

IFRA-IOFI Sustainability Report



2023



ABOUT IFRA AND IOFI



The International
Fragrance Association

ABOUT IFRA IFRAFRAGRANCE.ORG

Celebrating its fiftieth anniversary in 2023, the International Fragrance Association (IFRA) represents the interests of the fragrance industry worldwide.

Fragrances are the fusion of science and art: where chemists become creators, and where molecules make memories. Fragrances are unique; they are designed with care, passion and ingenuity, and give pleasure to people around the world who use and enjoy fragrance every day – from a fresh-smelling shampoo to a stylish perfume, a scented candle to freshly-laundered sheets.

IFRA comprises seven multinational companies, 23 national associations in four regions representing hundreds of small and medium-sized fragrance manufacturers across 24 countries, and 11 supporting members. Its mission is to promote the safe use of fragrance for everyone's enjoyment.

Fragrances are a key platform technology used by consumer goods companies – for fine fragrances, personal care products including cosmetics, home care and cleaning, and industrial and institutional applications.

IFRA's flagship safe use program, the IFRA Standards, applies safety management measures based on scientific assessment and the evaluations of an independent Expert Panel.

The program is at the heart of the IFRA Code of Practice, which applies to all IFRA members, including members of IFRA's national associations. The Code also requires members to abide by local, national and international regulations, and to apply good manufacturing practices.



International Organization
of the Flavor Industry

ABOUT IOFI IOFI.ORG

Founded in 1969, the International Organization of the Flavor Industry (IOFI) is the global association representing the industry that creates, produces and sells flavorings worldwide.

Flavorings are ingredients whose primary purpose is to provide taste; a taste experience can help us recapture a childhood memory, put us in a good mood or make our food and drinks much more enjoyable.

IOFI advances the global trade of safe, responsibly produced flavorings that respect the environment and enrich the lives of consumers.

With 18 regional and national associations and 11 major global companies as members, a management staff of scientific and regulatory experts located in Brussels and Washington, D.C. and a network of top-notch industry volunteers, IOFI interacts and collaborates with stakeholders around the world.

One of IOFI's driving principles is to ensure the safe use of flavoring ingredients globally, and central to achieving this goal, is the IOFI Science Program. IOFI works with internationally recognized safety assessment bodies to ensure the industry meets their needs for sound scientific data.

With an official observer status at the United Nations WHO/FAO Codex Alimentarius Commission, IOFI participates in Codex discussions to foster global standards and guidelines that contribute to public health and promote regulatory convergence around the globe.

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Introduction and Executive summary

MARTINA BIANCHINI
IFRA PRESIDENT

SVEN BALLSCHMIEDE
IOFI EXECUTIVE DIRECTOR



Welcome to the second IFRA-IOFI Sustainability Report.

Since our first report two years ago, the IFRA-IOFI Sustainability Charter has welcomed eleven new signatory companies to the Charter, bringing the total to 137, and the Charter text has been further enhanced. In this report, we show how participating companies are continuing to take practical steps to improve sustainability.

The Charter remains a voluntary framework, representing a collective commitment to making a difference for the planet, for people and for our business across five Focus Areas - responsible sourcing, environmental footprint and climate change, workplace culture, product safety and design, and transparency.

The Charter is the collective framework of the flavor and fragrance industries' commitment to sustainability.

First conceived in 2016, and launched in 2020, the Charter has been developed and refined, with 'Charter 2.0' reinforcing an ambitious approach to sustainability across the two industries and developing the text and expanding the toolbox for members on areas including alternatives to animal testing (the new Commitment 4.5), Green Chemistry, workplace culture, and the 'essentiality' of flavors and fragrances.

In 2021, our first Sustainability Report outlined the state of play. Since then, we are happy to report that our industries have made progress. According to the survey of members, more companies are fulfilling or are

further along the path to the 17 commitments set out in the Charter.

But now our commitment as industries goes further: since the last report, IFRA and IOFI have worked together to explore even more ways to support best practice through a range of projects and initiatives.

Established in 2021, a new IFRA-IOFI Sustainability Committee oversees this work, strengthening the involvement and engagement of members in our sustainability work and making sure that we represent the diversity of our member companies, large and small, from fragrances to flavors, and across continents. Details of this work appear in this report alongside a practical case study - bringing the results to life.

Climate change continues to be the core focal point of companies' sustainability activities and a driver to act sustainably and pursue actions that that can make a big difference.

Public authorities are acting to tackle climate change - the European Union's Green Deal being just one example - and are encouraging industries to act. We will continue to engage responsibly and supportively to ensure that policies enhance environmental, social and economic sustainability.

IFRA and IOFI will go on providing signatories and all members with its best efforts, expertise and support to help maintain the flavor and fragrance industries' continuous efforts on sustainability, in the context of the United Nations Sustainable Development Goals.

Alongside assisting signatories on their sustainability journey, one objective of the IFRA-IOFI Sustainability Report is to allow members and associations to communicate with customers, employees and authorities about the positive position and engagement of the sectors concerning sustainability and the actions taken to further improve.

'Charter 2.0' enhances the text with new references to alternatives to animal testing, workplace culture, and the 'essentiality' of flavors and fragrances. In parallel, new tools have been offered to the 137 signatories on topics such as Green Chemistry. The Charter remains a voluntary framework, representing a collective commitment to making a difference for the planet, for people and for our business across five Focus Areas and 17 commitments.

Members are making steady progress to reaching these commitments, according to responses to a survey comprising more than 30 questions (including new and more in-depth questions on greenhouse gas emissions and the use of alternatives to animal testing).

More than 70 per cent of Charter signatories provided data in response to this survey, covering the vast majority of the industries by market share, allowing us to show a representative picture of sustainability across the industries.

For **Focus Area 1 – responsible sourcing**, the survey shows that well over half of respondents have a global responsible sourcing strategy in place, and compared to 2021, more companies are planning implementation within the next 12 months.

Almost 90% of respondents engage in dialogue or active participation with local communities, initiatives and development projects. The vast majority of the market have developed roadmaps to identify, map and mitigate risks relating to labor standards as well as concrete action plans to mitigate the impact of their activities on biodiversity.

In an improvement from the last report in 2021, 80% of respondents have a global environmental impact assessment and management strategy in place or in the pipeline for the next year – a key element of **Focus Area 2 (environmental footprint and climate change)**. Nearly 90% of companies engage with external partners and programs to support and inform their strategy.

Most respondents track their energy footprint, water consumption and greenhouse gas

(GHG) emissions and take steps to reduce them; two-thirds measure and track their waste footprint and take action to reduce it by means of better integration of circular economy principles.

Meanwhile, Green Chemistry has seen a big uptake since the previous report, with more companies developing assessment tools to fully incorporate these principles into their manufacturing processes.

On **Focus Area 3 – workplace culture** - results are similar to the previous report, with around 70% of respondents having a global occupational health and safety (OHS) strategy in place, and 16 more planning it for the next 12 months.

Most of the market regularly offers training programs and integrates the development of their workforce into their policies and processes. It is likely that the COVID-19 pandemic had an impact on training strategies that companies will need to adapt to and address. Nearly half of respondents fully integrate equality, diversity and inclusion principles into their policies and processes.

Product safety remains a non-negotiable requirement. It is a concept at the heart of everything the flavor and fragrance industries do. In response to questions on **Focus Area 4 (product safety and design)**, the survey found that nearly 90% of respondents either occasionally (47%) or systematically (42%) engage with customers to improve the health and safety impact of their products.

Three in five respondents go beyond legal requirements to provide information and education on the safety of materials. Seventy per cent of respondents use animal testing only when it is required by law and when there are no legal non-animal testing alternatives available, with a number of companies engaging proactively on new approaches towards alternatives to animal testing or progressively developing roadmaps to stop the use of animal testing for safety assessments.

On **Focus Area 5 (transparency)**, nearly three in four respondents have a global responsive governance strategy in place or have one planned for implementation over the course of the next 12 months.

Almost 80% of respondents have established processes to prevent anti-competitive behavior, corruption and bribery practices; for half of these companies, there are formal anti-corruption documents signed by all

employees, with penalties in case of violations.

Almost all companies engage in some form of dialogue with stakeholders, while more than half of respondents go beyond mandatory requirements to report on their sustainability performance.

Since the last report, IFRA and IOFI have worked together to further support best practice, including through the **IFRA-IOFI Sustainability Community**, a knowledge exchange and educational platform for Charter signatories and IFRA and IOFI national associations. The Community held a series of webinars, including one with ex-Unilever CEO Paul Polman and another with Arab Hoballah, one of the fathers of the global Sustainable Development Goal on Sustainable Consumption and Production (SDG 12).

A new **IFRA-IOFI Sustainability Committee**, established in 2021, further coordinates the industries' common sustainability activities, strengthening the involvement of members and making sure that we represent the diversity of our industries.

The Committee has renewed the Charter, and identified some key areas for the industries to address collectively (notably carbon footprint, deforestation, and the ongoing work on a glossary of definitions of sustainability terms, as well as IFRA's work on a Green Chemistry compass).

On **carbon footprint**, flavor and fragrance companies noted the need to work collaboratively on the provision of guidance for members and capacity-building as well as on development of quantitative industry-wide measurements for Scope I and Scope II carbon emissions.

IFRA and IOFI have worked on creating a 'toolbox' for members that do not have dedicated expertise on carbon footprint; in 2023, training materials will be made available for download. IFRA and IOFI are hosting webinars to provide support and guidance to members.

Deforestation was another key topic identified by members. While the flavor and fragrance industries are not as closely implicated as some other sectors, we looked in particular at how palm oil is used directly or indirectly and identified a list of ten materials for attention.

Data from IFRA-IOFI members showed a significant improvement from 2019 to 2021 in

the proportion of certified 'Mass-Balance +' palm oil. IFRA and IOFI are now looking at other commodities that may be addressed in the context of deforestation.

The new **Green Chemistry Compass** is a harmonized tool developed by IFRA and made available via the Charter toolbox to support Commitment 2.3 of the Charter.

It helps manufacturers and blenders incorporate the 12 Green Chemistry Principles. The Compass is a living document and the first phase in the development of sector-wide Green Chemistry tool focused on different aspects of a company's manufacturing inputs and processes.

A further (ongoing) workstream identified by the Committee was to develop a set of **harmonised definitions** of around 50 sustainability-related terms relevant to the flavor and fragrance industries and publish a 'Definitions and Guiding Principles Glossary'.

The responses to our survey of signatories to the Charter is one useful indicator of how sustainable the flavor and fragrance industries are, but we are also looking at other ways to **quantify and measure progress** in a broader sense.

One approach is external evaluation, such as that provided by EcoVadis, a provider of business sustainability ratings. Under this system, the average score for eight larger multinational IFRA-IOFI companies has been at platinum level for the last three years, equivalent to the top one per cent of companies following the EcoVadis assessment.

The scores for a second group of six regional members are on the silver-gold borderline in 2021 and 2022 (gold corresponding to the leading five per cent of assessed companies).

Since 2021, good progress has been made on sustainability in general and on the Charter in particular. Meanwhile, companies, governments and society at large, are showing a deeper interest in sustainability, both in scope and detail. New requirements and considerations will continue to emerge – such as on water use and conservation. We have made great strides, but there is much still to do.

IFRA and IOFI will continue to provide the support and tools to help members on this journey and build a sustainable future for the good of people, planet, and business.



About the IFRA-IOFI Sustainability Charter

ABOUT THE CHARTER

A collective and complementary approach

The International Fragrance Association and the International Organization of the Flavor Industry, together with their members, developed the IFRA-IOFI Sustainability Charter as a collective effort to raise the bar for sustainability in the flavor and fragrance (F&F) sectors.

The Charter builds on the F&F industries' proud heritage and on the long-standing commitment to sustainable development across its many dimensions that has been shown by many individual companies.

The Charter is at the center of the industries' sustainability activities. It complements other actions taken collectively by the industries as well as company sustainability programs, and helps our industries as a whole to make advances on sustainability by sharing best practice, benchmarking progress and building capacity, especially among small businesses.

A voluntary, open, inclusive framework

This voluntary framework shows our industries' sense of responsibility and our commitment to making a difference. The Charter is open, inclusive and comprehensive, and has been subject to legal review to ensure adherence to anti-trust rules.

The Charter takes a 'life-cycle' approach and gives the opportunity and tools for everyone in our industries to contribute to a brighter and more sustainable future.

Making a difference – for people, planet, and business

Our Charter underlines the key role sustainability plays in our business, inspired by the United Nations Sustainable Development Goals (also known as the SDGs or Global Goals).

As the F&F industries, we play a pivotal and unique role in sourcing a wide range of raw materials from natural and synthetic origin and turning them – with the help of cutting-edge science – into valued high-end products.

By doing so, we help make the difference beyond our industry, including for growers of natural raw materials.

An expression of purpose

The Charter is an expression of purpose: acting responsibly and using our influence throughout the value chain at global and local levels to drive positive change upstream, with farmers and industrial suppliers; in our own industries; and downstream, with consumer goods companies and retailers.

It also reflects the core principles that have guided our work in the past and set the path for a sustainable future: reducing our environmental footprint and sourcing responsibly; promoting a rewarding workplace culture; a commitment to health and safe use, and to exceptional product performance; a focus on sustainability innovation for economic prosperity; and a spirit of transparency and partnership.

FOUR PRINCIPLES



Voluntary and inclusive

The Charter is open, inclusive and voluntary



Complementary initiative

The Charter complements initiatives undertaken by companies and policymakers



Aspirational and achievable

The Focus Areas and commitments seek to raise the bar across the F&F sectors



Anti-trust compliant

The Charter complies with competition laws and was subject to a thorough legal review

FIVE FOCUS AREAS

A HOLISTIC, LIFE-CYCLE APPROACH TO SUSTAINABILITY

- 1** Promote the responsible sourcing of all raw materials (renewable or fossil based), indirect materials and services throughout the value chain
- 2** Contribute to climate change mitigation and continuously reduce the environmental footprint of our product portfolio
- 3** Enhance a safe, attractive and rewarding workplace culture
- 4** Be at the leading edge of product safety and design
- 5** Be a transparent and reliable partner to our stakeholders and society

SIX OBJECTIVES

Raise awareness

Through the Charter, we seek to raise awareness of sustainability throughout the flavor and fragrance (F&F) sectors.

Provide businesses with a toolbox

The Charter offers businesses a toolbox with best practices, a compendium of legal requirements and standards to help raise the bar on sustainability.

Offering collective guidance and sharing best practices

Using what we have learnt from the Charter, we help provide advice and guidance on implementing sustainability best practices.

Report on progress

We benchmark progress as industries in regular Sustainability Reports.

Build stakeholder trust

We want to continue to enhance dialogue and trust with our stakeholders, informing them of our progress on sustainability and gathering feedback.

Identify collaboration opportunities

The Charter provides the common platform for greater exchange of information and ideas to bring solutions to common challenges, and chances for cooperation within and outside the F&F sectors.

VERSION 2.0

A Sense of Responsibility, a Commitment to Sustainability

Our contribution to more sustainable businesses
and a more sustainable planet

A new imperative

A commitment to sustainable business practices makes good long-term economic sense and has a renewed sense of urgency with the global imperative for a green transition. The world around us has changed significantly with a global pandemic and other shifting dynamics including greater political instability. However, our purpose remains the same.

Whether it is by reducing the use of finite resources, careful management of renewable resources, responsible employment practices, promoting leading-edge safety standards, or nurturing of relationships with suppliers, customers, stakeholders and consumers, all aspects of a business value chain can benefit from a sustainable approach.

With a strong reference to the United Nations Sustainable Development Goals (SDGs), the flavor and fragrance industries continue to accelerate their sustainability initiative.

A framework for progress

Through this voluntary initiative, the flavor and fragrance industries encourage all members to strive for a more sustainable future by:

- Continuing to raise awareness and dialogue on sustainability within the sectors
- Providing businesses with a toolbox, including education/training programs to help them continuously improve their performance
- Offering guidance and sharing best practices
- Introducing measures and reporting on progress at an industry level
- Continuing to build trust between the flavor and fragrance industries and stakeholders
- Identifying opportunities for collaboration to address shared challenges

IOFI and IFRA, as the global organizations representing the flavor and fragrance industries, provide the platform for companies to identify, assess and report on advances in the field of sustainability, setting a framework for progress that encompasses a life-cycle approach across the flavor and fragrance value chains – from responsible sourcing to environmental footprint and climate change, to workplace culture, to product safety and partnerships.

A flexible, open and responsive approach

The flavor and fragrances industries are diverse, so there can be no one-size-fits-all approach. This initiative is intended to be open and inclusive.

In this spirit, companies are provided with a range of possibilities linked to their activities and adapt their reporting, including any validation and certification, based on their size and the scope of their activities.

The intention of this initiative is to encourage broad support and participation, driving continuous improvement in five focus areas as part of our commitment to sustainability.

The initiative also seeks engagement and dialogue – both within the flavor and fragrance value chains, and with external stakeholders. We are committed to listening to and seeking advice from other stakeholders, to understanding society's expectations, and to using the feedback we receive as part of a continual review of our approach.

Our Charter commitments to sustainability

As essential drivers of consumer choice, the flavor and fragrance industries are key enabling partners for meeting societal expectations towards more conscious and healthier behaviors, without compromising on taste and smell.

The flavor and fragrance industries aspire to:

1. Promote the responsible sourcing of all raw materials (renewable or fossil based), indirect materials and services throughout the value chain:

- 1.1. We support our suppliers and their local communities with fair and long-term partnerships.
- 1.2. We promote respectful labor practices in line with fundamental human rights and international labor standards.
- 1.3. We recognize the need to protect and restore biodiversity, and to promote the sustainable use of all ecosystems.

2. Contribute to climate change mitigation and continuously reduce the environmental footprint of our product portfolio:

- 2.1. We apply and share measures to reduce direct and indirect GHG emissions, and efficiently manage resources such as water and energy.
- 2.2. We support the reduction of waste by the means of a better integration of circular economy principles.
- 2.3. We foster the application of Green Chemistry principles.

3. Enhance a safe, attractive and rewarding workplace culture:

- 3.1. We value employees' health and well-being, and make workplace safety a priority.
- 3.2. We provide a working environment with opportunities to upgrade skills through training and development while accelerating the implementation of sustainability initiatives.
- 3.3. We offer equal opportunities and fair treatment of all employees, and promote diversity and inclusion.

4. Be at the leading edge of product safety and design:

- 4.1. We work with key partners along the value chain to design products that are safe for consumers and the environment.
- 4.2. We submit our ingredients to a multi-step safety assessment and comply with rigorous risk management measures.
- 4.3. We actively engage in dialogue with regulators, upstream suppliers and downstream customers for better regulation, while protecting intellectual property.
- 4.4. We practice product stewardship by providing information and strengthening confidence in the safety of our materials.
- 4.5. We collaborate on new approaches towards alternatives to animal testing.

5. Be a transparent and reliable partner to our stakeholders and society:

- 5.1. We do not accept anti-competitive behavior, corruption or bribery within our business, and our Members are themselves committed to complying with the IFRA-IOFI Antitrust Compliance Policy.
- 5.2. We foster multi-stakeholder dialogue and collaboration beyond regulatory requirements to develop solutions and partnerships addressing shared environmental and societal challenges.
- 5.3. We communicate our activities according to international reporting standards and the UN Sustainable Development Goals.

NB: New elements of the Charter in Version 2.0 are marked up in green

FOCUS AREAS AND SDGs

With a strong reference to the United Nations Sustainable Development Goals (SDGs), the flavor and fragrance industries will continue to use the Charter to contribute to public policy objectives and to communicate about our activities according to international reporting standards and the SDGs.

Activities under each Focus Area relate to one or more of the United Nations Sustainable Development Goals.

We have selected a series of SDGs for each Focus Area, ranked according to their relevance to the Charter, and noted some specific sub-targets of particular relevance. This mapping is based on our own assessment and may differ from individual company approaches.



1: RESPONSIBLE SOURCING 15 12 8

12.2 By 2030, achieve the sustainable management and efficient use of natural resources

2: ENVIRONMENTAL FOOTPRINT AND CLIMATE CHANGE 12 9 13

9.2 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries acting in accordance with their respective capabilities

3: WORKPLACE CULTURE 8 5 10 4

8.8 Protect labor rights and promote safe and secure working environments for all workers

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

4: PRODUCT SAFETY AND DESIGN 12

5: TRANSPARENCY 17 16

17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries

17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

137 SIGNATORIES

AT 31 MAY 2023

ADM
Advanced Biotech Inc.
Argeville S.A.S.
Aromatica
Aromáticos La Victoria S.A. de C.V.
Aromsa A.S.
Arylescence Inc.
Austria Juice GmbH
Axxence Aromatic GmbH
Azur Fragrances

BASF S.E.
Bell Flavors & Fragrances
Belle Aire Creations
Best Value Chem Pvt Ltd
Blue Pacific Flavors Inc.
Bontoux S.A.S.
Brenntag South Africa (Pty) Ltd.
Buteressence B.V.

Carlos Cramer Productos Aromaticos
Carvansons Ltd.
Chemi. Com. Japan Corp.
Citral Óleos Essenciais Ltda.
Citrus and Allied Essences Ltd.
Cosmo International Fragrances S.A.
CPL Aromas Ltd.
Creative Flavours & Fragrances S.R.L.
Curt Georgi GmbH & Co. KG.
Custom Essence Inc.

Daiho Perfumery Co. Ltd.
Destilaciones Bordas S.A.
Destilla GmbH
Dreidoppel GmbH
Royal DSM
Düllberg Konzentra GmbH & Co. KG

Eikodo & Co. Ltd.
Essencia, Ätherische Oele AG.
Eurofragrance S.L.U.
European Flavours & Fragrances P.L.C.
Expressions Parfumées

F.D. Copeland & Sons Ltd.
FGA Laboratories Co. Ltd.
Firmenich S.A.
Flavor & Fragrance Specialties Inc.
Flavorchem Co.
Floral Concept
Foodarom Group Inc.
FoodSpec Co. (Pty) Ltd.
Fourchem (Pty) Ltd.
Frey + Lau GmbH
Fuyo Trading Inc.

Givaudan S.A.
Global Fragrances Labs S.L.
Grau Aromatics GmbH & Co. KG.
GRC Parfum S.P.A.

H. Reynaud & Fils
Holland Aromatics B.V.

Iberchem S.A.
International Flavors and Fragrances Inc.
Ikeda Corporation
Ilovo Sugar Ltd.
Ina Trading Co. Ltd.
Inabata Koryo Co. Ltd.
Inoue Perfumery MFG. Co. Ltd.

Jean Gazignaire S.A.S.
Jean Niel S.A.S.
Joh. Vögele KG.

Kancor Ingredients Ltd.
Kerry Group
Kobayashi Perfumery Co. Ltd.
Koei Kogyo Co. Ltd.
Kohken Food & Flavor Co. Ltd.
Kyowa Perfumery Co. Ltd.

La Tour S.A.
Laboratorios Mixim S.A. de C.V.
Lausitzer Früchteverarbeitung GmbH
Lionel Hitchen Ltd.
L'Italiana Aromi S.R.L.
Lluch Essence S.L.
Lucta S.A.

Mattoso Extratos Naturais LTDA | Kaapi
Metarom
MG International Fragrance Co. (Gülçiçek)
Miltitz Aromatics GmbH
Miyasaka Koryo Co. Ltd.
Moellhausen S.P.A.
Muller & Koster S.P.A.
Musashino Aromatic Chemical Co. Ltd.

Nagaoka Co. Ltd.
Neone Creation Co. Ltd.
Nippon Flavour Kogyo Co. Ltd.
Nippon Koryo Yakuhin Kaisha, Ltd.
Nisshin Perfumery Co. Ltd.

Ocean Spray Cranberries Inc.
Ogawa & Co. Ltd.
Ohtsuki & Co. Ltd.
O'Laughlin Industries Inc.
Omega Ingredients Ltd.
Orchadia Solutions Ltd.

Parfex S.A.
Parfum Parfait Ltd.
Payan Bertrand S.A.
PepsiCo Inc.
Phoenix Aromas & Essential Oils LLC
Premier Specialties, Inc.
PT. Indesso Aroma
PT. Van Aroma
Puris Natural Aroma Chemicals (Pty) Ltd.

Quintessence Fragrances Ltd
Quintis (Pty) Ltd.

Ravetlat Aromatics S.L.
Robertet S.A.

Sacmar srl
Sakae Aromatic Co. Ltd.
San-Ei Gen F.F.I. Inc.
Sasakikoryo Co. Ltd.
Seikodo Ishida Co. Ltd.
Shiono Koryo Kaisha Ltd.
Shonan Flavors Inc.
Silesia Gerhard Hanke GmbH & Co. KG.
Skimmelberg Fynbos Oils (Pty) Ltd.
Solvay Aroma Performance
Sozio
Symrise AG
Synaco S.A.
Synergy Flavors Inc.

T. Hasegawa Co. Ltd.
Taiyo Corporation
Takasago International Corporation
Tanemura & Co. Ltd.
TechnicoFlor Group
Treatt Plc

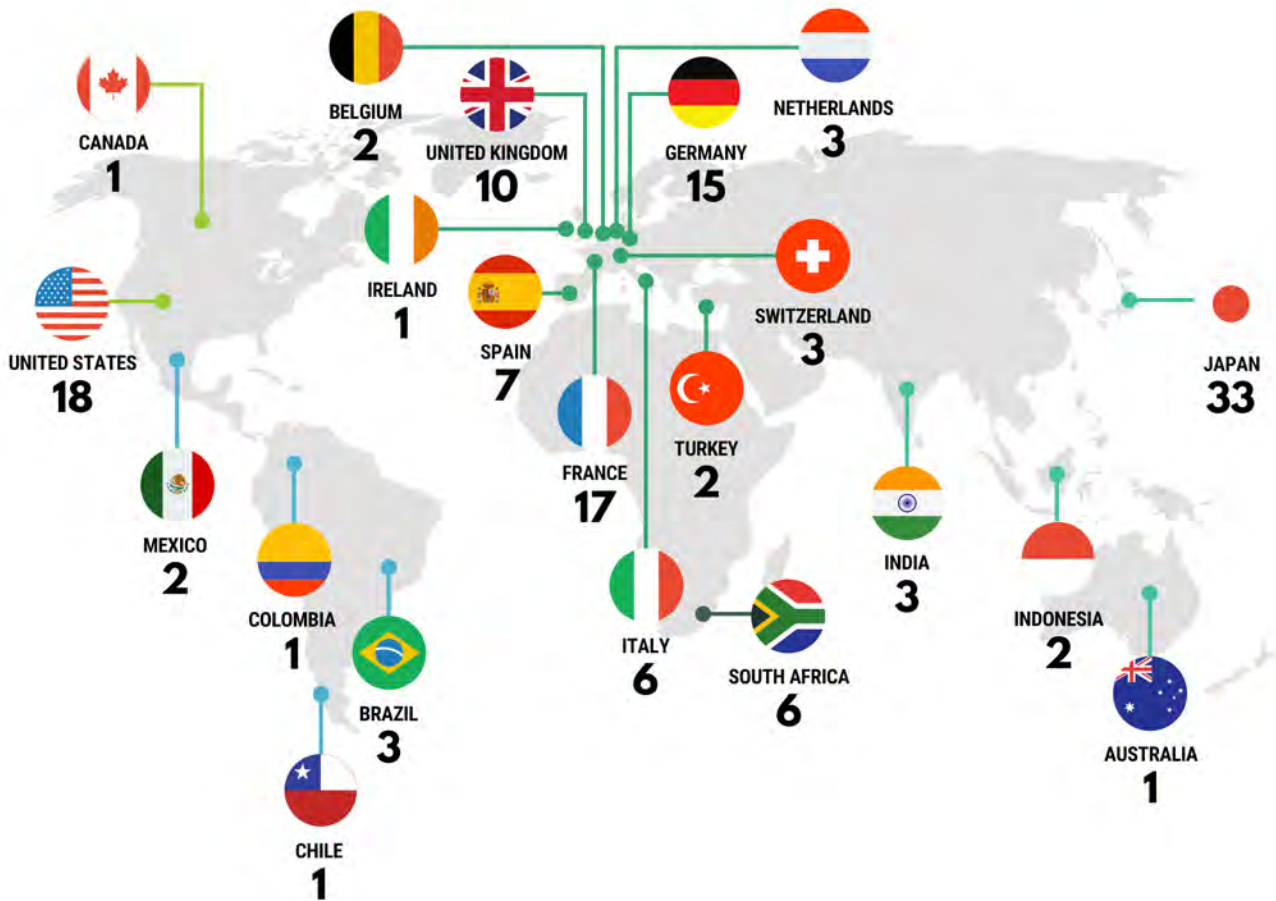
Ultra International Ltd.

V. Mane Fils
Versions Originales Aromatiques
Virginia Dare
Vollmens Fragrances Ltda.

Yokoyama Koryo Ltd.

21 COUNTRIES REPRESENTED

ACCORDING TO SIGNATORY COMPANY HQ



NORTH AMERICA

19



LATIN AMERICA

7



EUROPE

66



AFRICA

6



ASIA-PACIFIC

39



Charter survey Results 2023

2023 RESULTS: INTRODUCTION

This second IFRA-IOFI Sustainability Report is an important opportunity to measure progress, two years since our initial survey of Charter signatory companies.

Of the 137 signatories to the Charter, more than 70 per cent took part in this second survey. With 100 respondents, the number of companies completing the survey is similar to that of the first report in 2021.

Many thanks to all those who took the extra time and effort to respond to the survey.

Collectively, the respondents cover the vast majority of the industries by market share, allowing us to present a representative picture of sustainability across the industries.

While the principal metric used in this report is the number of companies – allowing us to assess progress from small businesses to large multinationals – it is also important to

give a more balanced reflection of the sustainability profile of the industries by taking into account market share. We have therefore used available data to comment on the industries' overall sustainability profile based on the size of companies.

The survey included more than 30 questions based on the five Focus Areas and 17 commitments. Signatory companies gave a self-assessment of their sustainability efforts - an indication of whether they have programs in place or were planning initiatives; the extent to which they reported their work; and how they complied with internationally recognized norms and standards.

In comparison to the previous report, we have added some extra questions to reflect the updated Charter, collecting more in-depth responses on topics including greenhouse gas emissions and the use of alternatives to animal testing.

Note

One hundred companies responded to the survey, although not all respondents answered all questions. For most questions, companies were asked to select one answer only; where multiple answers could be given, this is highlighted.

FOCUS AREA 1

RESPONSIBLE SOURCING

Promote the responsible sourcing of all raw materials (renewable or fossil based), indirect materials and services throughout the value chain

About this focus area

The flavor and fragrance industries have a key role to play in socio-economic development relating to the sourcing of raw materials – notably in relation to job creation, skills development and the improvement of employment prospects. This is especially important for people living far from the main centers of employment.

F&F companies must ensure respect for human rights and labor standards in our activities and products, as well as in our business relationships and in monitoring the activities of partners. In areas where there is political instability or even conflict, companies must be especially vigilant.

In their operations and supply chains, F&F companies rely on a variety of ecosystem services that are generally classified as common property and/or public goods, and which must be protected. The protection and/or rehabilitation of biodiversity is an imperative as well as an opportunity to develop new projects and engage employees and wider communities.

As responsible industries, we should also seek to go beyond our core business activities by contributing to dynamic and positive change at a local level, whether through involvement in education or culture, community cohesion or wider technological development.

Results in summary

The survey shows that well over half of respondents have a global responsible sourcing strategy in place.

Compared to the previous report, a larger number are planning implementation within the next 12 months, with the number of companies not having a strategy in place falling compared to the 2021 report.

Nearly four in every five respondents engage with external partners to support and inform their strategy, with more than a third of all respondents using EcoVadis. More than a quarter of all respondents use SMETA (Sedex Member Ethical Trade Audit).

On Commitment 1.1, almost 90% of respondents engage in dialogue or active participation with local communities, initiatives and development projects.

Although the number of companies proactively allocating budget to develop or participate in initiatives that contribute to the development of local communities fell in comparison to the previous report, such companies still cover most of the flavor and fragrance market.

Companies representing the vast majority of the market have developed roadmaps to identify, map and mitigate risks relating to labor standards (Commitment 1.2).

On Commitment 1.3, we see similar results to 2021 in terms of biodiversity and ecosystem protection plans, with many of the largest companies, covering most of the market, having concrete action plans to mitigate the impact of their activities on biodiversity.



Activities under this Focus Area relate to the following UN Sustainable Development Goals, ranked according to relevance

15 LIFE ON LAND

12 RESPONSIBLE CONSUMPTION & PRODUCTION

08 DECENT WORK AND ECONOMIC GROWTH

Key results



Almost 90% of respondents engage in dialogue or active participation with local communities, initiatives and development projects



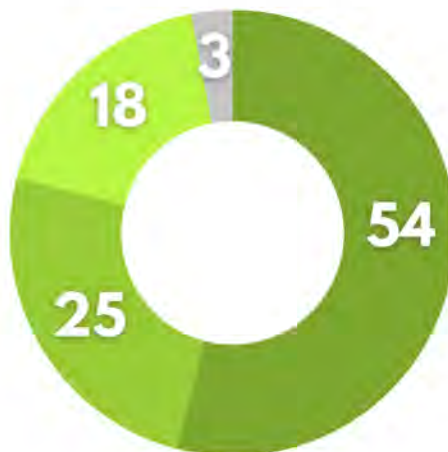
Almost 80% of responding companies engage with external partners and programs to support and inform their strategy



More than 90% of the market has developed roadmaps to identify, map and mitigate risks relating to labor standards

Does your company have a global responsible sourcing strategy in place?

100 responses



- My company has a strategy in place
- My company plans it as a future goal (launch of an implementation process within the next 12 months)
- My company does not have a strategy in place
- This Focus Area is not relevant to my company's activities



As a development agency, GIZ has a dual interest: protecting biodiversity and supporting socio-economic development at the same time.

This is why we are pleased to partner with IFRA-IOFI in the promotion of responsible sourcing.

We applaud the flavor and fragrance industries' commitments outlined in the Sustainability Charter and look forward to continuous cooperation.

Friedrich zur Heide
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) - German Agency for International Cooperation

Does your company engage with external partners and programs to support and inform its strategy?

54 responses

Yes



No



What is/are the external partner(s) and program(s) that your company engages with?

42 responses - multiple answers possible

TOP THREE

EcoVadis



SMETA



UN SDGs



OTHERS

- UN Global Compact - 19
- Roundtable on Sustainable Palm Oil - 18
- GRI (Global Reporting Initiative) - 17
- UEBT (Union for Ethical BioTrade) - 11
- CDP Forests - 7
- SAI (Sustainable Agriculture Initiative) - 7
- TfS (Together for Sustainability) - 3
- ISO 26000 Performance Assessments - 1
- Other - 11

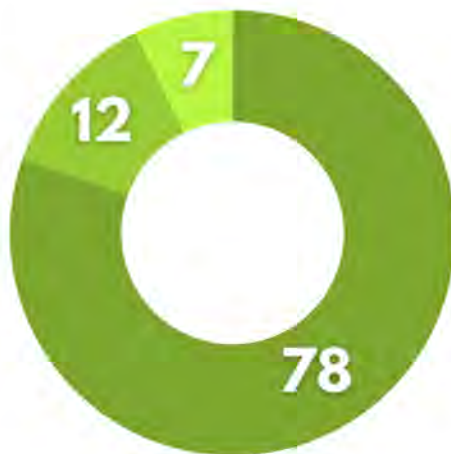
How does your company support its suppliers and their local communities with fair and long-term partnerships?

97 responses



How does your company promote respectful labor practices in line with human rights and international labor standards?

97 responses



- My company is aware and complies with international labor standards and relevant regulations in the countries in which it operates
- My company leads punctual assessments of labor practices within its risk-prone supply chains
- My company has a roadmap where risks related to non-respect of labor standards are significantly identified, mapped and mitigated

How does your company recognize the need to protect and restore biodiversity, and promote the sustainable use of all ecosystems?

97 responses



My company systematically establishes concrete action plans intended to mitigate the impact of its activities on biodiversity and is proactively involved in initiatives to protect and restore ecosystems impacted by its activities **12**



My company is aware of relevant legislation and regulation regarding biodiversity protection within ecosystems impacted by its activities **16**



My company is occasionally involved in initiatives that contribute to the protection of ecosystems impacted by its activities **22**



My company systematically establishes concrete action plans intended to mitigate the impact of its activities on biodiversity and is proactively involved in initiatives to protect and restore ecosystems impacted by its activities **47**

SUSTAINABLE SOURCING OF TONKA IN BRAZIL

Tonka is a highly valued perfumery and culinary ingredient - and its cultivation can support local communities to build a more sustainable future for all

FOCUS AREA 1: CASE STUDY



What is Tonka and how is it used?

Bringing a natural, warm, and sweet feeling to a fragrance, Tonka is a highly valued perfumery ingredient, as well as being a culinary ingredient used especially in desserts.

Tonka species are widely distributed in the Amazon and are highly sought after for their wood. The two species most used in perfumery are *Dipteryx odorata* and *Dipteryx punctata*.

Fruits are mainly collected in the wild: people enter the forest, stay for a few days, and gather the fruits on the forest floor. The fruits are cracked open and dried for a couple of days. The dried seeds (beans) from the fruit are then extracted with a solvent.

The Tonka production chain and the sustainability challenge

In total, hundreds of thousands of people live inside the Brazilian Amazon. It is common for many to inhabit small communities in the forest.

The people living their survive mainly on natural resources: for example, fish and non-wood forest products such as Brazil nuts and copaiba oil – although historically, the trade in forest products has involved unfair commercial relationships.

For Tonka production, the supply chain is significant: around 30% of the local population is involved in the supply chain in some way.

To preserve these communities and to help them prosper, a new partnership is needed with companies sourcing Tonka.





Tonka bean tree

Working in partnership for sustainable sourcing and stronger communities

In recent years companies have worked to improve the quantity of ingredients sourced through partnerships with communities.

From the companies' perspective, these agreements are important: such deals allow companies to access bigger volumes over the medium and long term and to increase traceability.

Establishing relationships with communities is also a great way to support them with economic alternatives and prepare them to be more professional in their commercial relationships. For both communities and companies, there is the shared objective of promoting forest conservation.

Like other projects supporting the production of natural ingredients such as vanilla or vetiver, work on Tonka projects helps to improve the quality of life of communities while lowering the environmental footprint of production and guaranteeing supply to the industry.

Such projects can also dissuade communities from the allure of illegal activities such as mining and logging – thereby promoting conservation of the largest tropical forest in the world.

Challenges remain

The challenges such projects face are remarkable.

Some are common to most natural ingredients produced by small communities: the prospect of rural exodus and the related lack of interest in production among younger generations; quality issues; logistical problems. Yields are dependent on nature: there is no way to improve volumes quickly.

Companies work to promote the ingredient, acting in compliance with Access and Benefit Sharing regulations that seek to ensure fairness for local communities and improve the supply chain.

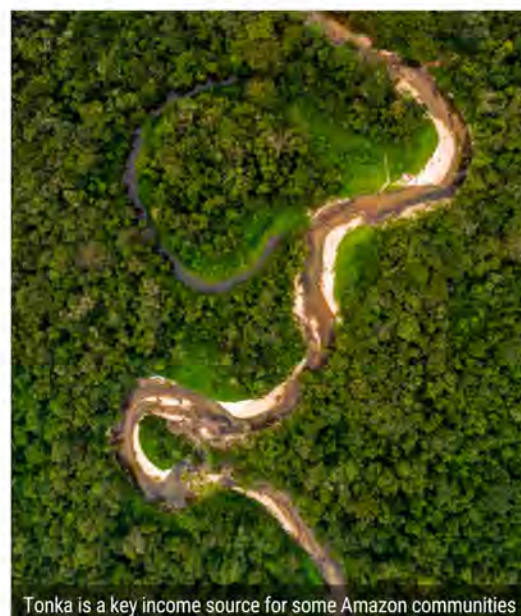
Through partnerships with community associations and with government support, companies train the collectors, help with logistics, pay better prices and guarantee purchase, offer written commercial agreements, and support the planting of Tonka trees.

With logistical support from the Brazilian government and better community organization, such projects have seen people make use of the opportunity and develop a capacity to better organize their activities and plan their income.

Companies are now focusing on attracting more collectors to such projects, showing them that they can rely on this trade for years to come.

These projects working on Tonka are a way of overcoming centuries of unbalanced commercial relationships between companies and forest communities in the Brazilian Amazon and building a more sustainable future for all.

For further information, please contact the Brazilian Association of the F&F industries, ABIFRA, at abifra@abifra.org.br



Tonka is a key income source for some Amazon communities

ENVIRONMENTAL FOOTPRINT AND CLIMATE CHANGE

Contribute to climate change mitigation and continuously reduce the environmental footprint of our product portfolio

About this focus area

Increasing concerns over climate change, environmental footprint and waste management have raised expectations of industry. Regulators, customers and other stakeholders want to know how we will anticipate issues, diminish risks, lower emissions and develop solutions.

The flavor and fragrance industries are committed to a circular economy / upcycling approach with practical measures that include limiting the environmental impact of their facilities and investing to comply with environmental rules (such as the EU's proposed 'Safe and Sustainable by Design' approach).

Engaging in a circular economy approach requires us to rethink the old industry model and adapt it to changed societal expectations. For example, waste is becoming either a material resource or an energy resource (through recycling and energy recovery), with a circular economy approach allowing companies to create value and make savings by lowering waste treatment costs or reusing materials.

To ensure resource availability in the future, companies should ensure that the raw materials used in our product portfolio - whether natural or synthetic - are used efficiently. The sustainability and environmental footprint of both natural and synthetic ingredients will need to be considered, recognizing that synthetic production can be more sustainable than use of natural ingredients.

In addition, companies should use energy, water and other resources carefully, and implement the principles of Green Chemistry, in the knowledge that resource consumption is closely linked to their overall environmental impact - both globally and locally.

Other concerns relate to the use of non-renewable resources. Optimizing consumption not only reduces the environmental impact but can give companies a competitive edge.

Results in summary

In an improvement from 2021, 80% of respondents have a global environmental impact assessment and management strategy in place or in the pipeline for the next 12 months. Nearly 90% of companies engage with external partners and programs to support and inform their strategy.

As with Focus Area 1, the most popular partners are EcoVadis (80% of respondents) and SMETA (Sedex Member Ethical Trade Audit - 68%).

Fourteen per cent of respondents, covering the vast majority of the market, lead life-cycle assessments and integrate eco-design principles into their processes, while two-thirds of respondents have partially integrated eco-design principles into their processes or are considering it.

On Commitment 2.1, most respondents track their energy footprint, water consumption and greenhouse gas (GHG) emissions and take steps to reduce them. On GHG emissions, the survey for this report included questions on the type of emissions that are measured. More than half of all respondents covering Scope 1 and 2 - essentially emissions owned or controlled by a company.

(Just under a third of all respondents cover Scopes 1 and 2 as well as Scope 3 emissions, which essentially occur upstream and are related to the sourcing of natural raw materials.)

Two-thirds of respondents measure and track their waste footprint and take action to reduce it by means of better integration of circular economy principles (Commitment 2.2).

Green Chemistry (Commitment 2.3) has seen a big uptake since the previous report: more companies develop assessment tools to fully incorporate Green Chemistry principles into their manufacturing processes, and more than half implement Green Chemistry principles in some way (up from less than 40%). Two in five respondents expressed interest in IFRA's Green Chemistry Compass, a collective, complementary and voluntary tool in this area.



Activities under this Focus Area relate to the following UN Sustainable Development Goals, ranked according to relevance

12 RESPONSIBLE CONSUMPTION & PRODUCTION

09 INDUSTRY, INNOVATION & INFRASTRUCTURE

13 CLIMATE ACTION

Key results



80% of respondents have a global environmental impact assessment and management strategy in place or planned for the next 12 months

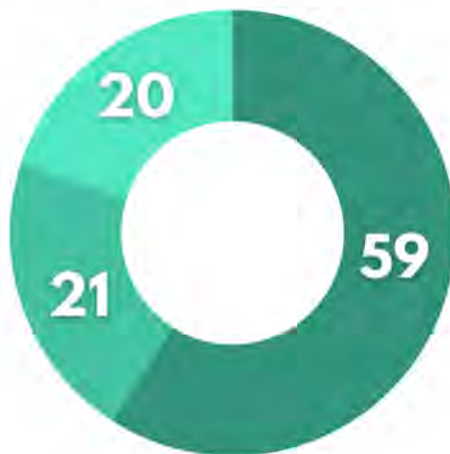


66% of respondents measure and track their waste footprint and take action to reduce it by means of better integration of circular economy principles



More than 60% of respondents fully or partially incorporate Green Chemistry principles into their manufacturing processes

Does your company have a global environmental impact assessment and management strategy in place?
100 responses



- My company has a strategy in place
- My company plans it as a future goal (launch of an implementation process within the next 12 months)
- My company does not have a strategy in place

Does your company engage with external partners and programs to support and inform its strategy?
59 responses

Yes



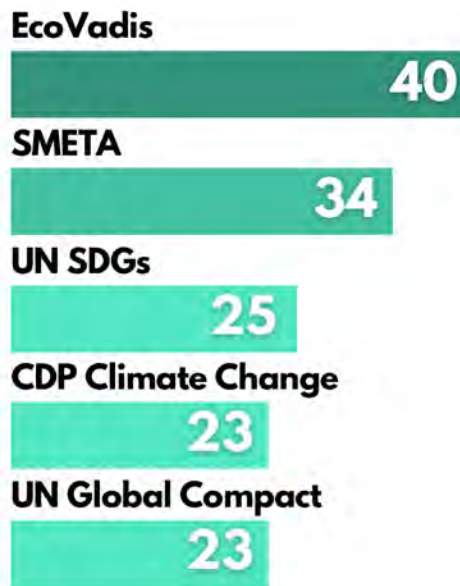
No



What is/are the external partner(s) and program(s) that your company engages with?

50 responses - multiple answers possible

TOP FIVE



OTHERS

- GRI (Global Reporting Initiative) - 20
- CDP Water Security - 17
- SBTi (Science-Based Target Initiative) - 11
- CDP Forests - 10
- SAI (Sustainable Agriculture Initiative) - 10
- UEBT (Union for Ethical BioTrade) - 10
- TfS (Together for Sustainability) - 5
- Sustainalytics - 4
- ISO 26000 Performance Assessments - 1
- Other - 14

How does your company reduce the environmental footprint of its products?

100 responses



How does your company apply measures to efficiently manage resources such as energy?

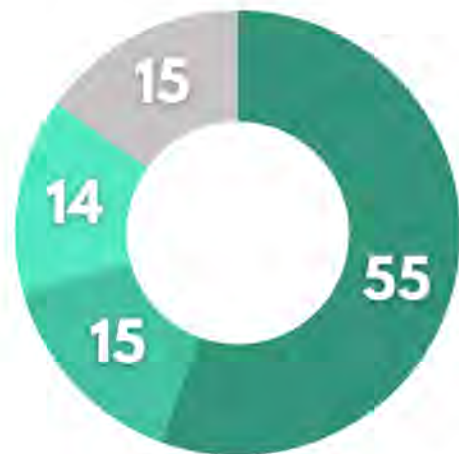
100 responses



- My company measures and tracks its energy footprint and takes action to reduce it
- My company has developed a mid- to long-term roadmap to reduce its energy consumption
- My company invests in and implements new business models and processes to increase its energy efficiency
- My company does not measure and track its energy footprint

How does your company apply measures to efficiently manage resources such as water?

99 responses



- My company measures and tracks its water consumption and takes action to reduce it
- My company has developed a mid- to long-term roadmap to reduce its water consumption and tries to optimize its processes regarding water wastage
- My company invests in and implements new business models and processes to increase its water efficiency
- My company does not measure and track its water consumption

Does your company measure and track its greenhouse gas (GHG) emissions?
100 responses



Which type of emissions does it track?
59 responses out of 65



What type of measure does your company put in place?
62 responses out of 65



- My company measures and tracks its GHG footprint and takes specific actions to reduce it
- My company has developed a mid- to long-term roadmap to reduce its GHG footprint
- My company has established long-term 'science-based' reduction targets

How does your company support the reduction of waste by the means of a better integration of circular economy principles?

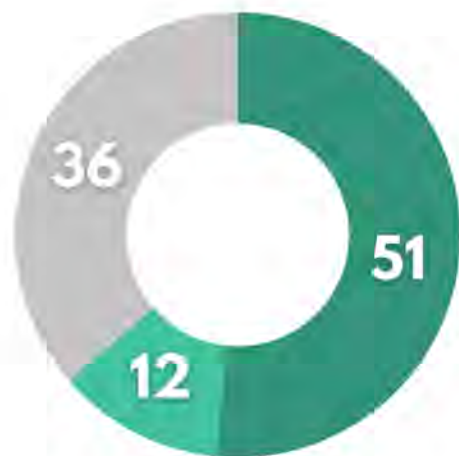
100 responses



- My company measures and tracks its waste footprint and takes action to reduce it
- My company invests in and implements new circular business models and processes such as using renewable, bio-based or fully recyclable inputs, or recovering resources
- My company has established a long-term roadmap to reduce waste and partially take into account circular economy principles
- My company does not measure and track its waste footprint

How does your company foster the application of Green Chemistry principles?

99 responses



- My company occasionally implements Green Chemistry principles into its processes
- My company develops assessment tools to fully incorporate Green Chemistry principles into its manufacturing processes
- My company does not incorporate Green Chemistry principles into its processes

WORKPLACE CULTURE

Enhance a safe, attractive and rewarding workplace culture

About this focus area

Companies have a moral and legal duty to ensure health and safety at work. But there is also an economic incentive: prevention helps to reduce risks, prevent accidents and illness, and boost economic performance.

Given the materials used, the flavor and fragrance industries have the potential to expose workers to potential occupational risks.

We must therefore anticipate and limit the risks associated with products and processes to ensure the health and safety of employees.

Like other industries, we must address physical risks (from travel, musculoskeletal disorders, lifting, electrical charge, noise and so on) as well as psychological and social hazards. These issues also affect our employees and service providers, who should be informed of health and safety rules and guidance.

The flavor and fragrance industries, as significant employers, have a role to play in subjects such as equal pay and protection of certain groups in the workforce (such as young people, older people and people with disabilities).

The challenge is to allow the diverse talents of the industries to express themselves fully and sustainably in the company, and to respect all differences.

By implementing a diversity and equal opportunities policy and promoting inclusion, companies can increase their attractiveness as employers and improve performance.

A well-established social dialogue improves the functioning of companies and reduces the risk of conflict. Involving employees in the development and implementation of their own working conditions increases their satisfaction, well-being, motivation, loyalty and performance.

Results in summary

In similar results to the previous report, around 70% of respondents have a global occupational health and safety (OHS) strategy in place, with 16 more planning it for the next 12 months.

More than half of respondents engage with external partners and programs to support and inform their strategies – EcoVadis and SMETA (Sedex Member Ethical Trade Audit) being the most popular options, each being used by more than a third of all companies surveyed.

On Commitment 3.1, more than half of respondents develop and implement a comprehensive OHS management program aimed at preventing occupational diseases and reducing the severity and frequency of workplace incidents, an improvement on the previous report.

Similar results to 2021 are shown for training and development, with just under half of responding companies (but most of the market) regularly offering training programs and integrating the development of their workforce in their policies and processes for both employees and governing bodies (Commitment 3.2). It is likely that the COVID-19 pandemic had an impact on training strategies that companies will need to adapt to and address.

Regarding equality, diversity and inclusion, nearly half of respondents fully embed these principles in their policies and processes for both employees and governing bodies (Commitment 3.3).



Activities under this Focus Area relate to the following UN Sustainable Development Goals, ranked according to relevance

08 DECENT WORK & ECONOMIC GROWTH

05 GENDER EQUALITY

10 REDUCED INEQUALITIES

04 QUALITY EDUCATION

Key results



Around 70% of respondents have a global occupational health and safety (OHS) strategy in place

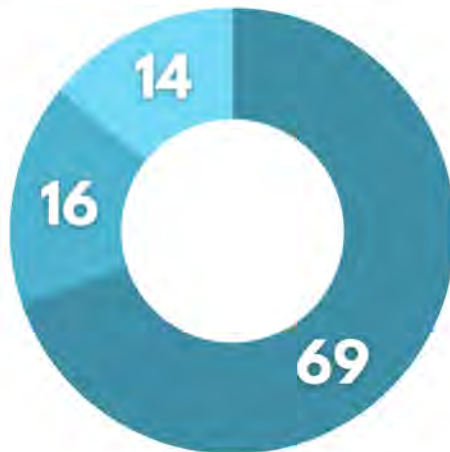


More than 90% of the market regularly offers training and development programs



75% of respondents fully embed or follow the principles of equality, diversity and inclusion in their policies and processes

Does your company have a global occupational health and safety (OHS) strategy in place?
99 responses



- My company has a strategy in place
- My company plans it as a future goal (launch of an implementation process within the next 12 months)
- My company does not have a strategy in place

Does your company company engage with external partners and programs to support and inform its strategy?
69 responses

Yes



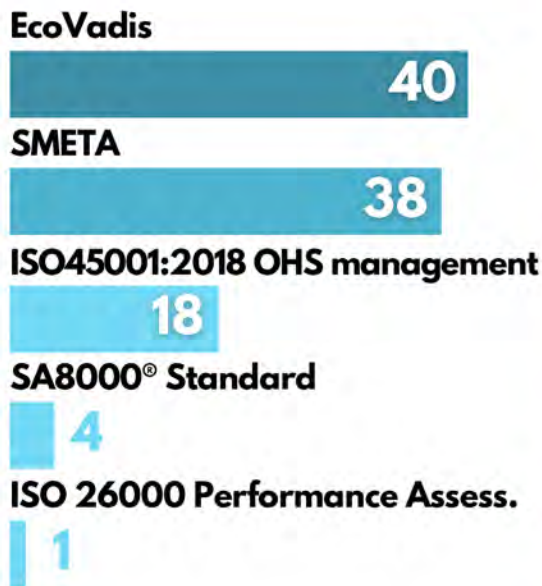
No



What are the tools used by your company?

52 responses - multiple answers possible

TOP FIVE



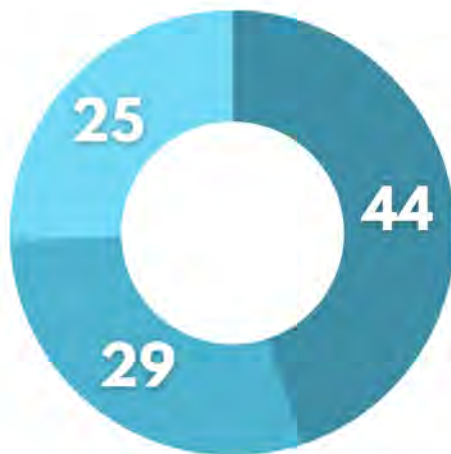
OTHER - 10

How does your company makes employee health and workplace safety a priority?

99 responses



How does your company offer equal opportunities and fair treatment of all employees, and promote diversity and inclusion?
98 responses



- My company fully embeds the principles of diversity, inclusion, and equality in its policies and processes for both employees and governing bodies
- My company takes the principles of diversity, inclusion, equality of opportunity and fair treatment into account in the development of its policies and processes and partially implements them
- My company is aware of and complies with international standards and relevant regulations in the countries in which it operates

How does your company provide a working environment with opportunities to upgrade professional skills through training/development?
99 responses



My company regularly offers training programs and integrates the development of its workforce in its policies and processes for both employees and governing bodies **43**



My company offers incentives and/or opportunities for employees to obtain extra qualifications and partially integrates them in the development of its policies and processes **35**



My company is aware of and complies with international standards and relevant regulations in the countries in which it operates **21**

FOCUS AREA 4

PRODUCT SAFETY AND DESIGN

Be at the leading edge of product safety and design

About this focus area

Good manufacturing processes are the starting point for the development of products with a high level of safety and a good environmental profile.

The benefits for companies of high-quality processes and products are significant – not only in relation to consumer satisfaction and protection, but also in terms of financial savings and competitive advantage.

'Safety by design' means that companies need to rethink key phases in a product life cycle, from manufacturing, to use, to end-of-life.

It means managing risk, meeting customer and consumer expectations regarding protection of human health and the environment, developing systems that ensure that the right people have the right information at the right time.

Results in summary

Product safety is a non-negotiable requirement and is at the heart of all the flavor and fragrance industries do.

The questions asked on this topic are therefore more limited than those on other focus areas.

Nevertheless, our survey looked at how Charter signatories work with value chain partners to design products that are safe for consumers and the environment (Commitment 4.1), with nearly 90% of respondents either occasionally (47%) or systematically (42%) engaging with customers to improve the health and safety impact of their products.

On product stewardship (Commitment 4.4), three in five respondents go beyond legal requirements to establish a consistent strategy to disseminate information on the safety of materials or to disseminate information and provide educational support in a proactive way.

Regarding the new Commitment 4.5 on collaborating on new approaches towards alternatives to animal testing, 70% of respondents use animal testing only when it is required by law and when there are no legal non-animal testing alternatives available.

Eight large companies engage on new approaches towards alternatives to animal testing or have developed a roadmap to progressively stop the use of animal testing for safety assessments, unless required by law.



Activities under this Focus Area relate to the following UN Sustainable Development Goals, ranked according to relevance

12 RESPONSIBLE CONSUMPTION & PRODUCTION

Key results



Nearly 90% of respondents engage with customers to improve the health and safety impact of their products



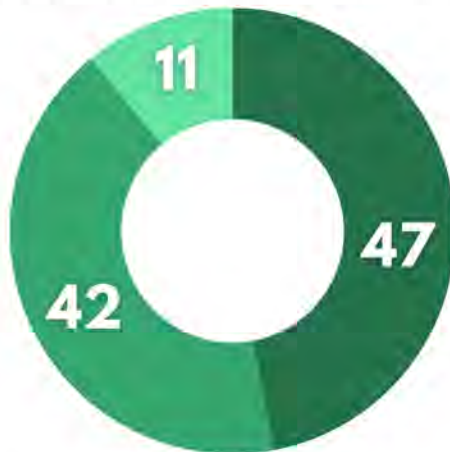
Almost 60% of respondents disseminate extra information on the safety of materials



70% of respondents use animal testing only when it is required by law and when there are no legal non-animal testing alternatives available

How does your company work with key partners along the value chain to design products that are safe for consumers and the environment?

100 responses



- My company occasionally engages with customers to improve the health and safety impact of its products
- My company systematically engages with customers to improve the health and safety impact of its products through the different stages of a product life cycle
- My company does not engage with customers to improve the health and safety impact of its products

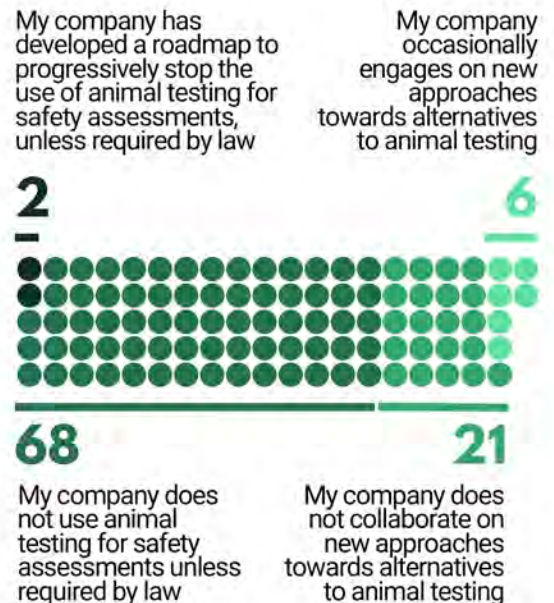
How does your company practise product stewardship?

99 responses



How does your company work on alternatives to animal testing?

97 responses



My company has developed a roadmap to progressively stop the use of animal testing for safety assessments, unless required by law

My company occasionally engages on new approaches towards alternatives to animal testing

My company does not use animal testing for safety assessments unless required by law

My company does not collaborate on new approaches towards alternatives to animal testing

FOCUS AREA 5

TRANSPARENCY

Be a transparent and reliable partner to our stakeholders and society

About this focus area

Business ethics guide companies to make decisions that are fair and transparent and to prevent risks associated with unethical business or industrial practices.

Business failures in this area can have a significant impact in terms of reputational damage, as well as leading to possible commercial, civil or criminal penalties.

With a strategy in place, a company should develop indicators that allow analysis and follow-up of results and define a new direction if necessary.

Although reporting is not an end in itself, these indicators must be considered as a tool for continuous improvement.

Externally, a company can communicate on these indicators to strengthen the credibility of its actions and set an example.

Building dialogue with external stakeholders helps to create an environment that is conducive to understanding of a company's business and helps it to improve.

Results in summary

Nearly three in four respondents have a global responsive governance strategy in place or have one planned for the next 12 months, including all the largest companies.

On Commitment 5.1, almost 80% of respondents have established processes to prevent anti-competitive behavior, corruption and bribery practices.

Among these 80%, half of them have formal anti-corruption documents signed by all employees, with penalties in case of violations.

Regarding multi-stakeholder dialogue (Commitment 5.2), almost all companies engage in some form of dialogue with stakeholders, while on reporting (Commitment 5.3), more than half of respondents go beyond mandatory requirements to report on their sustainability performance.

Two-thirds of those who do base their reporting on the United Nations Sustainable Development Goals (SDGs), while the Global Reporting Initiative (GRI) and the UN Global Compact are other often-cited tools.



Activities under this Focus Area relate to the following UN Sustainable Development Goals, ranked according to relevance

17 PARTNERSHIPS FOR THE GOALS

16 PEACE, JUSTICE & STRONG INSTITUTIONS

Key results



Almost 75% of respondents have a global responsive governance strategy in place or planned



Almost 75% of respondents have processes beyond legal requirements to fight anti-competitive behavior, corruption and bribery practices



56% of respondents go beyond mandatory requirements to report on their sustainability performance

Does your company have a global responsive governance strategy in place?
100 responses



- My company has a strategy in place
- My company plans it as a future goal (launch of an implementation process within the next 12 months)
- My company does not have a strategy in place

How does your company makes employees' health and workplace safety a priority?
99 responses

My company has formal processes to prevent anti-competitive behavior, corruption and bribery practices (such as documents signed by all employees) and penalties in case of violations

39

My company establishes processes to prevent any anti-competitive behavior, corruption and bribery practices

35

My company is aware and complies with relevant regulations in the countries in which it operates

26

How does your company foster multi-stakeholder dialogue and collaboration beyond regulatory requirements to develop solutions and partnerships?

100 responses



- My company communicates reactively with its stakeholders when needed
- My company has established an ongoing and consistent dialogue with its key stakeholders
- My company works in close cooperation with its stakeholders and actively involves them in the context of its activities
- My company does not engage in any dialogue with stakeholders

How does your company communicate about its activities according to reporting standards and the UN Sustainable Development Goals?

100 responses



My company reports occasionally and partially on its sustainability performance **25**



My company reports on its sustainability performance in accordance with international recognized standards and highlights its contribution to the UN Sustainable Development Goals **23**



My company reports exhaustively on its sustainability performance in accordance with internationally recognized standards like UNGC, GRI, etc. **8**



My company does not disclose its sustainability performance beyond what is mandatory **44**

What are the tools used by your company?

53 responses - multiple answers possible

NB: This question does not consider the results of such evaluations but only the use of such tools

TOP THREE

Sustainable Development Goals

36

GRI (Global Reporting Initiative)

28

United Nations Global Compact

26

OTHER - 13



Sustainability activities

SUSTAINABILITY COMMITTEE

With the publication of the first IFRA-IOFI Sustainability Report in 2021, the two Associations began work on further coordinating the industries' common sustainability activities – both within the Charter framework and beyond.

A new IFRA-IOFI Sustainability Committee oversees these endeavours, strengthening the involvement of members in our sustainability activities and making sure that we represent the diversity of our industries and needs of companies, large and small, along the flavor and fragrance value chains, and across continents.

The Committee's goals are to define the common milestones and deliverables, ensure consistent messaging, monitor the external environment, provide input on new regulations, and to support implementation and raise awareness of the Sustainability Charter.

The Committee has renewed the Charter, maintaining the basic structure of the Focus

Areas but putting an additional focus on topics such as biodiversity, alternatives to animal testing, and workplace culture. IFRA launched a parallel project on Green Chemistry as an element of safe and sustainable design.

At the same time, the Committee has taken a wider view of sustainability, involving the Sustainability Community of Charter signatories as well as the broader IFRA and IOFI membership in identifying new sustainability topics for the industries to address collectively.

Based on a member survey, the Committee decided to pursue the topics of carbon footprint, deforestation, and the creation of a glossary of definitions of sustainability terms.

Meanwhile, each industry has pushed forward with subjects that are of specific relevance: for IFRA, this has included the development of a Green Chemistry compass as a common tool contributing to safe and sustainable design.

Committee members

Chair

Jonathan Warr (Takasago)

Vice-Chair

Cordula Mock-Knoblauch (BASF) - *replaced Sebastian Form (BASF) in 2022*

Elena Galiano (IFF)
 Coralie Garcia Perrin (Kerry)
 Doris Gattermann (Symrise)
 Virginie Barbesant (Mane)
 Thomas Andro (Firmenich)
 Thierry Roger (Robertet)
 Adit Sharma (Givaudan)
 Ana Yaluff (ADM)
 Anne-Sophie Beyls (Prodarom)

Richard Illi (SFFIA)
 Vanessa Ligovich (FFAANZ)
 Helen McNair (UKFA)
 Alexander Mohr (EFFA)
 Charlotte Purcell (IFRA UK)
 Christine Ruiz (FEMA)
 Fabio Teixeira (ABIFRA)
 Guillaume Audy (AEFAA)

SUSTAINABILITY COMMUNITY

Created shortly after the launch of the IFRA-IOFI Sustainability Charter in 2020, the Sustainability Community is a broader knowledge exchange and educational platform for signatories and for IFRA and IOFI national associations to come together and discuss sustainability topics, issues and solutions relating to the Charter.

In 2022 and 2023, there were a series of Sustainability Community webinars, including one in April with Paul Polman, former Unilever CEO, on 'Net Positive', his recently launched book with Andrew Winston. Paul shared his learnings from corporate experience and explained how the companies of the future will profit by fixing the world's problems that are already created.

In September 2022 we hosted a webinar with Arab Hoballah on 'Be responsible, be the change'. Arab Hoballah, Executive Director of SEED-Entrepreneurship for Sustainable Development, is a renowned leader within the United Nations Network and one of the fathers of the global Sustainable Development Goal on Sustainable Consumption and Production (SDG 12).

He shared his experiences on how to foster SME entrepreneurship and capacity-building, in particular for small companies who often have constrained resources.

As well as a webinar on Access and Benefit Sharing Regulation in Latin America, two other member webinars were organized in January 2023 to support capacity-building and information-sharing: one with the law firm Mayer Brown on the EU Corporate Sustainability Reporting and Due Diligence Directives, and a second on the Sustainability Charter Review and progress report.



An effective transition to circularity and sustainability requires deep systemic transformative change, not just “cosmetic” change, through responsible consumption and production practices; efficiency and transparency throughout the production process with better informed consumers on the lifecycle of the products.

This is what SDG12 is about with Sustainable Consumption and Production being one of the three key objectives of sustainable development.

Arab Hoballah

CARBON FOOTPRINT

Carbon footprint was the principal area identified for deeper work in the survey of Committee members in early 2022 – notably in the light of the high priority given to this topic by policymakers and regulators.

Flavor and fragrance companies noted the need to work collaboratively in two areas in particular: first, the provision of guidance for members and capacity-building; and second, the development of quantitative industry-wide measurements for Scope 1 and Scope 2 carbon emissions (these emissions being produced as part of a company's activities, as opposed to Scope 3 emissions, which are emissions a company is responsible for outside of its own walls, whether upstream and downstream).

In 2022, IFRA and IOFI worked on creating a 'toolbox' targeting IFRA and IOFI members that do not have dedicated expertise on carbon footprint.

This toolbox includes guidance on CO₂ calculation methods as well as information on common standards, such as those developed by the Carbon Disclosure Project (CDP) or the Global Reporting Initiative (GRI), and on

product-level measures and standards (such as the European Union's Product Environmental Footprint and ISO standards).

From 2023, training materials will be made available for download, and IFRA and IOFI are hosting webinars to provide support and guidance to members. The training program will also look to leverage good practice, such as the Product Carbon Footprint (PCF) Guideline by Together for Sustainability (TfS).

Alongside capacity-building, work is progressing on quantitative analysis to build an overview of the impact of the flavor and fragrance industries. In full compliance with anti-trust rules, initial steps have been taken to gather and aggregate data from member companies, although this task is difficult given differences in measurement and timeframes.

While there is clear evidence of progress – for example, some companies have less than half the carbon footprint per ton produced than was the case two decades ago – further work is needed on building a model and gathering data before reliable information can be shared in a future Sustainability Report.



KEY TOPICS

DEFORESTATION

Deforestation was a second key topic identified by members at the start of the work of the Sustainability Committee.

While the flavor and fragrance industries are not as closely implicated as some other sectors in the need to prevent deforestation, the industries decided that there was a need to identify commodities at risk of being linked to deforestation (such as palm, soy, timber, cattle products, cocoa, vanilla and their derivatives).

This was the first step in a process that looked at whether and how materials were linked to deforestation – for example, how palm oil is used directly or indirectly through fractions or derivative products.

Based on this assessment, we identified a list of the top ten materials where sourcing needs particular attention as they can originate from palm.

We also mapped out external programs addressing deforestation for palm oil, focusing on the Roundtable on Sustainable Palm Oil (RSPO).

Volumetric data from IFRA-IOFI members, largely obtained from members' RSPO Annual Communication of Progress (ACOP) declarations, was aggregated and showed a significant improvement from 2019 (when 29.1% of the volume of palm products was certified as 'Mass-Balance +') to 2021 (by when the ratio had almost doubled to 57.1%).

Industry data via RSPO ACOP of IFRA-IOFI company members





Carbon footprint



Deforestation




Green Chemistry



Definitions and guidelines

Key topics for industry action as identified by members



Based on the experience with palm oil, IFRA and IOFI are looking at other commodities that may need to be addressed in the context of deforestation.

Beyond commodities, a number of natural raw materials critical to the flavor and fragrance industries come from the developing world, where there can be concerns about environmental standards.


One of the flavor industry's most emblematic naturals is vanilla, which is still largely sourced from Madagascar, partially Uganda and other countries.

In Madagascar various issues around the cultivation of vanilla have been raised over the years. Vanilla cultivation requires forested land. To avoid clearance for alternative agriculture a healthy market for vanilla farmers is essential.

To ensure a viable future the Sustainable Vanilla Initiative (SVI) was formed in 2015, bringing together members of the vanilla value chain from producers to users. The aim of the SVI is to improve conditions in the field through collective action, and members report annually to the SVI the ratio of sustainably sourced and traceable vanilla they produce or use.

A number of IFRA-IOFI members have provided data following the SVI Sustainability Standard for the crop years 2017-2021. The data provided indicates a trend towards more sustainable sourcing, but this improvement does not appear to have stabilised.

We hope that in future reports, through additional members reporting, perhaps aggregated volume data, and a greater span of time, a more accurate picture will emerge.



GREEN CHEMISTRY

What is Green Chemistry?

Green Chemistry is the use of a set of 12 Principles to improve the processes of chemicals made in the design, manufacture and application of chemical products and to optimize resource use at each stage of the life cycle. It focuses on optimizing sourcing from renewable resources, saving energy and minimizing our environmental footprint.

Green Chemistry applies across all areas of chemistry. It prevents pollution at molecular level, applying innovative scientific solutions to real-world environmental problems.

It reduces the use of source materials and the generation of pollution, lowers the negative impacts of chemical products and processes on human health and the environment, and lessens and sometimes eliminates hazard from existing products and processes.

IFRA Green Chemistry Compass

The Green Chemistry Compass is a harmonized tool developed by IFRA and made available to all Charter signatories via the Charter toolbox, to support Commitment 2.3. It aims to help manufacturers and blenders across the board – irrespective of size, location, or the type of products they make (natural extracts, bioengineered molecules, and synthetically derived molecules).

The Compass helps companies to incorporate 12 Principles (see overleaf) across company platforms and throughout the life-cycle of their products, ranging from ingredient sourcing to manufacturing, and taking into account health and safety. It helps companies to make conscious and systematic ingredient and innovation choices that are less harmful to people and the planet and staying ahead of regulations that bring new safety and sustainability requirements

(such as the 'Safe and Sustainable by Design' concept introduced in the European Union's new Chemicals Strategy for Sustainability).

While all 12 Principles apply to the flavor and fragrance industries, the Compass focuses on those most used: Principles 1, 2, 3, 4, 5, 6, 7, 9, 10 and 12. These also align with the IFRA-IOFI Sustainability Charter Focus Areas and the UN Global Sustainable Development Goals.

Under the Green Chemistry Compass project, IFRA and Being Benign hosted three workshops on Green Chemistry with John C. Warner, Ph.D., the Co-Founder of Beyond Benign and Senior VP and Distinguished Research Fellow at Zymerge.

At the first workshop in March 2022, Dr Warner introduced Green Chemistry and its 12 Principles while at the second workshop in June, his intervention was complemented by the presentation of company-owned Green Chemistry score systems developed by three IFRA member companies. In September, Dr Warner was joined by Philippa Payne, Ph.D., Senior Research Scientist, Gilead Sciences and Co-Chair of the ACS Green Chemistry Institute Pharmaceutical Roundtable.

What next?

This Compass is a living document and the first phase in the development of sector-wide Green Chemistry tool focused on different aspects of a company's manufacturing inputs and processes for a given product (including ingredients, processes, waste, energy, catalysts, and solvents).

The answer to each question falls into one of three categories: Most Preferred, Needs Improvement, or Least Preferred. Based on the responses, the Compass will point out areas where companies can make improvements towards greener chemistry.



Green Chemistry: 12 Principles and related Charter Focus Areas

- 1 Prevent waste** 1 2 3 4 5
Design chemical syntheses to prevent waste. Leave no waste to treat or clean up.
- 2 Maximize atom economy** 1 2 3 4 5
Design syntheses so that the final product contains the maximum proportion of the starting materials. Waste few or no atoms.
- 3 Design less hazardous chemical syntheses** 1 2 3 4 5
Design syntheses to use and generate substances with little or no toxicity to either humans or the environment.
- 4 Design safer chemicals and products** 1 2 3 4 5
Design chemical products that are fully effective yet have little or no toxicity.
- 5 Use safer solvents and reaction conditions** 1 2 3 4 5
Avoid using solvents, separation agents, or other auxiliary chemicals. If you must use these chemicals, use safer ones.
- 6 Increase energy efficiency** 1 2 3 4 5
Run chemical reactions at room temperature and pressure whenever possible.
- 7 Use renewable feedstocks** 1 2 3 4 5
Use starting materials (also known as feedstocks) that are renewable rather than depletable. The source of renewable feedstocks is often agricultural products or the wastes of other processes; the source of depletable feedstocks is often fossil fuels (petroleum, natural gas, or coal) or mining operations.
- 8 Avoid chemical derivatives** 1 2 3 4 5
Avoid using blocking or protecting groups or any temporary modifications if possible. Derivatives use additional reagents and generate waste.
- 9 Use catalysts, not stoichiometric reagents** 1 2 3 4 5
Minimize waste by using catalytic reactions. Catalysts are effective in small amounts and can carry out a single reaction many times. They are preferable to stoichiometric reagents, which are used in excess and carry out a reaction only once.
- 10 Design chemicals and products to degrade after use** 1 2 3 4 5
Design chemical products to break down to innocuous substances after use so that they do not accumulate in the environment.
- 11 Analyze in real time to prevent pollution** 1 2 3 4 5
Include in-process, real-time monitoring and control during syntheses to minimize or eliminate the formation of byproducts.
- 12 Minimize the potential for accidents** 1 2 3 4 5
Design chemicals and their physical forms (solid, liquid, or gas) to minimize the potential for chemical accidents including explosions, fires, and releases to the environment.

DEFINITIONS AND GUIDELINES

A further workstream identified by Charter signatories was definitions and guidelines principles - a project that is still ongoing.

The aim of this project is to develop a set of harmonised definitions of sustainability-related terms relevant to the flavor and fragrance industries and publish in due course a 'Definitions and Guiding Principles Glossary' that covers general, broad, cross-industries terms (such as 'circularity') as well as more specific F&F-related terms (including 'sustainable fragrance' and 'upcycled ingredient').

The terms, which are defined are those related to the IFRA-IOFI Sustainability Charter Focus Areas. Many sustainability terms are high-level and generic, and need to be defined more specifically in a sectorial context in

order to make them understood and actionable.

The broad sustainability definitions were annotated to a F&F context via a tiered approach, focussing initially on mandatory regulatory definitions, then existing norms impacting flavor and fragrance formulations (including ISO norms, and the IFRA Standards), and finally taking into account customer initiatives or requests.

The definitions working group identified around 50 relevant sustainability terms. It continues to work with specialist groups within IFRA and IOFI to develop expert-led and harmonised definitions and guiding principles that help Charter signatories, the wider IFRA and IOFI membership, and stakeholders in the flavor and fragrance value chains.



QUANTIFYING PROGRESS ACROSS THE F&F INDUSTRIES

The responses to our survey of signatories to the Charter is one useful indicator of how sustainable the flavor and fragrance industries are – but we are also looking at other ways to quantify and measure progress in a broader sense.

Different approaches have been considered. One is to look at how companies (and in particular the largest companies, which make up the vast majority of the industry by volume) report their own sustainability activities.

While this is a useful starting point, the collection and aggregation of this data can be difficult: not all companies report exactly the same information in exactly the same way, making it hard to compare statistics and give a reliable picture.

The Sustainability Committee therefore decided to look at other approaches. One such approach is to have some form of external evaluation, such as that provided by EcoVadis, a provider of business sustainability ratings.

The reliability of this data is dependent on self-declared information from companies; nevertheless, EcoVadis is a useful partner, as it is both a highly-respected organization and is well known and used in the flavor and fragrance industries.

Indeed, the survey results consistently show that EcoVadis scores are used by around 40 per cent of respondents in supplier evaluations.

The results

EcoVadis scores were obtained from two groups of companies and averaged. The first group of eight companies were evaluated from 2017 to 2022. This includes the largest multinational IFRA-IOFI members.

The second group of six companies started EcoVadis evaluation more recently and includes regional IFRA-IOFI members. For the purposes of providing a meaningful average, data for 2019-2022 is shown.



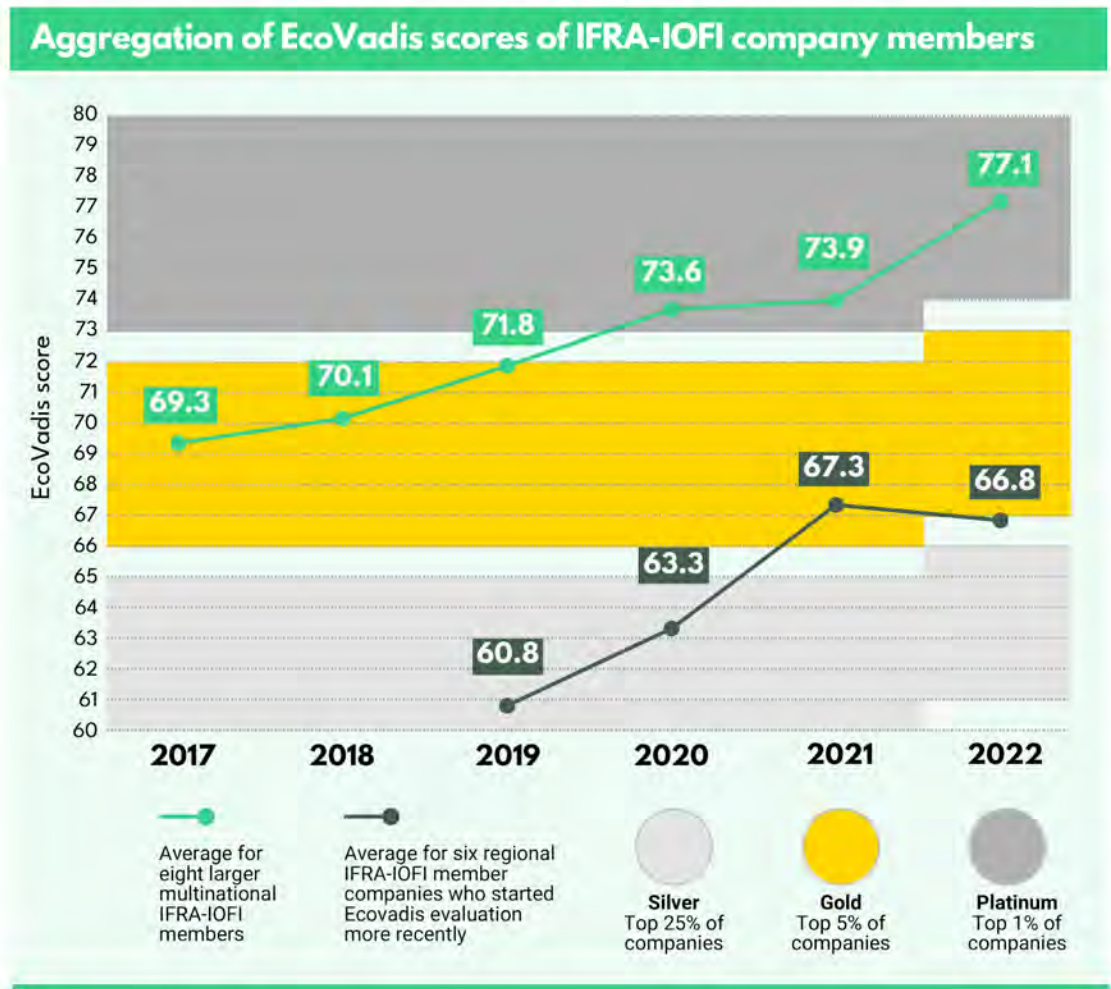
In general, both groups have Ecovadis scores that have increased over the years. It is not uncommon for first evaluations to be lower; companies understand what is required to improve and then they put in place the relevant practices and gather evidence, resulting in higher scores.

The average for the most experienced (and in general larger) companies has been at platinum level for the last three years, equivalent to the top one per cent of companies following the Ecovadis assessment. The second group, who started later, are catching up fast and are on the

silver-gold borderline in 2021 and 2022, with gold corresponding to the leading five per cent of assessed companies. Both the assessment and score required to achieve a given level increased in difficulty in 2022.

Next steps

The results are encouraging and the Ecovadis assessment, which collects and processes high-quality data, provides strong evidence to support the high standards of the IFRA-IOFI members and the continuous drive for improvement.





Concluding remarks

JONATHAN WARR

CHAIR
IFRA-IOFI SUSTAINABILITY COMMITTEE



Thank you for reading our latest IFRA-IOFI Sustainability Report.

Since becoming Chair of the new Sustainability Committee in 2021, I have been pleased to see the progress we have made on the Charter – with new members, an updated Charter, and practical steps forward on each Focus Area as highlighted in this Report – as well as on other sustainability-related activities.

The workstreams on carbon footprint, deforestation, the ongoing definitions and guidelines glossary, along with the quantifying process and IFRA's work on the Green Chemistry Compass – have helped us to go deeper into these crucial issues for a more sustainable future, which are now firmly embedded in the culture and thinking of our industries.

And it cannot be any other way.

Companies, governments and society at large, are showing a deeper interest in sustainability, both in scope and detail. From COP27, to California SB 32, to the European Union's Green Deal, with its many initiatives and proposals for legislation, we are all on a sustainability journey and we each have to play our part in setting the speed and direction.

On that journey, new challenges will emerge. The EU's Product Environmental Footprint initiative is something that was not even considered five years ago, but is now an important consideration for companies. Our 'Charter 2.0' has already reflected this move but we need to ensure that changes and new requirements are workable and that they take

account of concepts such as 'biogenic carbon'.

We have begun work on the topic of deforestation as a key metric of sustainable sourcing, but the concept within society is already shifting to one that includes considerations of human rights, child labor and the broader subject of biodiversity.

Greater due diligence concerning sourcing will be needed. Again in the EU, following on from the EU deforestation-free regulation (EUDR), a new Corporate Sustainability Due Diligence Directive (CSDDD) is turning the concept into law.

In line with the member survey, reducing CO₂ emissions, where both members and customers have made quantitative commitments, remains the most acute industry sustainability topic, followed by sustainable sourcing of renewables.

New requirements and considerations will continue to emerge; in the face of extreme weather and notably increased drought, water use and conservation is another key issue on the horizon.

This second IFRA-IOFI Sustainability Report is the next step on our industries' sustainability journey. We have made great strides, but there is much still to do, and the path is not always clear.

IFRA and IOFI will continue to provide support and tools to help members on this journey and build a sustainable future for the good of our businesses, people, and the planet.

KEY TERMS USED IN THE REPORT

EcoVadis

Paris-based provider of business sustainability ratings
ecovadis.com

SMETA

Sedex Members Ethical Trade Audit, a social audit method provided by Sedex
sedex.com

ISO26000

International social responsibility standard provided by the International Organization for Standardization
iso.org

CDP

Carbon Disclosure Project, a not-for-profit charity that runs a global disclosure system for management of environmental impact
cdp.net

SA8000

Global social certification system based on internationally recognized standards of decent work, provided by Social Accountability International
sa-intl.org

ISO45001

International standard for management systems of occupational health and safety, provided by the International Organization for Standardization
iso.org

GRI

The Global Reporting Initiative, an international independent standards organization to communicate impacts on issues such as climate change, human rights and corruption
globalreporting.org

UNGC

The United Nations Global Compact, a pact to encourage businesses to adopt sustainable and socially responsible policies, and to report on their implementation
unglobalcompact.org



ifra-iofi.org