also interviewed external stakeholders, including representatives of customer companies, nongovernmental organizations and regulatory bodies. We conducted in-depth interviews with key representatives from customer companies to better understand their sustainability needs and expectations of our business. This assessment allowed us to prioritize topics based on their importance to our business and society. In the following years, we continued to engage internally and externally with our customers and suppliers and leveraged this engagement in the development of our circular-design-focused sustainability strategy. Based on these assessments, our reporting focuses on those topics identified as most material and those of increasing importance to stakeholders.



The matrix illustrates the topics IFF has identified as our overall most material aspects, as defined by the **GRI Sustainability Reporting Standards**: "relevant topics that may reasonably be considered important for reflecting the organization's economic, environmental and social impacts, or influencing the decisions of stakeholders." Throughout this report, our use of the terms "material" and "materiality" refer to GRI's definition.

## **OUR COMMITMENT TO SUSTAINABILITY**

We continually identify emerging topics and changes in our business that may affect our materiality determination, including recent acquisitions. For acquisitions that expand our footprint into new market areas, we assess the need for a more formalized review of their material topics in addition to their incorporation in our periodic companywide materiality assessments. The acquisition of Lucas Meyer Cosmetics (LMC), for example, expanded our capabilities into the cosmetic actives market. This led us to perform an overview of LMC's material topics and identify the areas in which LMC is best-positioned to create a positive impact in the context of IFF's overall sustainability strategy.

While we have not identified any changes to material topics since our formal materiality assessment in 2014, we plan to refresh the assessment as needed to identify new opportunities and risks, especially in the context of our 2018 acquisition of Frutarom. The results from that assessment will be used to determine our material topics for future reporting.



# IFF's Material Topics

GRI 103-1. GRI 103-2. GRI 103-3.

The following table shows IFF's material topics and boundaries and how they relate to the material topics outlined by the Global Reporting Initiative (GRI) Standards.

TOPICS MATERIAL TO IFF	CORRESPONDING GRI STANDARDS MATERIAL TOPIC	BOUNDARIES		
		WITHIN IFF	OUTSIDE IFF: OUR SUPPLY CHAIN	OUTSIDE IFF: OUR CUSTOMERS AND CONSUMERS
<b>GOVERNANCE, ETHICS AND SOCIETY</b>				
Governance	Anti-Corruption; Public Policy	●	●	
Stakeholder Engagement	Stakeholder Engagement; General Disclosures	●	●	●
Community Support	Procurement Practices		●	
<b>ENVIRONMENT</b>				
Eco-Efficiency: Water	Water	●		
Eco-Efficiency: Energy	Energy	●		
Eco-Efficiency: Waste	Effluents & Waste	●		
Climate Change	Emissions; Economic Performance	●		
Green Chemistry	Energy; Effluents & Waste	●		
Biodiversity	Biodiversity		●	
<b>SUPPLY CHAIN</b>				
Responsible Sourcing	Procurement Practices		●	
	Supplier Environmental Assessment		●	
	Child Labor: Forced or Compulsory Labor; Supplier Social Assessment		●	
	Supplier Social Assessment		●	
Traceability	Procurement Practices		●	
	Supplier Environmental Assessment		●	
	Marketing and Labeling	●		
	Supplier Social Assessment		●	
<b>LABOR PRACTICES</b>				
Employee Engagement	Employment; Training and Education	●		
Workplace Health and Safety	Occupational Health & Safety	●		
Diversity and Inclusion	Diversity and Equal Opportunity	●		
<b>HUMAN RIGHTS</b>				
Human Rights	Child Labor: Forced or Compulsory Labor; Freedom of Association & Collective Bargaining; Supplier Social Assessment	●	●	
Workplace Health and Safety	Employment; Supplier Social Assessment	●	●	
<b>PRODUCT RESPONSIBILITY</b>				
Product Safety	Customer Health & Safety; Marketing and Labeling	●	●	
Health and Wellness	Customer Health & Safety	●		●
Transparency	Marketing and Labeling	●		
Renewable Raw Materials	Supplier Environmental Assessment	●	●	
Product Innovation	Marketing and Labeling		●	

# Stakeholder Engagement

GRI 102-40. GRI 102-42. GRI 102-43. GRI 102-44.

## ENGAGING WITH OUR STAKEHOLDERS

We enhance our sustainability strategy by engaging with our internal and external stakeholders – which include employees, customers, investors, regulators, suppliers, consumers, communities and the sustainability community – on issues that are important to them and to our company. Our engagement with these groups highlights evolving consumer and societal expectations and provides us with unique insights into risks and opportunities for our company. These engagements occur at varying frequencies, depending on the stakeholder group and the specific need. Specific examples of recent engagement with each of these groups are detailed in this section.

### EMPLOYEES

IFF informs employees about company strategies, performance, policies and procedures through regular communications, which include emails, newsletters, videos, town halls, the company intranet, our CEO's blog, and face-to-face meetings. Sustainability issues and other happenings are communicated through the company intranet. Employees have the opportunity to communicate thoughts and concerns throughout the year via multiple mechanisms, including works councils (in Europe), a confidential hotline and other informal mechanisms. More formalized engagement mechanisms are also planned through our Diversity & Inclusion program.

### CUSTOMERS

Our customers are increasingly interested in our policies and performance with respect to sustainability issues. In 2018, we engaged with our customers via meetings, expos, presentations and formal and informal sustainability performance reviews. We also responded to customer requests for information regarding our environmental and social performance via customer-specific surveys and platforms such as EcoVadis and Sedex. And, we attended and presented at industry events with dedicated sustainability agendas, such as the American Cleaning Institute's annual meeting.

## **OUR COMMITMENT TO SUSTAINABILITY**

### **SHAREHOLDERS AND INVESTORS**

We regularly engage with our shareholders to better understand their perspectives on our company, including on our strategies, performance, matters of corporate governance and executive compensation. This dialogue has helped inform the Board's decision-making and ensure that our interests remain well-aligned with those of our shareholders. During 2018, we interacted with our largest active shareholders, representing approximately two-thirds of our outstanding shares. We believe this shareholder engagement provides valuable feedback, and this feedback is shared regularly with our Board and its relevant committees. The information received from our shareholders in the past few years has, among other things, resulted in raising our annual dividend, executing our share repurchase program, pursuing value-creating acquisitions, completing a perception study on capital allocation preferences, and increasing our investor relations exposure with enhanced marketing in key markets in the U.S. and across continental Europe.

### **REGULATORS**

IFF is an active member of the Research Institute for Fragrance Materials, the International Fragrance Association and the International Organization of the Flavor Industry, which are the principal trade associations that represent the interests of the global flavors and fragrances industry. IFF belongs to, actively participates in, and leads where appropriate, the activities of the key industry organizations that defend our interests and those of our customers. In addition, we are actively engaged in other global and local trade associations both upstream and downstream from our primary business. IFF also interacts directly with governmental agencies and legislators as needed to align on interpretation, ensure a clear understanding of our business needs and shape upcoming regulations where possible. This interaction has been successful in supporting key flavor ingredients in Europe, being the first company to have a chemical cleared under the revised Toxic Substances Control Act in the U.S., and defining an acceptable path forward for the evaluation of an IFF fragrance ingredient with the U.S. Environmental Protection Agency (EPA). Our external engagement is focused on ensuring that we continue to protect consumers while increasing consumers' and governments' confidence in our industry, and more specifically in IFF.

### **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. In addition, we were the first flavors and fragrances company to join Together for Sustainability, an initiative to assess, audit and improve sustainability practices in the supply chains of the chemical industry.

## OUR COMMITMENT TO SUSTAINABILITY

### CONSUMERS

Because IFF is a supplier to some of the world's largest companies in the food and beverage, consumer packaged goods, cosmetics and pharmaceutical industries, consumers are an important stakeholder to us. Although we are primarily a business-to-business company, our Consumer Research, Consumer Insights and Marketing teams engage with consumers through extensive market research, interpreting key trends, monitoring product launches and conducting interviews throughout the year.

### COMMUNITIES

IFF is actively involved in communities around the world, including those where we operate and those in our supply chain. Through a range of volunteer and charitable activities that are implemented locally by our sites, we aim to address the specific needs of local communities, and as part of our Responsible Sourcing program, we have several initiatives to support communities where our ingredients are grown.

### SUSTAINABILITY COMMUNITY

We are active members of several sustainability-focused organizations. We formally support the Ten Principles of the UN Global Compact, and in 2018 our Chairman and CEO Andreas Fibig signed the UN Global Compact's CEO Water Mandate. Mr. Fibig also serves on the WBCSD's Executive Committee. Other organization memberships include the Environmental, Health, Safety & Sustainability Management Roundtable and the Sustainability Leadership Forum.

### STAKEHOLDER ENGAGEMENT TOPICS

We continually work to address some of the key interests and concerns identified during the course of our numerous stakeholder engagements. Below are a few select examples.

Customers and other stakeholders are interested in evaluating their supply chains and are increasingly calling for traceable, responsibly sourced products.

In the **Responsible Sourcing** section, we discuss what we're doing to assess and improve the sustainability of our supply chain.

Consumers are increasingly demanding products that are healthy and environmentally and socially responsible. We discuss our focus on innovative products in the **Regenerative Products** section.

Climate change is an issue of interest to many of our stakeholder groups globally. We are engaged in several initiatives to support climate action. After achieving our 2020 greenhouse gas emissions target three years early, we launched a next-generation set of goals in 2018, including a Science-Based Target and a 75% renewable energy goal by 2025. These efforts are described in greater detail in the **Environment** section.





ENVIRONMENT

Dedicated  
to helping  
nature thrive

# Managing Our Footprint

## OUR COMMITMENT

Our sustainability strategy is underpinned by the concept of a circular economy. One of the main platforms of this strategy – Positive Principles – highlights our commitment to eliminating the concept of waste and using clean renewable energy. Building on our success in surpassing our 2020 targets for emissions, water and waste, in 2018 we launched new environmental goals to take us to 2025 and beyond. The initiatives, which focus on emission reductions, zero waste to landfill and water stewardship, are known collectively as “EcoEffective+.”

## OUR APPROACH

We use a centralized management system to track the majority of our environmental performance metrics at each site. Our Eco-Effectiveness Leadership Team, which comprises senior management from our Operations and Sustainability Teams, reviews performance for most environmental indicators on a quarterly basis.

To ensure integration of the Positive Principles across IFF globally, Green Teams are in place at all of our manufacturing facilities (excluding recent acquisitions) and several of our creative centers and offices. Green Teams are cross-functional groups of employees who have a demonstrated passion for sustainability. They identify and implement eco-effectiveness projects to drive progress at their locations, and they connect monthly with the other teams to share global best practices. Through this structure, facility leadership and the Green Teams take responsibility for minimizing the footprint at their own facilities, while benefiting from the resources and learnings of other sites. This autonomy allows each site to focus on the projects that will result in the most significant improvements.

## PERFORMANCE IN 2018

Through the implementation of our sustainability strategy, we are doing our part to address critical environmental issues, such as global climate change and water scarcity. We were pleased to be recognized on CDP’s A List for Climate Change for the fourth consecutive year and to receive an “A” for Water Security for the first time, placing us in the top 2% of responding companies. In addition, we have a Gold rating in EcoVadis. Our performance in energy, emissions, water use and waste are described on the following pages.

## KEY HIGHLIGHTS

Launched EcoEffective+, a set of environmental goals focused on emission reductions, zero waste to landfill and water stewardship

Named to CDP’s A List for Climate Change and Water Security, recognizing IFF as a leader in climate and water management strategies

Procured renewable energy certificates for two new facilities, resulting in a companywide increase in renewable energy usage to 45%

## ECOEFFECTIVE+ GOALS

Science-Based Target:

By 2025, IFF commits to reduce absolute greenhouse gas emissions by 30%<sup>1</sup> and to work with our suppliers<sup>2</sup> so that they set their own science-based reduction targets and report annual emissions; and

Procure 75% of our electricity portfolio<sup>3</sup> from renewable sources.

By 2025, IFF will achieve zero waste to landfill status at all major manufacturing facilities.<sup>4</sup>

Building upon our reductions since 2010, IFF will further reduce our freshwater consumption by using recycled water for more than half of our non-product operations; and

Drive collective action for water stewardship in targeted communities where we source and operate.<sup>5</sup>

<sup>1</sup> Scope 1 and 2 emissions from a 2015 baseline

<sup>2</sup> Representing 70% of our supply chain emissions

<sup>3</sup> Based on our 2015 site portfolio

<sup>4</sup> A major facility is defined as a site that generates more than 100 metric tons of waste (hazardous and non-hazardous) annually.

<sup>5</sup> Facility communities were identified based on risk profiles using the World Resources Institute’s Aqueduct and Ecolab’s Water Monetizer tools.

## ENVIRONMENT

### ASSURING THROUGH CERTIFICATION

We rely on external certification systems to measure and manage our environmental footprint throughout our value chain. Implementing the ISO 14001 environmental management system at our facilities helps us improve resource efficiency, reduce waste and manage costs. It also demonstrates our commitment to continuous improvement. All major manufacturing facilities (aside from recent acquisitions) are currently ISO 14001 certified and intend to maintain their certifications.

### DATA MEASUREMENT TECHNIQUES AND BASIS OF CALCULATIONS FOR ENVIRONMENTAL DATA

#### EMISSIONS & ENERGY

Greenhouse gas (GHG) emissions are calculated according to the Greenhouse Gas Protocol (GHG Protocol). This report includes all Scope 1 and Scope 2 emissions. Of the 15 Scope 3 categories, 10 are relevant to IFF and have been calculated, and two of those categories – upstream fuel and energy-related activities and employee business air travel – are externally assured. Annual energy data used to calculate Scope 1 and Scope 2 emissions are based on utility bills dating back to 2010.

The organizational boundaries for this report align with the Operational Control approach outlined in the GHG Protocol. Following Scope 1 Guidance for Direct Emissions, we use appropriate emission factors from the Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines for National Greenhouse Gas Inventories and the U.S. Environmental Protection Agency's (EPA) Fugitive Emissions Guidance. For electricity (Scope 2 emissions), we follow the EPA's 2016 eGrid Subregion emission factors and the latest International Energy Agency emission factors. Emission factors for steam are specific for each site and are provided by the suppliers.

Emissions for process-derived fuels are specific to each site and are calculated by mass balance based on product mix. The emissions calculations include GHGs covered by the Kyoto Protocol – carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF<sub>6</sub>) – and are reported as CO<sub>2</sub> equivalents.

This year, we are using the global warming potentials provided in the IPCC Fifth Assessment Report. We report market-based emissions in this sustainability report, as our Science-Based Target is based upon this calculation method. Market-based emissions use supplier-specific emission factors and include renewable energy credits. We also disclose location-based emissions data in our annual CDP Climate Change disclosure. Both calculations follow the methodologies provided in the Scope 2 Guidance of the GHG Protocol.



## **ENVIRONMENT**

The Solar Renewable Energy Credits generated from the Hazlet, New Jersey, U.S., solar array are retained by the array's owner, and IFF is supplied with equivalent Green-e® certified Renewable Energy Credits (RECs), along with the electricity generated by the solar array. Qualifying RECs are also purchased for our facilities in Benicarló, Spain; Tilburg, Netherlands; Jacksonville, Florida, Carrollton, Texas, U.S.; Haverhill, U.K.; and our creative center in Hilversum, Netherlands. Tilburg also generates wind energy on site, with the remaining energy needs provided by the aforementioned RECs. All of these are accounted for in this report. In 2018, we did not purchase carbon offsets.

## **WASTE**

Our South Brunswick, New Jersey, U.S., facility's GreenCircle zero waste to landfill certification ensures that the location does not send any materials directly to landfill, and the residual materials coming from South Brunswick's material management organizations fall within the 2% allowance.

# Energy

## OUR COMMITMENT

GRI 103-2. GRI 103-3.

Energy efficiency provides two important benefits. It reduces environmental impacts as well as operating costs. Direct GHG emissions are highly dependent on energy use, so our carbon reduction strategy focuses on minimizing energy use and increasing the amount of renewable energy we purchase. We have a goal in place to reduce our energy intensity by 20% (per metric ton of production from a 2010 baseline) by 2020, as well as a 2025 goal to procure 75% of our electricity from renewable sources.

## PERFORMANCE IN 2018

GRI 302-3.

Our Green Teams and senior leadership are working diligently to reduce energy use throughout our operations. In 2018, we experienced a shift in product mix to more energy-intensive products. Supply chain disruptions also required us to manufacture intermediate products in house that would normally be sourced. As a result, our energy intensity increased by 5.9% in 2018. However, since 2010 we have achieved an overall energy intensity reduction of 13.8% due to numerous facility-targeted eco-effectiveness projects, new equipment and operational changes at several of our sites.

Key energy reduction projects in 2018 included the following:

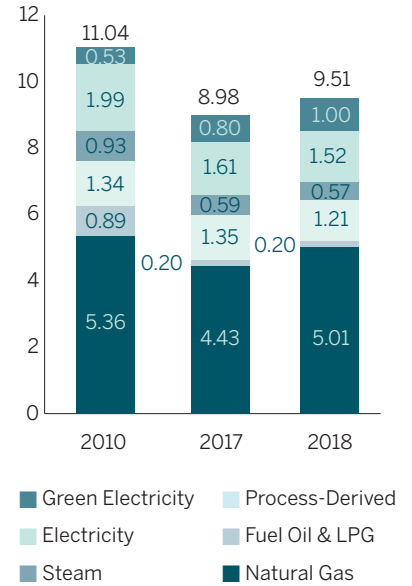
- Our Jacksonville, Florida, U.S., fragrance ingredients facility upgraded their steam distribution system for improved efficiency, saving approximately 45,000 gigajoules (GJ) per year
- Our Aromor fragrance ingredients facility in Israel installed LED lighting systems to save approximately 240 megawatt hours (MWh) per year
- Our Karawang, Indonesia, flavors facility installed variable speed drives on their compressors and chiller to save approximately 532 MWh per year
- We continue to find ways to manufacture more efficiently and effectively, and, in spite of the 2018 challenges, we are progressing toward our 2020 goal of reducing energy intensity by 20%

For details on our global initiatives, including the corresponding reductions in GHG emissions, see our CDP Climate Change response on our [website](#).

## ANNUAL ENERGY INTENSITY BY TYPE

GRI 302-4.

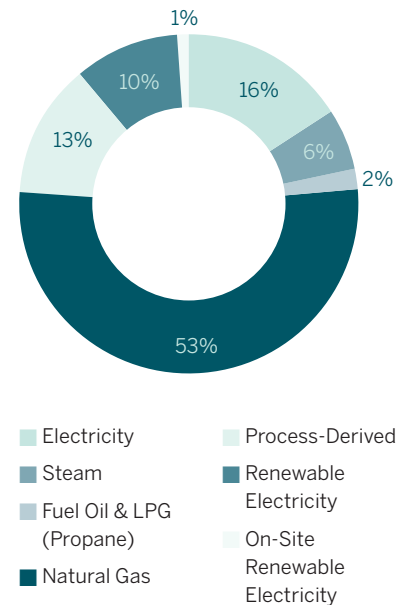
Gigajoules per metric ton of production



## 2018 TOTAL ENERGY CONSUMPTION

GRI 302-1.

3,183,290 gigajoules



# Emissions

## OUR COMMITMENT

GRI 103-2. GRI 103-3.

We see GHG emissions as a significant contributor to global climate change and are committed to reducing our Scope 1 emissions (those we directly control) and Scope 2 emissions (those generated through purchased electricity and steam). We also track and aim to reduce Scope 3 emissions (indirect emissions in our value chain). In 2012, we set a 2020 goal of a 25% reduction in Scope 1 and Scope 2 GHG emissions intensity against our 2010 baseline. We are very pleased to report that we achieved this goal in 2017 and continued to decrease our emissions in 2018.

Our Science-Based Target, which we announced as part of our EcoEffective+ initiative in 2018, commits us to reduce absolute GHG emissions by 30% by 2025 and to work with our suppliers so that they set their own science-based reduction targets and report annual emissions.

## PERFORMANCE IN 2018

### SCOPE 1 AND SCOPE 2 EMISSIONS

GRI 305-5.

We surpassed our 2020 goal by reducing our overall energy intensity and procuring more renewable electricity. In 2018, we are pleased to report that our market-based global GHG emissions (Scope 1 and Scope 2) decreased 3.3% per metric ton of production from the prior year, resulting in an overall reduction of approximately 35.6% from the 2010 baseline.

Reducing emissions has been successful so far because of our efforts to reduce our overall energy consumption, procure more renewable electricity and switch to lower-carbon fuel sources such as natural gas.

As a member of **RE100**, an initiative among companies committed to procure 100% renewable electricity, we have set – and are making progress toward – an interim goal to procure 75% of our electricity from renewable sources by 2025. In addition to prior efforts, in 2018 we began purchasing green electricity for our facilities in Haverhill, U.K., and Carrollton, Texas, U.S., increasing our overall renewable electricity percentage to 45%. With this notable progress, we are now more than halfway toward our 2025 goal of 75% of electricity procured from renewable sources. This included 5.6 MWh generated by our on-site wind turbine at our Tilburg, Netherlands, facility and 4.5 MWh generated by the solar field in Hazlet, New Jersey, U.S. In 2018 we began plans to construct a new solar field at our Union Beach, New Jersey, U.S., facility.

### SCOPE 3 EMISSIONS

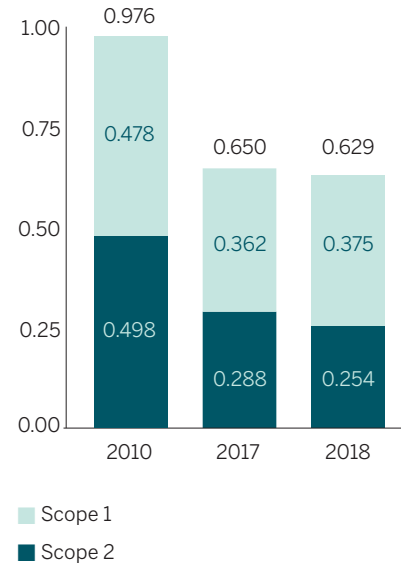
GRI 305-3.

We generated 1,015,362 metric tons of carbon dioxide equivalent (CO<sub>2</sub>e) Scope 3 emissions from the 10 categories relevant to IFF. CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O are included in these emissions calculations.

## ANNUAL MARKET-BASED EMISSIONS INTENSITY BY SCOPE

GRI 305-4.

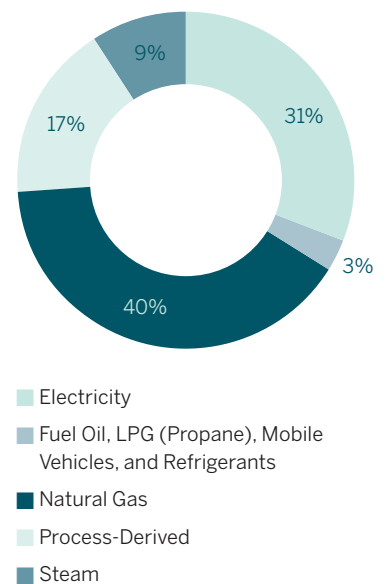
Metric tons CO<sub>2</sub>e per metric ton of production



## 2018 TOTAL STATIONARY SCOPE 1 AND SCOPE 2 MARKET-BASED EMISSIONS

GRI 305-1. GRI 305-2.

210,426 metric tons of CO<sub>2</sub>e



# Water

## OUR COMMITMENT

Since 2012, we have made significant strides in reducing our global water footprint – surpassing our 2020 goals twice to date. By 2018, we achieved a 66% reduction in water use intensity against our 2010 baseline.

We announced a water stewardship goal as part of our next-generation environmental goals, EcoEffective+. Our strategy addresses our direct water use and associated impacts in the context of local water stress and management strategies at the facility level. This context-based approach – “think globally, act locally” – led us to set a goal to use recycled water for more than half of our non-product operations, and to drive collective action for water stewardship in targeted communities where we source and operate. A first step in achieving the collective action goal will be for each of the identified sites to develop a water stewardship plan.

Our CEO confirmed our commitment by signing the UN Global Compact CEO Water Mandate to advance water stewardship in partnership with the United Nations, governments, civil society and others.

## OUR APPROACH

**GRI 103-1. GRI 103-2. GRI 103-3. GRI 201-2.**

In order to map our water footprint and identify possible risks, we use several publicly available tools. Globally, we have used the World Resources Institute’s Aqueduct Tool to identify water stress, flood occurrence and drought severity risks for all our manufacturing facilities. On a project basis, we have used other tools, such as the World Business Council for Sustainable Development’s Global Water Tool and the EPA’s Surf Your Watershed Tool. We also use Ecolab’s Water Monetizer Tool to help understand water-related risks and to quantify risks in financial terms. While we have not identified any substantive risks to our business associated with water, we recognize that water is a growing global issue and will continue to focus on it.

The insight gained from the use of these tools informed our context-based water stewardship strategy and goals. Globally, 80% of our water usage is from 10 of our facilities, which have varying risk profiles according to their location. These facilities will be the primary focus of our watershed management and community engagement efforts.

We continue to disclose our water use data and assess our performance through CDP’s Water Security response and earned a spot on the A List for the first time last year, recognizing IFF as a leader in corporate water management strategies. The assessment gives us access to performance benchmarks and helps us focus our efforts where we can have the greatest positive impact. Completion of the assessment requires a solid understanding of how our operations are affected by potential water risks and how we manage those risks. More information about IFF’s water-related risks and opportunities is available in our CDP Water response on our [website](#).

*We earned a spot on the A List for the first time last year, recognizing IFF as a leader in corporate water management strategies.*

## ENVIRONMENT

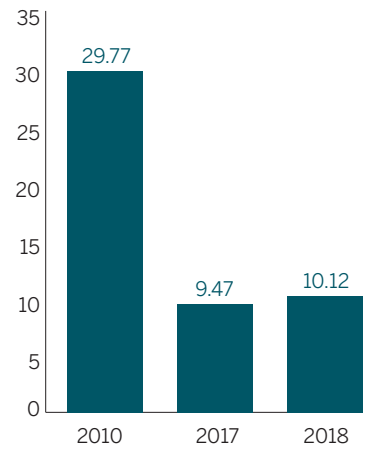
### PERFORMANCE IN 2018

We have achieved a 66% water use intensity reduction since 2010 due to several water-saving initiatives, including eliminating once-through cooling; optimizing cleaning procedures, such as clean-in-place systems; and repairing or upgrading piping to prevent water leaks. Our Tilburg, Netherlands facility implemented an air vortex cleaning-in-place system to reduce the water required to achieve increasingly stringent product purity specifications.

In 2018, we withdrew approximately 3.4 million cubic meters of water from groundwater, surface water and municipal sources. We experienced a year-over-year increase in water use intensity of approximately 6.9% due to a shift in product mix to more water-intensive products, as well as supply chain disruptions leading us to manufacture more intermediate products rather than sourcing them. Smaller batch sizes require more frequent cleaning cycles, which then drive water use higher. We are continuously optimizing our cleaning processes and are investing in projects to address the issues identified through total plant water assessments.

### ANNUAL WATER USE INTENSITY

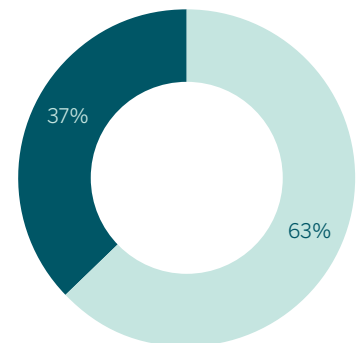
Cubic meters per metric ton of production



### 2018 WATER USE BY SOURCE

GRI 303-1.

3,387,688 cubic meters



■ Groundwater  
■ Municipal System

# Waste Management

## OUR COMMITMENT

GRI 103-2.

Our original goal was to reduce our hazardous waste intensity by 25% by 2020 (from a 2010 baseline), which we achieved in 2017. Also, as part of our recently announced EcoEffective+ environmental goals, we aim to achieve zero waste to landfill status at all major manufacturing facilities<sup>6</sup> by 2025.

## PERFORMANCE IN 2018

Overall, we have reduced hazardous waste intensity by 44.2% against the 2010 baseline, surpassing our 2020 goal. Due to improvements at several facilities, our hazardous waste intensity decreased by 3.7%, in 2018, from .056 to .054 metric tons of hazardous waste per metric ton of production.

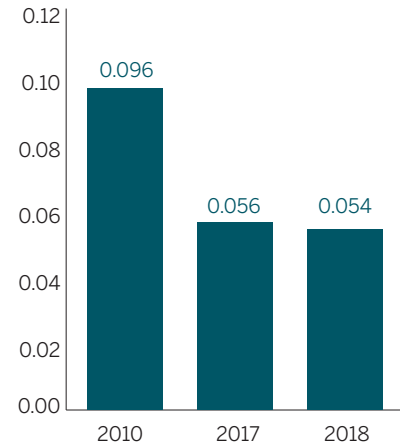
Our success stems from systematically targeting production processes that generate the highest volumes of hazardous waste. We completed projects at several sites to address waste during the washing phases of production, so every efficiency improvement will also result in water savings. Our Operations and R&D Teams made other improvements through process and product innovations.

We will continue to deepen our understanding of the impact that acquisitions and our product portfolio can have on our global hazardous waste generation. Our product mix continually shifts to meet market demands, which poses a challenge in targeting specific waste streams. However, we continue to identify and monitor trends that affect our waste, track and report our progress, and then update our commitments accordingly.

We also continue to expand and define our non-hazardous waste disposal metrics and methods, with a focus on increasing recycling rates and eliminating the concept of waste in our operations to meet our zero waste to landfill goal.

## ANNUAL HAZARDOUS WASTE INTENSITY

Metric tons per metric ton of production



<sup>6</sup>A major manufacturing facility is defined as a site that generates more than 100 metric tons of waste annually.

**ENVIRONMENT**

**ZERO WASTE TO LANDFILL**

**GRI 103-3.**

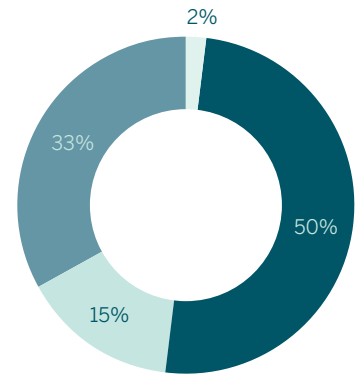
A circular economy is restorative and regenerative by design, in contrast to a “take-make-dispose” linear economy. Eliminating the concept of waste is one of the core principles of the circular economy and one of IFF’s Positive Principles in our sustainability strategy. In support of this, we have pursued ways to increase efficiency and innovatively cut costs while creating a positive impact on society and the environment. One of these ways is through our zero waste to landfill goal, which encourages employees to implement innovative solutions to reduce waste by reusing and recycling materials.

In 2017, our South Brunswick, New Jersey, U.S., flavors facility became the first in our industry to be certified Zero Waste to Landfill from the third-party GreenCircle Certifications. South Brunswick diverts waste through the 4Rs – reducing, reusing and recycling waste, as well as recovering energy through a waste-to-energy facility. Our South Brunswick facility Green Team is now working with other locations to share their learnings in pursuit of our zero waste to landfill goal.

**2018 HAZARDOUS WASTE BY DISPOSAL METHOD**

**GRI 306-2.**

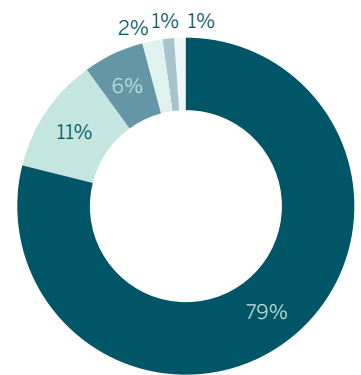
17,992 metric tons



- Landfill
- Incineration
- Recovery
- Other Disposal

**2018 NON-HAZARDOUS WASTE BY DISPOSAL METHOD**

26,850 metric tons



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



RESPONSIBLE SOURCING

**Committed  
to positive  
practices in our  
supply chain**



# Engaging with Our Suppliers

## OUR COMMITMENT

IFF's supply chain is broad and complex. We purchase thousands of natural and synthetic ingredients from supplier companies around the globe. We recognize that our footprint extends beyond our fences and that, in order to make a positive impact, we must influence our entire value chain.

## OUR APPROACH

GRI 103-2. GRI 103-3. GRI 414-1. GRI 308-1.

All of our responsible sourcing efforts are underpinned by the Sensational People platform of our sustainability strategy, through which we engage our employees and stakeholders to make a positive difference in the world. We engage with our suppliers to help ensure they operate responsibly, which also has the direct business benefit of reducing risk in our supply chain.

Our Responsible Sourcing Committee oversees all of our responsible procurement and supplier engagement efforts. The committee is led by our Vice President of Global Procurement and provides updates to our Sustainability Business Council. It comprises senior management from our Procurement, Sustainability, Regulatory and Quality functions, as well as leadership from our Taste and Scent business units and IFF-LMR Naturals, our natural ingredients division.

Our **Vendor Code of Conduct** ("Vendor Code") contains many of the same provisions as our Code of Conduct, while being tailored specifically for our vendors. As outlined in the Vendor Code, 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. Discrimination, child labor and forced or compulsory labor are prohibited, and we require our vendors to recognize and respect their employees' rights to freely associate and engage in collective bargaining. We updated the Vendor Code in 2018 to enhance the cybersecurity and confidentiality provisions.

## KEY DEVELOPMENTS

Obtained new organic certifications for six naturals and EVE VEGAN certification for 90 natural extracts in our IFF-LMR Naturals division

Initiated a responsible sourcing initiative for patchouli in Indonesia

Achieved FairWild certification for Peru Balsam from El Salvador

## LOOKING AHEAD

Continue to engage our suppliers so that they set their own science-based reduction targets and report annual emissions, in pursuit of our goal to engage suppliers representing 70% of our supply chain emissions by 2025

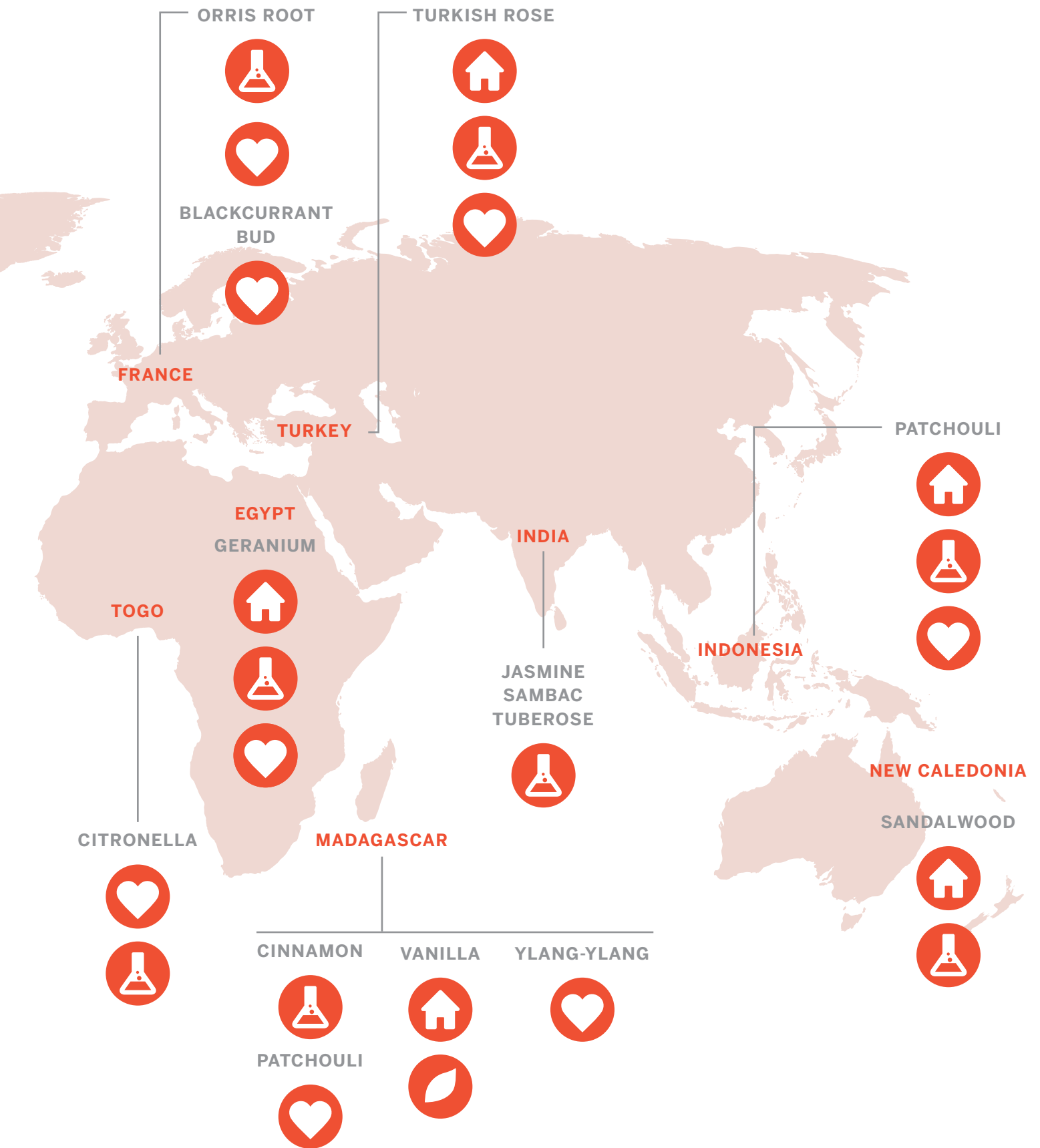
# How We Source Materials

**IFF'S FOR LIFE-CERTIFIED FACILITIES**

- Grasse, France
- Aumont-Aubrac, France

-  Community Development Project
-  Optimization Program:  
Agronomy / Mechanization / R&D Expertise
-  For Life Ingredient Certification
-  Fair for Life Ingredient Certification
-  FairWild Ingredient Certification





## RESPONSIBLE SOURCING

As part of our supplier onboarding process, new vendors are provided with our Vendor Code of Conduct and must acknowledge in our procurement system that they have received and read it. Existing suppliers must acknowledge our Vendor Code of Conduct with each contract renewal.

As part of the material approval process, we query suppliers on responsible sourcing practices, traceability and other relevant topics. In 2018, we strengthened these efforts by joining the CDP Supply Chain program, through which we invited suppliers to complete a questionnaire about their greenhouse gas emissions. The results from the returned questionnaires will be used to improve our Scope 3 (value chain) emissions estimates, allowing us to better prioritize future mitigation measures. We are also, as part of our EcoEffective+ goals, planning to engage our suppliers – representing 70% of our supply chain emissions – so that they set their own science-based reduction targets and report annual emissions. To achieve this, we will engage these key suppliers through the CDP Supply Chain platform.

## RESPONSIBLE SOURCING THROUGH RISK MITIGATION

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

Similarly, our Responsible Sourcing function also categorizes our vendors for environmental and social risks, based on vendor location and social and environmental responsibility, such as supplier platform scores. For material-specific risks, we categorize materials based on country of harvest.

In summary, both our Vendor Management program and our Responsible Sourcing program allow us to share best practices and technical advice with our suppliers to support them in making continuous improvements.

With respect to evaluating specific naturals and renewable ingredients for environmental and social risks and performance, we use a similar approach to that of our vendor risk management process: identify and prioritize risks so they can be appropriately mitigated. This aligns with our sustainability strategy and efforts to develop regenerative products in a circular economy.

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 this risk categorization. The organization concluded that the results of its review were “very positive and indicate that IFF is aligned with industry expectations for sustainability,” while also providing us with recommendations for further strengthening the methodology. In 2018, we continued to engage with The Rainforest Alliance to implement its recommendations and strengthen our Responsible Sourcing program.

# Engaging with Other Responsible Sourcing Partners

## ECOVADIS AND SEDEX

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

In 2018, 75% of our global supplier spend was with suppliers assessed through EcoVadis or Sedex. We also use the EcoVadis platform to assess ourselves as a supplier to our customers, and we achieved Gold status, the platform's highest rating.

## TOGETHER FOR SUSTAINABILITY

IFF is the only flavor and fragrance company member of Together for Sustainability (TfS), a collaborative chemical industry effort that seeks to assess, audit and improve sustainability practices in the supply chain.

Through this partnership, we share our supplier sustainability assessments and audits with all members, avoiding duplicate efforts for our suppliers. TfS assessments and audits cover issues such as labor and human rights, working conditions and the environment, which align with IFF's Vendor Code of Conduct. We combine the outcomes of these supplier-specific assessments with information based on other criteria (such as country of manufacture) to determine supplier audit schedules. In 2018, we began third-party TfS audits for selected suppliers. We will work with suppliers on corrective action plans and remediation for noncompliances identified during these audits.

TfS also enables member companies to work together, engaging in constructive dialogue regarding supply chain complexity, challenges and opportunities. TfS is structured in different work streams, through which specific initiatives are led and executed by members. IFF participates in and provides input to the Governance and Partnerships work stream.

*We partner with like-minded organizations and others in our value chain to jointly drive more sustainable, responsible practices among suppliers.*

## **RESPONSIBLE SOURCING**

To drive positive change and expand the program, we also lead the TfS U.S. Regional Committee. The goal of this group is to ensure successful implementation of TfS and to engage and promote it with relevant stakeholders in the region. In 2018, the U.S. Regional Committee shared best practices for embedding TfS processes within day-to-day business operations and decisions, allowing member companies to measure and show positive impacts in their supply chains and the chemical industry. Engagement opportunities have included the American Cleaning Institute and continued conversations with the American Chemistry Council.

## **AIM-PROGRESS**

We also participate in AIM-PROGRESS, a forum of leading manufacturers and suppliers dedicated to promoting responsible sourcing practices and sustainable supply chains through capacity-building and best practice sharing. AIM-PROGRESS is supported and sponsored by AIM (the European Brands Association) and the Grocery Manufacturers Association in North America. AIM-PROGRESS gives IFF a platform for collaboration, benchmarking and learning with like-minded organizations that strive to positively impact the lives of people in their supply chains.

# Sustainability in Our Botanicals Supply Chain

We source botanicals from around the world – Peru Balsam from El Salvador, rose from Turkey and patchouli from Indonesia, to name a few. IFF-LMR Naturals is committed to addressing the environmental and social aspects of sustainability in procuring these products. These efforts help IFF to fulfill our vision of contributing toward a regenerative, healthy and abundant world.

## INGREDIENT CERTIFICATIONS

Ingredient certifications underscore our commitment to responsibly sourcing ingredients, conserving natural resources and improving the livelihoods of the farming communities where our raw materials are grown. In recent years, we have expanded our offerings of certified ingredients.

### FOR LIFE

Our IFF-LMR Naturals division certifies specific supply chains and facilities through ECOCERT's rigorous For Life program. ECOCERT, a certification body based in France, provides inspections and certification in more than 80 countries. For Life certification recognizes an organization's adherence to sustainability criteria relating to transparency, environmental responsibility, sustainable agriculture, fair and safe working conditions, human rights, and relationships with producers and local communities.

IFF-LMR has For Life-certified supply chains for nine natural ingredients: rose harvested in Turkey, vetiver from Haiti, geranium oil from Egypt, patchouli and ylang-ylang from Madagascar, patchouli from Indonesia, citronella from Togo and orris root and blackcurrant bud from France. IFF-LMR's operational facilities in Grasse and Aumont-Aubrac, France, are also For Life certified.

Achieving these certifications is a challenge, as it often involves years of work with growers and communities to improve their practices so they meet the criteria. In Turkey, for instance, we worked with more than 700 local rose growers to identify sustainable cultivation and harvesting techniques and to determine appropriate dosages of fertilizer and the best times to apply it; we then hired and trained a local agronomist to help all of the growers implement these agricultural practices. We also provided financing to growers well before harvest to ensure they could invest in

## RESPONSIBLE SOURCING

their operations. We implemented similar practices in Madagascar where we strive to improve workers' lives and raise living standards by providing clean drinking water and requiring a minimum wage. Thanks to long-term partnerships, we are positively contributing to the lives of more than 1,400 producers and their families.

In addition to the For Life certifications that IFF-LMR Naturals has obtained, we also purchase several For Life-certified ingredients that we use to create sustainable flavors and fragrances.

### FAIRWILD

In 2018, IFF-LMR became the first in our industry to achieve FairWild certification – a certification program for ingredients harvested from the wild – for Peru Balsam from El Salvador. Established in 2008, the FairWild Foundation promotes the sustainable use of wild-collected ingredients, with a fair system for those in the supply chain. Whereas other certification systems tend to focus on cultivated plants, FairWild addresses the major ecological and social challenges created by an ever-increasing demand for wild plant ingredients. The FairWild standards ensure the continued use and long-term survival of wild species and populations, while respecting local traditions and cultures and supporting the livelihoods of harvesters. Achievement of this certification reflects our commitment to conserving natural resources, sustainable harvesting processes and fair working conditions. This is the first FairWild-certified flavor or fragrance ingredient to be commercially available globally.

## ORGANIC AND VEGAN CERTIFICATIONS

Some of our customers are seeking more certified organic ingredients to use in their products. We are proactively addressing this demand by obtaining these certifications for many ingredients.

We have three operating locations with organic certification, and in 2018 we obtained new ECOCERT organic certification for several crops: marjoram oil from Egypt, rosemary oil from Tunisia, olibanum oil from Turkey, myrrh oil from Turkey, petitgrain oil from Paraguay and bergamot oil from Italy.

We also now have an extensive portfolio of 90 natural extracts that are certified vegan by the EVE (Expertise Vegan Europe) VEGAN standards. EVE VEGAN certification is recognized worldwide and considered one of the most rigorous and complex in the industry. It requires the absence of ingredients, technical agents and packaging of animal origin, as well as the absence of substances tested on animals. The EVE VEGAN certification guarantees that these ingredients respect the essential principles of veganism according to international criteria.



## **RESPONSIBLE SOURCING**

### **LIFECYCLE ASSESSMENTS**

IFF-LMR Naturals has gone beyond certification to do something truly unique in our industry – provide comprehensive information to customers on the environmental and health impacts of 10 key botanical ingredients, from vegetal to final extract. To do this, IFF-LMR Naturals conducted detailed lifecycle assessments of these ingredients, based on ISO 14040-14044 standards, to arrive at quantitative measures of climate change impact, water consumed, ecosystem quality, resources used and human health. The ecosystem quality metric, for example, assesses several aspects potentially affecting an ecosystem, such as toxicity affecting wildlife, land use, and the release of substances that cause acidification and eutrophication (when the environment becomes enriched with excessive nutrients).

# Strengthening Local Communities

## GRI 413-1.

Our commitment to responsible sourcing means we strive to improve the quality of life in farming communities, helping to make them more stable, resilient and prosperous. Our work in Haiti and Indonesia provides two case studies.

### WORKING WITH VETIVER FARMERS IN HAITI

Vetiver oil is valued for its unique, clean scent and is widely used in perfumes, soaps, cosmetics and skincare products. It is extracted from the roots of vetiver – a perennial grass native to India but produced commercially in tropical regions around the world. We procure high-quality vetiver oil from a distillery in Haiti, which, in turn, sources the raw material from smallholder farmers on the island.

Vetiver cultivation presents significant challenges for farmers because the roots are ideally only harvested every 12 to 18 months. Under economic pressure between harvest periods, smallholder vetiver farmers sometimes harvest vetiver roots prematurely, resulting in erosion and low vetiver oil quality and yields.

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 were instrumental in setting up a successful farmer cooperative, and we were one of the first producers to introduce mechanization to the harvesting process. We also contributed to the community through sponsoring the installation of a well and the refurbishment of a local library.

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.

While we are still evaluating the overall impacts of Vetiver Together, to date its accomplishments have been significant. A plant nursery and microcredit program were established. More than 400 families received animals, either as direct Heifer International livestock-gift beneficiaries or from the Passing on the Gift®, wherein offspring from the original animals are gifted to neighboring families. Program

## RESPONSIBLE SOURCING

participants were trained in hygiene practices, nutrition, crop production and animal husbandry techniques, and training sessions for women were held on the topics of nursery preparation techniques, micro-credit management, women's rights and leadership. Learnings from the project will inform future efforts in the community.

### SUPPORTING PATCHOULI FARMING COMMUNITIES IN INDONESIA

Patchouli is a bushy herb native to Asia that is now extensively cultivated in tropical regions around the globe. The scent of patchouli has been popular for centuries and is commonly used in fine fragrances as well as consumer products such as laundry detergents and air fresheners. We source much of our patchouli oil from Indonesia, where there are significant environmental, social and economic challenges facing supply chains for this botanical: Farmers often view patchouli as an unattractive crop to cultivate, and other concerns, such as deforestation and plastic waste, are challenges. Last year we launched a program in patchouli farming communities on the Indonesian island of Sulawesi. Our partner is an organization that helps companies execute integrated socioeconomic and environmental projects within their supply chains in order to secure a more sustainable future. The project will have multiple components, including the following:

- Establish community seedling nurseries, ideally led by women, to support reforestation
- Support women's empowerment through the seedling nurseries as well as training programs and engagement with women's groups
- Implement a pilot waste management scheme in one of the villages, with the intent to eventually scale the program to neighboring villages
- Hold training programs for sustainable resources management on topics such as deforestation, and sustainable firewood collection

The main objectives of the initiative are to address some of the pressing concerns in the area and support farmers of a key fragrance ingredient in our supply chain. While the program is in the early stages, we are excited about the possibilities and look forward to reporting our progress in the future.

# Working to Source Palm Oil Responsibly

Palm oil is an ingredient of concern due to complex social and environmental issues associated with 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 on Sustainable Palm Oil (RSPO) by 2020.<sup>1</sup> 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. In order to meet customer demand for certified palm oil products, we currently have more than 10 facilities that meet the standards of RSPO Supply Chain Certification.

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. To that end, we are a member of the RSPO and the associated North American Sustainable Palm Oil Network (NASPON). Our involvement with the RSPO and NASPON supports our commitment to a collaborative approach in addressing issues in the palm oil supply chain.

<sup>1</sup> This goal does not include the operations of Lucas Meyer Cosmetics, POWDERPURE or Frutarom. Consistent with best practices and applicable reporting framework guidelines, the company's targets and baselines may be adjusted to reflect material changes to the business, including the integration of our acquired companies.





OUR PEOPLE

Developing &  
engaging our  
sensational  
people

# Employment Practices

## OUR APPROACH

GRI 103-2. GRI 103-3.

We seek to create a work environment in which employees can embody and express our corporate values of passion, creativity, expertise and empowerment. We want everyone to bring their most authentic selves to work every day, and we view diversity as critical to working collaboratively toward shared goals. We aim to develop and engage employees with effective talent management and career development programs that help to drive breakthrough innovation and top performance. We also put a premium on workplace health and safety.

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

Our HR department is organized into three clearly defined centers of expertise: (1) organizational learning and development; (2) total rewards (i.e., compensation and benefits) and HR information systems; and (3) strategic workforce planning, diversity and inclusion, and talent acquisition. This structure enables our HR staff to focus on driving excellence in their specific areas of focus. Our occupational safety and health activities are overseen by our Environmental, Health & Safety department.

## EMPLOYEE SATISFACTION

In 2018, we conducted a targeted “pulse” survey to assess progress in the areas that were identified as opportunities for improvement in the companywide employee engagement survey in 2016, and to evaluate employees’ work–life balance preferences. The results of this survey are being used to develop more formalized policies that are tailored to IFF’s specific locations. One example is the global rollout of a flexible work program in late 2018, which offers flex time and flex week options to employees.

## WORKPLACE 2020

Workplace 2020 is the roadmap for our work spaces. Unveiled in 2017, Workplace 2020 provides specific planning principles, design guidelines and technology criteria for our architects and engineers to use when building a new IFF facility or renovating an existing facility. In line with our strategy, sustainability criteria are embedded in the framework and focus on energy efficiency, renewable energy, recycling, safe materials and water stewardship. Overall, the guidelines seek to create work environments that foster collaboration and communication and promote health and wellness among our workforce.

## KEY DEVELOPMENTS

Achieved the 2018 Noteworthy List from *DiversityInc*, the premier U.S.-based diversity and inclusion publication. The Noteworthy List acknowledges companies that have made significant progress in diversity and inclusion

Achieved our lowest-ever occupational health and safety Lost Time Incident Rate

Launched the Inclusion Competency Model as part of our Diversity & Inclusion program

## LOOKING AHEAD

Continue to pursue safety best practices globally, especially with respect to aligning safety training and systems at acquired sites

Achieve significant progress on diversity and inclusion initiatives

*One of the three pillars of IFF’s sustainability strategy is Sensational People, which reflects our commitment to helping employees excel in their roles, stay safe on the job and make a positive difference in the world.*

# Workforce Data

GRI 102-8. GRI 401-1.

## PERMANENT EMPLOYEES

	EMPLOYEES	AGE <30	AGE 30–50	AGE >50	MALE	FEMALE	% MALE	% FEMALE
Europe, Africa and Middle East	2,648	354	1,591	703	1,569	1,079	59%	41%
Greater Asia	2,071	364	1,457	250	1,347	724	65%	35%
Latin America	1,063	210	702	151	649	414	61%	39%
North America	1,857	231	920	706	1,087	770	59%	41%
<b>Total</b>	<b>7,639</b>	<b>1,159</b>	<b>4,670</b>	<b>1,810</b>	<b>4,652</b>	<b>2,987</b>	<b>61%</b>	<b>39%</b>

## NEW HIRES

	AGE <30	AGE 30–50	AGE >50	MALE	FEMALE
Europe, Africa and Middle East	164	179	17	212	148
Greater Asia	125	142	6	168	105
Latin America	104	103	5	120	92
North America	96	131	43	157	113
<b>Total</b>	<b>489</b>	<b>555</b>	<b>71</b>	<b>657</b>	<b>458</b>

## COMPANYWIDE TURNOVER

	AGE <30	AGE 30–50	AGE >50	MALE	FEMALE
Europe, Africa and Middle East	45	120	42	102	105
Greater Asia	59	132	22	131	82
Latin America	38	46	6	52	38
North America	51	109	96	162	94
<b>Total</b>	<b>193</b>	<b>407</b>	<b>166</b>	<b>447</b>	<b>319</b>

## COMPANYWIDE TURNOVER RATE

	AGE <30	AGE 30–50	AGE >50	MALE	FEMALE
Europe, Africa and Middle East	12.7%	7.5%	6.0%	6.5%	9.7%
Greater Asia	16.2%	9.1%	8.8%	9.7%	11.3%
Latin America	18.1%	6.6%	4.0%	8.0%	9.2%
North America	22.1%	11.8%	13.6%	14.9%	12.2%
<b>Total</b>	<b>16.7%</b>	<b>8.7%</b>	<b>9.2%</b>	<b>9.6%</b>	<b>10.7%</b>

Employee data on this page are based on actual year-end 2018 headcount and do not include Frutarom employees. For more information on the reporting boundary for this report, see Our Approach to Reporting.

Companywide New Hires: 1,115 (10.1% of global, permanent head count).

Companywide Turnover: 766. Companywide Total Turnover Rate: 10.0%. Companywide Voluntary Turnover Rate: 5.84%. Turnover rate is based on the total turnover headcount divided by total headcount in that category at year-end 2018. New hire rate is based on the number of new hires divided by total headcount in that category at year-end 2018. IFF does not utilize a significant number of part-time, self-employed or seasonal workers in our workforce.



# Commending Sustainability Performance

Our employees are on the front lines in identifying ways to operate more sustainably and effectively – supporting customer requests for renewable materials, minimizing hazardous waste and pursuing renewable energy options, to name a few examples. Annually, our Sustainability team holds an Eco-Effectiveness Recognition Program to honor our manufacturing facilities that improved their sustainability performance, with a focus on energy, water and waste reductions, renewable energy use and zero waste to landfill status.

In 2018, the winners of the Most Sustainable Site awards were as follows:

- Our compounding facility in **Gebze, Turkey**, achieved absolute reductions in energy, carbon, hazardous waste and water compared to the prior year, even with increased production volume
- Our fragrance ingredients site in **Jacksonville, Florida, U.S.**, reduced its carbon footprint by purchasing 100% renewable electricity. This facility also helped drive IFF's overall waste intensity down by operating as one of the company's most efficient sites.

In addition, the following locations achieved the Most Improved Site awards:

- Energy: **Haverhill, U.K.**
- Water: **Carrollton, Texas, U.S.**
- Hazardous Waste: **Benicarló, Spain**

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

As an acknowledgment of their dedication to sustainability in our business, award-winning sites receive recognition from our Chairman and CEO as well as a trophy to display for the following year.



# Occupational Health & Safety

## OUR APPROACH

GRI 103-2. GRI 103-3.

Our Environmental, Health & Safety (EHS) department is responsible for setting comprehensive safety policies and procedures to guide our employees and operations. Plant managers are ultimately responsible for implementing safety procedures at their locations, and they are held accountable for safety-related key performance indicators and objectives.

The EHS department conducts periodic internal inspections and audits to ensure that sites meet our rigorous standards.

## SAFETY TRAINING

EHS training for employees is managed at the site level, with each facility customizing local safety and environmental programs based on both local requirements and global IFF policies. Mandatory trainings are held for leaders at all sites. The topics – covering hazard assessments, job safety analysis, fire prevention and handling raw materials safely – are based on key safety priorities and reflect EHS best practices, regulatory requirements and IFF policies.

## SAFETY COMMITTEES

GRI 403-1.

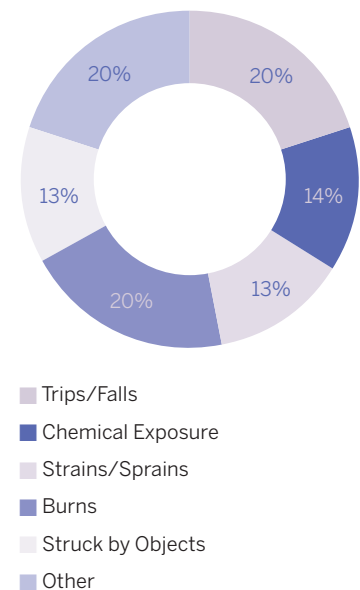
Each site has a cross-functional safety team made up of employees and their managers. The committees discuss areas of focus for safety efforts, identify and resolve issues, and conduct regular inspections to improve conditions and safety awareness. Manufacturing safety committees meet monthly while creative center safety committees meet quarterly.

## PERFORMANCE IN 2018

In 2018, we achieved the lowest Lost Time Incident Rate since we began tracking global safety rates nearly two decades ago. We attribute this achievement to our continued concerted efforts to incorporate a safety culture throughout our organization. For example, we completed implementation of a forklift visual blindspot installation program, which gives advanced warning to both drivers and pedestrians of forklift movement, in all manufacturing sites in 2018. We will continue to improve the safety of our forklift operations in 2019 with better Shared Movement Area controls, and we are exploring the potential use of a proximity system to provide early-warning alarms.

*IFF is committed to an accident-free workplace, and we've enhanced our efforts in recent years with training and other programs to improve safety at our facilities.*

## 2018 LOST TIME INCIDENTS



## OUR PEOPLE

We also continue to improve our grounding and bonding (G&B) infrastructure and practices. Enhanced G&B systems, such as alarms and interlocks, are in place in all of our manufacturing sites. We are now focusing on higher-risk equipment that can benefit from more customized G&B controls to meet their unique needs.

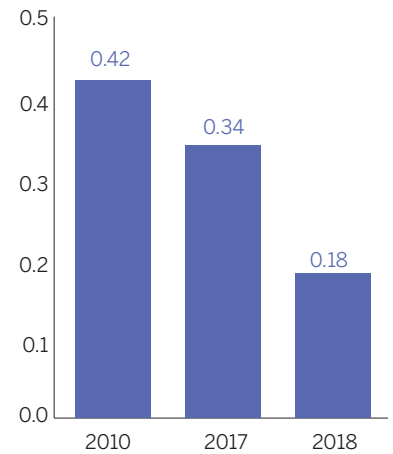
To enhance our safety culture, we will continue to roll out our Safety Champions program. A successful 2018 trial in Indonesia enabled us to roll out the program to more sites in Asia, and we plan to complete the region within the next year. In the coming year, we will launch a Safety Observation program, which empowers employees to identify potentially unsafe acts or conditions and correct them before an incident occurs.

We have incorporated several acquisitions into our safety programs in recent years, and employees at the newly acquired sites are being trained in our safety-related systems, safety policies, engineering standards and incident reporting procedures.

### ANNUAL LOST TIME INCIDENTS

GRI 403-2.

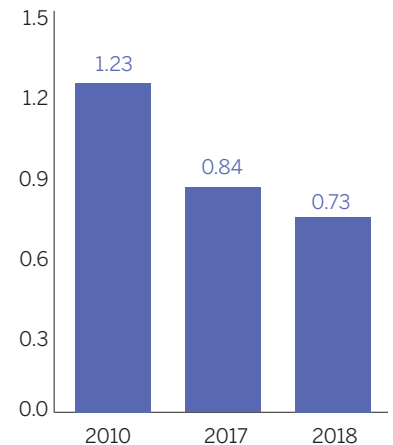
Per 100 employees



### ANNUAL TOTAL RECORDABLE INCIDENTS

GRI 403-2.

Per 100 employees



# Diversity & Inclusion

## OUR APPROACH

GRI 103-2. GRI 103-3.

Diversity and inclusion (D&I) are imperative to our continued success. We are dedicated to nurturing a truly inclusive, fair culture, built on a legacy of pioneering firsts that pursues new frontiers to explore. While we have a rich history of supporting diversity and inclusion within our workforce, we took a significant step forward in 2017 to better organize and formalize our efforts: Our new Diversity & Inclusion program recognizes and accelerates our journey to full inclusiveness and inspires us to lead transformational change from within. In 2018, our CEO signed the CEO Action for Diversity & Inclusion™ pledge, which is the largest CEO-driven business commitment to date in advancing diversity and inclusion in the workplace.

## FORMALIZING OUR EFFORTS

Our D&I program aims for global consistency with local relevance, with companywide initiatives that are applied in a way that meets each location's needs. Following the 2017 formal launch of the D&I program and its vision and mission statements, initiative teams were formed for each of the three pillars – Our Spirit, Our People and Our World – to make progress on the recommended strategic initiatives.

### OUR PEOPLE: TO ACCELERATE INNOVATION, WE RECOGNIZE THAT OUR EMPLOYEE POPULATION MUST BE TRULY DIVERSE AT ALL LEVELS.

Initiative teams formed for this pillar include Mosaic of Talent and Disabilities Inclusion. The teams examined IFF's overall candidate and employee value proposition and held employee focus groups in late 2018 to solicit input from various employee perspectives.

### OUR SPIRIT: WE ARE DEDICATED TO NURTURING A TRULY INCLUSIVE, FAIR CULTURE, BUILT ON A LEGACY OF PIONEERING FIRSTS THAT PURSUES NEW FRONTIERS TO EXPLORE.

Initiative teams formed for this pillar include Perspectives, Value Proposition, Education, and Colleague Communities. The Value Proposition Team launched employee focus groups to gain employee perspectives on how to attract and retain top talent across generations. We also kicked off a reverse mentoring program, in which each Executive Committee member was paired with a Millennial employee to share perspectives and learn from each other. The Education Team developed a "best-in-class" Inclusion Competency Model. Additionally, the Employee Resource Group Team developed a framework for how our Colleague Communities would operate.

## D&I VISION:

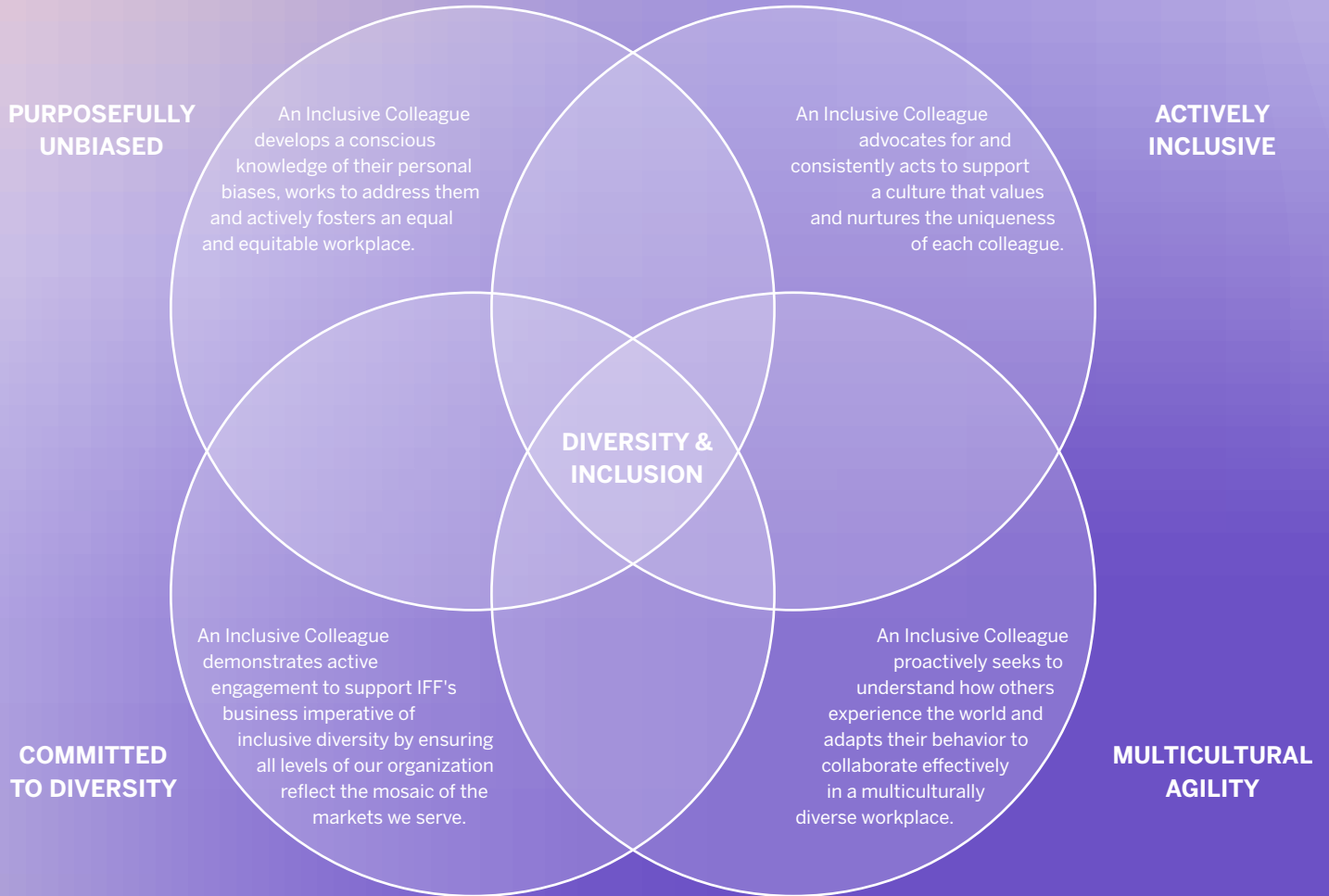
*Your Uniqueness  
Unleashes Our  
Potential*

## D&I MISSION:

*We nurture an  
inclusive and fair  
culture that is  
fueled by our values.  
Every voice at IFF  
is empowered and  
heard. All levels of our  
organization reflect the  
mosaic of the markets  
we serve. We embrace  
diversity of thought to  
transform our future.*

# Inclusion Competency Model

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



## **OUR WORLD: WE LEVERAGE THE POWER OF OUR DIVERSITY TO CREATE VALUE FOR OUR CUSTOMERS AND THE COMMUNITIES IN WHICH WE WORK.**

Initiative teams for this pillar include Fit to Market and Supplier Diversity. The Fit to Market Team held cross-functional workshops in Russia and India on how to provide differentiation and competitive advantage by incorporating diversity considerations into how we go to market.

Our D&I program is underpinned by the Inclusion Competency Model, shown above, which defines an inclusive colleague as one who actively fosters a diverse, unbiased culture that unleashes the unique potential of every individual.



## PROMOTING DIVERSITY AROUND THE GLOBE

IFF has always been a global, diverse company. Our formalized D&I program has organized, bolstered and brought consistency to the wide array of D&I efforts already underway. Examples include the following:

1. In **Mexico**, we sponsored an Inclusion Day in partnership with a local museum
2. In **Brazil**, we held a training program on unconscious bias for employees at all of our Brazilian locations
3. In **India**, we support READ India, which promotes the empowerment of women
4. In **New York**, our headquarters location hosts **Women@IFF**, a Colleague Community that promotes women in leadership. The group organizes events and activities focused on building internal and external networks, facilitating the integration of work and personal responsibilities, and enhancing professional development.

# Cultivating Talent

## OUR APPROACH

GRI 103-2. GRI 103-3.

Organizational development and talent management, which include a focus on training and education, are critical aspects of IFF's success. Operating in a dynamic and innovative industry, IFF must remain on the forefront of implementing the best practices that allow us to operate efficiently while always maintaining an emphasis on developing the people who drive business results on a daily basis.

Because so many of our career tracks are unique to our industry, we provide a variety of blended opportunities tailored to specific careers. Our flavorists and perfumers, for example, innovate new products and keep our business on the cutting edge of specialized and fast-moving markets. We look for appropriate educational backgrounds and expertise when hiring for these positions, and we have found ways to develop important skillsets in-house as well as in collaboration with well-respected educational institutions.

Leaders from our Human Resources department, together with managers throughout the company, are responsible for owning the talent agenda at IFF. The IFF University concept is the key integrative aspect to the approach, effectively connecting IFF employees to learning opportunities, maintaining a consistent and cohesive approach to our strategy, and providing a continuous learning and development environment. Our iterative approach to assessing and improving that environment ensures a highly adaptive set of tools designed to assist IFF employees at every stage of professional growth.

## CAREER LADDERS / CAREER JOURNEY

Career ladders are designed to provide an accessible global framework for vertical professional development. They outline clear role expectations at all levels to help our managers and employees create more meaningful and focused career development plans. The ladders detail the knowledge, experience, skills, competencies and performance expectations for specific roles and explain the criteria for success. In combination with our training programs, the ladders provide a road map for building a career at IFF. Career ladders are organized according to job function and are tailored for specific commercial and technical positions.

In order to provide employees with additional career path awareness, in 2018 the Taste commercial team launched a "career journey" tool. This concept acknowledges that careers are not always vertical in trajectory and encourages employees to explore cross-functional and cross-geographic experiences. This interactive and well-structured online platform helps employees visualize and navigate cross-functional and diverse career paths at IFF. The tool can also provide additional nuance to employee and manager conversations as they consider career progression opportunities.

## OUR PEOPLE

### PERFORMANCE MANAGEMENT AND REVIEWS

GRI 404-3.

Performance management at IFF is a continuous and personalized process. In 2018, we implemented a new system globally and introduced a new employee process to make reviews simpler and more effective. Managers and their direct reports work together to develop annual objectives that support core business priorities as well as professional development goals. Employees receive formal progress evaluations twice a year, creating opportunities for feedback to drive continuous improvement. Beyond those conversations, managers are encouraged to provide feedback throughout the year. The feedback process is further enabled by the implementation of various industry-leading assessment tools. Those targeted tools provide exceptional insights for managers, and when coupled with facilitation elevate the performance of our employees and teams.

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

### TRAINING AND EDUCATION

In 2017, we launched IFF University, consolidating all of our leadership and management programs, technical schools and professional skills training programs under a single framework and point of access. IFF University is enabling greater consistency in our offerings, as well as clearer differentiation among the various programs. Ongoing efforts to enhance and expand IFF University offerings, as with the upcoming implementation of a learning management system, promise to further expand on the developmental opportunities available to IFF employees. Furthermore, in 2018 we launched an IFF University Speaker Series, which makes short videos available to all employees across a range of topics. The aim of the Speaker Series is to engage employees and spark new ideas.

### TRAINING FOR PERFUMERS AND FLAVORISTS

In 2016, IFF began a partnership with ISIPCA (Institut Supérieur International du Parfum, de la Cosmétique et de L'aromatique Alimentaire), the world's premier fragrance school, to develop the first and only accredited program of its kind: the Master of Science in Scent Design and Creation. Classes are held at ISIPCA's campus in Versailles, France, and are taught by ISIPCA faculty and industry experts, as well as sessions with IFF experts. Cohorts are composed of a diverse group of students from all over the globe. Upon successful completion, graduates have a strong foundation in olfaction and are well-equipped for careers as perfumers, scent design managers and a range of other roles in our industry. This is a critical talent pool for sustainability and future success.

*The vision for IFF University is to create a transformative and inclusive learning culture that supports talent development based on empowerment and innovation principles.*



## OUR PEOPLE

For employees seeking to become flavorists, our internally run flavorist school selects driven, creative students and equips them with the necessary tools. One of the pillars of the flavorist school is the dedicated mentorship of many senior and successful flavorists. The school combines full-time training and on-the-job experience for employees. The curriculum focuses on understanding raw materials and solvents, how to build a flavor language, flavor applications and creation techniques. At the conclusion of the program, participants spend several months in our Research and Development department in New Jersey, U.S., testing their newly acquired skills.

## MANAGEMENT AND LEADERSHIP PROGRAMS

IFF offers three specialized courses to help employees develop their personal leadership abilities. These courses provide blended experiences for IFF employees at every stage of their professional development, while also providing on-demand opportunities to meet specific needs. Participants meet with each other virtually to accomplish assigned group work, and in some cases come together for multi-day conferences. Conferences provide exceptional collaboration and networking opportunities to participants, enriching the individual learning experience. Notably, in 2018 we were able to expand the number of IFF employees participating in our internal management and leadership programs by 67%, training 250+ of IFF's future leaders.

**Management Essentials**, our junior manager training, was offered to approximately 120 first-time managers during 2018. Composed of self-paced courses and live group webinars, Management Essentials lasts two months and covers key concepts such as giving and receiving feedback, managing performance and managing workplace conflict.

Our **People Leader Program** is designed for first-line supervisors, managers with direct reports and employees who are new to management. Participants spend a year building a foundation for understanding leadership while broadening their perspectives and expanding their internal networks. In 2018, 90 employees participated in the program – 30 in Europe, Africa and the Middle East, 30 in Greater Asia and 30 in North America/Latin America.

With a focus on leading innovation, strategy execution and change management, the year-long **Organizational Leader Program** helps mid- to senior-level managers learn from each other in a highly interactive development process. Thirty individuals participated in the Organizational Leader Program in 2018.

IFF also partners with **INSEAD**, one of the world's leading graduate business schools, to help participants explore new business opportunities, new markets and enhanced profitability models. In 2018, 28 employees participated in this program, through which mid- to senior-level managers gain a deeper understanding of marketing, operational and corporate finance, cross-cultural leadership and more.



REGENERATIVE PRODUCTS

# Creating sustainable scents & tastes

# Circular Design

## OUR APPROACH

In the face of large-scale global challenges such as climate change and natural resource scarcity, businesses are responding by making more sustainable decisions. Consumers are also shifting their purchases toward wellness-focused products that are environmentally and socially responsible. We stay ahead of these shifts via our circular design approach. This approach is underpinned by the Regenerative Products platform of our sustainability strategy: We aim to intentionally design products that have a positive contribution to people, society and the world around us.

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

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

We are always seeking to set a higher bar for environmental and social sustainability, both internally and externally. As we continue on this path, we seek to further ingrain the circular design approach into our culture and throughout our value chain.

We have initiatives in each business unit to formalize this approach:

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

Specific examples of our progress are detailed in this section.

## KEY DEVELOPMENTS

Increased the use of renewable carbon in our fragrance ingredients

Piloted food waste reduction projects under our POWDERPURE line

## LOOKING AHEAD

Continue to offer our customers more sustainable fragrance options

Make strides in embedding circular design into our Taste business through our Re-Imagine innovation programs

## REGENERATIVE PRODUCTS

### PATENT PROGRESS

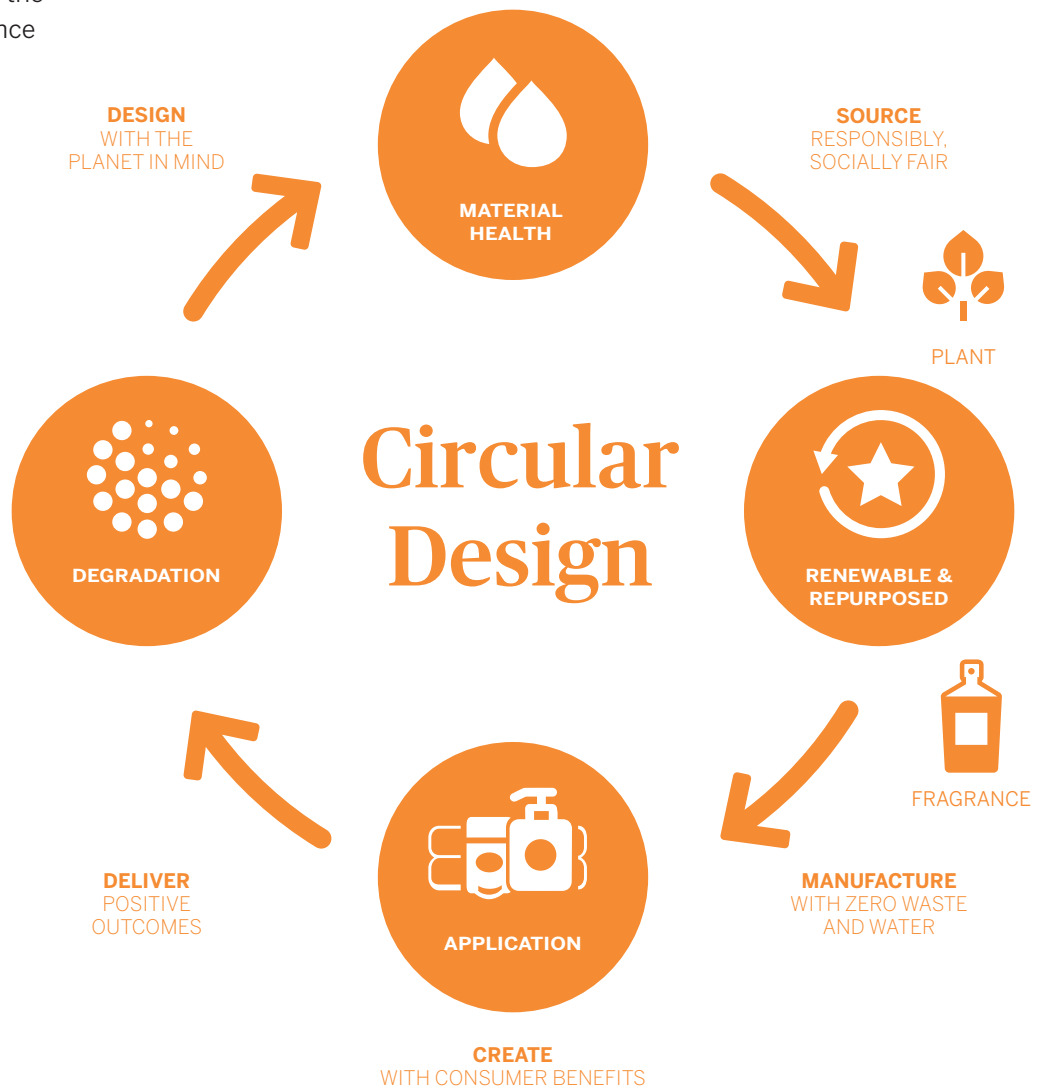
We continue to search for new processes that build circular concepts into the earliest stages of fragrance design. One way we do this is by converting waste streams – from both internal and external sources – into primary fragrance materials. In 2018, a team of IFF scientists and academic partners filed a patent application, entitled “Preparing Unsaturated Carbocyclic Compounds,” outlining a new technology that turns process byproducts into building blocks for fragrance. The approach eliminates a significant amount of waste, compared to other multi-step chemical processes, and builds upon another patent filed by IFF in 2017.

### BRINGING CIRCULAR DESIGN TO SCENT

IFF continues to drive the creation of circular design scents, responding to increased consumer demand. Our proof-of-concept PuraVita™ fragrance, for example, launched in 2016, was the world’s first Cradle to Cradle Certified™ fragrance. Cradle to Cradle certification ensures that the scent meets stringent standards in the categories of material health, material reutilization, renewable energy and carbon management, water stewardship and social fairness.

In the last few years, we have made the sustainability metrics of our fragrance ingredients more transparent for perfumers, enabling them to more easily find ingredients that meet their renewable or natural-based standards when creating sustainable perfumes.

Approximately half of the ingredients in our catalog are renewable or bio-based. Our renewables catalog has every fragrance family – such as musk, floral and fruity – well-represented. Still, we are continually addressing gaps in our catalog through a variety of initiatives, including work on raw ingredient integration and new process and formulation technologies.



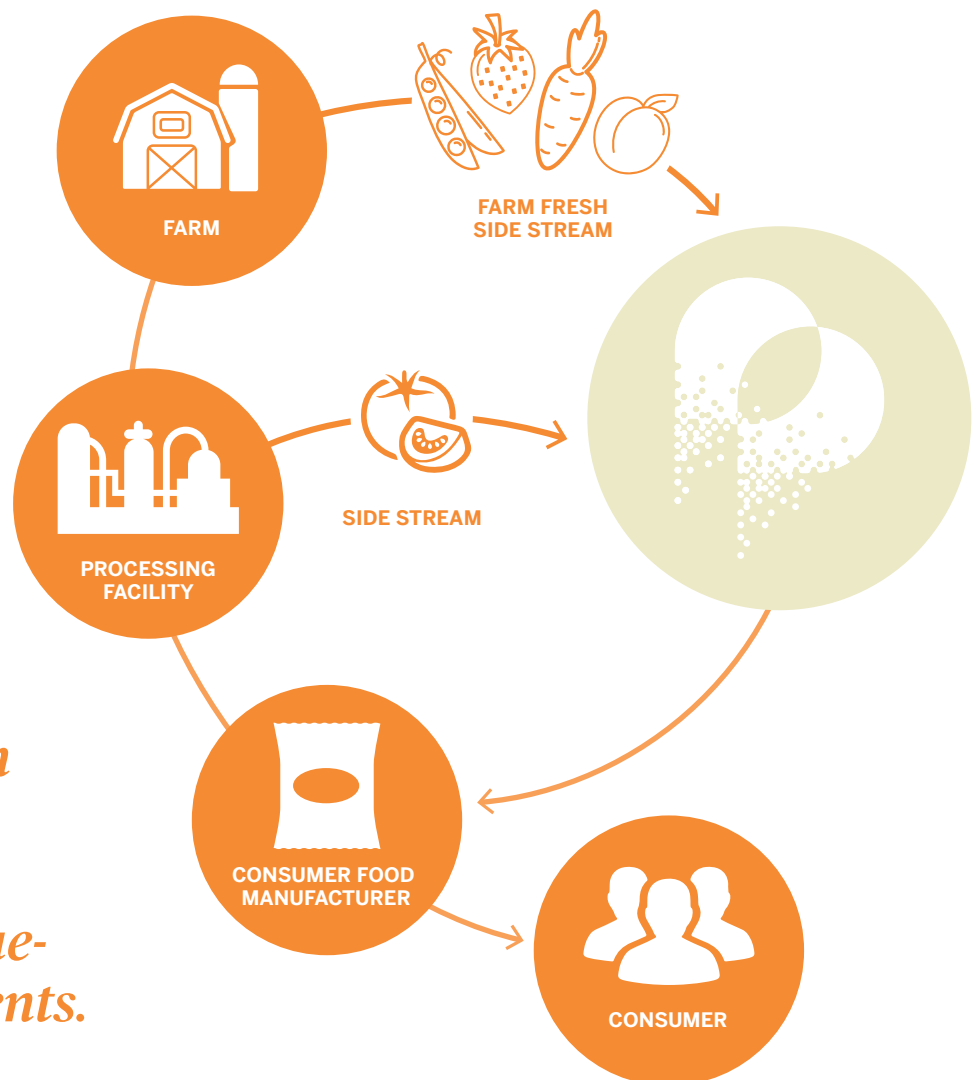
## REGENERATIVE PRODUCTS

### POWDERPURE

We also incorporate circular design principles into our Taste business. IFF's patented POWDERPURE INFIDRI™ drying technology, for example, uses infrared light waves to target the water molecules in fruits, vegetables and other food products, leaving nutrients and flavors almost entirely intact. The resulting components are used as simple, clean-label ingredients in a wide variety of food products, including baby food, protein shakes and nutrition bars. While fresh produce deteriorates rapidly, infrared drying technology significantly increases the shelf life and maintains the nutrients of fresh produce across the extended shelf life.

We are also actively pursuing food waste reduction initiatives with farmers and food manufacturers. The UN Food and Agriculture Organization estimates that one-third of food globally is wasted, contributing significantly to greenhouse gas emissions. Converting would-be food waste into nutritional fruit and vegetable powders using INFIDRI™ provides both environmental and economic benefits. We successfully piloted a food waste reduction project using farm-fresh excess spinach, and we have a pipeline of potential projects that we are in the process of evaluating.

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



# Green Chemistry

## PUTTING GREEN CHEMISTRY PRINCIPLES INTO ACTION

Green chemistry principles and biotechnology are crucial to IFF's evolution to a circular design company. These widely used principles – centered around energy efficiency, use of renewable raw ingredients and avoidance of hazardous materials – are well-integrated in IFF's R&D practices, beginning at the earliest stages of design.

For example, at each stage from the research and development phase to commercial production, our scientists use IFF's proprietary Green Chemistry Assessment Tool to quantitatively score the overall sustainability of our products and processes. Since the introduction of the tool in 2012, we have trained all technical employees on its use and provide annual refresher trainings.

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

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

## EXAMPLES OF EFFICIENCY

In 2018, we continued to pursue new green chemistry initiatives to drive improvement in our products and processes. Some additional examples include:

- Reducing or eliminating the use of certain chemicals in several fragrance ingredients, thereby avoiding nearly 400 metric tons of hazardous waste each year
- Increasing the efficiency of green chemistry processes across our Scent business, contributing to waste reduction and improved product yields. These process improvements have yielded annual savings.
- Investing in capital improvements at our processing facilities to improve energy efficiency and expand our capabilities, resulting in annual savings

For more information on our efforts to decrease our carbon footprint, please refer to the Environment section of this report.

# Health & Wellness

## TASTE FOR A HEALTHY POPULATION AND PLANET

Consumer preferences for food and beverage products with health and wellness attributes continue to evolve rapidly. Also, our industry is affected by the often-unpredictable impacts of climate change on many of the crops in our supply chain. Our Taste business works to continually stay ahead of the curve on these two trends through our Re-Imagine innovation programs.

The Re-Imagine programs focus on six key areas: culinary, citrus, delivery systems, naturals, modulation and protein. Through a combination of future-trends analysis, consumer insights and a sustainability-focused development process, our Re-Imagine programs help IFF serve unmet needs in the food and beverage market, while also contributing to positive environmental and social solutions. Each program is led by a director charged with overseeing innovation and product research and development.

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

Our Re-Imagine Protein® program is developing ingredients for plant-based alternatives. The UN Food and Agriculture Organization estimates that the global livestock industry currently accounts for approximately 15% of global greenhouse gas emissions. Expanding the appeal of plant-based meat alternatives is one important step toward combating the effects of climate change.

True to our circular design principles, our Re-Imagine Natural® innovation program is exploring biomass side-stream recovery for flavor products. We are currently targeting leftover materials from several internal and external food and flavor manufacturing processes, including fermentation, enzyme transformation, culinary preparations and isolation/separation. Our global team is applying various processing techniques to transform byproducts into unique natural taste technologies.

## REGENERATIVE PRODUCTS

### INNOVATING SCENTS

Mobile technology and ubiquitous connectivity are fast becoming the rule, not the exception, for consumer experience in nearly every industry. IFF has identified fragrance as an area of untapped potential for technological integration.

In 2018, we continued our relationship with the MIT Media Lab as a lab consortium member. With more than 30 years of innovation experience, the Media Lab fosters disruptive technologies using an interdisciplinary approach. As a Media Lab member, IFF is able to gain early access to the group's pioneering work, with a particular focus on how technology can improve our offerings and expertise.

One of the projects funded in part through our Media Lab membership is Essence, a wearable, smartphone-connected necklace that can emit scent when the user's physiological state changes. Created by MIT Media Lab research assistant and PhD student Judith Amores in 2016, the device can react to the wearer's mood, picking up on feelings of anxiety or stress, for example. Sensors in the necklace monitor and respond to subtle changes in chest vibration related to heart rate and respiration, and can track changes in the user over time. Users can also use a linked smartphone app to control how and when Essence responds to physiological changes.

In 2018, Amores continued to refine Essence, introducing a scalable, 3D-printed prototype design.

### PARTNERSHIPS & MEMBERSHIPS

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

We have also partnered with the Cradle to Cradle Products Innovation Institute to create third-party certified products. And we have a scientific advisory board (SAB), led by our Chief Global Scientific & Sustainability Officer, that brings together multidisciplinary external experts to enhance our R&D programs. One SAB member, Andrew Winston, is a globally recognized thought leader on sustainable business strategy.







GOVERNANCE & COMPLIANCE

Committed to  
high standards  
of ethics and  
integrity

# Governance & Compliance

## OUR APPROACH

GRI 103-2. GRI 103-3. GRI 102-16.

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

IFF's Code of Business Conduct and Ethics ("Code") serves as a compass outlining the general ethical standards that each member of our organization is expected to follow. The Code, as well as our Anti-Bribery, Political Contributions, Conflicts of Interest and International Business Transaction Policies, applies to all IFF employees worldwide and mandates compliance with all anti-bribery and corruption laws and with our global standards. These documents are updated periodically and available on our intranet.

## GOVERNANCE STRUCTURE

GRI 102-18.

IFF's Board of Directors ("Board") provides the highest level of oversight in our organization. Our diverse, independent Board of highly accomplished directors brings value to our organization, and we benefit from their guidance. Our Board has three committees: Audit, Compensation, and Nominating and Governance.

The Audit Committee oversees and reviews the financial reporting process and the integrity of IFF's financial statements and related financial information. The Audit Committee is also focused on IFF's procedures for monitoring compliance with our Code, policies and applicable laws and regulations. We also have an internal audit function that assists in evaluating and improving the effectiveness of our risk management, internal control, financial reporting and governance processes.

The Compensation Committee is responsible for ensuring that a proper system of compensation is in place and that compensation plans are appropriate, competitive and properly reflect the objectives and performance of management and the company.

The Nominating and Governance Committee handles matters related to Board nominees for election, the size and composition of the Board and Board committees, and evaluations of the Board, Board committees and the CEO.

IFF has an Executive Committee (EC), which is chaired by our CEO and comprises IFF's most senior executives. The EC addresses strategic, operational and financial matters and is the highest approval body before the Board.

## **GOVERNANCE & COMPLIANCE**

Our cross-functional Global Compliance and Ethics Committee meets regularly and reports to our General Counsel/Chief Compliance Officer. The purpose of the committee is to oversee IFF's implementation of programs, policies and procedures that are designed to respond to various compliance and regulatory risks facing the company.

For more information about the overall governance structure of our organization, please refer to our 2019 Proxy Statement, the Governance section of our website and our Corporate Governance Guidelines.

### **GOVERNANCE STRUCTURE FOR SUSTAINABILITY**

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

### **CODE OF CONDUCT**

#### **GRI 205-2.**

Our Code of Business Conduct and Ethics, Code of Conduct for the Board of Directors and Code of Conduct for Executive Officers each set the ethical tone for our organization. These Codes apply to each of our employees, officers and directors, respectively, including the employees, officers and directors of our subsidiaries. We expect our employees to comply with our Code of Business Conduct and Ethics and ensure that they understand it through annual training and/or other communications. The Code was recently refreshed to adapt to a dynamic compliance landscape, making it more user-friendly and highlighting frequently asked questions. It is made available both in hard copy and in seven languages on IFF's intranet, and we conduct training on a global basis on the Code and other important compliance topics.

We maintain a culture of compliance and ethics through regular communications regarding the Code, various related topics and relevant policies. Such communications include headline stories on our intranet, e-mail blasts from cross-functional senior managers, town halls and other meetings and video messages from various IFF Executive Committee members. We have a designated compliance intranet site to facilitate communication and information-sharing of compliance-related materials throughout the company.

## GOVERNANCE & COMPLIANCE

### TRAINING

Throughout each year, we regularly conduct live and online training on a variety of compliance topics. An important component of IFF's compliance program is training on a global basis to ensure employees understand and comply with the Code of Business Conduct and Ethics. These trainings are a mix of in-person sessions, online webinars and creative contests and events, which keep our employees engaged and focused on compliance.

In addition to training on the Code, we provide mandatory online training that covers topics such as anti-bribery and corruption, workplace harassment, reporting concerns, insider trading, cybersecurity and use of company assets. Failure to complete such trainings negatively affects the performance rating of those employees required to participate (including members of the EC).

In addition, we have many ways that employees can communicate any ethical concerns they may have, including through the IFF Hotline. Employees who become aware of or suspect violations of our Codes or policies are expected to report any violation, and they will not be subject to disciplinary measures or retaliation for making any reports in good faith. All matters reported to IFF are thoroughly investigated, and appropriate actions are taken, up to and including termination of employment.

### ANTI-BRIBERY

IFF is committed to high standards of ethics, honesty and integrity in its business practices, which includes a strict prohibition on corruption and bribery. Our Anti-Bribery Policy, which is regularly reviewed and refreshed, prohibits the giving of anything of value to a government official or any other person to influence that person's decisions to help the company obtain or retain business or gain an unfair advantage. Employees are expected to consult with IFF's Law department or contact the anonymous IFF Hotline if any situations arise that could potentially violate our policy – even if something simply “doesn't feel right.”

Our comprehensive anti-bribery training program includes eLearning courses and in-person training. As part of the program we also include up-to-date anti-bribery and corruption language in our agreements with relevant third parties.

### POLITICAL CONTRIBUTIONS

**GRI 103-2. GRI 415-1.**

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

## **GOVERNANCE & COMPLIANCE**

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

# Risk & Crisis Management

## OUR APPROACH

### GRI 102-30.

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

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

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

The Audit Committee is primarily responsible for assisting the Board in its responsibility to oversee and review with management financial risks and the policies and practices established to manage such risks; this committee also oversees and reviews procedures for monitoring compliance with laws and regulations and our Code of Business Conduct and Ethics. The Compensation Committee is primarily responsible for overseeing the management of risks associated with compensation policies and practice, our compensation plans (including equity compensation plans and programs), severance, change in control and other employment-related matters. The Nominating and Governance Committee monitors the company's governance risk and CEO succession risk. Please refer to the Risk Management Oversight section of our 2019 Proxy Statement for more information.

## GOVERNANCE & COMPLIANCE

### THE PRECAUTIONARY PRINCIPLE

#### GRI 102-11.

While we do not formally apply the precautionary principle, our ERM program is designed to identify significant risks faced by our company. This involves surveying employees to gauge their assessment of risks (including climate risk) and then consolidating their responses into a set of key risks, such as the quality of or disruptions to our supply chain. The consolidated set is communicated to the Executive Committee and Board of Directors at least annually. Our **2018 Annual Report** includes a detailed description of companywide risks.

### CRISIS MANAGEMENT

Like any global company, unexpected events can disrupt our operations. To combat this risk, IFF has a comprehensive Crisis Management Plan, which outlines preparation for and responses to emergency situations that may imperil the safety of our employees, customers, facilities, operations or reputation. We have Crisis Management Teams in place at the global, regional and local levels to ensure that situations are handled quickly and effectively by subject matter experts trained on IFF's plan. In 2018, we refreshed our Global Crisis Management Plan based on feedback from key stakeholders. We also conducted a crisis simulation exercise with the Executive Committee and Global Crisis Management Team, and we conducted separate training for all members of Global, Regional, and Local Crisis Teams.

### MANAGING OPERATIONAL CHALLENGES

In each of the 35 countries where we conduct business, we take seriously our responsibility to follow local regulations and respond to community and employee concerns. When challenges arise, we do not deviate from the high ethical standards that guide our business practices.

For example, in 2015 Chinese authorities notified us of compliance issues pertaining to the emission of odors from several of our plants in China and, consequently, we invested approximately \$6.5 million in odor-abatement equipment at these facilities and have built a second flavors manufacturing facility in China, with an estimated cost of \$45 million. We also completed the relocation of one of our fragrance ingredients plants to a new site in Jiande, China. In addition, we reached an agreement to relocate our other fragrance ingredients facility in China from Hangzhou to the Jiande site by 2020.



# Human Rights

GRI 102-16. GRI 407-1. GRI 408-1. GRI 409-1.

## OUR APPROACH

GRI 103-2. GRI 103-3.

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

Issues related to human rights are managed by our Law department, which oversees all legal matters for the company.

We also conduct human rights due diligence – on our major suppliers as well as our own operations – through our participation in the Sedex and EcoVadis platforms. The Supplier Ethical Data Exchange (Sedex) is a collaborative platform for sharing supply chain information that helps drive continuous improvement in our supply chain in the areas of labor standards, health and safety, environmental management and ethical business conduct. We focus our efforts with Sedex on a core set of suppliers that are critical to our business, reviewing the list annually as our supply chain evolves. The Sedex Risk Assessment Tool allows us to prioritize our suppliers for completion of the Sedex Self-Assessment Questionnaire and Sedex Members Ethical Trade Audit (SMETA) 4-pillar audits, which include human rights considerations. In addition to our assessment of our suppliers, all of our own facilities have also undergone SMETA audits, and no major noncompliance was identified.<sup>1</sup>

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

<sup>1</sup> A major non-compliance for an IFF site is defined as a product being recalled.

## GOVERNANCE & COMPLIANCE

IFF also requires that our vendors comply with our Vendor Code of Conduct (“Vendor Code”), which is distributed to vendors and located on our website. Consistent with our Human Rights Policy, the Vendor Code requires that vendors respect their employees’ rights to freedom of association and collective bargaining, requires compliance with appropriate regulations and guidelines concerning labor practices, and prohibits the use of involuntary labor and child labor.

Our Code of Business Conduct and Ethics requests our employees and others to report concerns and complaints, without risk of retaliation. Complaints or concerns can be submitted through the IFF Hotline, which accepts anonymous calls and e-mails in any language, 24 hours a day, 365 days a year. We respond promptly and thoroughly to any reported concerns and take appropriate action where necessary, up to and including termination of employment (or, in the case of third parties, termination of business relations).



A man wearing a blue baseball cap and a blue and white checkered button-down shirt is looking down at a white tablet computer he is holding with both hands. He is standing in a greenhouse, with rows of green plants, likely tomatoes, visible in the foreground and background. The greenhouse structure, including metal beams and white plastic covering, is visible in the background. A large, semi-transparent green circle is overlaid on the image, containing text.

PRODUCT RESPONSIBILITY

# Ensuring consumer safety

# Product Safety & Quality

## OUR APPROACH

GRI 103-2. GRI 103-3.

Our Global Product Safety & Quality Team conducts audits and manages quality control processes for our products. All finished IFF products undergo final quality control testing, which, depending on the product, includes sensory, analytical and microbiological analysis.

IFF is an active member of both the International Organization of the Flavor Industry and the International Fragrance Association, the leading trade associations representing the interests of the global flavors and fragrances industries. By taking leadership positions within these trade associations and working with regulators through these organizations, we seek to actively support the use of safe, responsibly produced flavors and fragrances that respect the environment and enrich the lives of consumers.

IFF's Global Regulatory Affairs department manages a comprehensive set of policies and procedures to help us achieve safety compliance in all of the countries where we operate. Our regulatory disclosure policy provides our basic framework for responding to product information requests from regulatory agencies while managing confidential business information.

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

## OUR CULTURE OF QUALITY

We refreshed our quality strategy in 2018 with the launch of a Culture of Quality program. This program seeks to build and strengthen our culture of quality to improve tangible business outcomes. The initiative began in May 2018 with a refresh of our Quality Policy. That policy conveys the message of a culture of learning and execution – enabling and empowering our employees to solve problems and focus on the long-term solutions necessary to meet our company's strategy.

Our Global Quality Team identified and educated key personnel, known as Quality Ambassadors, on the new Quality Policy. The Quality Ambassadors are a cross-functional group of IFF employees from Operations, Manufacturing, Procurement, Customer Service and Planning roles. In all four of IFF's global regions, the Quality Ambassadors met and were educated on the Culture of Quality program and how our employees influence quality. The Ambassadors, in turn, rolled out the

## PRODUCT RESPONSIBILITY

same training to all of the supply chain employees in their facilities. The trainings consisted of five sessions: an overview of quality, Customer and Vendor Quality, Product Safety, Employee Empowerment and an interactive team simulation that incorporated our Quality Principles. By the end of the five sessions, our employees were speaking our motto, "I am quality!" This motto emphasizes an organizational culture that champions quality at all levels of the organization, rather than as the sole responsibility of the Global Quality Team.

We aimed to engage 90% of our Supply Chain employees – a group that includes employees in Logistics, Procurement, Planning, Transportation, Customer Service, Manufacturing and Quality roles – in the Culture of Quality program, a goal we surpassed in 2018 with a 93% engagement rate overall. Quality is at the heart of everything we do, and it creates value for our customers, shareholders, suppliers, employees and consumers of the thousands of products we make every day. Our Supply Chain employees who went through this program confirmed this message with their commitment by signing a Quality Pledge.

## OPERATING EFFICIENTLY WITH LEAN AND SIX SIGMA

While our Quality function's primary 2018 focus was the Culture of Quality, we have also implemented Lean and Six Sigma techniques throughout our organization. Lean is a way of thinking and acting that eliminates waste, improves quality and creates value to our business. Six Sigma is a set of tools and strategies that enable improvement in business processes. We have sponsored Six Sigma Green Belt training for dozens of employees in recent years. These courses provide an overview and tools for Six Sigma's Define, Measure, Analyze, Improve, Control (DMAIC) approach.

A [table of IFF facilities](#) and their associated certifications is provided at the end of this report.

We also achieved a Gold rating in EcoVadis, a corporate social responsibility rating system that assesses suppliers in sustainable business practices. More information about this platform is provided in the [Responsible Sourcing](#) section.

## WORLD QUALITY DAY

On November 8th, 2018, manufacturing facilities celebrated World Quality Day, an annual event designed to increase global awareness of the important contribution of quality to organizations. IFFers around the world celebrated in their own ways. The following are some examples:

- The team in Jurong, Singapore, organized a puzzle game with key product safety phrases and programs.
- The team in Tilburg, the Netherlands, distributed Good Manufacturing Practice booklets and had employees engage in a program to identify a scent.
- The team in Jakarta, Indonesia, organized an all-employee celebration utilizing key risk mitigation techniques to demonstrate how all employees make an impact on quality.
- The teams in China organized a slogan contest on quality and tasted products with IFF flavors.

Celebrating Global Quality Day engaged employees in underscoring IFF's commitment to quality among our manufacturing locations.

### Facility Certifications

We maintain several certifications at our facilities, depending on the nature of the facility's processes and product mix. These may include, but are not limited to, the following:

- ISO 9001:2000, the International Standard for Quality Management
- ISO 14001, which sets criteria for Environmental Management Systems
- ISO 18001, an international occupational health and safety management system specification
- ISO 22716, Cosmetic Good Manufacturing Practices
- Global Food Safety Initiative Standards
- Sedex Members Ethical Trade Audits
- Roundtable for Sustainable Palm Oil
- ECOCERT

# Product & Service Labeling

## OUR APPROACH

GRI 103-2. GRI 103-3.

IFF belongs to, actively participates in, and leads where appropriate, the activities of the key industry organizations that defend our interests and those of our customers. In addition, we actively engage with governmental authorities as needed to represent the interests of IFF through the sharing of technical information so that ingredients are evaluated on a risk-based scientific basis. We monitor registration requirements carefully as they continue to develop around the world. In most cases, the emerging registration requirements are closely modeled on existing processes in other countries and regions, and we are able to leverage our global expertise and leadership for compliance. Our ability to keep current on these ever-changing registration requirements enables us to factor their potential impact into new R&D initiatives.

## REGULATORY COMPLIANCE

GRI 417-2.

In Europe, we successfully completed the 2018 REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) mandatory product registrations. The same exercise is in process for Korea and Turkey. In addition, IFF took a leading role in the development and publication of standard exposure scenario methodologies for substances for REACH and is actively involved in the ongoing discussions related to fragrance allergens. We support the implementation of the Frank R. Lautenberg Chemical Safety for the 21st Century Act and are working with supply chain partners and the U.S. Environmental Protection Agency (EPA) on specific elements relevant to our business. As a result of this engagement, we were the first company to have a new chemical approved through the revised U.S. Toxic Substances Control Act. We have also successfully negotiated a path forward for the first evaluation of a company-nominated material for the full EPA risk assessment.

As always, communication and transparency are key elements in staying on top of emerging regulations, and IFF communicates regularly with our customers well in advance of any required implementation dates. We had no significant incidents of noncompliance with respect to product and service information and labeling in 2018.



# Appendix



# Appendix

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# External Assurance Statement

Independent Assurance Statement to International Flavors and Fragrances Inc.

ERM Certification and Verification Services (ERM CVS) was engaged by International Flavors and Fragrances Inc. (IFF) to provide limited assurance in relation to the information set out below and presented in the IFF Sustainability Report 2018.

ENGAGEMENT SUMMARY	
<b>SCOPE OF OUR ASSURANCE ENGAGEMENT</b>	<p>1. Whether the 2018 Sustainability Report presents a complete and balanced presentation of IFF’s sustainability activities and performance in the reporting year in accordance with the GRI Standards (Core option);</p> <p>2. Whether the 2018 information and data for the specified indicators listed below are fairly presented in accordance with the reporting criteria:</p> <p><b>Environmental indicators (absolute and intensity):</b></p> <ul style="list-style-type: none"> <li>• Total GHG Scope 1 [metric tons CO<sub>2</sub>e]</li> <li>• Total GHG Scope 2 [metric tons CO<sub>2</sub>e]</li> <li>• Total GHG Scope 3 [metric tons CO<sub>2</sub>e]</li> <li>• Total biogenic emissions [metric tons CO<sub>2</sub>e]</li> <li>• Total (direct/indirect) energy consumption [GJ]</li> <li>• Total water (withdrawal, consumption, and discharges) [cubic meters]</li> <li>• Total (hazardous and non-hazardous) waste generated [metric tons]</li> <li>• VOCs, NOx and SOx from stationary combustion sources [metric tons]</li> </ul> <p><b>Labor practices and decent work indicators:</b></p> <ul style="list-style-type: none"> <li>• Total Recordable Incidents (TRI) per 100 employees in 2018</li> <li>• Total Lost time Incidents per 100 employees in 2018</li> </ul> <p><b>Other indicators:</b></p> <ul style="list-style-type: none"> <li>• ISO14001 Certification</li> <li>• Production volume [metric tons]</li> </ul>
<b>REPORTING CRITERIA</b>	GRI Standards; the WBCSD/WRI GHG Protocol (2004 as updated January 2015) for the Scope 1, 2 and 3 GHG emissions; and IFF’s internal environmental indicator definitions (2018) for the other indicators.
<b>ASSURANCE STANDARD</b>	ERM CVS’ assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).
<b>ASSURANCE LEVEL</b>	Limited assurance.
<b>RESPECTIVE RESPONSIBILITIES</b>	<p>IFF is responsible for preparing the data and for its correct presentation in reporting to third parties, including disclosure of the reporting criteria and boundary.</p> <p>ERM CVS’s responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgment.</p>

## APPENDIX

### OUR CONCLUSIONS

Based on our activities, nothing has come to our attention to indicate that the IFF 2018 Sustainability Report is not a complete and balanced presentation of IFF's sustainability activities and performance in 2018, in accordance with GRI Standards (Core option) or that the 2018 information and data for the topics and indicators listed above, are not fairly presented, in all material respects, in accordance with the reporting criteria.

### OUR ASSURANCE ACTIVITIES

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

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

- Interviews at corporate level, and review of underlying supporting documentation, to understand IFF's stakeholder engagement processes and materiality determination for the content of the 2018 Sustainability Report;
- Interviews with relevant staff at corporate and site level to understand and evaluate the reporting and data management systems and processes (including IT systems and internal review processes) used for collecting and reporting the selected data;
- A review of the internal indicator definitions and conversion factors;
- In-person visits to three sites (South Brunswick, New Jersey USA; Hangzhou, China; and Jurong, Singapore) and two virtual web-based visits (Aromor, Isreal and Garin, Argentina), and a further desktop review of source data for an additional ten sites (Cairo, Egypt; Dandenong, China; Gebze, Turkey; Hamburg, Germany; Jakarta, Indonesia; Jammu, India; Karawang, Indonesia; Chennai, India; Taubate, Brazil; and Tilburg, Netherlands) to review local reporting processes and consistency of reported annual data based on sampling the underlying source data for each indicator. We interviewed relevant staff, reviewed site data capture and reporting methods, checked calculations and assessed the local internal quality and assurance processes.
- An analytical review of the data from all sites and a check on the completeness and accuracy of the corporate data consolidation.
- Year-end assurance activities at corporate level including the results of internal review procedures and the accuracy of the consolidation of the data for the selected indicators from the site data.

## APPENDIX

### THE LIMITATIONS OF OUR ENGAGEMENT

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

### OBSERVATIONS

We have provided IFF with a separate management report with our detailed (non-material) findings and recommendations.



02 May 2019

**ERM CVS**  
Informed Assured

Jennifer Iansen-Rogers  
Head of Corporate Assurance Services

ERM Certification and Verification Services, London  
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*ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS staff that have undertaken this engagement work have provided no consultancy related services to IFF in any respect.*

# GRI Content Index

GRI standards, 2016

GRI 102-54. GRI 102-55.

GRI STANDARD	DISCLOSURE	PAGE	
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<b>GENERAL DISCLOSURES</b>			
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### COMMENTS

<sup>1</sup> Please see our [website](#) for a detailed map of our operating locations.

<sup>2</sup> See our [2018 Annual Report](#), pages 1-5

<sup>3</sup> IFF fully respects the rights of its employees to freely associate and bargain collectively in a legal, ethical and safe way. In 2018, 14.6% of our permanent employees were covered by collective bargaining agreements.

<sup>4</sup> The most recent previous report was IFF's 2017 Sustainability Report: *Leading Positive Transformational Changes*.

<sup>5</sup> See our most recent [CDP Climate Change response](#) for more detail.

<sup>6</sup> "Other waste" is defined as waste for which the disposal method is chosen by a third-party provider of waste disposal services. Information about the disposal method for this category is not collected at the corporate level.

<sup>7</sup> No fatalities were reported in 2018.

<sup>8</sup> We use a new online performance management system that captures performance history, strengthens accountability and enhances transparency. In 2018, 99% of eligible employees hired before October 1, regardless of gender or employee category, used the performance management system and received performance reviews. Eligible employees hired after October 1 began participating in the performance management process at the start of 2019.

<sup>9</sup> IFF is governed by our Board of Directors. The Board of Directors is 75% male and 25% female. Our Executive Committee (EC) is chaired by our CEO and comprises IFF's most senior executives. The EC is 80% male and 20% female. Refer to our [Proxy Statement](#) for additional information on our Board and EC members.

<sup>10</sup> We discuss local community engagement in the context of our supply chain, where it is most relevant. As part of our responsible sourcing program, we have several initiatives to support communities where our ingredients are grown. See the [Responsible Sourcing](#) section of this report for more information.

<sup>11</sup> Biodiversity was identified in our materiality assessment as a material topic within our supply chain. While we have not assessed the proximity of our operating locations to areas of high biodiversity value, we are working to address biodiversity within our supply chain. We have initiatives to support reforestation with several of our ingredients, including a goal to have 100% of the palm oil used in our products to be RSPO-certified by 2020.

<sup>12</sup> We had no significant incidents of noncompliance concerning the health and safety impacts of products and services in 2018.

<sup>13</sup> We had no significant incidents of noncompliance with respect to product and service information and labeling in 2018.

<sup>14</sup> We currently report on our progress in screening suppliers for environmental and social criteria by reporting the percentage of our supplier spend that have been assessed through EcoVadis or Sedex. We are currently evaluating our data systems to enable future reporting on this indicator for new suppliers and expect that system in place by the 2019 reporting cycle.

### OMISSIONS

<sup>15</sup> Not applicable. We source ingredients locally wherever we can. However, many of our raw materials can only be sourced from countries where they grow naturally. As such, this indicator is not a useful metric for our business.

<sup>16</sup> Not Available. Types of injury and rates of injury, occupational diseases and lost days are included in our companywide occupational health and safety reporting. Absenteeism due to safety incidents is included in the lost days rate that we report. We do not report safety rates by gender at the global level due to privacy concerns. No fatalities were reported.

<sup>17</sup> Not available. We do not presently report this information.

<sup>18</sup> Not Available. Employee data will be reevaluated after the Frutarom integration.



# Special Note Regarding Forward-Looking Statements

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

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

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

# IFF Performance Data

## GREENHOUSE GAS EMISSIONS & ENERGY

	UNITS	2014	2015	2016	2017	2018
<b>SCOPE 1 AND SCOPE 2 GREENHOUSE GAS EMISSIONS</b>						
Direct emissions (Scope 1)	Metric Tons CO <sub>2</sub> e	<b>115,342</b>	<b>118,984</b>	<b>111,110</b>	<b>113,944</b>	<b>125,429</b>
CO <sub>2</sub>	Metric Tons CO <sub>2</sub> e	<b>107,134</b>	<b>111,339</b>	<b>107,701</b>	<b>113,811</b>	<b>124,408</b>
CH <sub>4</sub>	Metric Tons CO <sub>2</sub> e	<b>8,105</b>	<b>7,527</b>	<b>3,290</b>	<b>84</b>	<b>100</b>
N <sub>2</sub> O	Metric Tons CO <sub>2</sub> e	<b>103</b>	<b>118</b>	<b>119</b>	<b>49</b>	<b>195</b>
Operated direct emissions (Scope 1) by source						
Fuel combustion	%	<b>92%</b>	<b>92%</b>	<b>95%</b>	<b>98%</b>	<b>99%</b>
Other	%	<b>8%</b>	<b>8%</b>	<b>5%</b>	<b>2%</b>	<b>1%</b>
Operated indirect emissions (Scope 2)	Metric Tons CO <sub>2</sub> e	<b>124,760</b>	<b>127,777</b>	<b>120,731</b>	<b>92,639</b>	<b>84,997</b>
CO <sub>2</sub>	Metric Tons CO <sub>2</sub> e	<b>124,153</b>	<b>127,154</b>	<b>120,159</b>	<b>92,162</b>	<b>81,950</b>
CH <sub>4</sub>	Metric Tons CO <sub>2</sub> e	<b>67</b>	<b>72</b>	<b>70</b>	<b>73</b>	<b>523</b>
N <sub>2</sub> O	Metric Tons CO <sub>2</sub> e	<b>540</b>	<b>551</b>	<b>503</b>	<b>404</b>	<b>2,525</b>
<b>SCOPE 3 GREENHOUSE GAS EMISSIONS</b>						
Employee business air travel	Metric Tons CO <sub>2</sub> e	<b>NC</b>	<b>2,200</b>	<b>1,699</b>	<b>2,750</b>	<b>3,228</b>
Purchased goods and services	Metric Tons CO <sub>2</sub> e	<b>NC</b>	<b>800,000</b>	<b>800,000</b>	<b>800,000</b>	<b>800,000</b>
Capital goods	Metric Tons CO <sub>2</sub> e	<b>NC</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Metric Tons CO <sub>2</sub> e	<b>NC</b>	<b>34,800</b>	<b>39,210</b>	<b>39,835</b>	<b>43,045</b>
Upstream transportation and distribution	Metric Tons CO <sub>2</sub> e	<b>NC</b>	<b>150,000</b>	<b>130,000</b>	<b>130,000</b>	<b>130,000</b>
Waste generated in operations	Metric Tons CO <sub>2</sub> e	<b>NC</b>	<b>3,500</b>	<b>7,400</b>	<b>7,400</b>	<b>7,400</b>
<b>ENERGY USE</b>						
Non-renewable fuels (nuclear fuels, coal, oil, natural gas, etc.) purchased and consumed	MWh	<b>526,708</b>	<b>527,235</b>	<b>492,275</b>	<b>530,383</b>	<b>596,797</b>
Non-renewable electricity purchased	MWh	<b>159,752</b>	<b>155,783</b>	<b>172,888</b>	<b>142,644</b>	<b>128,669</b>
Steam/heating/cooling and other energy (non-renewable) purchased	MWh	<b>91,918</b>	<b>81,896</b>	<b>64,545</b>	<b>52,519</b>	<b>52,784</b>
Total renewable energy (wind, solar, biomass, hydroelectric, geothermal, etc.) purchased or generated	MWh	<b>44,582</b>	<b>47,444</b>	<b>49,784</b>	<b>71,380</b>	<b>105,897</b>
Total non-renewable energy consumption	MWh	<b>778,378</b>	<b>764,914</b>	<b>729,708</b>	<b>725,546</b>	<b>790,820</b>
Production energy intensity	Gigajoules/Metric Ton	<b>10.06</b>	<b>9.69</b>	<b>9.24</b>	<b>8.98</b>	<b>9.51</b>
Direct energy use	Thousand Gigajoules	<b>1,896</b>	<b>1,898</b>	<b>1,772</b>	<b>1,909</b>	<b>2,149</b>
Natural gas	Thousand Gigajoules	<b>1,536</b>	<b>1,432</b>	<b>1,277</b>	<b>1,416</b>	<b>1,677</b>
Diesel	Thousand Gigajoules	<b>36</b>	<b>52</b>	<b>41</b>	<b>14</b>	<b>16</b>
Purchased electricity	Thousand Gigajoules	<b>296</b>	<b>285</b>	<b>287</b>	<b>959</b>	<b>811</b>
Renewable energy certificates	Thousand MWh	<b>29.97</b>	<b>44.84</b>	<b>57.17</b>	<b>71.11</b>	<b>105.90</b>

### Notes:

NC: Not collected

The production volume (normalization factor) was 334,705 metric tons in 2018.

GHG Direct (Scope 1) emissions consist of CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O.

Global warming potentials used: CO<sub>2</sub>: 1; CH<sub>4</sub>: 25; N<sub>2</sub>O: 298

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

## APPENDIX

### OTHER ENVIRONMENTAL INDICATORS

	UNITS	2014	2015	2016	2017	2018
<b>FRESHWATER USE</b>						
Groundwater	Million cubic meters	NC	1.15	1.16	1.26	1.25
Municipal	Million cubic meters	5.61	1.51	1.64	1.76	2.14
Surface water	Million cubic meters	NC	2.77	0.94	0.00	0.00
Total freshwater use	Million cubic meters	5.61	5.44	3.74	3.02	3.39
<b>SOLID WASTE</b>						
Non-hazardous waste	Thousand Metric Tons	NC	23.61	22.33	21.04	26.85
Recovery/reuse/recycle	%	NC	78	83	87	90
Landfill	%	NC	14	11	8	6
Incineration	%	NC	7	4	1	1
Composted	%	NC	1	2	3	2
Other	%	NC	<1	1	1	1
Hazardous waste	Thousand Metric Tons	22.02	24.21	23.94	17.82	17.99
Recovery/reuse/recycle	%	NC	12	13	16	15
Landfill	%	NC	0	2	2	2
Incineration	%	NC	3	4	49	50
Composted	%	NC	0	0	0	0
Other	%	NC	85	81	32	33
Total waste (hazardous + non-hazardous)	Thousand Metric Tons	NC	47.82	46.26	38.86	44.84
Recovery/reuse/recycle	%	NC	45	46	55	60
Landfill	%	NC	7	7	5	4
Incineration	%	NC	5	4	23	21
Composted	%	NC	0	1	2	1
Other	%	NC	43	42	15	14
Basel Convention (recovery/reuse/recycle)	Metric Tons	0	0	0	0	0
<b>WASTEWATER</b>						
Wastewater discharges	Million cubic meters	NC	4.93	3.09	2.46	2.75
<b>AIR EMISSIONS (EXCLUDES GHGS)*</b>						
Volatile organic compounds (VOCs)	Metric Tons	3.76	3.54	3.18	3.48	4.11
NO <sub>x</sub> emissions	Metric Tons	37.00	35.74	32.34	34.24	40.12
SO <sub>x</sub> emissions	Metric Tons	1.22	1.58	1.27	0.71	0.83
<b>OTHER ENVIRONMENTAL INDICATORS</b>						
ISO 14001-certified operations	% of production	47%	53%	93%	93%	93%
ISO 14001-certified operations	#	17	22	33	33	33
Environmental reserve	\$ Million	<5	<5	<5	<5	<5

#### Notes:

NC: Not collected

\*The production (normalization factor) was 334,705 metric tons in 2018.

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

## APPENDIX

### GRI 405-1

#### GOVERNANCE, PEOPLE & SAFETY

	UNITS	2015	2016	2017	2018
<b>GOVERNANCE</b>					
Number of members of the Board of Directors	#	10	11	11	11
Independent Board members	#	9	10	10	10
Female members of the Board	%	27	27	27	27
Minority members of the Board	%	9	9	9	9
Board members in the "50 and above" age group	%	100	100	100	100
Political contributions	\$ Million	0	0	0	0
<b>OUR PEOPLE</b>					
Number of permanent employees	#	6,598	7,020	7,299	7,639
Employees represented by collective bargaining agreements	%	16.0	18.1	18.7	14.6
<b>SAFETY AND HEALTH</b>					
Fatalities - workforce (employees + supervised contractors)	#	0	0	0	0
Workforce (employees + supervised contractors) Recordable Incident Rate	Per 100 employees	0.73	0.63	0.84	0.73
Workforce (employees + supervised contractors) Lost Time Incident Rate	Per 100 employees	0.24	0.27	0.34	0.18

#### PERMANENT EMPLOYEES - GENDER TRENDS

	2016		2017		2018	
GOVERNANCE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Number of Permanent Employees	4,329	2,691	4,447	2,852	4,652	2,987
Percent of Permanent Employees	62%	38%	61%	39%	61%	39%

**Note:**

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

# IFF Facility Certifications

PLANT DESCRIPTION	SMETA 4 PILLAR	ISO 14001	ISO 9001	GFSI	RSPO	ISO 18001	ISO 22716	OTHERS
<b>TASTE</b>								
Egypt	Yes	Yes	Yes	Yes		Yes		
United Kingdom	Yes	Yes	Yes	Yes	Yes			
Netherlands	Yes	Yes		Yes	Yes			FairTrade
South Africa	Yes	Yes		Yes				
Turkey	Yes	Yes		Yes	Yes			
Japan	Yes	Yes	Yes	Yes				
Yunpu, China	Yes	Yes		Yes	Yes			
Zhangjiagang, China	Yes			Yes				
Karawang, Indonesia	Yes			Yes				
Jakarta, Indonesia	Yes	Yes		Yes				
Australia	Yes	Yes	Yes	Yes	Yes			
Singapore	Yes	Yes	Yes	Yes	Yes			
Chennai, Chittoor, Jammu, India	Yes	Yes	Yes	Yes		Yes		
Philippines	Yes			Yes				
Thailand	Yes			Yes				
Mexico	Yes	Yes		Yes				
Brazil	Yes	Yes		Yes	Yes	Yes		
Argentina	Yes	Yes	Yes	Yes				
United States	Yes	Yes		Yes				
TastePoint, USA	Yes			Yes				
POWDERPURE, USA				Yes				
<b>SCENT</b>								
Netherlands	Yes	Yes	Yes		Yes		Yes	
China	Yes	Yes	Yes		Yes		Yes	
Singapore	Yes	Yes	Yes		Yes	Yes	Yes	
India	Yes	Yes	Yes			Yes	Yes	
Mexico	Yes	Yes	Yes		Yes		Yes	
Brazil	Yes	Yes	Yes		Yes		Yes	
Argentina	Yes	Yes	Yes		Yes		Yes	
United States	Yes	Yes	Yes		Yes		Yes	
Germany			Yes					
<b>FRAGRANCE INGREDIENTS</b>								
China	Yes	Yes	Yes					
United Kingdom	Yes	Yes	Yes		Yes			
Spain	Yes	Yes	Yes			Yes		
France	Yes	Yes	Yes					ECOCERT, ORGANIC FOR LIFE
United States	Yes	Yes	Yes					
Israel		Yes	Yes	Yes				
<b>COSMETICS</b>								
France					Yes			
Southern Cross Botanicals, Australia					Yes			

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