

International Flavors & Fragrances Inc.

Global Tax Policy

Introduction

International Flavors & Fragrances Inc. (“IFF” or “we”) is a leading innovator of scent, taste, and nutrition. As of December 31, 2019, we had 186 manufacturing facilities, creative centers and application laboratories located in 44 different countries. We have approximately 13,600 employees worldwide, of whom approximately 2,000 are employed in the U.S. Our product portfolio covers taste, scent and complementary adjacent products, and we provide more than 128,000 individual products to customers in approximately 200 countries.

IFF is committed to providing a fair and reasonable economic return to its worldwide subsidiaries based on the functions performed, the risks incurred, and the value of tangible and intangible assets used in the conduct of their business.

In doing so, IFF operates under its Code of Business Conduct and Ethics (the “Code”), which reflects the following: Everything we do to drive growth and profitability must be done with the highest standards of ethics, honesty and integrity. Each action we take as we conduct our jobs must not only adhere to these high standards, but must also comply with this Code and all laws that apply to IFF’s business affairs. Being a world-class flavor and fragrance company and increasing our profitability and operations excellence worldwide cannot, and will not, be done at the expense of our commitment to doing the right thing.

It is our obligation to pay fair and reasonable taxes. Determination of “fair and reasonable” taxes is inherently challenging for a complex multinational business such as IFF. Given our global operating footprint and the competing interests among the numerous tax jurisdictions in which we operate, IFF seeks to ensure the integrity of all reported tax numbers and compliance with all our tax obligations.

For IFF, the concept of “fair taxes” means being a responsible taxpayer that timely pays the right amount of taxes in the right jurisdictions. Thus, our approach to responsible taxpaying will seek to align the long-term interests of all of our stakeholders, including customers, employees, business partners, investors, and the wider society.

IFF’s policy is to comply with all local laws and regulations and to follow internationally accepted methodologies and standards, in particular, the OECD Guidelines for pricing intercompany transactions.

Key principles

Approach of the group to risk management and governance arrangements

1. We are focused on providing complete, timely and accurate tax filings in accordance with the legal requirements of the applicable tax laws and regulations in the jurisdictions in which we operate.

2. Our Global Transfer Pricing Policy conforms to international best practices and is based on the arm's length principle as supported by economic analysis and formal documentation of the commercial nature of the transactions.
3. IFF's Audit Committee is responsible for ensuring tax risks are reviewed, vetted and controlled. IFF's Tax Department also maintains robust governance practices, which are constantly assessed, to facilitate the effective management of tax affairs. We continuously monitor changes in tax laws and adjust the tax strategy accordingly. The tax personnel obtain training on various aspects of tax laws and new tax legislation. For tax matters requiring additional specialized knowledge of taxation, we engage legal and accountancy firms or other consultants with the specialized knowledge of taxation to evaluate risks.

Attitude of the group towards tax planning

4. We endeavor to align our tax position with the objectives and undertakings of our business units and with the context of our overall business strategy.
5. We may operate in low-tax or no-tax jurisdictions for legitimate and justifiable business reasons. However, we will endeavor to allocate profits where the value is created through our operational and commercial business activities.
6. We may make investments in assets, or engage in transactions, where tax incentives, exemptions or other tax benefits are specifically authorized by laws and/or regulations of a jurisdiction in which we operate and do not result in a selective advantage placing us in a more favorable financial position than other similarly-situated taxpayers.

Level of risk that the group is prepared to accept

7. We seek to avoid uncertainty and unexpected results in our tax positions. Where uncertainty exists, we seek to have at least a "more likely than not" tax position. Additionally, our tax approach will consider our corporate social responsibilities, our reputation and our brand as factors that may override even a more likely than not technical tax position.
8. We may seek tax rulings from tax authorities to confirm the applicable tax treatment of an investment, a restructuring or a transaction based on a full disclosure of all relevant facts and circumstances. We will not seek special tax treatment that is not specifically authorized by the government of a jurisdiction in which we operate or which would result in a selective advantage, placing us in a more favorable financial position than other similarly-situated taxpayers.
9. The arm's length standard will be applied to all of IFF's intercompany transactions.

Approach of the group towards dealings with tax authorities

10. We seek to establish and maintain open, constructive and cooperative relationships with tax authorities, based on integrity, mutual trust and respect.
11. We seek to develop and maintain transparency in our relationships with tax authorities, as well as in how our tax affairs are approached and implemented, and how tax related items are discussed and reported in our financial statements.

12. We do not utilize third parties for the purposes of tax lobbying and advocacy. Where appropriate, we provide governments and/or tax authorities our perspectives regarding the constructive development of tax policy, legislation and regulatory and administrative guidance.

Further information

This Global Tax Policy has been published to comply with Paragraph 19 Schedule 19 of the UK Finance Act 2016, and is applicable across the IFF group. We review and update this policy annually. It was last approved on 21 December 2020.