



| .SCOPE & INTENT

Firmenich's natural palette includes over 250 botanical families sourced in over 40 countries, delivering over 500 naturals references for our perfumers and flavorists. "Many of our ingredients come from small holder farmers. Ultimately, our products connect consumers with communities around the world. That's why we are committed to sourcing and making these connections in the most sustainable, traceable and ethical way," says Gilbert Ghostine, Chief Executive Officer.

Firmenich is not only committed to the sustainable management of raw materials, but also to raising awareness and fostering innovation to conserve and help regenerate natural resources and biodiversity.

In 2018, we issued a Palm Oil Sustainability Statement to consolidate our commitment to the sustainable sourcing and protection of local communities in palm oil production: palm oil being a sensitive and widely used raw material that may lead, in some areas, to natural ecosystem destruction including deforestation and forest degradation, as well as human rights violations.

Our Palm Oil Sustainability Statement was formally supplemented by our [Responsible Sourcing Policy](#), issued in 2019, which extends our Code of Ethics across our entire supply chain to reinforce compliance and business ethics, human rights, health and safety, environment and biodiversity, quality, business continuity and confidentiality. All our suppliers are requested to adhere to the standards set in the Responsible Sourcing Policy and to apply similar requirements to their own suppliers.

Beyond regulatory compliance, in alignment with our integration of the United Nations Sustainable Development Goals (SDGs), our Responsible Sourcing Policy, and our Roundtable on Sustainable Palm Oil (RSPO) membership, Firmenich pledged to only use palm oil and palm kernel oil derived from sustainable sources in our products; and to only source RSPO¹ direct palm oil and direct palm oil derivatives² for all active and new products.

Firmenich believes that responsible procurement offers the best solution for the environmental and human rights challenges linked to the palm oil supply chain when compared to the replacement of those materials by other kinds of vegetable or mineral oils ("Palm-Free" products).

This position paper confirms our commitment to transparency of Firmenich's sustainable management of palm oil, which applies to all parts of our business, including Perfumery, Taste, and Ingredient³. Through direct engagement with our suppliers, each direct raw material supplier is pushed to manage deforestation and sustainable sourcing within its own supply chain.

¹ RSPO "Mass Balance" certification is our preferred approach, however, "Book & Claim" may be used.

² Palm oil derivatives are defined in table 1, in "[RSPO Rules for Oleochemicals and its Derivatives](#)."

³ The Statement applies to acquired businesses under Firmenich's operational control, provided they are fully integrated in Firmenich's internal systems.

II. PRINCIPLES & ACTION PLAN

As a global company, Firmenich is committed to the sustainable sourcing of our products. Looking at Palm Oil more specifically, we align with RSPO Principles and Criteria, RSPO Code of Conduct, and RSPO guidelines on remediation and compensation. Firmenich also strives to promote:

1. High Conservation Value (HCV) management
2. Avoidance of land area under conservation
3. High Carbon Stock (HCS) management
4. Secure Free, Prior and Informed Consent (FPIC)
5. Union for Ethical BioTrade (UEBT) standards in our natural supply chains
6. Reaching zero gross deforestation and forest degradation

We have strict Procurement practices that follow our Responsible Sourcing Policy. We also have a Global Trade Compliance platform to ensure compliance with sanctions, restrictions and trade controls, and improve the flow of raw materials and finished products around the world.

We require our palm oil and palm oil derivatives² suppliers to:

- Adhere to our Responsible Sourcing Policy, Human Rights Policy, and Code of Ethics
- Report their responsible sourcing practices to ECOVADIS with a goal to have 90% of our suppliers (by spend) to be rated at least Silver by 2030.
- Share with us their commitments towards Sustainable Palm Oil, demonstrate their use of RSPO-certified palm oil and therefore report on the compliance of their supply chains regarding:
 - Compliance with local laws and regulations
 - Protection of peat areas, implementation of best management practices for existing cultivation and No new development on peat, regardless of depth
 - Protection of high-carbon-value area and to avoid deforestation
 - Respect of Human Rights and Free, Prior and Informed Consent (FPIC) of local and indigenous communities
 - Avoidance of negative impacts on threatened and protected species and habitats
 - No land clearance by burning or clearcutting
 - Resolution of complaints and conflicts through an open, transparent and consultative process
 - Inclusion of smallholders into the supply chain
 - Restricting the sourcing and/or trade of forest risk commodities to credible certified sources -- no sourcing of forest risk commodities from illegally produced and/or traded, or unknown/controversial sources

|||. TARGETS & REPORTING

In 2020, Firmenich successfully:

- Certified two key manufacturing sites and launched two other site certifications in line with the RSPO Supply Chain standards
- Completed the audit of our sourcing of direct and indirect palm oil and palm oil derivatives
- Reached 99.9% of RSPO certified direct palm oil and direct palm oil derivatives sourced, and 95% indirect palm oil derivatives and palm kernel oil derivatives sourced. Using Book & Claim, we will be able to achieve 100% directly and indirectly-sourced palm oil and palm kernel oil derivatives RSPO-compliant before end of June 2021.

Beyond 2020, our ongoing commitment remains to:

- Certify key manufacturing sites in line with the RSPO Supply Chain certification by 2025
- Continue sourcing 100% palm oil products RSPO-compliant, using Mass Balance & Book and Claim systems
- Promote the sustainability and traceability in the Palm Oil supply chains with our stakeholders, including smallholders
- Strive to bring our suppliers to go beyond RSPO

This Position Paper encompasses palm oil and palm oil derivatives sourced from suppliers which are used in Firmenich operations³.

This Position Paper has been reviewed and approved by the following Firmenich representatives on April 13, 2021. Firmenich will report against this Position Paper commitments in our annual ESG report released in October every year.

Jane Sinclair
General Counsel and
Secretary to the Board



Gianluca Colombo
Chief Purchasing Officer





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