

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2023
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-4858

INTERNATIONAL FLAVORS & FRAGRANCES INC.

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

13-1432060
(I.R.S. Employer
Identification No.)

521 West 57th Street, New York, NY 10019-2960
200 Powder Mill Road, Wilmington, DE 19803-2907
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (212) 765-5500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value 12 1/2¢ per share	IFF	New York Stock Exchange
1.750% Senior Notes due 2024	IFF 24	New York Stock Exchange
1.800% Senior Notes due 2026	IFF 26	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of common stock outstanding as of May 3, 2023: 255,091,358

INTERNATIONAL FLAVORS & FRAGRANCES INC.
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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS.
INTERNATIONAL FLAVORS & FRAGRANCES INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(DOLLARS IN MILLIONS)</i>	March 31, 2023	December 31, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 590	\$ 483
Restricted cash	16	10
Trade receivables (net of allowances of \$54 and \$53, respectively)	1,899	1,818
Inventories: Raw materials	1,006	1,073
Work in process	473	442
Finished goods	1,467	1,636
Total Inventories	2,946	3,151
Assets held for sale	1,202	1,200
Prepaid expenses and other current assets	789	770
Total Current Assets	7,442	7,432
Property, plant and equipment, at cost	6,309	6,180
Accumulated depreciation	(2,085)	(1,977)
Property, plant and equipment, net	4,224	4,203
Goodwill	13,458	13,355
Other intangible assets, net	8,968	9,082
Operating lease right-of-use assets	634	636
Other assets	744	699
Total Assets	\$ 35,470	\$ 35,407
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Bank borrowings, overdrafts, and current portion of long-term debt	\$ 1,483	\$ 410
Commercial paper	588	187
Accounts payable	1,197	1,418
Accrued payroll and bonus	218	267
Dividends payable	207	206
Liabilities held for sale	216	212
Other current liabilities	965	1,028
Total Current Liabilities	4,874	3,728
Other Liabilities:		
Long-term debt	9,220	10,373
Retirement liabilities	235	231
Deferred income taxes	2,229	2,265
Operating lease liabilities	569	565
Other liabilities	494	472
Total Other Liabilities	12,747	13,906
Commitments and Contingencies (Note 16)		
Redeemable non-controlling interests	59	59
Shareholders' Equity:		
Common stock \$0.125 par value; 500,000,000 shares authorized; 275,726,629 shares issued as of March 31, 2023 and 275,726,629 shares issued as of December 31, 2022; and 255,067,476 and 254,968,463 shares outstanding as of March 31, 2023 and December 31, 2022, respectively	35	35
Capital in excess of par value	19,844	19,841
Retained earnings	739	955
Accumulated other comprehensive loss	(1,887)	(2,169)
Treasury stock, at cost (20,659,153 and 20,758,166 shares as of March 31, 2023 and December 31, 2022, respectively)	(973)	(978)
Total Shareholders' Equity	17,758	17,684
Non-controlling interest	32	30
Total Shareholders' Equity including Non-controlling interest	17,790	17,714
Total Liabilities and Shareholders' Equity	\$ 35,470	\$ 35,407

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.
CONSOLIDATED STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended	
	March 31,	
<i>(AMOUNTS IN MILLIONS EXCEPT PER SHARE AMOUNTS)</i>	2023	2022
Net sales	\$ 3,027	\$ 3,226
Cost of goods sold	2,063	2,081
Gross profit	964	1,145
Research and development expenses	161	157
Selling and administrative expenses	454	459
Amortization of acquisition-related intangibles	171	186
Restructuring and other charges	52	2
Gains on sale of fixed assets	(5)	—
Operating profit	131	341
Interest expense	111	72
Other expense (income), net	6	(16)
Income before taxes	14	285
Provision for income taxes	22	39
Net (loss) income	(8)	246
Net income attributable to non-controlling interests	1	2
Net (loss) income attributable to IFF shareholders	\$ (9)	\$ 244
Net (loss) income per share - basic	\$ (0.04)	\$ 0.96
Net (loss) income per share - diluted	\$ (0.04)	\$ 0.96
Average number of shares outstanding - basic	255	255
Average number of shares outstanding - diluted	255	255
Statements of Comprehensive Income		
Net (loss) income	\$ (8)	\$ 246
Other comprehensive income (loss), after tax:		
Foreign currency translation adjustments	284	(199)
Pension and postretirement liability adjustment	(2)	—
Other comprehensive income (loss)	282	(199)
Comprehensive income	274	47
Net income attributable to non-controlling interests	1	2
Comprehensive income attributable to IFF shareholders	\$ 273	\$ 45

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
<i>(DOLLARS IN MILLIONS)</i>		
Cash flows from operating activities:		
Net (loss) income	\$ (8)	\$ 246
Adjustments to reconcile to net cash provided by (used in) operating activities		
Depreciation and amortization	276	303
Deferred income taxes	(28)	(65)
Gains on sale of fixed assets	(5)	—
Losses on business divestitures	14	—
Stock-based compensation	12	9
Pension contributions	(7)	(8)
Changes in assets and liabilities, net of acquisitions:		
Trade receivables	(63)	(272)
Inventories	219	(311)
Accounts payable	(144)	178
Accruals for incentive compensation	(70)	(101)
Other current payables and accrued expenses	(51)	39
Other assets/liabilities, net	(18)	(22)
Net cash provided by (used in) operating activities	127	(4)
Cash flows from investing activities:		
Additions to property, plant and equipment	(175)	(132)
Additions to intangible assets	—	(2)
Proceeds from disposal of assets	7	2
Cash provided by the Merger with N&B	—	11
Net proceeds received from business divestiture	1	—
Net cash used in investing activities	(167)	(121)
Cash flows from financing activities:		
Cash dividends paid to shareholders	(206)	(201)
Increase (decrease) in revolving credit facility and short-term borrowings	(100)	1
Proceeds from issuance of commercial paper (maturities after three months)	—	155
Repayments of commercial paper (maturities after three months)	—	(75)
Net borrowings of commercial paper (maturities less than three months)	393	227
Deferred financing costs	(2)	—
Employee withholding taxes paid	(6)	(13)
Other, net	(1)	1
Net cash provided by financing activities	78	95
Effect of exchange rate changes on cash, cash equivalents and restricted cash	27	(24)
Net change in cash, cash equivalents and restricted cash	65	(54)
Cash, cash equivalents and restricted cash at beginning of year	552	716
Cash, cash equivalents and restricted cash at end of period	\$ 617	\$ 662
Supplemental Disclosures:		
Interest paid, net of amounts capitalized	\$ 66	\$ 45
Income taxes paid	227	78
Accrued capital expenditures	71	64

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

<i>(DOLLARS IN MILLIONS)</i>	Common stock		Capital in excess of par value	Retained earnings	Accumulated other comprehensive (loss) income	Treasury stock		Non-controlling interest	Total
	Shares	Cost				Shares	Cost		
Balance at January 1, 2022	275,726,629	\$ 35	\$ 19,826	\$ 3,641	\$ (1,423)	(21,152,645)	\$ (997)	\$ 35	\$ 21,117
Net income				244				2	246
Cumulative translation adjustment					(199)				(199)
Cash dividends declared (\$0.79 per share)				(202)					(202)
Stock options/SSARs			9			80,153	4		13
Vested restricted stock units and awards			(22)			150,610	7		(15)
Stock-based compensation			9						9
Purchases of NCI			1					(5)	(4)
Balance at March 31, 2022	275,726,629	\$ 35	\$ 19,823	\$ 3,683	\$ (1,622)	(20,921,882)	\$ (986)	\$ 32	\$ 20,965

<i>(DOLLARS IN MILLIONS)</i>	Common stock		Capital in excess of par value	Retained earnings	Accumulated other comprehensive (loss) income	Treasury stock		Non-controlling interest	Total
	Shares	Cost				Shares	Cost		
Balance at January 1, 2023	275,726,629	\$ 35	\$ 19,841	\$ 955	\$ (2,169)	(20,758,166)	\$ (978)	\$ 30	\$ 17,714
Net (loss)				(9)				1	(8)
Cumulative translation adjustment					284				284
Pension liability and postretirement adjustment; net of tax of \$0					(2)				(2)
Cash dividends declared (\$0.81 per share)				(207)					(207)
Stock options/SSARs			(5)			55,617	3		(2)
Vested restricted stock units and awards			(4)			43,396	2		(2)
Stock-based compensation			12						12
Dividends paid on non-controlling interest and Other								1	1
Balance at March 31, 2023	275,726,629	\$ 35	\$ 19,844	\$ 739	\$ (1,887)	(20,659,153)	\$ (973)	\$ 32	\$ 17,790

See Notes to Consolidated Financial Statements

INTERNATIONAL FLAVORS & FRAGRANCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Nature of Operations**

International Flavors & Fragrances Inc. and its subsidiaries (the “Registrant,” “IFF,” “the Company,” “we,” “us” and “our”) is a leading creator and manufacturer of food, beverage, health & biosciences, scent and pharma solutions and complementary adjacent products, including cosmetic active and natural health ingredients, which are used in a wide variety of consumer products. Our products are sold principally to manufacturers of perfumes and cosmetics, hair and other personal care products, soaps and detergents, cleaning products, dairy, meat and other processed foods, beverages, snacks and savory foods, sweet and baked goods, sweeteners, dietary supplements, food protection, infant and elderly nutrition, functional food, and pharmaceutical excipients and oral care products.

Basis of Presentation

The accompanying interim Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and the related notes included in our 2022 Annual Report on Form 10-K (“2022 Form 10-K”).

The interim Consolidated Financial Statements are unaudited. In addition, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America have been condensed or omitted, if not materially different from the 2022 Form 10-K. The year-end balance sheet data included in this Form 10-Q was derived from the audited financial statements. In the opinion of management, all adjustments, which consist of normal recurring adjustments necessary for a fair statement of the interim Consolidated Financial Statements, have been made.

Reporting Periods

The Company uses a calendar year of the twelve-month period from January 1 to December 31.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) requires management to make estimates and judgments that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. The inputs into the Company’s judgments and estimates take into account the current economic implications of the novel coronavirus (“COVID-19”), the events in Russia and Ukraine, and the ongoing adverse macroeconomic impacts on our critical and significant accounting estimates, including estimates associated with future cash flows that are used in assessing the risk of impairment of certain assets. Actual results could differ from those estimates.

Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash reported in the Company’s balance sheet as of March 31, 2023, December 31, 2022, March 31, 2022 and December 31, 2021 were as follows:

<i>(DOLLARS IN MILLIONS)</i>	March 31, 2023	December 31, 2022	March 31, 2022	December 31, 2021
Current assets				
Cash and cash equivalents	\$ 590	\$ 483	\$ 657	\$ 711
Cash and cash equivalents included in Assets held for sale	4	52	—	—
Restricted cash	16	10	4	4
Non-current assets				
Restricted cash included in Other assets	7	7	1	1
Cash, cash equivalents and restricted cash	\$ 617	\$ 552	\$ 662	\$ 716

Accounts Receivable

The Company has various factoring agreements in the U.S. and The Netherlands under which it can factor up to approximately €250 million in receivables (“Company’s own factoring agreements”). In addition, the Company utilizes factoring agreements sponsored by certain customers. Under all of the arrangements, the Company sells the receivables on a non-recourse basis to unrelated financial institutions and accounts for the transactions as a sale of receivables. The applicable receivables are removed from the Company’s Consolidated Balance Sheets when the cash proceeds are received by the Company.

The Company sold a total of approximately \$445 million and \$333 million of receivables under the Company’s own factoring agreements and customer sponsored factoring agreements for the three months ended March 31, 2023 and 2022, respectively. The cost of participating in these programs was approximately \$5 million and \$1 million for the three months ended March 31, 2023 and 2022, respectively, and is included as a component of interest expense. Under the Company’s own factoring agreements, it sold approximately \$197 million and \$87 million of receivables for the three months ended March 31, 2023 and 2022, respectively. The outstanding principal amounts of receivables under the Company’s own factoring agreements amounted to approximately \$163 million and \$157 million as of March 31, 2023 and December 31, 2022, respectively. The proceeds from the sales of receivables are included in net cash from operating activities in the Consolidated Statements of Cash Flows.

Revenue Recognition

The Company recognizes revenue from contracts with customers when the contract or purchase order has received approval and commitment from both parties, has the rights of the parties and payment terms (which can vary by customer) identified, has commercial substance, collectability of consideration is probable, and control has transferred. The revenue recognized reflects the consideration the Company expects to be entitled to in exchange for those goods. Sales, value added, and other taxes the Company collects are excluded from revenues. The Company receives payment in accordance with standard customer terms.

Sales are reduced, at the time revenue is recognized, for applicable discounts, rebates and sales allowances based on historical experience. Related accruals are included in Other current liabilities in the accompanying Consolidated Balance Sheets. The Company considers shipping and handling activities undertaken after the customer has obtained control of the related goods as a fulfillment activity. Net sales include shipping and handling charges billed to customers. Cost of goods sold includes all costs incurred in connection with shipping and handling.

See Note 12 for further details on revenues disaggregated by segment.

Contract Assets and Liabilities

With respect to a small number of contracts for the sale of compounds, the Company has an “enforceable right to payment for performance to date” and as the products do not have an alternative use, the Company recognizes revenue for these contracts over time and records a contract asset using the output method. The output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract.

As of March 31, 2023 and December 31, 2022, the Company’s gross accounts receivable was \$1.953 billion and \$1.871 billion, respectively. The Company’s contract assets and contract liabilities as of March 31, 2023 and December 31, 2022 were not material.

Expected Credit Losses

The Company is exposed to credit losses primarily through its sales of products. To determine the appropriate allowance for expected credit losses, the Company considers certain credit quality indicators, such as aging, collection history, and creditworthiness of debtors. Regional and Global Credit committees review and approve specific customer allowance reserves. The allowance for expected credit losses is primarily based on two primary factors: i) the aging of the different categories of trade receivables, and ii) a specific reserve for accounts identified as uncollectible.

The Company also considers current and future economic conditions in the determination of the allowance. At March 31, 2023, the Company reported \$1.899 billion of trade receivables, net of allowances of \$54 million. Based on the aging analysis as of March 31, 2023, less than 1% of the Company’s accounts receivable were past due by over 365 days based on the payment terms of the invoice.

The following is a rollforward of the Company's allowances for bad debts for the three months ended March 31, 2023:

<i>(DOLLARS IN MILLIONS)</i>	Allowances for Bad Debts	
Balance at December 31, 2022	\$	53
Bad debt expense ⁽¹⁾		1
Balance at March 31, 2023	\$	54

(1) The bad debt expense included approximately \$9 million related to expected credit losses on receivables from certain customers in Egypt, offset by approximately \$8 million of reversals of allowances on receivables from customers located in Russia and Ukraine. The Company will continue to evaluate its credit exposure related to Egypt, Russia and Ukraine.

Long-Lived Assets

The Company reviews long-lived assets for impairment when events or changes in business conditions indicate that their carrying value may not be recovered. An estimate of undiscounted future cash flows produced by an asset or group of assets is compared to the carrying value to determine whether impairment exists. If assets are determined to be impaired, the loss is measured based on an estimate of fair value using various valuation techniques, including a discounted estimate of future cash flows.

Goodwill

Goodwill represents the difference between the total purchase price and the fair value of identifiable assets and liabilities acquired in business acquisitions.

The Company tests goodwill for impairment at the reporting unit level as of November 30 every year, or more frequently if events or changes in circumstances indicate the asset might be impaired. A reporting unit is an operating segment or one level below an operating segment (referred to as a component) to which goodwill is assigned when initially recorded.

The Company identifies its reporting units by assessing whether the components of its reporting segments constitute businesses for which discrete financial information is available and management of each reporting unit regularly reviews the operating results of those components. The Company determined that it has six reporting units under the Nourish, Health & Biosciences, Scent and Pharma Solutions segments: (1) Nourish, (2) Fragrance Compounds, (3) Fragrance Ingredients, (4) Cosmetic Actives, (5) Health & Biosciences and (6) Pharma Solutions. These reporting units were determined based on the level at which the performance is measured and reviewed by segment management. In cases where the components of an operating segment have similar economic characteristics, they are aggregated into a single reporting unit.

Events in Russia and Ukraine

The Company maintains operations in both Russia and Ukraine and, additionally, exports products to customers in Russia and Ukraine from operations outside the region. In response to the events in Ukraine, the Company has limited the production and supply of ingredients in and to Russia to only those that meet the essential needs of people, including food, hygiene and medicine.

Allowances for Bad Debts

As of March 31, 2023, the Company had a reserve of approximately \$3 million related to expected credit losses on receivables from customers located in Russia and Ukraine. The Company will continue to evaluate its credit exposure related to Russia and Ukraine.

Recent Accounting Pronouncements

In December 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848." The ASU was issued to provide an update on ASU 2020-04 and ASU 2021-01 that were issued in March 2020 and January 2021, respectively, which provided optional accounting guidance for a limited period of time to ease the potential burden in accounting for reference rate reform. The guidance provides optional expedients and exceptions to existing accounting requirements for contract modifications and hedge accounting related to transitioning from discontinued reference rates, such as London Interbank Offered Rate ("LIBOR"), to alternative reference rates, if certain criteria are met. With the issuance of ASU 2022-06, the sunset date of Topic 848 has been deferred from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. On March 23, 2023, the Company amended certain existing debt agreements where the interest rate benchmark was updated from LIBOR to the Secured Overnight Financing Rate ("Term SOFR"). The Company had adopted Topic 848 and also applied it to its recent amendments of its debt agreements. See Note 8 for additional information on the amendments to the debt agreements.

In September 2022, the FASB issued ASU 2022-04, "Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations." The ASU requires that a buyer in a supplier finance program disclose sufficient information about the program to allow users of the financial statements to understand the program's nature, activity during the period, changes from period to period and potential magnitude. The buyer should disclose qualitative and quantitative information about its supplier finance programs. The ASU requires the buyer's annual disclosure to include a rollforward of the obligations under the supplier finance programs during the annual period, including the amount of obligations confirmed and subsequently paid. This guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023, and early adoption is permitted. The Company has adopted this guidance on January 1, 2023, which did not have a material impact on its Consolidated Financial Statements. As of March 31, 2023, the Company did not have any obligations under supplier finance programs.

NOTE 2. NET (LOSS) INCOME PER SHARE

A reconciliation of the shares used in the computation of basic and diluted net (loss) income per share is as follows:

<i>(AMOUNTS IN MILLIONS EXCEPT PER SHARE AMOUNTS)</i>	Three Months Ended March 31,	
	2023	2022
Net (Loss) Income		
Net (loss) income available to IFF shareholders	\$ (9)	\$ 244
Shares		
Weighted average common shares outstanding (basic)	255	255
Weighted average shares assuming dilution (diluted)	255	255
Net (Loss) Income per Share		
Net (loss) income per share - basic	\$ (0.04)	\$ 0.96
Net (loss) income per share - diluted	(0.04)	0.96

The Company declared a quarterly dividend to its shareholders of \$0.81 and \$0.79 per share for the three months ended March 31, 2023 and 2022, respectively.

There were approximately 0.3 million potentially dilutive securities excluded from the computation of diluted net loss per share for the three months ended March 31, 2023 because there was a net loss attributable to IFF for the period and, as such, the inclusion of these securities would have been anti-dilutive.

For the three months ended March 31, 2023 and 2022, there were approximately 0.4 million and 0.2 million share equivalents, respectively, that had an anti-dilutive effect and therefore were excluded from the computation of diluted net (loss) income per share.

The Company has issued shares of Purchased Restricted Stock Units ("PRSUs") which contain rights to non-forfeitable dividends while these shares are outstanding and thus are considered participating securities. Such securities are required to be included in the computation of basic and diluted earnings per share pursuant to the two-class method.

The Company did not present the two-class method since there was no difference between basic net (loss) income per share for both unrestricted common shareholders and PRSU shareholders for the three months ended March 31, 2023 and 2022. There was no difference between diluted net loss per share for both unrestricted common shareholders and PRSU shareholders for the three months ended March 31, 2023. The difference between diluted net income per share for both unrestricted common shareholders and PRSU shareholders for the three months ended March 31, 2022 was less than \$0.01 per share. In addition, the number of PRSUs outstanding as of March 31, 2023 and 2022 was not material. Net loss allocated to such PRSUs was not material for the three months ended March 31, 2023. Net income allocated to such PRSUs was not material for the three months ended March 31, 2022.

NOTE 3. BUSINESS DIVESTITURE

Divestiture of Microbial Control

The Company completed the divestiture of the Microbial Control business unit on July 1, 2022, which was acquired as part of the Company's merger with Nutrition and Biosciences, Inc. ("N&B"), a wholly-owned subsidiary of DuPont, in 2021 (the "Merger"), and received net cash proceeds of approximately \$1.169 billion. The Company also entered into transition services agreements with the buyer for providing certain general accounting, information technology and other services up to 19 months following the date of the sale for minimal consideration. The fair value of these transition services agreements was determined to be approximately \$36 million, which was adjusted against the sale consideration and recognized as deferred transition services income. For the three months ended March 31, 2023, the transition services income under the transition services agreements was approximately \$5 million and was recognized as a reduction to the costs incurred to provide services under the transition services agreements, which was included in Selling and administrative expenses on the Consolidated Statements of (Loss) Income and Comprehensive Income.

Liquidation of a Business in Russia

As part of the liquidation of a business in Russia in preparation for the sale of the portion of the Savory Solutions business, as disclosed in Note 18, the Company recognized a pre-tax loss of approximately \$10 million presented in other expense (income), net, and approximately \$2 million of tax benefits presented in provision for income taxes on the Consolidated Statements of (Loss) Income and Comprehensive Income for the three months ended March 31, 2023.

NOTE 4. RESTRUCTURING AND OTHER CHARGES

Restructuring and other charges primarily consist of separation costs for employees including severance, outplacement and other employee benefit costs ("Severance"), charges related to the write-down of fixed assets of plants to be closed ("Fixed asset write-down") and all other related restructuring ("Other") costs. All restructuring and other charges are separately stated on the Consolidated Statements of (Loss) Income and Comprehensive Income.

Frutarom Integration Initiative

In connection with the acquisition of Frutarom, the Company executed an integration plan that, among other initiatives, sought to optimize its manufacturing network (the "Frutarom Integration Initiative"). Since the inception of the initiative through March 31, 2023, the Company closed 22 sites and expensed total costs of approximately \$36 million. As of March 31, 2023, the Frutarom Integration Initiative is complete.

N&B Merger Restructuring Liability

For the three months ended March 31, 2023, the Company had approximately \$1 million of reversal to charges related to severance. Since the inception of the restructuring activities, there have been a total of approximately 215 headcount reductions and the Company has expensed approximately \$44 million.

2023 Restructuring Program

In December 2022, the Company announced a restructuring program mainly related to headcount reduction to improve its organizational and operating structure, drive efficiencies and achieve cost savings. For the three months ended March 31, 2023, the Company incurred approximately \$57 million of charges related to severance and there have been a total of approximately 600 actual and planned headcount reductions. The Company expects to incur a majority of the costs for the 2023 Restructuring Program in the current year.

Changes in Restructuring Liabilities

Changes in restructuring liabilities during the three months ended March 31, 2023 were as follows:

<i>(DOLLARS IN MILLIONS)</i>	Balance at December 31, 2022	Additional Charges (Reversals), Net	Cash Payments	Balance at March 31, 2023
Frutarom Integration Initiative				
Severance	\$ 4	\$ (3)	\$ (1)	\$ —
Other Restructuring Charges				
Severance	1	(1)	—	—
N&B Merger Restructuring Liability				
Severance	9	(1)	(6)	2
Other	1	—	—	1
2023 Restructuring Program				
Severance	—	57	(1)	56
Total Restructuring and other charges	\$ 15	\$ 52	\$ (8)	\$ 59

Restructuring liabilities are presented in “Other current liabilities” on the Consolidated Balance Sheets.

Charges by Segment

The following table summarizes the total amount of costs incurred in connection with these restructuring programs and activities by segment:

<i>(DOLLARS IN MILLIONS)</i>	Three Months Ended March 31,	
	2023	2022
Nourish	\$ 30	\$ 2
Health & Biosciences	10	—
Scent	10	—
Pharma Solutions	2	—
Total Restructuring and other charges	\$ 52	\$ 2

NOTE 5. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consisted of the following amounts:

<i>(DOLLARS IN MILLIONS)</i>	March 31, 2023	December 31, 2022
<i>Asset Type</i>		
Land	\$ 191	\$ 199
Buildings and improvements	1,730	1,697
Machinery and equipment	3,419	3,344
Information technology	329	291
Construction in process	640	649
Total Property, plant and equipment	6,309	6,180
Accumulated depreciation	(2,085)	(1,977)
Total property, plant and equipment, net	\$ 4,224	\$ 4,203

Depreciation expense was \$105 million and \$117 million for the three months ended March 31, 2023 and 2022, respectively.

NOTE 6. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill

Movements in goodwill attributable to each reportable segment for the three months ended March 31, 2023 were as follows:

(DOLLARS IN MILLIONS)

	Nourish	Health & Biosciences	Scent	Pharma Solutions	Total
Balance at December 31, 2022	\$ 6,050	\$ 4,321	\$ 1,745	\$ 1,239	\$ 13,355
Transferred to assets held for sale	(4)	—	—	—	(4)
Foreign exchange	50	32	11	14	107
Balance at March 31, 2023	\$ 6,096	\$ 4,353	\$ 1,756	\$ 1,253	\$ 13,458

Other Intangible Assets

Other intangible assets, net consisted of the following amounts:

<i>(DOLLARS IN MILLIONS)</i>	March 31, 2023	December 31, 2022
Asset Type		
Customer relationships	\$ 8,367	\$ 8,318
Technological know-how	2,356	2,339
Trade names & patents	360	358
Other	49	47
Total carrying value	11,132	11,062
Accumulated Amortization		
Customer relationships	(1,366)	(1,252)
Technological know-how	(648)	(589)
Trade names & patents	(106)	(97)
Other	(44)	(42)
Total accumulated amortization	(2,164)	(1,980)
Other intangible assets, net	\$ 8,968	\$ 9,082

Amortization

Amortization expense was \$171 million and \$186 million for the three months ended March 31, 2023 and 2022, respectively.

Amortization expense for the next five years is expected to be as follows:

<i>(DOLLARS IN MILLIONS)</i>	2023	2024	2025	2026	2027
Estimated future intangible amortization expense	\$ 527	\$ 702	\$ 699	\$ 697	\$ 598

NOTE 7. OTHER CURRENT ASSETS AND LIABILITIES, AND OTHER ASSETS

Prepaid expenses and other current assets consisted of the following amounts:

<i>(DOLLARS IN MILLIONS)</i>	March 31, 2023	December 31, 2022
Value-added tax receivable	\$ 183	\$ 212
Income tax receivable	152	129
Packaging materials and supplies	155	148
Prepaid expenses	163	144
Other	136	137
Total	\$ 789	\$ 770

Other assets consisted of the following amounts:

<i>(DOLLARS IN MILLIONS)</i>	March 31, 2023	December 31, 2022
Deferred income taxes	\$ 188	\$ 158
Overfunded pension plans	180	180
Cash surrender value of life insurance contracts	46	45
Finance lease right-of-use assets	21	22
Equity method investments	11	10
Other ⁽¹⁾	298	284
Total	<u>\$ 744</u>	<u>\$ 699</u>

(1) Includes land usage rights in China, long-term deposits and receivables on certain derivative instruments.

Other current liabilities consisted of the following amounts:

<i>(DOLLARS IN MILLIONS)</i>	March 31, 2023	December 31, 2022
Rebates and incentives payable	\$ 92	\$ 99
Value-added tax payable	73	65
Interest payable	81	55
Current pension and other postretirement benefit obligation	12	10
Accrued insurance (including workers' compensation)	10	9
Accrued restructuring	59	15
Current operating lease obligation	84	86
Accrued freight	19	18
Accrued commissions payable	10	11
Accrued income taxes	160	313
Accrued expenses payable	289	256
Other	76	91
Total	<u>\$ 965</u>	<u>\$ 1,028</u>

NOTE 8. DEBT

Debt consisted of the following:

<i>(DOLLARS IN MILLIONS)</i>	Effective Interest Rate	March 31, 2023	December 31, 2022
2023 Notes ⁽¹⁾	3.30 %	\$ 300	\$ 300
2024 Euro Notes ⁽¹⁾	1.88 %	542	532
2025 Notes ⁽¹⁾	1.22 %	1,000	1,000
2026 Euro Notes ⁽¹⁾	1.93 %	864	845
2027 Notes ⁽¹⁾	1.56 %	1,214	1,215
2028 Notes ⁽¹⁾	4.57 %	398	398
2030 Notes ⁽¹⁾	2.21 %	1,509	1,510
2040 Notes ⁽¹⁾	3.04 %	773	774
2047 Notes ⁽¹⁾	4.44 %	495	495
2048 Notes ⁽¹⁾	5.12 %	787	787
2050 Notes ⁽¹⁾	3.21 %	1,570	1,571
2024 Term Loan Facility ⁽²⁾	3.75 %	625	625
2026 Term Loan Facility ⁽²⁾	5.08 %	625	625
Revolving Credit Facility ⁽³⁾		—	100
Commercial paper ⁽⁴⁾		588	187
Bank overdrafts and other		1	6
Total debt		11,291	10,970
Less: Short-term borrowings ⁽⁵⁾		(2,071)	(597)
Total Long-term debt		\$ 9,220	\$ 10,373

(1) Amount is net of unamortized discount and debt issuance costs.

(2) Amount is recorded at fair value.

(3) The interest rate on the Amended Revolving Credit Facility is, at the applicable borrower's option, a per annum rate equal to either (x) an eurocurrency rate plus an applicable margin varying from 1.000% to 1.625% or (y) a base rate plus an applicable margin varying from 0.000% to 0.625%, in each case depending on the public debt ratings for non-credit enhanced long-term senior unsecured debt issued by the Company.

(4) The effective interest rate of commercial paper issuances fluctuates as short-term interest rates and demand fluctuate, and deferred debt issuance costs are immaterial. Additionally, the effective interest rate of commercial paper is not meaningful as issuances do not materially differ from short-term interest rates.

(5) Includes bank borrowings, commercial paper, overdrafts and current portions of long-term debt.

Commercial Paper

For the three months ended March 31, 2023, the Company had gross issuances of \$1.320 billion and repayments of \$919 million under the Commercial Paper Program. The commercial paper issued had original maturities of less than 86 days. For the three months ended March 31, 2022, the Company had gross issuances of \$873 million and repayments of \$566 million.

The Commercial Paper Program is backed by the borrowing capacity available under the Revolving Credit Facility. The effective interest rate of commercial paper issuances does not materially differ from short-term interest rates, which fluctuate due to market conditions and as a result may impact our interest expense.

Amendments to Existing Credit Agreements
Amendments to Existing Term Loan Credit Agreement

On March 23, 2023, the Company entered into Amendment No. 3 ("Term Loan Amendment No. 3") and Amendment No. 4 ("Term Loan Amendment No. 4", and together with Term Loan Amendment No. 3, the "Term Loan Amendments") to amend that certain term loan credit agreement, dated January 17, 2020 (as amended by that certain Amendment No. 1 to Credit Agreement, dated August 25, 2020, as further amended by that certain Amendment No. 2 to Credit Agreement, dated August 4, 2022, as further supplemented by that certain Icon Debt Assumption Supplement, dated March 4, 2021, the "Existing Term Loan Credit Agreement", and the Existing Term Loan Credit Agreement, as amended by the Term Loan Amendments, the "Term Loan Credit Agreement"), among the Company (as successor to Nutrition & Biosciences, Inc.), the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent.

Term Loan Amendment No. 3, among other things, extends the period during which certain relief is provided with respect to the financial covenant contained in the Existing Term Loan Credit Agreement through December 31, 2024, or such earlier date on which the Company elects to terminate such period (the “Term Loan Covenant Relief Period”), by providing that during the Term Loan Covenant Relief Period, the Company’s consolidated leverage ratio shall not exceed as of the end of the fiscal quarter for the period of the four fiscal quarters then ended: (i) 5.25x for any fiscal quarter ending on or before June 30, 2023, (ii) 5.00x for the fiscal quarter ending September 30, 2023, (iii) 4.75x for any subsequent fiscal quarter ending on or before March 31, 2024, (iv) 4.50x for the fiscal quarter ending June 30, 2024, (v) 4.25x for the fiscal quarter ending September 30, 2024 and (vi) 4.00x for the fiscal quarter ending December 31, 2024. During the Term Loan Covenant Relief Period, Term Loan Amendment No. 3 also prohibits the Company from (i) effecting any share repurchases and (ii) creating liens to secure debt in excess of the greater of \$400 million and 5.00% of Consolidated Net Tangible Assets (as defined in the Term Loan Credit Agreement), in each case subject to certain exceptions set forth therein. The Company was in compliance with all covenants as of March 31, 2023.

Term Loan Amendment No. 4, among other things, replaces LIBOR with Term SOFR (as defined in the Term Loan Credit Agreement) as the reference rate for U.S. dollar-denominated loans. From March 23, 2023, loans under the Term Loan Credit Agreement now bear interest at a base rate or a rate equal to Term SOFR plus an adjustment of 0.10% per annum, plus, in each case, an applicable margin based on the Company’s public debt rating. Loans may be prepaid without premium or penalty, subject to customary breakage costs.

Amendments to Existing Revolving Credit Facility

On March 23, 2023, the Company and certain of its subsidiaries entered into Amendment No. 2 (“Revolver Amendment No. 2”) and Amendment No. 3 (“Revolver Amendment No. 3”, and together with Revolver Amendment No. 2, the “Revolver Amendments”) to amend that certain Third Amended and Restated Credit Agreement, dated July 28, 2021 (as amended by that certain Amendment No. 1 to Credit Agreement, dated August 4, 2022, the “Existing Revolving Credit Agreement”, and the Existing Revolving Credit Agreement, as amended by the Revolver Amendments, the “Revolving Credit Agreement”), among the Company and certain of its subsidiaries (collectively, the “Loan Parties”), the lenders party thereto and Citibank, N.A., as administrative agent.

Revolver Amendment No. 2, among other things, extends the period during which certain relief is provided with respect to the financial covenant contained in the Existing Revolving Credit Agreement through December 31, 2024, or such earlier date on which the Company elects to terminate such period (the “Revolver Covenant Relief Period”), by providing that during the Revolver Covenant Relief Period, the Company’s consolidated leverage ratio shall not exceed as of the end of the fiscal quarter for the period of the four fiscal quarters then ended: (i) 5.25x for any fiscal quarter ending on or before June 30, 2023, (ii) 5.00x for the fiscal quarter ending September 30, 2023, (iii) 4.75x for any subsequent fiscal quarter ending on or before March 31, 2024, (iv) 4.50x for the fiscal quarter ending June 30, 2024, (v) 4.25x for the fiscal quarter ending September 30, 2024 and (vi) 4.00x for the fiscal quarter ending December 31, 2024. During the Revolver Covenant Relief Period, Revolver Amendment No. 2 also prohibits the Loan Parties from (i) effecting any share repurchases and (ii) creating liens to secure debt in excess of the greater of \$400 million and 5.00% of Consolidated Net Tangible Assets (as defined in the Revolving Credit Agreement), in each case subject to certain exceptions set forth therein. The Company was in compliance with all covenants as of March 31, 2023.

Revolver Amendment No. 3, among other things, replaces LIBOR with Term SOFR (as defined in the Revolving Credit Agreement) as the reference rate for U.S. dollar-denominated loans. From March 23, 2023, loans under the Revolving Credit Agreement now bear interest at a base rate or, in the case of U.S. dollar-denominated loans, a rate equal to Term SOFR plus an adjustment of 0.10% per annum or, in the case of euro-denominated loans, the Euro interbank offered rate, plus, in each case, an applicable margin based on the Company’s public debt rating. Loans may be prepaid without premium or penalty, subject to customary breakage costs.

For the three months ended March 31, 2023, the Company had issuances of \$400 million and repayments of \$500 million under the Revolving Credit Facility. For the three months ended March 31, 2022, the Company had no borrowings issuances and no repayments.

Subsequent Events

On May 1, 2023, the Company made a \$300 million debt repayment related to the 2023 Notes at maturity, which was funded from the issuance of \$400 million under the Revolving Credit Facility.

NOTE 9. LEASES

The Company has leases for corporate offices, manufacturing facilities, research and development facilities and certain transportation and office equipment. The Company’s leases have remaining lease terms of up to 50 years, some of which include options to extend the leases for up to 7 years.

The components of lease expense were as follows:

<i>(DOLLARS IN MILLIONS)</i>	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Operating lease cost	\$ 49	\$ 47
Finance lease cost	2	2

Supplemental cash flow information related to leases was as follows:

<i>(DOLLARS IN MILLIONS)</i>	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases	\$ 33	\$ 35
Financing cash flows for finance leases	2	2
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	23	18
Finance leases	2	1

Operating lease right-of-use assets are presented in “Operating lease right-of-use assets” and finance lease right-of-use assets are presented in “Other assets” on the Consolidated Balance Sheets. Operating lease liabilities are presented in “Operating lease liabilities” and finance lease liabilities are presented in “Other liabilities” on the Consolidated Balance Sheets. Any other current liabilities related to operating and finance lease liabilities are presented in “Other current liabilities” on the Consolidated Balance Sheets.

NOTE 10. INCOME TAXES

The effective tax rate for the three months ended March 31, 2023 was 157.1%, which was primarily driven by tax expenses relating to planned business divestitures and changes in the mix of income and losses, some of which do not give rise to tax benefits due to valuation allowances.

As of March 31, 2023, the Company had approximately \$109 million of unrecognized tax benefits recorded in Other liabilities and approximately \$5 million recorded to Other current liabilities. If these unrecognized tax benefits were recognized, the effective tax rate would be affected.

As of March 31, 2023, the Company had accrued interest and penalties of approximately \$35 million classified in Other liabilities and approximately \$2 million classified in Other current liabilities.

As of March 31, 2023, the Company’s aggregate provisions for uncertain tax positions, including interest and penalties, was approximately \$151 million associated with tax positions asserted in various jurisdictions.

The Company regularly repatriates earnings from non-U.S. subsidiaries. As the Company repatriates these funds to the U.S., they will be required to pay income taxes in certain U.S. states and applicable foreign withholding taxes during the period when such repatriation occurs. Accordingly, as of March 31, 2023, the Company had a deferred tax liability of approximately \$174 million for the effect of repatriating the funds to the U.S., attributable to various non-U.S. subsidiaries. There is no deferred tax liability associated with non-U.S. subsidiaries where we intend to indefinitely reinvest the earnings to fund local operations and/or capital projects.

NOTE 11. STOCK COMPENSATION PLANS

The Company has various plans under which its officers, senior management, other key employees and directors may be granted equity-based awards. Equity awards outstanding under the plans include PRSUs, Restricted Stock Units (“RSUs”), Stock-Settled Appreciation Rights (“SSARs”) and Long-Term Incentive Plan awards. Liability-based awards outstanding under the plans are cash-settled RSUs.

Stock-based compensation expense and related tax benefits were as follows:

<i>(DOLLARS IN MILLIONS)</i>	Three Months Ended March 31,	
	2023	2022
Total stock-based compensation expense	\$ 12	\$ 9
Less: Tax benefit	(2)	(2)
Total stock-based compensation expense, after tax	\$ 10	\$ 7

As of March 31, 2023, there was approximately \$58 million of total unrecognized compensation cost related to non-vested awards granted under the equity incentive plans.

NOTE 12. SEGMENT INFORMATION

The Company is organized into four reportable operating segments: Nourish, Health & Biosciences, Scent and Pharma Solutions. These segments align with the internal structure to manage these businesses. The Company's Chief Operating Decision Maker regularly reviews financial information to allocate resources and assess performance utilizing these segments.

Nourish is comprised of three business units, Ingredients, Flavors and Food Designs, with a diversified portfolio across natural and plant-based specialty food ingredients, flavor compounds, and savory solutions and inclusions, respectively. Ingredients provide texturizing solutions to the food industry, food protection solutions used in food and beverage products, specialty soy and pea protein with value-added formulations, emulsifiers and sweeteners. Flavors provide a range of flavor compounds and natural taste solutions that are ultimately used by IFF's customers in savory products, beverages, sweets and dairy products. Flavors also provide value-added spices and seasoning ingredients for meat, food service, convenience, alternative protein and culinary products. Food Designs provide savory solution products such as spices, sauces, marinades and mixtures. Additionally, Food Designs provide inclusion products that help with taste and texture by, among other things, combining flavorings with fruit, vegetables, and other natural ingredients for a wide range of food products, such as health snacks, baked goods, cereals, pastries, ice cream and other dairy products.

Health & Biosciences is comprised of five business units, Health, Cultures & Food Enzymes, Home & Personal Care, Animal Nutrition and Grain Processing, with a biotechnology-driven portfolio of products that serve the health and wellness, food, consumer and industrial markets. Products within this portfolio range from enzymes, food cultures, probiotics and specialty ingredients for non-food applications. Health provides ingredients for dietary supplements, food and beverage, specialized nutrition and pharma. Cultures & Food Enzymes provide products that aim to serve the global demand for healthy, natural, clean label and fermented food for fresh dairy, cheese, bakery and brewing products. This is accomplished by providing IFF's customers with products that allow for extended shelf life and stability, which help to improve customers' products and performance. The business unit's enzyme solution also allows IFF's customers to provide low sugar, high fiber and lactose-free dairy products. Home & Personal Care produces enzymes for detergents, cleaning and textile processing products in the laundry, dishwashing, textiles and industrials and personal care markets that help to enhance product and process performances. Animal Nutrition produces enzymes that help to improve the product and process performance of animal feed products, which aim to lessen environmental impact by reducing farm waste. Grain Processing produces enzymes for biofuel production and carbohydrate processing.

Scent is comprised of (1) Fragrance Compounds, which are ultimately used by IFF's customers in two broad categories: Fine Fragrances, including perfumes and colognes, and Consumer Fragrances, including fragrance compounds for personal care (e.g., soaps), household products (e.g., detergents and cleaning agents) and beauty care, including toiletries; (2) Fragrance Ingredients, consisting of synthetic and natural ingredients that can be combined with other materials to create unique fine fragrance and consumer fragrance compounds; and (3) Cosmetic Active Ingredients, consisting of active and functional ingredients, botanicals and delivery systems to support our customers' cosmetic and personal care product lines. Major fragrance customers include the cosmetics industry, including perfume and toiletries manufacturers, and the household products industry, including manufacturers of soaps, detergents, fabric care, household cleaners and air fresheners.

Pharma Solutions is comprised of a vast portfolio, including cellulosics and seaweed-based pharmaceutical excipients, used to improve the functionality and delivery of active pharmaceutical ingredients, including controlled or modified drug release formulations, and enabling the development of more effective pharmaceutical finished dosage formats. Pharma Solutions excipients are used in prescription and over-the-counter pharmaceuticals and dietary supplements. Pharma Solutions products also serve a variety of other specialty and industrial end-uses including coatings, inks, electronics, agriculture and consumer products.

Reportable segment information was as follows:

	Three Months Ended	
	March 31,	
<i>(DOLLARS IN MILLIONS)</i>	2023	2022
Net sales:		
Nourish	\$ 1,653	\$ 1,731
Health & Biosciences	513	661
Scent	608	585
Pharma Solutions	253	249
Consolidated	<u>\$ 3,027</u>	<u>\$ 3,226</u>
Segment Adjusted Operating EBITDA:		
Nourish	\$ 208	\$ 329
Health & Biosciences	131	192
Scent	105	116
Pharma Solutions	59	65
Total	503	702
Depreciation & Amortization	(276)	(303)
Interest Expense	(111)	(72)
Other (Expense) Income, net	(6)	16
Restructuring and Other Charges (a)	(52)	(2)
Acquisition, Divestiture and Integration Related Costs (b)	(31)	(49)
Strategic Initiatives Costs (c)	(13)	—
Regulatory Costs (d)	(5)	—
Other (e)	5	(7)
Income Before Taxes	<u>\$ 14</u>	<u>\$ 285</u>

(a) For 2023 and 2022, represents costs primarily related to severance as part of the Company's restructuring efforts.

(b) For 2023 and 2022, primarily represents costs related to the Company's actual and planned acquisitions, sales and planned sales of businesses and integration related activities primarily for Frutarom and N&B. These costs primarily consisted of external consulting fees, professional and legal fees and salaries of individuals who are fully dedicated to such efforts. For 2023, integration costs primarily relate to IT costs for the N&B integration. For the three months ended March 31, 2023, business divestiture and integration related costs were approximately \$21 million and \$10 million, respectively. For the three months ended March 31, 2022, business divestiture, integration related and acquisition related costs were \$30 million, \$18 million and \$1 million, respectively.

(c) Represents costs related to the Company's strategic assessment and business portfolio optimization efforts and reorganizing the Global Shared Services Centers, primarily consulting fees.

(d) Represents costs primarily related to legal fees incurred for the ongoing investigations of the fragrance businesses.

(e) For 2023, represents gains from sale of fixed assets. For 2022, represents shareholder activist related costs, primarily professional fees, and severance costs, including accelerated stock compensation expense, for certain executives who have been separated from the Company.

Net sales, which are attributed to individual regions based upon the destination of product delivery, were as follows:

	Three Months Ended March 31,	
	2023	2022
<i>(DOLLARS IN MILLIONS)</i>		
Europe, Africa and Middle East	\$ 1,070	\$ 1,128
Greater Asia	688	744
North America	905	1,002
Latin America	364	352
Consolidated	<u>\$ 3,027</u>	<u>\$ 3,226</u>

	Three Months Ended March 31,	
	2023	2022
<i>(DOLLARS IN MILLIONS)</i>		
Net sales related to the U.S.	\$ 871	\$ 901
Net sales attributed to all foreign countries	2,156	2,325

No non-U.S. country had net sales greater than 6% of total consolidated net sales for the three months ended March 31, 2023 and 2022.

NOTE 13. EMPLOYEE BENEFITS

Pension and other defined contribution retirement plan expenses included the following components:

	U.S. Plans	
	Three Months Ended March 31,	
	2023	2022
<i>(DOLLARS IN MILLIONS)</i>		
Interest cost on projected benefit obligation ⁽²⁾	\$ 7	\$ 4
Expected return on plan assets ⁽²⁾	(8)	(5)
Net amortization and deferrals ⁽²⁾	—	2
Net periodic benefit (income) cost	<u>\$ (1)</u>	<u>\$ 1</u>

	Non-U.S. Plans	
	Three Months Ended March 31,	
	2023	2022
<i>(DOLLARS IN MILLIONS)</i>		
Service cost for benefits earned ⁽¹⁾	\$ 5	\$ 9
Interest cost on projected benefit obligation ⁽²⁾	9	5
Expected return on plan assets ⁽²⁾	(12)	(11)
Net amortization and deferrals ⁽²⁾	—	3
Net periodic benefit (income) cost	<u>\$ 2</u>	<u>\$ 6</u>

(1) Included as a component of Operating profit.

(2) Included as a component of Other expense (income), net.

The Company expects to contribute a total of \$5 million to its U.S. pension plans and a total of \$32 million to its non-U.S. pension plans during 2023. During the three months ended March 31, 2023, no contributions were made to the qualified U.S. pension plans, \$6 million of contributions were made to the non-U.S. pension plans, and \$1 million of benefit payments were made with respect to the Company's non-qualified U.S. pension plan.

(Income) expense recognized for postretirement benefits other than pensions included the following components:

	Three Months Ended March 31,	
	2023	2022
<i>(DOLLARS IN MILLIONS)</i>		
Interest cost on projected benefit obligation	\$ 1	\$ —
Net amortization and deferrals	(1)	(1)
Total postretirement benefit (income) expense	<u>\$ —</u>	<u>\$ (1)</u>

The Company expects to contribute \$3 million to its postretirement benefits other than pension plans during 2023. In the three months ended March 31, 2023, \$1 million of contributions were made.

NOTE 14. FINANCIAL INSTRUMENTS

Fair Value

Accounting guidance on fair value measurements specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets.
- Level 2 — Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. The Company determines the fair value of structured liabilities (where performance is linked to structured interest rates, inflation or currency risks) using the London Interbank Offer Rate ("LIBOR") swap curve and forward interest and exchange rates at period end. Such instruments are classified as Level 2 based on the observability of significant inputs to the model. The Company does not have any instruments classified as Level 3, other than those included in pension asset trusts as discussed in Note 15 of the Company's 2022 Form 10-K.

These valuations take into consideration the Company's credit risk and its counterparties' credit risk. The estimated change in the fair value of these instruments due to such changes in its own credit risk (or instrument-specific credit risk) was not material as of March 31, 2023.

The carrying values and the estimated fair values of financial instruments at March 31, 2023 and December 31, 2022 consisted of the following:

<i>(DOLLARS IN MILLIONS)</i>	March 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
LEVEL 1				
Cash and cash equivalents ⁽¹⁾	\$ 590	\$ 590	\$ 483	\$ 483
LEVEL 2				
Credit facilities and bank overdrafts ⁽²⁾	1	1	106	106
Derivatives				
Derivative assets ⁽³⁾	22	22	20	20
Derivative liabilities ⁽³⁾	65	65	56	56
Commercial paper ⁽²⁾	588	588	187	187
Long-term debt:				
2023 Notes ⁽⁴⁾	300	299	300	298
2024 Euro Notes ⁽⁴⁾	542	531	532	519
2025 Notes ⁽⁴⁾	1,000	895	1,000	884
2026 Euro Notes ⁽⁴⁾	864	789	845	774
2027 Notes ⁽⁴⁾	1,214	1,020	1,215	1,006
2028 Notes ⁽⁴⁾	398	383	398	380
2030 Notes ⁽⁴⁾	1,509	1,205	1,510	1,188
2040 Notes ⁽⁴⁾	773	535	774	535
2047 Notes ⁽⁴⁾	495	393	495	390
2048 Notes ⁽⁴⁾	787	689	787	685
2050 Notes ⁽⁴⁾	1,570	1,022	1,571	1,021
2024 Term Loan Facility ⁽⁵⁾	625	625	625	625
2026 Term Loan Facility ⁽⁵⁾	625	625	625	625

(1) The carrying amount of cash and cash equivalents approximates fair value due to the short maturity of those instruments.

(2) The carrying amount approximates fair value as the interest rate is reset frequently based on current market rates as well as the short maturity of those instruments.

(3) The carrying amount approximates fair value as the instruments are marked-to-market and held at fair value on the Consolidated Balance Sheets.

(4) The fair value of the Note is obtained from pricing services engaged by the Company, and the Company receives one price for each security. The fair value provided by the pricing services are estimated using pricing models, where the inputs to those models are based on observable market inputs or recent trades of similar securities. The inputs to the valuation techniques applied by the pricing services are typically benchmark yields, benchmark security prices, credit spreads, reported trades and broker-dealer quotes, all with reasonable levels of transparency.

(5) The carrying amount approximates fair value as the Term Loans were assumed at fair value and the interest rate is reset frequently based on current market rates.

Derivatives

Foreign Currency Forward Contracts

The Company periodically enters into foreign currency forward contracts with the objective of reducing exposure to cash flow volatility associated with its intercompany loans and foreign currency receivables and payables. These contracts generally involve the exchange of one currency for a second currency at a future date, have maturities not exceeding twelve months and are with counterparties which are major international financial institutions.

Commodity Contracts

The Company utilizes options, futures and swaps that are not designated as hedging instruments to reduce exposure to commodity price fluctuations on purchases of inventory such as soybeans, soybean oil and soybean meal.

Hedges Related to Issuances of Debt

As of March 31, 2023, the Company designated approximately \$1.406 billion of Euro Notes as a hedge of a portion of its net European investments. Accordingly, the change in the value of the debt that is attributable to foreign exchange movements is recorded in OCI as a component of foreign currency translation adjustments in the accompanying Consolidated Statements of (Loss) Income and Comprehensive Income.

Cross Currency Swaps

The Company has twelve EUR/USD cross currency swaps with a notional value of \$1.400 billion that mature through November 2030. The swaps all qualified as net investment hedges in order to mitigate a portion of the Company's net European investments from foreign currency risk. As of March 31, 2023, the twelve swaps were in a net liability position with an aggregate fair value of \$41 million, which were classified as Other assets and Other liabilities on the Consolidated Balance Sheets. Changes in fair value related to cross currency swaps are recorded in OCI.

The following table shows the notional amount of the Company's derivative instruments outstanding as of March 31, 2023 and December 31, 2022:

<i>(DOLLARS IN MILLIONS)</i>	March 31, 2023		December 31, 2022	
Foreign currency contracts ⁽¹⁾	\$	86	\$	92
Commodity contracts ⁽¹⁾		8		(1)
Cross currency swaps		1,400		1,400

(1) Foreign currency contracts and commodity contracts are presented net of contracts bought and sold.

The following tables show the Company's derivative instruments measured at fair value (Level 2 of the fair value hierarchy), as reflected on the Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022:

<i>(DOLLARS IN MILLIONS)</i>	March 31, 2023		
	Fair Value of Derivatives Designated as Hedging Instruments	Fair Value of Derivatives Not Designated as Hedging Instruments	Total Fair Value
Derivative assets ⁽¹⁾			
Cross currency swaps	\$ 22	\$ —	\$ 22
Derivative liabilities ⁽²⁾			
Foreign currency contracts	\$ —	\$ 2	\$ 2
Cross currency swaps	63	—	63
Total derivative liabilities	\$ 63	\$ 2	\$ 65

<i>(DOLLARS IN MILLIONS)</i>	December 31, 2022		
	Fair Value of Derivatives Designated as Hedging Instruments	Fair Value of Derivatives Not Designated as Hedging Instruments	Total Fair Value
Derivative assets ⁽¹⁾			
Foreign currency contracts	\$ —	\$ 1	\$ 1
Cross currency swaps	19	—	19
Total derivative assets	\$ 19	\$ 1	\$ 20
Derivative liabilities ⁽²⁾			
Cross currency swaps	\$ 56	\$ —	\$ 56

(1) Derivative assets are recorded to Other assets on the Consolidated Balance Sheets.

(2) Derivative liabilities are recorded to Other liabilities on the Consolidated Balance Sheets.

The following table shows the effect of the Company's derivative instruments which were not designated as hedging instruments in the Consolidated Statements of (Loss) Income and Comprehensive Income for the three months ended March 31, 2023 and 2022:

<i>(DOLLARS IN MILLIONS)</i>	Amount of Gain (Loss)		Location of Gain (Loss) Recognized in Income on Derivative
	Three Months Ended March 31,		
	2023	2022	
Foreign currency contracts ⁽¹⁾	\$ —	\$ 2	Other expense (income), net

(1) The foreign currency contract net gains (losses) offset any recognized gains (losses) arising from the revaluation of the related intercompany loans during the same respective periods.

The following table shows the effect of the Company's derivative and non-derivative instruments designated as net investment hedging instruments, net of tax, in the Consolidated Statements of (Loss) Income and Comprehensive Income for the three months ended March 31, 2023 and 2022:

<i>(DOLLARS IN MILLIONS)</i>	Amount of Gain (Loss) Recognized in OCI on Derivative and Non-Derivative (Effective Portion)		Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	
	Three Months Ended March 31,			Three Months Ended March 31,	
	2023	2022		2023	2022
Derivatives in Net Investment Hedging Relationships:					
Cross currency swaps	\$ (3)	\$ (1)	N/A	\$ —	\$ —
Non-Derivatives in Net Investment Hedging Relationships:					
2024 Euro Notes	(9)	9	N/A	—	—
2021 Euro Notes & 2026 Euro Notes	(14)	14	N/A	—	—
Total	\$ (26)	\$ 22		\$ —	\$ —

The ineffective portion of the above noted net investment hedges was not material during the three months ended March 31, 2023 and 2022.

At March 31, 2023, based on current market rates, the Company does not expect any derivative losses (net of tax), included in AOCI, to be reclassified into earnings within the next 12 months.

NOTE 15. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables present changes in the accumulated balances for each component of other comprehensive (loss) income, including current period other comprehensive (loss) income and reclassifications out of accumulated other comprehensive loss:

<i>(DOLLARS IN MILLIONS)</i>	Foreign Currency Translation Adjustments	Gains (Losses) on Derivatives Qualifying as Hedges	Pension and Postretirement Liability Adjustment	Total
Accumulated other comprehensive (loss) income, net of tax, as of December 31, 2022	\$ (2,037)	\$ 1	\$ (133)	\$ (2,169)
OCI before reclassifications	284	—	(1)	283
Amounts reclassified from AOCI	—	—	(1)	(1)
Net current period other comprehensive income (loss)	284	—	(2)	282
Accumulated other comprehensive (loss) income, net of tax, as of March 31, 2023	\$ (1,753)	\$ 1	\$ (135)	\$ (1,887)

<i>(DOLLARS IN MILLIONS)</i>	Foreign Currency Translation Adjustments	Gains (Losses) on Derivatives Qualifying as Hedges	Pension and Postretirement Liability Adjustment	Total
Accumulated other comprehensive (loss) income, net of tax, as of December 31, 2021	\$ (1,133)	\$ 1	\$ (291)	\$ (1,423)
OCI before reclassifications	(199)	—	(3)	(202)
Amounts reclassified from AOCI	—	—	3	3
Net current period other comprehensive income (loss)	(199)	—	—	(199)
Accumulated other comprehensive (loss) income, net of tax, as of March 31, 2022	<u>\$ (1,332)</u>	<u>\$ 1</u>	<u>\$ (291)</u>	<u>\$ (1,622)</u>

The following table provides details about reclassifications out of Accumulated other comprehensive loss to the Consolidated Statements of (Loss) Income and Comprehensive Income:

<i>(DOLLARS IN MILLIONS)</i>	Three Months Ended March 31,		Affected Line Item in the Consolidated Statements of (Loss) Income and Comprehensive Income
	2023	2022	
Gains (losses) on pension and postretirement liability adjustments			
Prior service cost	\$ 1	\$ 2 ⁽¹⁾	
Actuarial losses	—	(5) ⁽¹⁾	
Tax	—	—	Provision for income taxes
Total	<u>\$ 1</u>	<u>\$ (3)</u>	Total, net of income taxes

(1) The amortization of prior service cost and actuarial loss is included in the computation of net periodic benefit cost. Refer to Note 15 of the Company's 2022 Form 10-K for additional information regarding net periodic benefit cost.

NOTE 16. COMMITMENTS AND CONTINGENCIES

Guarantees and Letters of Credit

The Company has various bank guarantees, letters of credit and surety bonds which are used to support its ongoing business operations, satisfy governmental requirements associated with pending litigation in various jurisdictions and the payment of customs duties.

As of March 31, 2023, the Company had a total capacity of approximately \$427 million of bank guarantees, commercial guarantees, standby letters of credit and surety bonds with various financial institutions. Included in the above aggregate amount was a total of \$9 million for other assessments in Brazil for various income tax and indirect tax disputes related to fiscal years 1998-2011. There was a total of approximately \$104 million outstanding under the bank guarantees, standby letters of credit and commercial guarantees as of March 31, 2023.

In order to challenge the assessments in these cases in Brazil, the Company has been required to, and has separately pledged assets, principally property, plant and equipment, to cover assessments in the amount of approximately \$8 million as of March 31, 2023.

Lines of Credit

The Company has various lines of credit which are available to support its ongoing business operations. As of March 31, 2023, the Company had a total capacity of approximately \$1.864 billion of lines of credit with various financial institutions, in addition to the \$1.465 billion of capacity under the Credit Facility. There were total draw downs of approximately \$609 million pursuant to these lines of credit as of March 31, 2023, including approximately \$588 million related to the issuance of commercial paper. Refer to Note 8 for additional information.

Litigation

The Company assesses contingencies related to litigation and/or other matters to determine the degree of probability and range of possible loss. A loss contingency is accrued in the Company's Consolidated Financial Statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Because litigation is inherently unpredictable and unfavorable resolutions could occur, assessing contingencies is highly sensitive and requires judgments about future events. On at least a quarterly basis, the Company reviews contingencies related to litigation to determine the adequacy

of accruals. The amount of ultimate loss may differ from these estimates and further events may require the Company to increase or decrease the amounts it has accrued on any matter.

Periodically, the Company assesses its insurance coverage for all known claims, where applicable, taking into account aggregate coverage by occurrence, limits of coverage, self-insured retentions and deductibles, historical claims experience and claims experience with its insurance carriers. The liabilities are recorded at management's best estimate of the probable outcome of the lawsuits and claims, taking into consideration the facts and circumstances of the individual matters as well as past experience on similar matters. At each balance sheet date, the key issues that management assesses are whether it is probable that a loss as to asserted or unasserted claims has been incurred and if so, whether the amount of loss can be reasonably estimated. The Company records the expected liability with respect to claims in Other liabilities and expected recoveries from its insurance carriers in Other assets. The Company recognizes a receivable when it believes that realization of the insurance receivable is probable under the terms of the insurance policies and its payment experience to date.

Litigation Matters

On August 12, 2019, Marc Jansen filed a putative securities class action against IFF, its then Chairman and CEO, and its then-CFO, in the United States District Court for the Southern District of New York. The lawsuit was filed after IFF disclosed that preliminary results of investigations indicated that Frutarom businesses operating principally in Russia and Ukraine had made improper payments to representatives of customers. On March 16, 2020, an amended complaint was filed, which added Frutarom and certain former officers of Frutarom as defendants. The amended complaint alleges, among other things, that defendants made materially false and misleading statements or omissions concerning IFF's acquisition of Frutarom, the integration of the two companies, and the companies' financial reporting and results. The amended complaint asserts claims under Section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5, and under the Israeli Securities Act-1968, against all defendants, and under Section 20(a) of the Securities Exchange Act of 1934 against the individual defendants, on behalf of a putative class of persons and entities who purchased or otherwise acquired IFF securities on the New York Stock Exchange between May 7, 2018 and August 12, 2019 and persons and entities who purchased or otherwise acquired IFF securities on the Tel Aviv Stock Exchange between October 9, 2018 and August 12, 2019. The amended complaint seeks an award of unspecified compensatory damages, costs, and expenses. IFF, its officers, and Frutarom filed a motion to dismiss the case on June 26, 2020, which was granted on March 30, 2021. On April 28, 2021, lead plaintiffs filed a notice of appeal to the United States Court of Appeals for the Second Circuit. Lead plaintiffs are pursuing the appeal only against Frutarom and certain former officers of Frutarom. The parties have submitted their briefs to the Court of Appeals. The Second Circuit held oral argument on February 10, 2022. On September 30, 2022, the Second Circuit affirmed the dismissal of Plaintiffs' claims. On October 14, 2022, Plaintiffs filed a Petition for Rehearing En Banc, which the Second Circuit denied on January 4, 2023. Plaintiffs did not seek review in the United States Supreme Court. The matter is therefore fully resolved in defendants' favor.

Two motions to approve securities class actions were filed in the Tel Aviv District Court, Israel, in August 2019, similarly alleging, among other things, false and misleading statements largely in connection with IFF's acquisition of Frutarom and the above-mentioned improper payments. One motion ("Borg") asserts claims under the U.S. federal securities laws against IFF, its former Chairman and CEO, and its former CFO. On November 8, 2020, IFF and its officers filed their response to the Borg motion. On April 20, 2021, Mr. Borg filed a motion to stay the proceeding pending an appellate decision in the U.S. proceeding. On June 15, 2021, August 11, 2021, November 9, 2021, January 9, 2022, April 7, 2022 and July 10, 2022, the U.S. lead plaintiffs filed update notices with the Israeli court regarding the appeal in the U.S. proceeding. The other motion ("Oman") (following an initial amendment) asserted claims under the Israeli Securities Act-1968 against IFF, its former Chairman and CEO, and its former CFO, and against Frutarom and certain former Frutarom officers and directors, as well as claims under the Israeli Companies Act-1999 against certain former Frutarom officers and directors. On February 17, 2021, the court granted a motion by the Oman plaintiff to remove IFF and its officers from the motion and to add factual allegations from the US amended complaint. The amended Oman motion was filed on July 4, 2021. On August 29, 2021, the former Frutarom officers and certain former Frutarom directors filed a motion to dismiss the case. On September 30, 2021, Frutarom notified the court that it joins the legal arguments made in the motion to dismiss. On February 22, 2022, the court denied the motion to dismiss. On July 14, 2022, the court approved the parties' motion to mediate the dispute, which postpones all case deadlines until after the mediation. In addition, a request to appeal the court's denial of the motion to dismiss filed by the former Frutarom officers and certain former Frutarom directors has been stayed. The parties held the first of multiple mediation meetings on September 13, 2022, November 22, 2022 and March 1, 2023.

On October 29, 2019, IFF and Frutarom filed a claim in the Tel Aviv District Court, Israel, against Ori Yehudai, the former President and CEO of Frutarom, and against certain former directors of Frutarom, challenging the bonus of US \$20 million granted to Yehudai in 2018. IFF and Frutarom allege, among other things, that Yehudai was not entitled to receive the bonus because he breached his fiduciary duty by, among other things, knowing of the above-mentioned improper payments and failing to prevent them from being made. The parties agreed, pursuant to the court's recommendation, to attempt to resolve the dispute through mediation, and a court decision is pending with regard to the order in which this claim and the class action described below will be heard.

On March 11, 2020, an IFF shareholder filed a motion to approve a class action in Israel against, among others, Frutarom, Yehudai, and Frutarom's former board of directors, alleging that former minority shareholders of Frutarom were harmed as a result of the US \$20 million bonus paid to Yehudai. The parties to this motion agreed to attempt to resolve the dispute through mediation to take place regarding the aforesaid claim against Yehudai. On July 27, 2021, counsel to the movant in the class action filed a notice with the court that the mediation process ended without an agreement. On August 26, 2021, a motion to dismiss the class action application was filed by Yehudai and certain former directors of Frutarom. On September 9, 2021, an additional motion to dismiss was filed by other former directors of Frutarom together with ICC Industries, Inc. and its affiliates. On December 9, 2021, the court denied the motions to dismiss. Responses to the class action motion were filed in May 2022, and applicant's response was filed in December 2022.

On March 8, 2023, March 13, 2023, and April 18, 2023, three putative class action lawsuits were filed against IFF, Firmenich International SA, Givaudan SA, and Symrise AG and/or certain affiliates thereof in the Quebec Superior Court, the Federal Court of Canada and the United States District Court for the District of New Jersey, respectively. IFF understands that these actions allege violations of the Canadian Competition Act and the Sherman Act, as applicable, and other related claims, and seek damages and other relief. IFF may face additional civil suits, in the United States or elsewhere, relating to such alleged conduct. At this time, IFF is unable to predict the potential outcome of these lawsuits or any potential effect they may have on the Company's results of operations, liquidity or financial condition.

Investigations

On June 3, 2020, the Israel Police's National Fraud Investigation Unit and the Israeli Securities Authority commenced an investigation into Frutarom and certain of its former executives, based on suspected bribery of foreign officials, money laundering, and violations of the Israeli Securities Act-1968. As part of the investigation, the National Fraud Investigation Unit and the Israeli Securities Authority have provided IFF and Frutarom with various orders, mainly requesting that IFF and Frutarom provide certain documents and materials. In addition, a seizure of assets was imposed on Frutarom and certain of its affiliates. IFF has been working to ensure compliance with such orders, all in accordance with, and subject to, Israeli law. On August 25, 2021, the Israeli Police informed Frutarom that they have decided to remove the temporary criminal seizure of assets order from the real estate assets of Frutarom and its related companies, which was done in parallel with the transfer of the case to the District Attorney's Office in Israel.

On March 7, 2023, the European Commission ("EC") and the United Kingdom Competition and Markets Authority ("CMA") carried out unannounced inspections of certain of IFF's facilities. On the same day, IFF was served with a grand jury subpoena by the Antitrust Division of the U.S. Department of Justice ("DOJ"). IFF understands the EC, CMA, DOJ and the Swiss Competition Commission to be investigating potential anticompetitive conduct as it relates to IFF's fragrance businesses. IFF has been and intends to continue cooperating with these investigations. IFF is unable, however, to predict or determine at this time the scope, duration or outcome of the investigations, or whether the outcome of the investigations will materially impact the Company's results of operations, liquidity or financial condition.

China Facilities

Guangzhou Taste Plant

During the fourth quarter of 2016, the Company was notified that certain governmental authorities have begun to evaluate a change in the zoning of the Guangzhou Taste plant. The zoning, if changed, would not affect the current operations, but would prevent expansions or other increases in the operating capacity of the plant. The ultimate outcome of any change that the governmental authorities may propose, the timing of such a change, and the nature of any compensation arrangements that might be provided to the Company are uncertain. To address the governmental authorities' requirements, the Company has been transferring certain production capabilities from the Guangzhou Taste plant to a newly built facility in Zhangjiagang.

The net book value of the Guangzhou and Zhangjiagang Taste plants was approximately \$51 million and \$37 million as of March 31, 2023.

Guangzhou Scent Plant

During the second quarter of 2019, the Company was notified that certain governmental authorities had changed the zoning where the Guangzhou Scent plant is located. The zoning change did not affect the current operations but prevents expansions or other increases in the operating capacity of the plant. The Company believes that it is possible that the zoning may be enforced in the future such that it would not be able to continue manufacturing at the existing site. The ultimate outcome of any change that the governmental authorities may propose, the timing of such a change, and the nature of any compensation arrangements that might be provided to the Company are uncertain. To address the governmental authorities' requirements, the Company has been transferring certain production capabilities from the Guangzhou Scent plant to the plant in Jiande, China.

The net book value of the Guangzhou Scent plant and the plant in Jiande, China was approximately \$7 million and \$58 million as of March 31, 2023.

Zhejiang Ingredients Plant

In the fourth quarter of 2017, the Company concluded discussions with the government regarding the relocation of its Fragrance Ingredients plant in Zhejiang and, based on the agreements reached, expects to receive total compensation payments up to approximately \$50 million. The relocation compensation will be paid to the Company over the period of the relocation. The Company received payments totaling \$30 million through the end of 2019. Production at the facility ceased during 2019. In the second quarter of 2020, the Company transferred ownership of the site to the government and the remaining net book value of the plant was written off. In the third quarter of 2020, the Company received a payment of approximately \$13 million. A final payment is now expected to be received in May 2023 upon final delivery of the land to the government.

The land remediation activities were completed in November 2022, however the Company is still in process of completing the final land restoration activities to restore the land to its original height, per the government's request. This process is now expected to be completed in April 2023 and final delivery of the land to the government is now expected to be completed in May 2023.

Total China Operations

The total net book value of all plants in China was approximately \$242 million as of March 31, 2023.

If the Company is required to close a plant, or operate one at significantly reduced production levels on a permanent basis, the Company may be required to record charges that could have a material impact on its consolidated financial results of operations, financial position and cash flows in future periods.

Environmental Proceedings

The Company is reporting the following environmental matter in compliance with SEC requirements to disclose environmental proceedings where a governmental authority is a party and that involve potential monetary sanctions of \$300,000 or greater. On May 27, 2022, the Solae, LLC Memphis site ("Solae") was served an Administrative Order and Assessment (the "Order") by the City of Memphis related to alleged wastewater discharge violations. Solae submitted an appeal of the Order on June 24, 2022. Discussions with the City regarding potential resolution of the violations and penalties related to said violations are ongoing. Additionally, the Solae facility has undertaken capital project efforts, some of which began prior to the issuance of the Order, that are anticipated to address, on a schedule consistent with the Order, deadlines for attaining compliance with current wastewater permit requirements. This matter is not expected to have a material adverse effect on the Company's financial position, cash flows or results of operations.

Other Contingencies

The Company has contingencies involving third parties (such as labor, contract, technology or product-related claims or litigation) as well as government-related items in various jurisdictions in which it operates pertaining to such items as value-added taxes, other indirect taxes, customs and duties and sales and use taxes. It is possible that cash flows or results of operations, in any period, could be materially affected by the unfavorable resolution of one or more of these contingencies.

The most significant government-related contingencies exist in Brazil. With regard to the Brazilian matters, the Company believes it has valid defenses for the underlying positions under dispute; however, in order to pursue these defenses, the Company is required to, and has provided, bank guarantees and pledged assets in the aggregate amount of \$17 million. The Brazilian matters take an extended period of time to proceed through the judicial process and there are a limited number of rulings to date.

Brazil Tax Credits

In 2017 the Brazilian Supreme Court ("BSC") ruled that Brazilian tax authorities should not include a value added tax known as "ICMS" in the calculation of certain indirect taxes ("PIS/COFINS"). By removing the ICMS from the calculation of the indirect tax base, the Court effectively eliminated a "tax on tax". The Brazilian tax authorities filed an appeal seeking clarification of certain matters, including the amount of ICMS to which taxpayers would be entitled in order to reduce their indirect tax base (i.e. the gross rate or the net rate). In light of the BSC's decision, in November 2017, the Company filed suit consistent with the BSC decision to require that ICMS be excluded from the PIS/COFINS calculation and received a favorable preliminary decision that was confirmed by the BSC in September 2018. This preliminary ruling granted the Company the right to prospectively exclude ICMS amounts from the PIS/COFINS calculation, but left open the issue of whether the Company could recover the gross or net amount of ICMS amounts paid on PIS/COFINS for the period from November 2011 to December 2018.

In January 2020, the Company was informed of a favorable ruling from the Brazilian tax authorities confirming that the Company was entitled to recover the overpayments of certain indirect taxes (known as PIS/COFINS) for the period from November 2011 to December 2018, plus interest on the amount of the overpayments. The ruling did not, however, settle the question of whether the Company is eligible to recover overpayments based on the gross or the net amount of ICMS amounts paid on PIS/COFINS. The Company calculated the amount of overpayments using the gross method which yields a higher amount than the application of the net method.

In February 2023, the BSC made an unfavorable court resolution for the Company related to the use of the gross method, which was only granted to claims submitted prior to March 2017. As a result of this unfavorable court resolution, the Company wrote off approximately \$6 million of receivables related to this matter. As of March 31, 2023, the Company had no receivables related to this matter.

Avicel® PH NF (Pharma Solutions)

The Company has determined that certain grades of microcrystalline cellulose (Avicel® PH 101, 102, and 200 NF and Avicel® RC-591 NF) were found to be out-of-specification (collectively, “OOS Avicel® NF”). The Company does not expect the OOS conductivity issue to affect the functionality of Avicel® NF grades or to pose a human health hazard. Corrective actions have been implemented to improve operational and laboratory conditions. Based on the information available, as of March 31, 2023, payments associated with the issue were approximately \$34 million, and the Company has a current accrual of approximately \$19 million. The total amount of exposure may increase if additional customers present claims or other exposures are identified.

Other

The Company determines estimates of reasonably possible losses or ranges of reasonably possible losses in excess of related accrued liabilities, if any, when it has determined that either a loss is reasonably possible or a loss in excess of accrued amounts is reasonably possible and the amount of losses or range of losses is determinable. For all third party contingencies (including labor, contract, technology, tax, product-related claims and business litigation), the Company currently estimates that the aggregate range of reasonably possible losses in excess of any accrued liabilities is \$0 to approximately \$50 million. The estimates included in this amount are based on the Company’s analysis of currently available information and, as new information is obtained, these estimates may change. Due to the inherent subjectivity of the assessments and the unpredictability of outcomes of legal proceedings, any amounts accrued or included in this aggregate amount may not represent the ultimate loss to the Company from the matters in question. Thus, the Company’s exposure and ultimate losses may be higher or lower, and possibly significantly so, than the amounts accrued or the range disclosed above.

NOTE 17. REDEEMABLE NON-CONTROLLING INTERESTS

Through certain subsidiaries of the Company’s Frutarom acquisition, there are certain non-controlling interests that carry redemption features. The non-controlling interest holders have the right, over a stipulated period of time, to sell their respective interests to Frutarom, and Frutarom has the option to purchase these interests (subject to the same timing). In most cases, these options carry similar price and conditions of exercise, and will be settled on a pre-agreed formula based on a multiple of the average EBITDA of consecutive quarters to be achieved during the period ending prior to the exercise date.

The following table sets forth the details of the Company’s redeemable non-controlling interests:

<i>(DOLLARS IN MILLIONS)</i>	Redeemable Non-controlling Interests	
Balance at December 31, 2021	\$	105
Impact of foreign exchange translation		(4)
Balance at March 31, 2022	\$	101
Balance at December 31, 2022	\$	59
Balance at March 31, 2023	\$	59

NOTE 18. ASSETS AND LIABILITIES HELD FOR SALE

During the fourth quarter of 2022, the Company announced it had entered into an agreement to sell a portion of its Savory Solutions business, which is part of the Nourish segment. In addition, in the first quarter of 2023, the Company announced it had entered into an agreement to sell its Flavor Specialty Ingredients business within the Scent segment. Both transactions are subject to customary closing conditions and are expected to close in the second quarter and third quarter of 2023, respectively.

The sales do not constitute a strategic shift of the Company's operations and do not, and will not, have major effects on the Company's operations and financial results; therefore, the transactions do not meet the discontinued operations criteria.

It was determined that the assets and liabilities of these businesses met the criteria to be presented as "held for sale." As a result, as of March 31, 2023 and December 31, 2022, such assets and liabilities were classified as held for sale and are reported on the Consolidated Balance Sheets. The Company expects that the sale proceeds less costs to sell will exceed the preliminary estimate of the carrying value of the net assets for both businesses. The carrying value is subject to change based on developments leading up to the closing date.

Included in the Company's Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022 are the following carrying amounts of the assets and liabilities held for sale:

<u>(DOLLARS IN MILLIONS)</u>	March 31, 2023		December 31, 2022	
Assets				
Cash and cash equivalents	\$	4	\$	52
Trade receivables, net		86		85
Inventories		165		157
Property, plant and equipment, net		104		92
Goodwill		361		348
Other intangible assets, net		440		428
Operating lease right-of-use assets		20		13
Other assets		22		25
Total assets held-for-sale	\$	1,202	\$	1,200
Liabilities				
Accounts payable	\$	61	\$	56
Deferred tax liability ⁽¹⁾		91		92
Other liabilities		64		64
Total liabilities held-for-sale	\$	216	\$	212

(1) The Company is currently analyzing the tax impact of the sale transaction and has included preliminary numbers for the deferred tax liability, which are subject to further updates.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

(UNLESS INDICATED OTHERWISE, DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

The following management's discussion and analysis should be read in conjunction with the management's discussion and analysis of financial condition and results of operations, liquidity and capital resources included in our 2022 Annual Report on Form 10-K ("2022 Form 10-K").

OVERVIEW

Company Background

With the Merger with N&B in 2021 and our acquisition of Frutarom Industries Ltd. in 2018, we have expanded our global leadership positions, which now include high-value ingredients and solutions in the Food & Beverage, Home & Personal Care and Health & Wellness markets, and across key Taste, Texture, Scent, Nutrition, Enzymes, Cultures, Soy Proteins, Pharmaceutical Excipients and Probiotics categories.

We are organized into four reportable operating segments: Nourish, Health & Biosciences, Scent and Pharma Solutions.

Our Nourish segment consists of an innovative and broad portfolio of natural-based ingredients to enhance nutritional value, texture and functionality in a wide range of beverage, dairy, bakery, confectionery and culinary applications and consists of three business units: Ingredients, Flavors and Food Designs.

Our Health & Biosciences segment consists of the development and production of an advanced biotechnology-derived portfolio of enzymes, food cultures, probiotics and specialty ingredients for food and non-food applications. Among many other applications, this biotechnology-driven portfolio includes cultures for use in fermented foods such as yogurt, cheese and fermented beverages, probiotic strains, many with documented clinical health claims for use as dietary supplements and through industrial fermentation the production of enzymes and microorganisms that provide product and process performance benefits to household detergents, animal feed, ethanol production and brewing. Health & Biosciences is comprised of five business units: Health, Cultures & Food Enzymes, Home & Personal Care, Animal Nutrition and Grain Processing.

Our Scent segment creates fragrance compounds, fragrance ingredients and cosmetic ingredients that are integral elements in the world's finest perfumes and best-known household and personal care products. Consumer insights science and creativity are at the heart of our Scent business, and, along with our unique portfolio of natural and synthetic ingredients, global footprint, innovative technologies and know-how, and customer intimacy, we believe make us a market leader in scent products. The Scent segment is comprised of three business units: Fragrance Compounds, Fragrance Ingredients and Cosmetic Actives.

Our Pharma Solutions segment produces, among other things, a vast portfolio of cellulose and seaweed-based pharmaceutical excipients, used to improve the functionality and delivery of active pharmaceutical ingredients, including controlled or modified drug release formulations, and enabling the development of more effective pharmaceutical finished dosage formulations. Our excipients are used in prescription and over-the-counter pharmaceuticals and dietary supplements. Our Pharma Solutions products also serve a variety of other specialty and industrial end-uses including coatings, inks, electronics, agriculture, and consumer products.

Financial Measures — Currency Neutral

Changes in our financial results include the impact of changes in foreign currency exchange rates. We provide currency neutral calculations in this report to remove the impact of these items. Our method in calculating currency neutral numbers is conducted by translating current year invoiced sale amounts at the exchange rates used for the corresponding prior year period. We use currency neutral results in our analysis of subsidiary and/or segment performance. We also use currency neutral numbers when analyzing our performance against our competitors.

Impact of the Events in Russia and Ukraine

We maintain operations in both Russia and Ukraine and, additionally, export products to customers in Russia and Ukraine from operations outside the region. In response to the events in Ukraine, we have limited the production and supply of ingredients in and to Russia to only those that meet the essential needs of people, including food, hygiene and medicine.

For the year ended December 31, 2022, total sales to Russian customers were approximately 2% of total sales. For the three months ended March 31, 2023, sales to Russian customers were also approximately 2% of total sales.

For the year ended December 31, 2022, total sales to Ukrainian customers were less than 1% of total sales. For the three months ended March 31, 2023, sales to Ukrainian customers were also less than 1% of total sales.

We have a reserve of approximately \$3 million related to expected credit losses on receivables from customers located in Russia and Ukraine. For additional information, refer to Note 1 and Part I, Item 1A, “Risk Factors,” of our 2022 Form 10-K filed on February 27, 2023 with the SEC.

Impact of COVID-19 Pandemic

As a result of disruptions or uncertainty relating to the COVID-19 pandemic, we have experienced, and may continue to experience, increased costs, delays or limited availability related to raw materials, strain on shipping and transportation resources, and higher energy prices, which have negatively impacted, and may continue to negatively impact, our margins and operating results. We will continue to evaluate the nature and extent of these potential impacts to our business, consolidated results of operations, segment results, liquidity and capital resources.

Although IFF has not experienced and does not currently anticipate any impairment charges related to COVID-19, the continuing effects of a prolonged pandemic could result in increased risk of asset write-downs and impairments. Any of these events could potentially result in a material adverse impact on IFF’s business and results of operations.

For more detailed information about risks related to COVID-19, refer to Part I, Item 1A, “Risk Factors,” of our 2022 Form 10-K filed on February 27, 2023 with the SEC.

Financial Performance Overview

Sales

Sales in the first quarter of 2023 decreased \$199 million, or 6% on a reported basis, to \$3.027 billion compared to \$3.226 billion in the 2022 period. On a currency neutral basis, sales in the first quarter of 2023 decreased 2% compared to the 2022 period. Exchange rate variations had an unfavorable impact on net sales for the first quarter of 2023 of 4%. The effect of exchange rates can vary by business and region, depending upon the mix of sales priced in U.S. dollars as compared to other currencies. In addition, the decrease in sales was primarily driven by volume decreases across various businesses and the net impact of the divestiture of the Microbial Control business unit and acquisition of Health Wright Products, Inc. (“change in business portfolio mix”), which was approximately \$111 million, offset in part by price increases across all businesses.

Gross Profit

Gross profit in the first quarter of 2023 decreased \$181 million, or 16% on a reported basis, to \$964 million (31.8% of sales) compared to \$1.145 billion (35.5% of sales) in the 2022 period. The decrease in gross profit was primarily driven by volume decreases, the change in business portfolio mix and unfavorable manufacturing absorption related to our inventory reduction program, offset in part by favorable net pricing across various businesses.

RESULTS OF OPERATIONS

	Three Months Ended		Change
	March 31,		
<i>(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)</i>	2023	2022	
Net sales	\$ 3,027	\$ 3,226	(6) %
Cost of goods sold	2,063	2,081	(1) %
Gross profit	964	1,145	(16) %
Research and development (R&D) expenses	161	157	3 %
Selling and administrative (S&A) expenses	454	459	(1) %
Amortization of acquisition-related intangibles	171	186	(8) %
Restructuring and other charges	52	2	NMF
Gains on sale of fixed assets	(5)	—	NMF
Operating profit	131	341	(62) %
Interest expense	111	72	54 %
Other expense (income), net	6	(16)	(138) %
Income before taxes	14	285	(95) %
Provision for income taxes	22	39	(44) %
Net (loss) income	\$ (8)	\$ 246	(103) %
Net income attributable to non-controlling interests	1	2	(50) %
Net (loss) income attributable to IFF shareholders	\$ (9)	\$ 244	(104) %
Net (loss) income per share - diluted	\$ (0.04)	\$ 0.96	(104) %
Gross margin	31.8 %	35.5 %	NMF
R&D as a percentage of sales	5.3 %	4.9 %	40 bps
S&A as a percentage of sales	15.0 %	14.2 %	80 bps
Operating margin	4.3 %	10.6 %	NMF
Effective tax rate	157.1 %	13.7 %	NMF
Segment net sales			
Nourish	\$ 1,653	\$ 1,731	(5) %
Health & Biosciences	513	661	(22) %
Scent	608	585	4 %
Pharma Solutions	253	249	2 %
Consolidated	\$ 3,027	\$ 3,226	

NMF: Not meaningful

Cost of goods sold includes the cost of materials and manufacturing expenses. R&D includes expenses related to the development of new and improved products and technical product support. S&A expenses include expenses necessary to support our commercial activities and administrative expenses supporting our overall operating activities including compliance with governmental regulations.

FIRST QUARTER 2023 IN COMPARISON TO FIRST QUARTER 2022
Sales

Sales for the first quarter of 2023 decreased \$199 million, or 6% on a reported basis, to \$3.027 billion, compared to \$3.226 billion in the prior year period. On a currency neutral basis, sales in the first quarter of 2023 decreased 2% compared to the 2022 period. Exchange rate variations had an unfavorable impact on net sales for the first quarter of 2023 of 4%. The effect of exchange rates can vary by business and region, depending upon the mix of sales priced in U.S. dollars as compared to other currencies. In addition, the decrease in sales was primarily driven by volume decreases across various businesses and the change in business portfolio mix, with a net impact of approximately \$111 million, offset in part by price increases across all businesses.

Sales Performance by Segment

	% Change in Sales - First Quarter 2023 vs. First Quarter 2022	
	Reported	Currency Neutral ⁽¹⁾
Nourish	-5 %	0 %
Health & Biosciences	-22 %	-19 %
Scent	4 %	8 %
Pharma Solutions	2 %	4 %
Total	-6 %	-2 %

(1) Currency neutral sales growth is calculated by translating current year invoiced sale amounts at the exchange rates for the corresponding prior year period.

Nourish

Nourish sales in 2023 decreased \$78 million, or 5% on a reported basis, to \$1.653 billion compared to \$1.731 billion in the prior year period. On a currency neutral basis, Nourish sales were flat in 2023 compared to the prior year period. Performance in the Nourish operating segment was driven by volume decreases across all business units and unfavorable impacts from exchange rate variations, offset in part by price increases across all business units.

Health & Biosciences

Health & Biosciences sales in 2023 decreased \$148 million, or 22% on a reported basis, to \$513 million compared to \$661 million in the prior year period. On a currency neutral basis, Health & Biosciences sales decreased 19% in 2023 compared to the prior year period. Performance in the Health & Biosciences operating segment was driven by the change in business portfolio mix, with a net impact of approximately \$111 million, volume decreases and unfavorable impacts from exchange rate variations, offset in part by price increases across all business units.

Scent

Scent sales in 2023 increased \$23 million, or 4% on a reported basis, to \$608 million, compared to \$585 million in the prior year period. On a currency neutral basis, Scent sales increased 8% in 2023 compared to the prior year period. Performance in the Scent operating segment was driven by price increases primarily in the Fragrance Compounds and Fragrance Ingredients business units and volume increases in the Fragrance Compounds business unit, offset in part by unfavorable impacts from exchange rate variations.

Pharma Solutions

Pharma Solutions sales in 2023 increased \$4 million, or 2% on a reported basis, to \$253 million compared to \$249 million in the prior year period. On a currency neutral basis, Pharma Solutions sales increased 4% in 2023 compared to the prior year period. Performance in the Pharma Solutions operating segment was driven by price increases, offset in part by volume decreases and unfavorable impacts from exchange rate variations.

Cost of Goods Sold

Cost of goods sold decreased \$18 million to \$2.063 billion (68.2% of sales) in the first quarter of 2023 compared to \$2.081 billion (64.5% of sales) in the first quarter of 2022. The decrease in cost of goods sold was primarily driven by volume decreases in sales and the change in business portfolio mix, with a net impact of approximately \$80 million, offset in part by unfavorable manufacturing absorption related to our inventory reduction program.

Research and Development (R&D) Expenses

R&D expenses increased \$4 million to \$161 million (5.3% of sales) in the first quarter of 2023 compared to \$157 million (4.9% of sales) in the first quarter of 2022. The increase in R&D expenses was primarily driven by higher operating expenses for R&D related activities, offset in part by the change in business portfolio mix.

Selling and Administrative (S&A) Expenses

S&A expenses decreased \$5 million to \$454 million (15.0% of sales) in the first quarter of 2023 compared to \$459 million (14.2% of sales) in the first quarter of 2022. The decrease in S&A expenses was primarily driven by lower professional fees, including consulting costs, and the change in business portfolio mix, offset in part by higher operating expenses for S&A related activities.

Restructuring and Other Charges

Restructuring and other charges increased to \$52 million in the first quarter of 2023 compared to \$2 million in the first quarter of 2022. The increase was driven by higher severance costs incurred as part of the 2023 Restructuring Program, net of reversals of prior severance cost accruals, in the first quarter of 2023 (see Note 4 for additional information).

Amortization of Acquisition-Related Intangibles

Amortization expenses decreased to \$171 million in the first quarter of 2023 compared to \$186 million in the first quarter of 2022. The decrease in amortization expense was primarily driven by the intangible assets of the portion of the Savory Solutions business and Flavor Specialty Ingredients business being classified as "held for sale," and therefore no longer recognizing amortization expense on those intangible assets. In addition, the decrease was due to the reduction in intangible assets as a result of the divestiture of the Microbial Control business unit and an impairment of intangible assets of an asset group that operated primarily in Russia during 2022, offset in part by the impact of acquisitions of intangible assets from Health Wright Products, Inc. (see Note 3, Note 6 and Note 18 for additional information).

Interest Expense

Interest expense increased to \$111 million in the first quarter of 2023 compared to \$72 million in the 2022 period. The increase in interest expense was due to higher effective interest rates on the outstanding Term Loan Facilities and an increase in draw downs of commercial paper (see Note 8 for additional information). In addition, the increase was due to higher interest rates, which led to an increase in the cost for participating in our factoring programs (see Note 1 for additional information).

Other Expense (Income), Net

In the first quarter of 2023, we recognized other expense, net, of \$6 million compared to other income, net, of \$16 million in the 2022 period. The change of \$22 million was primarily due to foreign exchange losses in the first quarter of 2023 compared to foreign exchange gains in the 2022 period, and losses incurred as part of the liquidation of a business in Russia in preparation for the sale of the portion of the Savory Solutions business, offset in part by higher interest income in the first quarter of 2023 compared to the 2022 period.

Income Taxes

The effective tax rate for the three months ended March 31, 2023 was 157.1% compared to 13.7% for the three months ended March 31, 2022. The quarter-over-quarter increase was primarily driven by tax expenses relating to planned business divestitures and changes in the mix of income and losses, some of which do not give rise to tax benefits due to valuation allowances.

Segment Adjusted Operating EBITDA Results by Business Unit

The Company uses Segment Adjusted Operating EBITDA for internal reporting and performance measurement purposes. Segment Adjusted Operating EBITDA is defined as Income Before Taxes before depreciation and amortization expense, interest expense, restructuring and other charges and certain non-recurring items. Our determination of reportable segments was made on the basis of our strategic priorities within each segment and corresponds to the manner in which our Chief Operating Decision Maker reviews and evaluates operating performance to make decisions about resources to be allocated to the segment. In addition to our strategic priorities, segment reporting is also based on differences in the products and services we provide.

	Three Months Ended March 31,	
	2023	2022
<i>(DOLLARS IN MILLIONS)</i>		
Segment Adjusted Operating EBITDA:		
Nourish	\$ 208	\$ 329
Health & Biosciences	131	192
Scent	105	116
Pharma Solutions	59	65
Total	503	702
Depreciation & Amortization	(276)	(303)
Interest Expense	(111)	(72)
Other (Expense) Income, net	(6)	16
Restructuring and Other Charges	(52)	(2)
Acquisition, Divestiture and Integration Related Costs	(31)	(49)
Strategic Initiatives Costs	(13)	—
Regulatory Costs	(5)	—
Other	5	(7)
Income Before Taxes	\$ 14	\$ 285
Segment Adjusted Operating EBITDA margin:		
Nourish	12.6 %	19.0 %
Health & Biosciences	25.5 %	29.0 %
Scent	17.3 %	19.8 %
Pharma Solutions	23.3 %	26.1 %
Consolidated	16.6 %	21.8 %

Nourish Segment Adjusted Operating EBITDA

Nourish Segment Adjusted Operating EBITDA decreased \$121 million, or 37% on a reported basis, to \$208 million in the first quarter of 2023 (12.6% of segment sales) from \$329 million (19.0% of segment sales) in the comparable 2022 period. On a currency neutral basis, Nourish Segment Adjusted Operating EBITDA decreased 27% in 2023 compared to the prior year period. The decrease was primarily driven by volume decreases, unfavorable impacts from exchange rate variations and unfavorable manufacturing absorption related to our inventory reduction program.

Health & Biosciences Segment Adjusted Operating EBITDA

Health & Biosciences Segment Adjusted Operating EBITDA decreased \$61 million, or 32% on a reported basis, to \$131 million in the first quarter of 2023 (25.5% of segment sales) from \$192 million (29.0% of segment sales) in the comparable 2022 period. On a currency neutral basis, Health & Biosciences Segment Adjusted Operating EBITDA decreased 28% in 2023 compared to the prior year period. The decrease was primarily driven by volume decreases, the change in business portfolio mix, unfavorable impacts from exchange rate variations and unfavorable manufacturing absorption related to our inventory reduction program, offset in part by favorable net pricing.

Scent Segment Adjusted Operating EBITDA

Scent Segment Adjusted Operating EBITDA decreased \$11 million, or 9% on reported basis, to \$105 million in the first quarter of 2023 (17.3% of segment sales) from \$116 million (19.8% of segment sales) in the comparable 2022 period. On a currency neutral basis, Scent Segment Adjusted Operating EBITDA increased 1% in 2023 compared to the prior year period. The decrease, on a reported basis, was primarily driven by unfavorable impacts from exchange rate variations, offset in part by volume increases in Fragrance Compounds and favorable net pricing.

Pharma Solutions Segment Adjusted Operating EBITDA

Pharma Solutions Segment Adjusted Operating EBITDA decreased \$6 million, or 9% on a reported basis, to \$59 million in the first quarter of 2023 (23.3% of segment sales) from \$65 million (26.1% of segment sales) in the comparable 2022 period. On a currency neutral basis, Pharma Solutions Segment Adjusted Operating EBITDA decreased 6% in 2023 compared to the prior year period. The decrease was primarily driven by volume decreases, unfavorable impacts from exchange rate variations and unfavorable manufacturing absorption related to our inventory reduction program, offset in part by favorable net pricing in the operating segment.

Liquidity

Cash and Cash Equivalents

We had cash and cash equivalents of \$594 million, inclusive of \$4 million currently in Assets held for sale on the Consolidated Balance Sheets, at March 31, 2023 compared to \$535 million, inclusive of \$52 million in Assets held for sale on the Consolidated Balance Sheets, at December 31, 2022 and of this balance, a portion was held outside the United States. Cash balances held in foreign jurisdictions are, in most circumstances, available to be repatriated to the United States.

Effective utilization of the cash generated by our international operations is a critical component of our strategy. We regularly repatriate cash from our non-U.S. subsidiaries to fund financial obligations in the U.S. As we repatriate these funds to the U.S. we will be required to pay income taxes in certain U.S. states and applicable foreign withholding taxes during the period when such repatriation occurs. Accordingly, as of March 31, 2023, we had a deferred tax liability of approximately \$174 million for the effect of repatriating the funds to the U.S., attributable to various non-U.S. subsidiaries. There is no deferred tax liability associated with non-U.S. subsidiaries where we intend to indefinitely reinvest the earnings to fund local operations and/or capital projects.

Cash Flows Provided By (Used In) Operating Activities

Cash flows provided by operating activities for the three months ended March 31, 2023 was \$127 million, or 4.2% of sales, compared to cash flows used in operating activities of \$4 million, or (0.1)% of sales, for the three months ended March 31, 2022. The increase in cash flows from operating activities during 2023 was primarily driven by the decrease in working capital, largely related to inventories and accounts receivable, offset in part by accounts payable and lower cash earnings, excluding the impact of non-cash adjustments.

Cash Flows Used In Investing Activities

Cash flows used in investing activities for the three months ended March 31, 2023 was \$167 million compared to \$121 million in the prior year period. The increase in cash flows used in investing activities was primarily driven by higher spending on property, plant and equipment.

We have evaluated and re-prioritized our capital projects and expect that capital spending in 2023 will be approximately 4.1% of sales (net of potential grants and other reimbursements from government authorities), in line with 4.1% in 2022.

Cash Flows Provided By Financing Activities

Cash flows provided by financing activities for the three months ended March 31, 2023 was \$78 million compared to \$95 million in the prior year period. The decrease in cash flows from financing activities was primarily driven by higher repayments of short-term debt, offset by an increase in net borrowings of commercial paper.

We paid dividends totaling \$206 million in the 2023 period. We declared a cash dividend per share of \$0.81 in the first quarter of 2023 that was paid on April 6, 2023 to all shareholders of record as of March 24, 2023.

Our capital allocation strategy seeks to maintain our investment grade rating while investing in the business and continuing to pay dividends and repaying debt. The Company does not have any rating downgrade triggers that would accelerate the maturity dates of its senior unsecured debt. However, any downgrade in our credit rating may, depending on the extent of such downgrade, negatively impact our ability to raise additional debt capital, our liquidity and capital position, and may increase our cost of borrowing for new capital raises. In addition, our existing Revolving Credit Facility and Term Loans have pricing grids that are based on credit rating, such that our cost of borrowing may increase as our credit rating decreases. We make capital investments in our businesses to support our operational needs and strategic long-term plans. We are committed to maintaining our history of paying a dividend to investors which is determined by our Board of Directors at its discretion based on various factors.

Capital Resources

Operating cash flow provides the primary source of funds for capital investment needs, dividends paid to shareholders and debt service repayments. We anticipate that cash flows from operations, cash proceeds generated from planned business divestitures and availability under our existing credit facilities will be sufficient to meet our investing and financing needs, including our debt service requirements. We regularly assess our capital structure, including both current and long-term debt instruments, as compared to our cash generation and investment needs in order to provide ample flexibility and to optimize our leverage ratios. Refer to Note 8 for additional information.

Term Loans and Revolving Credit Facility

The Credit Agreements contain various covenants, limitations and events of default customary for similar facilities for similarly rated borrowers, including the requirement for us to maintain, at the end of each fiscal quarter, a ratio of net debt for borrowed money to credit adjusted EBITDA in respect of the previous 12-month period. On March 23, 2023, we entered into Term Loan Amendment No. 3, Term Loan Amendment No. 4, Revolver Amendment No. 2 and Revolver Amendment No. 3.

Term Loan Amendment No. 3 and Revolver Amendment No. 2, among other things, extend the period during which a Term Loan Covenant Relief Period and Revolver Covenant Relief Period are provided with respect to the financial covenant contained in the Existing Term Loan Credit Agreement and the Existing Revolving Credit Agreement, respectively, through December 31, 2024, or such earlier date on which we elect to terminate such period, by providing that during the Term Loan Covenant Relief Period and the Revolver Covenant Relief Period, our consolidated leverage ratio shall not exceed as of the end of the fiscal quarter for the period of the four fiscal quarters then ended: (i) 5.25x for any fiscal quarter ending on or before June 30, 2023, (ii) 5.00x for the fiscal quarter ending September 30, 2023, (iii) 4.75x for any subsequent fiscal quarter ending on or before March 31, 2024, (iv) 4.50x for the fiscal quarter ending June 30, 2024, (v) 4.25x for the fiscal quarter ending September 30, 2024, (vi) 4.00x for the fiscal quarter ending December 31, 2024. During the Term Loan Covenant Relief Period and the Revolver Covenant Relief Period, Term Loan Amendment No. 3 and Revolver Amendment No. 2 prohibit the Loan Parties from (i) effecting any share repurchases and (ii) creating liens to secure debt in excess of the greater of \$400 million and 5.00% of Consolidated Net Tangible Assets, in each case subject to certain exceptions set forth therein.

Additionally, the reference rate for U.S. dollar-denominated loans was updated from LIBOR to Term SOFR. From March 23, 2023, the Term Loans and Revolving Credit Facility now bear interest at a base rate or a rate equal to Term SOFR plus an adjustment of 0.10% per annum or, in the case of euro-denominated loans, the Euro interbank offered rate, plus, in each case, an applicable margin based on our public debt rating. Loans may be prepaid without premium or penalty, subject to customary breakage costs. See Note 8 for additional information on the amendments to the Credit Agreements.

As of March 31, 2023, we had no outstanding borrowings under our \$2.000 billion Revolving Credit Facility.

The amount that we are able to draw down under the Revolving Credit Facility is limited by financial covenants as described in more detail below. As of March 31, 2023, our draw down capacity was \$1.465 billion under the Revolving Credit Facility.

Refer to Note 8 of this Form 10-Q and Part IV, Item 15, “Exhibits and Financial Statement Schedules,” Note 9 of our 2022 Form 10-K, filed on February 27, 2023 with the SEC, for additional information.

Debt Covenants

At March 31, 2023, we were in compliance with all financial and other covenants, including the net debt to credit adjusted EBITDA⁽¹⁾ ratio. At March 31, 2023, our net debt to credit adjusted EBITDA⁽¹⁾ ratio was 4.62 to 1.0 as defined by the credit facility agreements, which is below the relevant level provided by our financial covenants of existing outstanding debt.

- (1) Credit adjusted EBITDA and net debt, which are non-GAAP measures used for these covenants, are calculated in accordance with the definition in the debt agreements. In this context, these measures are used solely to provide information on the extent to which we are in compliance with debt covenants and may not be comparable to credit adjusted EBITDA and net debt used by other companies. Reconciliations of credit adjusted EBITDA to net (loss) income and net debt to total debt are as follows:

<u>(DOLLARS IN MILLIONS)</u>	Twelve Months Ended March 31, 2023	
Net loss	\$	(2,124)
Interest expense		375
Income taxes		222
Depreciation and amortization		1,152
Specified items ⁽¹⁾		2,648
Non-cash items ⁽²⁾		47
Credit Adjusted EBITDA	\$	2,320

- (1) Specified items for the 12 months ended March 31, 2023 of \$2.648 billion consisted of restructuring and other charges, impairment of goodwill, impairment of long-lived assets, acquisition, divestiture and integration related costs, strategic initiatives costs, regulatory costs and other costs that are not related to recurring operations.

- (2) Non-cash items represent all other adjustments to reconcile net (loss) income to net cash provided by operations as presented on the Statements of Cash Flows, including gains on sale of fixed assets, losses on business disposals and stock-based compensation.

(DOLLARS IN MILLIONS)

	March 31, 2023	
Total debt ⁽¹⁾	\$	11,309
Adjustments:		
Cash and cash equivalents ⁽²⁾		594
Net debt	\$	10,715

(1) Total debt used for the calculation of net debt consists of short-term debt, long-term debt, short-term finance lease obligations and long-term finance lease obligations.

(2) Cash and cash equivalents includes approximately \$4 million currently in Assets held for sale on the Consolidated Balance Sheets.

Senior Notes

As of March 31, 2023, we had \$9.360 billion aggregate principal amount outstanding in senior unsecured notes, with \$1.410 billion principal amount denominated in EUR and \$7.950 billion principal amount denominated in USD, which includes the N&B Senior Notes assumed as a result of the Merger. The notes bear interest ranging from 1.22% per year to 5.12% per year, with maturities from May 1, 2023 to December 1, 2050. See Note 8 for additional information.

Contractual Obligations

We expect to contribute a total of \$5 million to our U.S. pension plans and a total of \$32 million to our non-U.S. pension plans during 2023. During the three months ended March 31, 2023, there were no contributions made to the qualified U.S. pension plans, \$6 million of contributions were made to the non-U.S. pension plans, and \$1 million of benefit payments were made with respect to our non-qualified U.S. pension plan. We also expect to contribute \$3 million to our postretirement benefits other than pension plans during 2023. During the three months ended March 31, 2023, \$1 million of contributions were made to postretirement benefits other than pension plans.

As discussed in Note 16 to the Consolidated Financial Statements, at March 31, 2023, we had entered into various guarantees and had undrawn outstanding letters of credit from financial institutions. These arrangements reflect ongoing business operations, including commercial commitments, and governmental requirements associated with audits or litigation that are in process with various jurisdictions. Based on the current facts and circumstances, these arrangements are not reasonably likely to have a material impact on our consolidated financial condition, results of operations or cash flows.

New Accounting Standards

Refer to Note 1 to the Consolidated Financial Statements for a discussion of recent accounting pronouncements.

Non-GAAP Financial Measures

We use non-GAAP financial measures in this Form 10-Q, including: (i) currency neutral metrics and (ii) adjusted operating EBITDA and adjusted operating EBITDA margin. We also provide the non-GAAP measure net debt solely for the purpose of providing information on the extent to which the Company is in compliance with debt covenants contained in its debt agreements. Our non-GAAP financial measures are defined below.

These non-GAAP financial measures are intended to provide additional information regarding our underlying operating results and comparable year-over-year performance. Such information is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP. In discussing our historical and expected future results and financial condition, we believe it is meaningful for investors to be made aware of and to be assisted in a better understanding of, on a period-to-period comparable basis, financial amounts both including and excluding these identified items, as well as the impact of exchange rate fluctuations. These non-GAAP measures should not be considered in isolation or as substitutes for analysis of the Company's results under GAAP and may not be comparable to other companies' calculation of such metrics.

Adjusted operating EBITDA and adjusted operating EBITDA margin exclude depreciation and amortization expense, interest expense, other (expense) income, net, restructuring and other charges and certain items unrelated to recurring operations such as acquisition, divestiture and integration related costs, strategic initiatives costs, regulatory costs and other costs that are not related to recurring operations.

Net debt to credit adjusted EBITDA is the leverage ratio used in our credit agreement and defined as net debt divided by credit adjusted EBITDA. However, as credit adjusted EBITDA for these purposes was calculated in accordance with the provisions of the credit agreement, it may differ from the calculation used for adjusted operating EBITDA.

Cautionary Statement Under the Private Securities Litigation Reform Act of 1995

Statements in this Form 10-Q, which are not historical facts or information, are “forward-looking statements” within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on management’s current assumptions, estimates and expectations and include statements concerning (i) the expected impact of global supply chain challenges; (ii) expectations regarding sales and profit for the fiscal year 2023, including the impact of foreign exchange, pricing actions, raw materials, energy, sourcing, logistics and manufacturing costs; (iii) expectations of the impact of inflationary pressures and the pricing actions to offset exposure to such impacts; (iv) the impact of high input costs, including commodities, raw materials, transportation and energy; (v) our ability to drive cost discipline measures and the ability to recover margin to pre-inflation levels; (vi) the progress of our portfolio optimization strategy, through non-core business divestitures and acquisitions, and expectations regarding the implementation of our refreshed growth-focused strategy; (vii) the ongoing impact of COVID-19 and our plans to respond to its global implications; (viii) the success of our integration efforts, following the N&B Transaction, and ability to deliver on our synergy commitments as well as future opportunities for the combined company; (ix) the success of the optimization of our portfolio; (x) the impact of global economic uncertainty and recessionary pressures on demand for consumer products; (xi) the growth potential of the markets in which we operate, including the emerging markets, (xii) expected capital expenditures in 2023; (xiii) the expected costs and benefits of our ongoing optimization of our manufacturing operations, including the expected number of closings; (xiv) expected cash flow and availability of capital resources to fund our operations and meet our debt service requirements; (xv) our ability to enhance our innovation efforts, drive cost efficiencies and execute on specific consumer trends and demands; (xvi) our strategic investments in capacity and increasing inventory to drive improved profitability; and (xvii) our ability to continue to generate value for, and return cash to, our shareholders. These forward-looking statements should be evaluated with consideration given to the many risks and uncertainties inherent in our business that could cause actual results and events to differ materially from those in the forward-looking statements. Certain of such forward-looking information may be identified by such terms as “expect”, “anticipate”, “believe”, “intend”, “outlook”, “may”, “estimate”, “should”, “predict” and similar terms or variations thereof. Such forward-looking statements are based on a series of expectations, assumptions, estimates and projections about the Company, are not guarantees of future results or performance, and involve significant risks, uncertainties and other factors, including assumptions and projections, for all forward periods. Our actual results may differ materially from any future results expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, among others, the following:

- inflationary trends, including in the price of our input costs, such as raw materials, transportation and energy;
- supply chain disruptions, geopolitical developments, including the Russia-Ukraine conflict, or climate-change related events (including severe weather events) that may affect our suppliers or procurement of raw materials;
- our ability to successfully execute the next phase of our strategic transformation;
- risks related to the integration of the N&B business, including whether we will realize the benefits anticipated from the merger in the expected time frame;
- our substantial amount of indebtedness and its impact on our liquidity, credit ratings and ability to return capital to our shareholders;
- our ability to enter into or close strategic transactions or divestments, or successfully establish and manage acquisitions, collaborations, joint ventures or partnerships;
- our ability to successfully market to our expanded and diverse customer base;
- our ability to effectively compete in our market and develop and introduce new products that meet customers’ needs;
- our ability to retain key employees;
- changes in demand from large multi-national customers due to increased competition and our ability to maintain “core list” status with customers;
- our ability to successfully develop innovative and cost-effective products that allow customers to achieve their own profitability expectations;
- the impact of global health crises, such as the COVID-19 pandemic, on our supply chains, global operations, our customers and our suppliers;
- disruption in the development, manufacture, distribution or sale of our products from natural disasters (such as the COVID-19 pandemic), public health crises, international conflicts (such as the Russia and Ukraine conflict), terrorist acts, labor strikes, political or economic crises (such as the uncertainty related to protracted U.S. federal debt ceiling negotiations), accidents and similar events;

- volatility and increases in the price of raw materials, energy and transportation;
- the impact of a significant data breach or other disruption in our information technology systems, and our ability to comply with data protection laws in the U.S. and abroad;
- our ability to comply with, and the costs associated with compliance with, regulatory requirements and industry standards, including regarding product safety, quality, efficacy and environmental impact;
- our ability to meet increasing customer, consumer, shareholder and regulatory focus on sustainability;
- defects, quality issues (including product recalls), inadequate disclosure or misuse with respect to the products and capabilities;
- our ability to react in a timely and cost-effective manner to changes in consumer preferences and demands, including increased awareness of health and wellness;
- our ability to benefit from our investments and expansion in emerging markets;
- the impact of currency fluctuations or devaluations in the principal foreign markets in which we operate;
- economic, regulatory and political risks associated with our international operations;
- the impact of global economic uncertainty (including increased inflation) on demand for consumer products;
- our ability to comply with, and the costs associated with compliance with, U.S. and foreign environmental protection laws;
- our ability to successfully manage our working capital and inventory balances;
- the impact of our or our counterparties' failure to comply with the U.S. Foreign Corrupt Practices Act, similar U.S. or foreign anti-bribery and anti-corruption laws and regulations, applicable sanctions laws and regulations in the jurisdictions in which we operate or ethical business practices and related laws and regulations;
- any impairment on our tangible or intangible long-lived assets, including goodwill associated with the N&B merger and the acquisition of Frutarom;
- our ability to protect our intellectual property rights;
- the impact of the outcomes of legal claims, disputes, regulatory investigations and litigation, related to intellectual property, product liability, competition and anti-trust, environmental matters, indirect taxes or other matters;
- changes in market conditions or governmental regulations relating to our pension and postretirement obligations;
- the impact of changes in federal, state, local and international tax legislation or policies, including the Tax Cuts and Jobs Act, with respect to transfer pricing and state aid, and adverse results of tax audits, assessments, or disputes;
- the impact of the United Kingdom's departure from the European Union;
- the impact of the phase out of the London Interbank Offered Rate ("LIBOR") on interest expense;
- the impact of any tax liability resulting from the N&B Transaction; and
- our ability to comply with data protection laws in the U.S. and abroad.

The foregoing list of important factors does not include all such factors, nor necessarily present them in order of importance. In addition, you should consult other disclosures made by the Company (such as in our other filings with the SEC or in company press releases) for other factors that may cause actual results to differ materially from those projected by the Company. Please refer to Part I, Item 1A, "Risk Factors," of the 2022 Form 10-K for additional information regarding factors that could affect our results of operations, financial condition and liquidity.

We intend our forward-looking statements to speak only as of the time of such statements and do not undertake or plan to update or revise them as more information becomes available or to reflect changes in expectations, assumptions or results. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of, or any material adverse change in, one or more of the risk factors or risks and uncertainties referred to in this report or included in our other periodic reports filed with the SEC could materially and adversely impact our operations and our future financial results.

Any public statements or disclosures made by us following this report that modify or impact any of the forward-looking statements contained in or accompanying this report will be deemed to modify or supersede such outlook or other forward-looking statements in or accompanying this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There are no material changes in market risk from the information provided in our 2022 Form 10-K, except for the cross currency swap agreements.

We use derivative instruments as part of our interest rate risk management strategy. We have entered into certain cross currency swap agreements in order to mitigate a portion of our net European investments from foreign currency risk. As of March 31, 2023, these swaps were in a net liability position with an aggregate fair value of \$41 million. Based on a hypothetical decrease or increase of 10% in the value of the U.S. dollar against the Euro, the estimated fair value of our cross currency swaps would change by approximately \$146 million.

ITEM 4. CONTROLS AND PROCEDURES.

(a) Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer, with the assistance of other members of our management, have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

We have established controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to management, including the principal executive officer and the principal financial officer, to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

The Chief Executive Officer and Chief Financial Officer have also concluded that there have not been any changes in our internal control over financial reporting during the quarter ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

For information that updates the disclosures set forth under Part I, Item 3. “Legal Proceedings” in our 2022 Annual Report on Form 10-K (the “2022 Form 10-K”), refer to Note 16 to the “Consolidated Financial Statements” in this Form 10-Q.

ITEM 1A. RISK FACTORS.

For information regarding risk factors, please refer to Part I, Item 1A, “Risk Factors,” of our 2022 Form 10-K, filed on February 27, 2023 with the SEC, as modified by the following revised risk factor, and the information in “Cautionary Statement” included in this Report, and should be read in conjunction with the information contained in this Quarterly Report on Form 10-Q and our other reports and registration statements filed with the SEC. The developments described in the following revised risk factor have heightened, or in some cases manifested, certain of the risks disclosed in our 2022 Form 10-K.

Our results of operations may be negatively impacted by the outcome of uncertainties related to legal claims, disputes, investigations and litigation.

From time to time we are involved in a number of legal claims, disputes, regulatory investigations and litigation, including claims, disputes, investigations or litigation related to intellectual property, product liability, competition and antitrust, environmental matters and indirect taxes. For instance, product liability claims may arise due to the fact that we supply products to the food and beverage, functional food, pharma/nutraceutical and personal care industries. Our manufacturing and other facilities may expose us to environmental claims and regulatory investigations and potential fines. In addition, and as further described in our consolidated financial statements, we are subject to antitrust and competition investigations in the United States and Europe as well as class action lawsuits against us and certain of our competitors in the United States and Canada, alleging violations of antitrust laws and related claims. We may face additional civil suits, in the United States or elsewhere, relating to such alleged conduct. At this time we are unable to predict or determine the scope, duration or outcome of these investigations. Our results of operations, liquidity or financial condition could be adversely impacted by unfavorable outcomes in these or other pending or future claims, disputes, investigations or litigation.

In addition, in light of our product offerings into functional food, nutraceuticals, and natural antioxidants, we may also be subject to claims of false or deceptive advertising claims relating to the efficacy, health benefits or other performance attributes of such offerings in the U.S., Europe and other foreign jurisdictions in which we offer these types of products. These claims can arise as a result of function claims, health claims, nutrient content claims and other claims that impermissibly suggest such benefits or attributes for certain foods or food components. The cost of defending these claims or our obligations for direct damages and indemnification if we were found liable could adversely affect our results of operations.

As a result of the N&B Transaction and the Frutarom acquisition, we assumed legal or environmental claims, regulatory investigations, and litigation, including product liability, patent infringement, commercial litigation and other actions. We have and will continue to become involved in additional actions arising from the acquired operations. Specifically, as the N&B Business and Frutarom had a significant number of facilities located globally and a large number of customers, our exposure to legal claims, regulatory and environmental investigations and litigation is increased. This will likely result in an increase in our cost for defense, settlement of claims or indemnification obligations as compared to our historical experience.

Our insurance may not be adequate to protect us from potential material expenses related to pending and future claims and our current levels of insurance may not be available in the future at commercially reasonable prices. Any of these factors could adversely affect our profitability and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 6. EXHIBITS.

10.1	Cooperation Agreement, dated as of February 1, 2023, by and among International Flavors & Fragrances Inc. and the Icahn Group, incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on February 2, 2023.
10.2	Amendment No. 3 to Term Loan Credit Agreement, dated as of March 23, 2023, among International Flavors & Fragrances Inc., as borrower, the lenders signatory thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on March 27, 2023.
10.3	Amendment No.4 to Term Loan Credit Agreement, dated as of March 23, 2023, among International Flavors & Fragrances Inc., as borrower, the lenders signatory thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on March 27, 2023.
10.4	Amendment No.2 to Third Amended & Restated Revolving Credit Agreement, dated as of March 23, 2023, among International Flavors & Fragrances Inc., International Flavors & Fragrances (Nederland) Holdings B.V. and International Flavors & Fragrances I.F.F. (Nederland) B.V., as borrowers, the lenders signatory thereto and Citibank, N.A., as administrative agent, incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on March 27, 2023.
10.5	Amendment No. 3 to Third Amended & Restated Revolving Credit Agreement, dated as of March 23, 2023, among International Flavors & Fragrances Inc., International Flavors & Fragrances (Nederland) Holdings B.V. and International Flavors & Fragrances I.F.F. (Nederland) B.V., as borrowers, the lenders signatory thereto and Citibank, N.A., as administrative agent, incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on March 27, 2023.
10.6	Amended and Restated Executive Severance Policy, as amended and restated on February 1, 2023 (the "Executive Severance Policy").
31.1	Certification of Frank Clyburn pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Glenn Richter pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Frank Clyburn and Glenn Richter pursuant to 18 U.S.C. Section 1350 as adopted pursuant to the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extensions Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated:	May 10, 2023	By:	<u>/s/ Frank Clyburn</u> Frank Clyburn Chief Executive Officer and Director (Principal Executive Officer)
Dated:	May 10, 2023	By:	<u>/s/ Glenn Richter</u> Glenn Richter Executive Vice President and Chief Financial & Business Transformation Officer (Principal Financial Officer)
Dated:	May 10, 2023	By:	<u>/s/ Beril Yildiz</u> Beril Yildiz Senior Vice President, Corporate Controller and Chief Accounting Officer (Principal Accounting Officer)

INTERNATIONAL FLAVORS & FRAGRANCES INC.

Amended and Restated
Executive Severance Policy
(As amended and restated on February 1, 2023)

INTERNATIONAL FLAVORS & FRAGRANCES INC.

Executive Severance Policy

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INTERNATIONAL FLAVORS & FRAGRANCES INC.

Amended and Restated Executive Severance Policy

1. Purpose. The purpose of this International Flavors & Fragrances Inc. Amended and Restated Executive Severance Policy (this “Policy”) is to provide certain Severance Payments and Benefits (as defined below) to designated key executives and employees of the Company in the event of a termination of their employment in certain specified circumstances. This Policy does not create any contract of employment or right to employment for any period of time. Employment with the Company is at-will, unless otherwise specified in an effective employment agreement between the Company and the Employee, and may be terminated by either the Company or the Employee at any time for any reason consistent with the terms and conditions set forth herein and in any other applicable agreement. This Policy has been adopted in the form set forth herein effective as of February 1, 2023 (the “Effective Date”). This Policy is an amendment and restatement of the International Flavors & Fragrances Inc. Executive Severance Policy, which was adopted on November 1, 2017, and amended from time to time, including on November 3, 2020 and December 13, 2022.

2. Definitions. The following definitions are applicable for purposes of this Policy (including in any Annex hereto), in addition to terms defined in Section 1 above:

(a) “2010 SAIP” means the Company’s 2010 Stock Award and Incentive Plan, as it may be amended and/or restated from time to time.

(b) “2015 SAIP” means the Company’s 2015 Stock Award and Incentive Plan, as it may be amended and/or restated from time to time.

(c) “2021 SAIP” means the Company’s 2021 Stock Award and Incentive Plan, as it may be amended and/or restated from time to time.

(d) “Accounting Forfeiture Event” has the meaning specified in Section 9(b)(ii).

(e) “Accrued Obligations” means (i) the Employee’s base salary otherwise payable through the Date of Termination, (ii) any incentive compensation and benefits which have become vested or payable prior to the Date of Termination in accordance with the terms of the applicable Company incentive compensation and benefit plans and applicable Award Agreements (as defined below) but which have not yet been paid to the Employee, and (iii) unreimbursed business expenses reimbursable under Company policies then in effect; provided, however, that in each of (i), (ii) and (iii), to the extent permissible under applicable law, the Company may offset such amounts against any obligations and liabilities of the Employee to the Company.

(f) “Affected Employee” has the meaning specified in Section 8(a).

(g) “Affiliate” means with respect to a specified Person, a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the specified Person.

(h) “AIP” means, for each Employee, the plan or arrangement of the Company providing cash-denominated bonuses for annual Company and/or business unit performance in which such Employee participates.

(i) “Award” shall mean any stock-based award or cash award permitted to be granted to an Employee under an SAIP or an AIP.

(j) “Award Agreement” means an agreement (whether in written or electronic form) evidencing an Award granted under an SAIP or an AIP.

(k) “Beneficiary” means a person or entity that an Employee designates in writing to the Company to receive payments or benefits hereunder in the event of the Employee’s death. If no such person or entity is named or there is no surviving designated Beneficiary, such Employee’s Beneficiary shall be the Employee’s estate.

(l) “Benefit Continuation” shall mean, subject to the continued co-payment of premiums by the Employee, the continued participation for the Employee and his or her eligible dependents in the Company’s Benefit Plans, upon the same terms and conditions in effect from time to time for active employees of the Company, as determined in good faith by the Committee.

(m) “Benefit Continuation Period” has the meaning specified in Section 6(b).

(n) “Benefit Plans” shall mean all medical and dental benefit plans of the Company and any group life insurance plans of the Company, in each case, as may be in effect from time to time. For the avoidance of doubt, Benefit Plans shall not include the Company’s group accident insurance and group disability insurance.

(o) “Benefits Period” means, unless otherwise provided in the Employee’s effective employment agreement with the Company as of the Date of Termination, the maximum period of a number of months following the Date of Termination for each Employee during which Benefit Continuation may be provided pursuant to this Policy, as set forth in Annex I hereto.

(p) “Board” means the Board of Directors of the Company.

(q) “Cause” means, with respect to an Employee, the definition as such term is defined in any effective employment agreement with such Employee as of the Employee’s Date of Termination, otherwise Cause means (i) the Employee’s failure to perform his or her material duties in any material respect, which if such failure is reasonably susceptible to cure as reasonably determined in the sole discretion of the Committee, has continued after the Company has provided written notice of such failure and the Employee has not cured such failure within ten (10) days of receipt by the Employee of such written notice, (ii) willful misconduct or gross negligence by the

Employee that has caused or is reasonably expected to result in material injury to the Company's business, reputation or prospects, (iii) the engagement by the Employee in illegal conduct or in any act of serious dishonesty which could reasonably be expected to result in material injury to the Company's business or reputation or which adversely affects the Employee's ability to perform his or her duties, (iv) the Employee being indicted or convicted of (or having pled guilty or nolo contendere to) a felony or any crime involving moral turpitude, dishonesty, fraud, theft or financial impropriety, or (v) a material and willful violation by the Employee of the Company's rules, policies or procedures. Notwithstanding the foregoing, a Tier I Employee shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Employee a copy of the resolution duly adopted by the affirmative vote of the majority of the membership of the Board of Directors of the Company so finding.

(r) A "Change in Control" shall be deemed to have occurred if, after the Effective Date, there shall have occurred any of the following:

(i) any Person (as defined below) becomes the "beneficial owner," as such term is defined in Rule 13d-3 under the Exchange Act (as defined below), directly or indirectly, of securities of the Company representing 40% or more of the combined Voting Power (as defined below) of the Company's then outstanding Voting Securities (as defined below), other than beneficial ownership by the Company, any employee benefit plan of the Company or any Person organized, appointed or established pursuant to the terms of any such benefit plan;

(ii) individuals who at the Effective Date constitute a majority of the Board (the "Incumbent Directors") cease to constitute a majority of the Board for any reason; provided, however, that any individual becoming a director subsequent to the Effective Date whose election or nomination for election to the Board was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) shall be an Incumbent Director; provided, however, that no individual shall be an Incumbent Director if such individual is initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board; or;

(iii) The consummation of:

(A) A merger, consolidation, reorganization or similar transaction with or into the Company or in which securities of the Company are issued, as a result of which the holders of the outstanding Voting Securities of the Company immediately before such event own, directly or indirectly, immediately after such event less than 60% of the combined Voting Power of the outstanding Voting Securities of the parent

entity resulting from, or issuing its Voting Securities as part of, such event;

(B) A complete liquidation or dissolution of the Company; or

(C) The sale or other disposition of all or substantially all of the assets of the Company (on a consolidated basis) to any Person other than (x) the Company, (y) an employee benefit plan (or a trust forming a part thereof) maintained by the Company or (z) a Person whose Voting Securities immediately following such sale or disposition will be owned by the holders of the outstanding Voting Securities of the Company immediately prior thereto, in substantially the same proportions.

Notwithstanding the foregoing, no payment of any payment or benefit under this Policy that constitutes “non-qualified deferred compensation” within the meaning of Section 409A of the Code (as defined below) shall be made solely upon the occurrence of a Change in Control to the extent such Change in Control does not also qualify as a “change in control event” within the meaning of Treasury Regulation §1.409A-3(i)(5)(i) and such payment or benefit shall be paid on its otherwise scheduled payment date(s).

Notwithstanding anything in this Policy to the contrary, a Change in Control shall not exist with respect to an Employee (including for purposes of eligibility for the Severance Payments and Benefits set forth in Section 7 hereof) unless such Employee was actively employed by the Company immediately prior to the consummation of such Change in Control.

(s) “CIC Benefit Continuation Period” has the meaning specified in Section 7(e).

(t) “CIC Severance Factor” means, unless otherwise provided in the Employee’s effective employment agreement with the Company as of the Date of Termination, the multiple for each Employee as set forth in Annex I hereto.

(u) “COBRA” means the continuation coverage requirements for “group health plans” under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and as codified in Code Section 4980B and ERISA Sections 601 through 608, each as amended from time to time, including rules thereunder and successor provisions and rules thereto.

(v) “Code” means the Internal Revenue Code of 1986, as amended from time to time, and all regulations, interpretations, and administrative guidance issued thereunder.

(w) “Code Section 409A” means Section 409A of the United States Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations promulgated thereunder.

(x) “Committee” means the Compensation Committee of the Board or such other committee as the Board may designate to perform administrative functions under this Policy.

(y) “Company” means International Flavors & Fragrances Inc., a New York corporation, and all of its Affiliates, collectively, (and any successors or assigns thereto).

(z) “Confidential Information” has the meaning specified in Section 9(a)(iii).

(aa) “Covenant Forfeiture Event” has the meaning specified in Section 9(b)(i).

(bb) “Date of Termination” means, unless otherwise agreed by the Company, if the Employee’s employment is terminated by the Company for Cause, or by the Employee for Good Reason (where applicable) and there is an ability to cure, the date that is one day after the last day of any applicable cure period, (ii) if the Employee’s employment is terminated by reason of death, the date of death of the Employee, (iii) if the Employee’s employment is terminated by reason of disability then the date upon which the Employee becomes Disabled or (iv) if the Employee’s employment is terminated for any other reason, the date on which a notice of termination is given or the date set forth in such notice, which, in the event of a termination by the Employee without Good Reason, shall not be less than 60 days after such notice.

(cc) “Delay Period” has the meaning specified in Section 12(c).

(dd) “Disabled” or “Disability” means, unless otherwise set forth in the Employee’s employment agreement with the Company, a condition that entitles an Employee to long term disability benefits under any applicable Company disability plan, any successor plan, or as defined under any applicable local laws, rules, or regulations.

(ee) “Effective Date” means the date set forth in the first paragraph of this Policy.

(ff) “Employee” has the meaning specified in Section 3.

(gg) “Entity” has the meaning specified in Section 10(a).

(hh) “Equity Choice Award” means an equity choice program award under an SAIP.

(ii) “Excess Benefit Plan” means the Company’s Supplemental Retirement Plan and any other supplemental pension plans sponsored or maintained by the Company as may be in effect from time to time.

(jj) “Excess Compensation” has the meaning specified in Section 9(b)(ii)(A).

(kk) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(ll) “Excise Tax” has the meaning specified in Section 8.

(mm) “Forfeiture Event” has the meaning specified in Section 9(b)(ii).

(nn) “Good Reason” means, with respect to an Employee, where applicable, the definition as such term is defined in any effective employment agreement with such Employee as of the Employee’s Date of Termination, otherwise Good Reason means the occurrence of any of the following events, unless the Employee has consented in writing thereto:

(i) a material decrease in the Employee’s base salary, target bonus under an AIP, LTIP or Equity Choice Award, other than as part of an across-the-board reduction applicable to all similarly situated employees of the Employee’s employer;

(ii) a material diminution in the Employee’s authority, duties or responsibilities;

(iii) a relocation of the Employee’s primary work location more than 50 miles from the Employee’s primary work location at the time of such requested relocation;

(iv) the failure of the Company to obtain the binding agreement of any successor to the Company expressly to assume and agree to fully perform the Company’s obligations under this Policy, as contemplated in the last sentence of Section 13(a) hereof;

provided, that within 90 days after the initial occurrence of any of the events or the initial existence of any of the conditions set forth in (i) through (iii) above the Employee delivers written notice to the Company of his or her intention to terminate his or her employment for Good Reason which specifies in reasonable detail the circumstances claimed to give rise to the Employee’s right to terminate employment for Good Reason, and the Company fails to correct such conduct or condition after a period of 30 days following receipt of such notice. For purposes of this Policy, “Good Reason” is (i) intended to constitute an “involuntary separation” within the meaning of Treasury Regulation § 1.409A-1(n)(2), and (ii) applies to Tier II Employees only within two (2) years after a Change in Control as set forth in Section 7.

(oo) “Independent Advisors” has the meaning specified in Section 8(c)(i).

(pp) “Initial Payment Period” has the meaning specified in Section 12(c).

(qq) “Limit” has the meaning specified in Section 12(c).

(rr) “LTIP” means a long-term performance incentive plan of the Company under an SAIP.

(ss) “Person” means an individual, corporation, partnership, limited liability company, association, trust, other entity, group or organization including a governmental authority.

(tt) “PPACA” means the Patient Protection and Affordable Care Act of 2010 and the related regulations and guidance promulgated thereunder, or such other legislation that may be adopted to replace PPACA.

(uu) “Reduced Amount” has the meaning specified in Section 8(a).

(vv) “Release” has the meaning specified in Section 9(c)(i).

(ww) “Release Period” has the meaning specified in Section 9(c)(i).

(xx) “Restatement Clawback Period” has the meaning specified in Section 9(b)(ii).

(yy) “SAIP” shall mean each plan, policy, program or arrangement maintained by the Company pursuant to which equity-based awards or cash awards may be granted to Employees, as may be amended and/or restated from time to time. This shall include the 2010 SAIP, the 2015 SAIP and the 2021 SAIP.

(zz) “Severance Factor” means, unless otherwise provided in the Employee’s effective employment agreement with the Company as of the Date of Termination, the multiple for each Employee as set forth in Annex I hereto.

(aaa) “Severance Payments and Benefits” means all benefits provided or payments made by the Company to or for the benefit of an Employee under this Policy.

(bbb) “Supplemental Retirement Plan” means the International Flavors & Fragrances Inc. Supplemental Retirement Plan.

(ccc) “Voting Power” means the number of votes available to be cast (determined by reference to the maximum number of votes entitled to be cast by the holders of Voting Securities, or by the holders of any Voting Securities for which other Voting Securities may be convertible, exercisable, or exchangeable, upon any matter submitted to shareholders where the holders of all Voting Securities vote together as a single class) by the holders of Voting Securities.

(ddd) “Voting Securities” means any securities or other ownership interests of an entity, which entitle or which may entitle, Persons holding such securities or other ownership interests to vote on matters submitted to such holders generally (whether or not entitled to vote in the general election of directors), or securities or other ownership interests which are convertible into, or exercisable in exchange for, such Voting Securities, whether or not subject to the passage of time or any contingency.

3. Eligibility. Each key executive or employee of the Company who has been designated in writing by the Committee (each an “Employee”) shall be eligible for the Severance Payments and Benefits and other provisions of this Policy if his or her termination of employment qualifies hereunder. Each Employee shall be designated in writing by the Committee as either (i) the Chief Executive Officer, (ii) a Tier I Employee or (iii) a Tier II Employee. Employees shall include persons employed outside the United States, if designated by

the Committee and subject to Section 13(h) of this Policy. Unless expressly indicated in this Policy, the Chief Executive Officer shall be a Tier I Employee for all purposes under this Policy. For the avoidance of doubt, for purposes of Section 7 herein, an "Employee" shall be each key executive or employee of the Company who has been designated in writing as a Tier I Employee (including the Chief Executive Officer) or Tier II Employee by the Committee as of the date of a Change in Control.

4. Administration. Subject to Section 13(e) hereof, this Policy shall be interpreted, administered and operated by the Committee, which shall have complete authority, subject to the express provisions of this Policy, to interpret this Policy, to prescribe, amend and rescind rules and regulations relating to this Policy, and to make all other determinations necessary or advisable for the administration of this Policy. The Committee may delegate any of its duties hereunder to a subcommittee, or to such person or persons from time to time as it may designate. All decisions, interpretations and other actions of the Committee shall be final, conclusive and binding on all parties who have an interest in this Policy. No member of the Committee, nor any Person acting pursuant to authority delegated by the Committee, shall be liable for any action, omission, or determination relating to this Policy, and the Company shall, to the fullest extent permitted by law, indemnify and hold harmless each member of the Committee and each Person to whom any duty or power relating to the administration or interpretation of this Policy has been delegated, against any cost or liability arising out of any action, omission or determination relating to this Policy, unless, in either case, such action, omission, or determination was taken or made by such member or other Person acting pursuant to authority delegated by the Committee in bad faith and without reasonable belief that it was in the best interests of the Company.

5. Termination of Employment for any Reason. Subject to the terms and conditions contained herein, in the event of any termination of an Employee's employment with the Company for any reason:

(a) The Company shall pay the Employee the Accrued Obligations, payable on the dates such amounts would have been payable under the Company's policies if the Employee's employment had not terminated, but in no event more than 60 days after Employee's Date of Termination, or sooner if required by applicable law.

(b) Except as expressly provided in Section 6 or Section 7 (in the event that either section is applicable), any outstanding Awards (including, for the avoidance of doubt, any AIP, LTIP, restricted stock unit, stock appreciation right, restricted stock and Equity Choice Awards) held by the Employee as of the Date of Termination shall be governed by the terms and conditions of the applicable Award Agreements, SAIP and AIP.

(c) Except as expressly provided in Section 7 (in the event such section is applicable), the Employee's benefits and rights under any of the Company's Benefit Plans, tax-qualified retirement or pension plans and any Excess Benefit Plan shall be determined in accordance with the applicable provisions of such plans, as may be in effect at the Employee's Date of Termination.

In the event of a termination of employment by the Company for Cause, a termination of

employment as a result of the Employee's death, Disability or retirement, or the voluntary resignation by Employee other than for Good Reason (where applicable), Employee shall not be entitled to receive any compensation, payments or benefits except as specified in Section 5(a)-(c).

6. Termination of Employment Prior to or More than Two Years After a Change in Control by (i) the Company either Without Cause or (ii) a Tier I Employee for Good Reason. In addition to the payments and benefits set forth in Section 5, in the event the Employee's employment with the Company is terminated prior to a Change in Control or more than two (2) years after a Change in Control either (i) by the Company without Cause or (ii) by a Tier I Employee for Good Reason, the Employee shall also be entitled to receive the following payments and benefits, subject to the terms and conditions contained herein including without limitation Sections 9 and 10:

(a) An amount equal to the product of the Employee's Severance Factor times the sum of (i) the Employee's annual base salary as of the Date of Termination and (ii) the Employee's target annual incentive under the AIP for the year in which the Date of Termination occurs prorated based on the number of the Employee's active days of employment with the Company during the performance period in which the Employee's Date of Termination occurs, payable in a lump sum within sixty days (60) days following the Employee's Date of Termination.

(b) For a period commencing on the Employee's Date of Termination until the earlier of (i) the expiration of the Employee's Benefits Period, (ii) the date of the Employee's commencement of eligibility for benefits under a new employer's welfare benefit plans, and (iii) the Employee attaining age 65 (such period, the "Benefit Continuation Period"), the Employee shall be eligible for Benefit Continuation. Benefit Continuation shall be provided concurrently with any health care benefit required under COBRA. Notwithstanding the foregoing, if the Company's providing Benefit Continuation under this Section 6(b) would violate the nondiscrimination rules applicable to non-grandfathered plans, or would result in the imposition of penalties under the PPACA, the Committee shall have the right to amend this Section 6(b) in a manner it determines, in its sole discretion, to comply with the PPACA. For the avoidance of doubt, in no event shall an Employee's employment be deemed to have been terminated without Cause or for Good Reason as a result of the Employee's death, Disability or retirement.

(c) Any outstanding Awards (including, for the avoidance of doubt, any restricted stock unit, stock appreciation right, restricted stock, performance stock units and Equity Choice Awards) held by the Employee as of the Date of Termination shall be governed by the terms and conditions of the applicable SAIP. The foregoing notwithstanding, if a Tier I Employee's employment with the Company is properly terminated by the Tier I Employee for Good Reason, any outstanding Awards under the 2010 SAIP shall be governed by the terms and conditions of the 2010 SAIP and applicable Award Agreements as if the Tier I Employee had been terminated by the Company without Cause.

7. Termination Within Two Years After a Change in Control by (i) the Company either Without Cause or (ii) Employee for Good Reason. In addition to the payments and benefits set forth in Section 5, in the event the Employee's employment with the Company is terminated within two (2) years after a Change in Control either (i) by the Company without Cause or (ii) by the Employee for Good Reason, the Employee shall also be entitled to receive the following payments and benefits, subject to the terms and conditions contained herein including without limitation Sections 9 and 10:

(a) An amount equal to the product of the Employee's CIC Severance Factor times the sum of (i) the Employee's annual base salary as of the Date of Termination and (ii) the greater of (x) the Employee's target annual incentive opportunity under the AIP for the year in which the Date of Termination occurs and (y) the average annual incentive award paid to Employee under the AIP for the three (3) completed fiscal years immediately preceding the year in which the Date of Termination occurs (or, if the Employee was not employed by the Company or eligible for an Award under the AIP for the last three (3) completed fiscal years, such lesser number of completed fiscal years during with the Executive was eligible for an Award under the AIP), payable in a lump sum within 60 days following the Employee's Date of Termination.

(b) Unless otherwise provided in the applicable Award Agreement, with respect to each LTIP Award outstanding as of the Employee's Date of Termination, the Employee shall receive an LTIP Award payment equal to the product of (x) the LTIP Award payment, if any, the Employee would have been entitled to receive had the Employee's employment with the Company not been terminated, determined in accordance with the LTIP Award and the applicable Award Agreement and (y) a fraction, the numerator of which is the number of days during such performance segment preceding the Employee's Date of Termination and the denominator of which is the total number of days in such performance segment, paid on the date on which the Employee would have otherwise been entitled to receive payment in respect of such LTIP Award had the Employee's employment with the Company not been terminated.

(c) Unless otherwise provided in Section 7(b) herein, any outstanding Awards (including, for the avoidance of doubt, any restricted stock unit, stock appreciation right, restricted stock, performance stock units and Equity Choice Awards) held by the Employee as of the Date of Termination shall be governed by the terms and conditions of the applicable SAIP, it being understood that with respect to (i) Awards granted pursuant to the 2010 SAIP, this shall be Section 9(a)(ii) of the 2010 SAIP, (ii) with respect to Awards granted pursuant to the 2015 SAIP, this shall be Section 11(a) of the 2015 SAIP and (iii) with respect to Awards granted pursuant to the 2021 SAIP, this shall be Section 11(a) of the 2021 SAIP. The foregoing notwithstanding, if an Employee's employment with the Company is properly terminated by the Employee for Good Reason, any outstanding Awards granted under the 2010 SAIP (other than the AIP and LTIP Awards) shall be treated as set forth in Section 9(a)(ii) of the 2010 SAIP as if the Employee had been terminated by the Company without Cause.

(d) The Employee will be deemed to be fully vested in any benefits he or she has accrued, if any, under the Supplemental Retirement Plan, with the time or times at

which benefits are payable under the Supplemental Retirement Plan unchanged; provided, however, that with respect to any “grandfathered” accrued obligations or to the extent permitted under Code Section 409A, the Company may elect to satisfy all obligations to the Employee and his beneficiaries under the Supplemental Retirement Plan by a lump sum payment of the present value of the accrued benefit under the Supplemental Retirement Plan.

(e) For a period commencing on the Employee’s Date of Termination until the earlier of (i) the expiration of the Employee’s Benefits Period, (ii) the date of the Employee’s commencement of eligibility for benefits under a new employer’s welfare benefit plans, and (iii) the Employee attaining age 65 (such period, the “CIC Benefit Continuation Period”), the Employee shall be eligible for Benefit Continuation. Benefit Continuation shall be provided concurrently with any health care benefit required under COBRA. Notwithstanding the foregoing, if the Company’s providing Benefit Continuation under this Section 7(e) would violate the nondiscrimination rules applicable to non-grandfathered plans, or would result in the imposition of penalties under the PPACA, the Committee shall have the right to amend this Section 7(e) in a manner it determines, in its sole discretion, to comply with the PPACA.

8. Effect of Federal Excise Tax. This Section 8 specifies certain adjustments to the Severance Payments and Benefits an Employee may receive under this Policy if the Company determines that any Severance Payment or Benefit would subject such Employee to an obligation to pay an excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (or any similar tax that may be imposed) or any interest or penalties related to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the “Excise Tax”).

(a) Cut-Back to Maximize Retained After-Tax Amounts. In the event the Company determines that any Severance Payment or Benefits would, in whole or part when aggregated with any other right, payment or benefit to or for the Employee (such Employee, the “Affected Employee”) under all other agreements, arrangements or plans of the Company, cause any Severance Payment and Benefit or any other payments or benefits to be subject to the Excise Tax, then the Severance Payments and Benefits and all such rights, payments and benefits shall, at the Company’s discretion, either (i) be paid in full or (ii) be reduced (or appropriately adjusted) to an amount that is one dollar less than the smallest amount that would give rise to the Excise Tax (the “Reduced Amount”), but only if such Reduced Amount would be greater than the net after-tax proceeds (taking into account the Excise Tax) of the unreduced Severance Payments and Benefits and all such other rights, payments and benefits.

(b) Implementation Rules. If the Severance Payments and Benefits must be reduced as provided in Section 8(a), any reduction in payments and/or benefits required by this provision will occur in the following order: (1) reduction of cash payments; (2) reduction of vesting acceleration of equity awards; and (3) reduction of other benefits paid or provided. In the event that acceleration of vesting of equity awards is to be reduced, such acceleration of vesting will be cancelled in the reverse order of the date of grant for the equity awards. If two or more equity awards are granted on the same date,

each award will be reduced on a pro-rata basis. The Employee shall be advised of the determination as to which compensation will be reduced and the reasons therefor, and the Employee and his or her advisors will be entitled to present information that may be relevant to this determination. In no event shall such reduction be effected through a delay in the timing of any Severance Payment and Benefit that is subject to Code Section 409A (or that would become subject to Code Section 409A as a result of such delay).

(c) For purposes of determining whether any of the Severance Payments or Benefits will be subject to the Excise Tax and the amount of such Excise Tax:

(i) All Severance Payments and Benefits shall be treated as “parachute payments” within the meaning of Section 280G(b)(2) of the Code, and all “excess parachute payments” within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax, unless, and except to the extent that, in the written opinion of independent compensation consultants, counsel or auditors of nationally recognized standing (“Independent Advisors”) selected by the Company, the Severance Payments and Benefits (in whole or in part) do not constitute parachute payments, or such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code in excess of the base amount within the meaning of Section 280G(b)(3) of the Code or are otherwise not subject to the Excise Tax.

(ii) The value of any non-cash benefits or any deferred payment or benefit shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

(d) For purposes of determining the amount of the reductions in Severance Payments and Benefits pursuant to Section 8(b), the Affected Employee shall be deemed (i) to pay federal income taxes at the applicable rates of federal income taxation for the calendar year in which the compensation would be payable; and (ii) to pay any applicable state and local income taxes at the applicable rates of taxation for the calendar year in which the compensation would be payable, taking into account any effect on federal income taxes from payment of state and local income taxes.

9. Conditions to Receipt of Severance Payments and Benefits: Forfeiture and Repayment Obligations.

(a) Conditions to Receipt of Payments; Employee Obligations. The following requirements must be met by the Employee as a condition to the right to receive, continue to receive, or retain any Severance Payments or Benefits under this Policy:

(i) The Employee, acting directly or indirectly, shall not, during the period of the Employee’s employment and the twelve month period following the Employee’s Date of Termination, become employed by, render services for, serve as an agent or consultant to, or become a partner, member, principal, shareholder

or other owner of any Competing Business (as defined in Annex II-A for Tier I Participants, and Annex II-B for Tier II Participants).

(ii) The Employee, acting directly or indirectly, shall not, during the Employee's period of employment and the twenty-four month period following the Employee's Date of Termination, (1) solicit, induce, divert, employ or retain, or interfere with or attempt to influence the relationship of the Company, with any Person or entity that is or was, during the last twelve (12) months of the Employee's employment with the Company, (i) an employee of the Company or (ii) a Person engaged to provide services to the Company; or (2) interfere with or attempt to influence the relationship of the Company with any customer, supplier or other Person with whom the Company does business.

(iii) The Employee shall not, at any time, directly or indirectly (a) disclose any Confidential Information (as defined below) to any Person (other than, only with respect to the period that the Employee is employed by the Company, to an employee or outside advisor of the Company who requires such information to perform his or her duties for the Company) or (b) use, sell or otherwise transfer, any Confidential Information for Employee's own benefit or the benefit of any third party. "Confidential Information" shall mean (without limiting any definition of the term "confidential information" set forth in any effective Employment Agreement or Security Agreement), confidential, proprietary or commercially sensitive information relating to the Company or its employees, board members, customers, vendors, or other business partners and its businesses, operations, or affairs, including, without limitation, information relating to products, formulations, protocols, processes, designs, formulae, ideas, know-how, test methods, evaluation techniques, patents, trade secrets, scientific or technical data, regardless of the form in which it is maintained or provided, orally or in writing, whether prepared by the Company, a third party or Employee, together with all analyses, compilations, notes and other documents relating thereto.

(iv) The Employee shall cooperate with the Company by making himself or herself available to testify on behalf of the Company in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and shall not otherwise fail to assist the Company in any such action, suit, or proceeding by providing information and meeting and consulting with members of management of, other representatives of, or counsel to, the Company, as reasonably requested.

(v) The Employee shall not have, during the period of employment, engaged in willful misconduct or violation of a Company policy that is materially detrimental to the Company or in any action or inaction that would constitute grounds for being terminated for Cause, as determined by the Committee in its sole discretion.

(vi) The Employee shall, upon termination of employment with the Company, execute any documentation reasonably requested by the Company and

return to the Company all property of the Company, its customers and vendors in Employee's possession or control including, without limitation, all materials, work product or documents containing or pertaining to Confidential Information, and including without limitation, any Company car, all computers (including laptops), cell phones, keys, PDAs, Blackberries, iPhones, Androids, iPads, credit cards, printers, facsimile machines, televisions, card access to any Company building, customer lists, reports, files, e-mails, work papers, memoranda, notes, formulae, tapes, programs, records and software, computer access codes or disks, instructional manuals, and other similar materials or documents used, received or prepared or supervised by Employee in connection with Employee's work for the Company. Employee shall not retain any copies, duplicates, reproductions or excerpts of any of the aforementioned materials or documents and shall not at any time use, recreate or reproduce any said materials or documents.

(b) Forfeiture and Repayment Obligations.

(i) Due to Employee Failure to Comply with Obligations. If an Employee fails to comply with any of the obligations set forth in Section 9(a) (a "Covenant Forfeiture Event"), the Employee will forfeit or repay, as the case may be, all Severance Payments and Benefits, whether vested or unvested, paid or unpaid, in each case, that were settled, paid or provided to the Employee under this Policy, and the Company shall have no further obligation to pay, grant, settle, make, provide or continue to make or provide any Severance Payments and Benefits to the Employee under this Policy.

(ii) Due to an Accounting Restatement or Misstatement. If the Company is required to prepare an accounting restatement, or if the Company determines that it has misstated its financial results, whether or not as a result of misconduct on the part of the Employee (an "Accounting Forfeiture Event" and, together with a Covenant Forfeiture Event, a "Forfeiture Event"), then, the Employee shall forfeit or repay the Excess Compensation (as defined below) in respect of Severance Payments and Benefits, whether vested or unvested, paid or unpaid, that was granted, settled, provided or paid during the period commencing on the first day of the 12-month period covered by such misstated financial statement through the later of (x) the date of the filing of a restatement where an accounting restatement is required to be filed; (y) the date of the discovery of the misstated financials where any accounting restatement is not required to be filed; or (z) any later date as may be required by applicable law, including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Restatement Clawback Period").

(A) For purposes of this Section 9(b)(ii), the term "Excess Compensation" means, the difference between (x) the fair market value of the cash or stock paid to or received by the Employee as part of its Severance Payments and Benefits less (y) the fair market value of the cash or stock that would have been paid to or received by the Employee had the financial statements requiring the misstatement or restatement been

properly stated, in all cases as determined by the Committee in its sole discretion.

(iii) For the avoidance of doubt, Severance Payments and Benefits subject to the forfeiture and repayment obligations under this Section 9 shall include any unvested Award, and any amounts paid to Employee on settlement or vesting of an Award but shall not include (A) any earned and unpaid base salary payable through the Employee's Date of Termination, (B) any unreimbursed business expenses reimbursable under Company policies then in effect, and (C) any amount paid by Employee to the Company as a condition of or in connection with settlement of a forfeited Award.

(iv) Any policy of the Company providing for forfeiture or recoupment of compensation, including Section 10 of the 2010 SAIP, Section 32 of the 2015 SAIP and Section 32 of the 2021 SAIP, shall apply by its terms and shall not be deemed limited in any way by this Section 9 or any other provision of this Policy.

(v) Any clawback or recoupment provisions required by law, including under the Dodd-Frank Wall Street Reform and Consumer Protection Act or any rules or regulations thereunder, shall apply to the Severance Payments and Benefits paid or payable under this Policy.

(vi) Any Severance Payments and Benefits (A) subject to repayment or reimbursement by the Employee under this Section 9 must be repaid or reimbursed to the Company, in the manner and on such terms and conditions as shall be required by the Company by written notice to the Employee, and (B) subject to forfeiture will be forfeited immediately upon written notice to Employee from the Company.

(vii) For the avoidance of doubt, nothing in any agreement with the Company, or in any Company policy, including this Policy, shall be deemed to prohibit or restrict an Employee from lawfully communicating truthful information, or cooperating with, or otherwise assisting in an investigation by any governmental agency or self-regulatory organization regarding a possible violation of law or responding to any inquiry from any such organization, and an Employee's doing so shall not constitute a Forfeiture Event. If an Employee communicates any Confidential Information to a governmental agency or self-regulatory agency pursuant to this Section, Employee shall notify the agency of the confidentiality of such Confidential Information and ask the agency to also protect the confidentiality of such Confidential Information.

(viii) In accordance with the Defend Trade Secrets Act of 2016, an Employee will not be held criminally or civilly liable under any federal or state trade secret law for disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document that is

filed under seal in a lawsuit or other proceeding. If an Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Employee may disclose the Company's trade secrets to his or her attorney and use the trade secret information in the court proceeding if the Employee (a) files any document containing the trade secret under seal, and (b) does not disclose the trade secret, except pursuant to court order.

(c) Employee Obligation to Execute Release and Termination Agreement.

(i) The Company's obligations under this Policy to make and provide any Severance Payments and Benefits is also conditioned upon the Employee signing the Exiting Employee Acknowledgement/Certification, any other documentation reasonably requested by the Company, and a release and termination agreement (the "Release"), in a form acceptable to, and to be provided by the Company, and such Release becoming effective, enforceable and irrevocable within 60 days following the Employee's Date of Termination or such earlier date as may be set forth in the Release (such period, the "Release Period").

(ii) Any Severance Payment or Benefit that is subject to Code Section 409A that would otherwise have been made to an Employee but that is conditioned upon the execution and effectiveness of the Release shall be paid or provided on the first business day following the Release Period subject to the execution and effectiveness of the Release; provided that any in-kind benefits provided pursuant to this Policy shall continue in effect after the Date of Termination pending the execution and delivery of the Release; provided that if the Release is not executed and delivered within the Release Period, the Employee shall reimburse the Company for the full cost of providing such in-kind benefits during the Release Period.

(d) Agreement Does Not Prohibit Competition or Certain Other Activities. An Employee is not prohibited from engaging in an activity identified in Section 9(a)(i) solely as a result of such provision. Rather, the non-occurrence of the Forfeiture Events set forth in Section 9(a)(i) is a condition to the Employee's right to realize and retain value from his or her Severance Payments and Benefits, and the consequence under this Policy if the Employee engages in an activity giving rise to any such Forfeiture Event are the forfeitures specified herein. The Company and the Employee shall not be precluded by this provision or otherwise from entering into other agreements concerning the subject matter of Section 9.

(e) No Limitation of Rights. Any forfeiture or repayment under this Section 9 is in addition to, and not in lieu of, any other remedies or rights that may be available to the Company under applicable law, including, without limitation, the right to (i) terminate the Employee, (ii) adjust the future compensation of the Employee, or (iii) take such other action to enforce the Employee's obligations to Company as the Company may deem appropriate in view of the facts and circumstances surrounding the particular situation.

(f) Committee Discretion. The Committee shall have the authority, in its sole discretion, to interpret and construe the provisions of this Section 9 and to make all determinations with respect hereto, including the determination of whether a Forfeiture Event has occurred, the timing of such Forfeiture Event and the amount and form of any forfeiture or reimbursement to be made to the Company by an Employee. The Committee may consider such factors as it deems relevant in making such determinations, including the factors contributing to the Forfeiture Event, harm or potential harm to the Company, the nature and severity of an Employee's behavior or conduct, legal and tax considerations and other facts and circumstances relating to a particular situation. All interpretations, constructions and determinations made by the Committee hereunder shall be final and binding on the Company and the Employee and the determinations of the Committee need not be uniform with respect to all Employees or situations. The Committee may waive in whole or in part the Company's right of recapture or impose additional conditions on any Severance Payment or Benefit granted, settled, paid or provided to an Employee under this Policy.

10. Other Provisions Applicable to Severance Payments and Benefits.

(a) Limitation of Benefits In Case of Certain Business Dispositions.

Notwithstanding anything in this Policy to the contrary, unless the Committee in its sole discretion provides otherwise, an Employee shall not be entitled to any Severance Payments or Benefits upon a termination of employment prior to or more than two years after a Change in Control under Section 6, in the event such termination of employment results from the sale or spin-off of an Affiliate, the sale of a division, other business unit or facility (each an "Entity") in which the Employee was employed immediately prior to such sale, and the Employee has been offered employment with the purchaser of such Entity on substantially the same terms and conditions, as determined by the Committee in its sole discretion, under which the Employee worked prior to the sale, whether or not such Employee accepts or rejects such offer of employment. Such terms and conditions shall include an agreement or plan binding on such purchaser or Entity providing that, upon any termination of the Employee's employment with the purchaser or spun-off Entity of the kinds described in Sections 6 and 7, within two years following such sale or spin-off, the purchaser or spun-off entity shall pay and provide to such Employee payments and benefits comparable to those the Employee would have received under the applicable provisions of Sections 6 and 7 if the Employee had been terminated in like circumstances at the time of such sale and provided Severance Payments and Benefits.

(b) Deferrals Included in Salary and Bonus. All references in this Policy to salary and annual incentive amounts mean those amounts before reduction pursuant to any deferred compensation plan or agreement.

(c) Payments and Benefits to Beneficiary Upon Employee's Death. In the event of the death of an Employee, all payments and benefits hereunder due to such Employee shall be paid or provided to his or her Beneficiary.

(d) Transfers of Employment. Anything in this Policy to the contrary notwithstanding, a transfer of employment from the Company to an Affiliate or vice versa shall not be considered a termination of employment for purposes of this Policy.

(e) Right of Setoff. The Company may, to the extent permitted by applicable law, deduct from and set off against any amounts the Company may owe to the Employee from time to time, including amounts payable in connection with any Severance Payment or Benefit, amounts payable in connection with any Award, owed as wages, fringe benefits, or other compensation owed to the Employee, such amounts as may be owed by the Employee to the Company, including but not limited to amounts owed under Section 9, although the Employee shall remain liable for any part of the Employee's payment obligation not satisfied through such deduction and setoff. By accepting the Severance Payments and Benefits under this Policy, the Employee agrees to any deduction or setoff under this Section 10(e).

11. Other Plans and Policies; Non-Duplication of Payments or Benefits.

(a) Superseded Agreements and Rights. This Policy constitutes the entire understanding between the Company and the Employee relating to Severance Payments and Benefits to be paid or provided to the Employee by the Company, and supersedes and cancels all prior agreements and understandings with respect to the subject matter of this Policy, other than (i) as expressly set forth in this Policy, (ii) as determined in writing by the Committee, or (iii) as expressly provided in a plan, program or arrangement of the Company which is established following November 1, 2017 and in which the Employee is a participant.

(b) Non-Duplication of Payments and Benefits. The Employee shall not be entitled to any Severance Payment or Benefit under this Policy which duplicates a payment or benefit received or receivable by the Employee under any employment or severance agreement, notice or garden leave provision, or any other plan, program or arrangement of the Company or any severance, notice or garden leave, or similar payment required by applicable law, regulation, sound business practices and customs; provided, however, that with respect to a benefit or payment that is expressly required to be provided by applicable law, regulation, sound business practices and customs, to the extent permissible under applicable law, the Company may offset the amount of any such benefits or payments against the Severance Payments or Benefits due under this Policy.

12. Special Rules for Compliance with Code Section 409A. This Section 12 serves to ensure compliance with applicable requirements of Code Section 409A. If the terms of this Section 12 conflict with other terms of this Policy, the terms of this Section 12 shall control.

(a) Termination of Employment Defined. For purposes of this Policy, a "termination of employment" means a separation from service within the meaning of Treasury Regulation § 1.409A-1(h), except for a termination of employment providing for payments or benefits that are "grandfathered" or excluded from being a deferral of compensation under Code Section 409A.

(b) Separate Payments. Any payment of Severance Payments and Benefits shall be deemed a separate payment for all purposes, including for purposes of Code Section 409A.

(c) Six-Month Delay Rule. In the event that any Severance Payments or Benefits constitute “nonqualified deferred compensation” within the meaning of Code Section 409A and as of the date of the Employee’s “separation from service,” Employee is a “specified employee” (within the meaning of that term under Code Section 409A(a)(2)(B), or any successor provision thereto), then, if the amount of any Severance Payments and Benefits, or any other payments and benefits due pursuant to any other agreement with or plan, program, payroll practice of the Company to be paid within the first six months following the date of such separation from service (the “Initial Payment Period”) exceed the amount referenced in Treas. Regs. Section 1.409A-1(b)(9)(iii)(A) (the “Limit”), then: (i) any portion of the Severance Payments and Benefits that is payable or can be provided during the Initial Payment Period that does not exceed the Limit shall be paid or provided at the times set forth in this Policy; (ii) any portion of the Severance Payments and Benefits that is a “short-term deferral” within the meaning of Treas. Regs. Section 1.409A-1(b)(4)(i) shall be paid or provided at the times set forth in in this Policy; and (iii) any portion of the Severance Payments and Benefits that exceeds the Limit and is not a “short-term deferral” (and would have been payable during the Initial Payment Period but for the Limit) shall not be paid or provided, to the extent making or providing such payment or benefit during the Initial Payment Period would result in additional taxes or interest under Code Section 409A of the Code, until the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such “separation from service,” and (ii) the date of Employee’s death (the “Delay Period”) and this Policy shall hereby be deemed amended accordingly. Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this section (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to Employee in a lump sum, and any remaining payments and benefits due under this Policy shall be paid or provided in accordance with the normal payment dates specified for them herein.

(d) Continued Benefits. To the extent required by Code Section 409A, any reimbursement or in-kind benefit provided under this Policy shall be provided in accordance with the following: (i) the amount of expenses eligible for reimbursement, or in-kind benefits provided during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (ii) any payments in lieu of the benefits shall be paid no later than the end of Employee’s taxable year next following Employee’s taxable year in which the benefit or expense was due to be paid; and (iii) any right to reimbursements or in-kind benefits under this Plan shall not be subject to liquidation or exchange for another benefit.

(e) No Acceleration. The timing of payments and benefits under this Policy may not be accelerated to occur before the time specified for payment hereunder, except to the extent permitted under Treasury Regulation § 1.409A-3(j)(4) or as otherwise permitted under Code Section 409A without the Employee incurring a tax penalty.

(f) Limitation on Offsets. If the Company has a right of offset that could apply to a payment that constitutes a deferral of compensation under Code Section 409A, such right may only be exercised at the time the payment would have been made to the Employee and may be exercised only as an offset against an obligation that arose within 30 days before and within the same year as the payment date if application of such offset right against an earlier obligation would not be permitted under Code Section 409A.

(g) General Compliance. In addition to the foregoing provisions, the terms of this Policy, including any authority of the Company and rights of the Employee which constitute a deferral of compensation subject to Code Section 409A (and which is not grandfathered or excluded from being deemed such a deferral), shall be limited to those terms permitted under Code Section 409A without resulting in a tax penalty to Employee, and any terms not so permitted under Code Section 409A shall be modified and limited to the extent necessary to conform with Code Section 409A but only to the extent that such modification or limitation is permitted under Code Section 409A and the regulations and guidance issued thereunder. The Company and its employees and agents make no representation and are providing no advice regarding the taxation of the payments and benefits under this Policy, including with respect to taxes, interest and penalties under Code Section 409A and similar liabilities under state and local tax laws. No indemnification or gross-up is payable under this Policy with respect to any such tax, interest, or penalty under Code Section 409A or similar liability under state or local tax laws applicable to any Employee.

13. Miscellaneous

(a) Assignment; Non-transferability. No right of an Employee to any payment or benefit under this Policy shall be subject to assignment, anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Employee or of any beneficiary of the Employee. The terms and conditions of this Policy shall be binding on the successors and assigns of the Company.

(b) Withholding. The Company shall have the right to deduct from all payments hereunder any taxes required by law to be withheld therefrom.

(c) No Right to Employment. Nothing in this Policy shall be construed as giving any person the right to be retained in the employment of the Company, nor shall it affect the right of the Company to dismiss an Employee without any liability except as provided in this Policy.

(d) Legal Fees. The Employee shall pay all legal fees and related expenses incurred in seeking to obtain or enforce any payment, benefit or right provided by this Policy; provided, however, that if the Employee prevails on at least one material claim that forms part of a dispute with the Company regarding the enforceability of any provision of the Policy, the Company shall reimburse the Employee for all reasonable attorneys' fees and related expenses ("Legal Fees") incurred by the Employee in connection with such dispute, provided that the Employee shall have submitted an invoice for such Legal Fees at least 10 days before the end of the calendar year next

following the calendar year in which an award to Employee on at least one material claim is rendered. In no event shall the payments by the Company of Legal Fees be made later than the end of the calendar year next following the calendar year in which such Legal Fees were incurred. The amount of such Legal Fees that the Company is obligated to pay in any given calendar year shall not affect the Legal Fees that the Company is obligated to pay in any other calendar year, and an Employee's right to have the Company pay such Legal Fees may not be liquidated or exchanged for any other benefit.

(e) Amendment and Termination. The Board may amend or terminate this Policy at any time; provided, however, (i) during the two years following a Change in Control, this Policy may not be amended or terminated in any manner materially adverse to an Employee without the written consent of such Employee, and (ii) at any other time, this Policy may not be amended or terminated in any manner materially adverse to an Employee except with 60 days' notice to the affected Employee (immediately after which such amendment or termination becomes effective as to all affected Employees), and no such amendment or termination shall be effective to limit any right or benefit relating to a termination during the two years after a Change in Control under Section 7 if a Change in Control has occurred prior to the lapse of such 60-day notice period.

(f) Governing Law; Arbitration. THE VALIDITY, CONSTRUCTION, AND EFFECT OF THIS POLICY AND ANY RULES AND REGULATIONS RELATING TO THIS POLICY SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS (INCLUDING THOSE GOVERNING CONTRACTS) OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS, AND APPLICABLE FEDERAL LAW. If any provision hereof shall be held by a court or arbitrator of competent jurisdiction to be invalid and unenforceable, the remaining provisions shall continue to be fully effective. Any dispute or controversy arising under or in connection with this Policy shall be settled exclusively by arbitration in New York, New York by one arbitrator in accordance with the rules of the American Arbitration Association in effect at the time of submission to arbitration. Judgment may be entered on the arbitrator's award in any court having jurisdiction. For purposes of settling any dispute or controversy arising hereunder or for the purpose of entering any judgment upon an award rendered by the arbitrator, the Company and the Employee hereby consent to the jurisdiction of any or all of the following courts: (i) the United States District Court for the Southern District of New York, or (ii) any of the courts of the State of New York located in New York County. The Company and the Employee hereby waive, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to such jurisdiction and any defense of inconvenient forum. The Company and the Employee hereby agree that a judgment upon an award rendered by the arbitrator may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(g) No Duty to Mitigate. No employee shall be required to mitigate, by seeking employment or otherwise, the amount of any payment that the Company becomes obligated to make under this Policy, and, except as expressly provided in this Policy, any Severance Payment or Benefit to be paid or provided to an Employee

pursuant to this Policy shall not be reduced by reason of the Employee's obtaining other employment or receiving similar payments or benefits from another employer.

(h) Awards to Employees Outside the United States. The Committee may modify the terms and conditions of participation of any Employee who is then resident or primarily employed outside the United States or is subject to taxation by a non-U.S. jurisdiction in any manner deemed by the Committee to be necessary or appropriate in its sole discretion in order that such terms and conditions shall conform to the laws, regulations, sound business practices or customs of the country in which the Employee is then resident or primarily employed.

(i) Notices. All notices shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) on the date sent by electronic mail or other electronic means, (c) on the date of delivery via a recognized overnight courier service (delivery receipt requested), or (d) on the fifth business day following the date of mailing, if mailed by first class mail and registered or certified mail, return receipt requested, postage prepaid to the party to receive such notice (irrespective of whether such registered or certified mail is signed for by the receiving party), at the business address in the case of the Company, and at the address on file with the Company, in the case of the Employee.

Annex I

Title	Severance Factor	Benefits Period	CIC Severance Factor
Tier I Employees			
• Chief Executive Officer	2	24 months	3
• All Other Tier I Employees	1.5	18 months	2
Tier II Employees	1	12 months	1.5

ANNEX II-A

For purposes of the Policy, a “Competing Business” shall mean any individual or entity that develops, manufactures, sells, and/or distributes a product or service that competes directly or indirectly with those products or services offered by the Company during the last two (2) years of the applicable Employee’s employment with the Company.

ANNEX II-B

For purposes of the Policy, a “Competing Business” shall mean any individual or entity that develops, manufactures, sells, and/or distributes a product or service that competes directly or indirectly with those products or services offered by the Company during the last two (2) years of the applicable Employee’s employment with the Company, and: (i) which the Employee had responsibility for or worked on in the last two (2) years of employment with the Company, or (ii) where the Employee would be performing the same or similar duties that the Employee performed for the Company during the last two (2) years of employment with the Company.

In recognition of the international nature of the Company’s business, which includes the sale of its products and services globally, this restriction shall apply to each state or territory of the United States of America, and each country of the world outside of the United States of America, in which the applicable Employee was employed or had responsibility within the last two (2) years of employment with the Company.

CERTIFICATION

I, Glenn Richter, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of International Flavors & Fragrances Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 10, 2023

By: /s/ Glenn Richter
Name: Glenn Richter
Title: Executive Vice President and Chief Financial & Business Transformation Officer

**CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of International Flavors & Fragrances Inc. (the "Company") for the quarterly period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Frank Clyburn, as Chief Executive Officer, and Glenn Richter, as Chief Financial & Business Transformation Officer, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934;

and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Frank Clyburn

Name: Frank Clyburn

Title: Chief Executive Officer

Dated: May 10, 2023

By: /s/ Glenn Richter

Name: Glenn Richter

Title: Executive Vice President and Chief Financial & Business
Transformation Officer

Dated: May 10, 2023