

IFF PUBLIC AFFAIRS TRADE

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MAKING JOY THROUGH SCIENCE, CREATIVITY AND HEART.

IFF is a global leader in flavors, fragrances, food ingredients, health and biosciences.

We deliver groundbreaking, sustainable innovations that elevate everyday products—advancing wellness, delighting the senses and enhancing the human experience.



1 out of 3

probiotic supplements
contain IFF probiotics

~ 1 out of 2

nutrition bars
contain IFF Proteins

~ 50%

cold laundry products
contain IFF enzymes

~1 out of 5

hard seltzers in NA
contain IFF Flavors

~1 out of 4

perfumes sold was
created by IFF

20 Billion

Vegetarian softgels
capsules made per year
using SeaGel®

1000+

trees planted in the IFF
Corporate Forest

~25%

of chickens are fed
IFF enzymes

20%

global beer volume is
made with IFF enzymes

~ 1 out of 2

ice cream bars contain
IFF ingredients

1 out of 3

yogurts globally are made
with our cultures

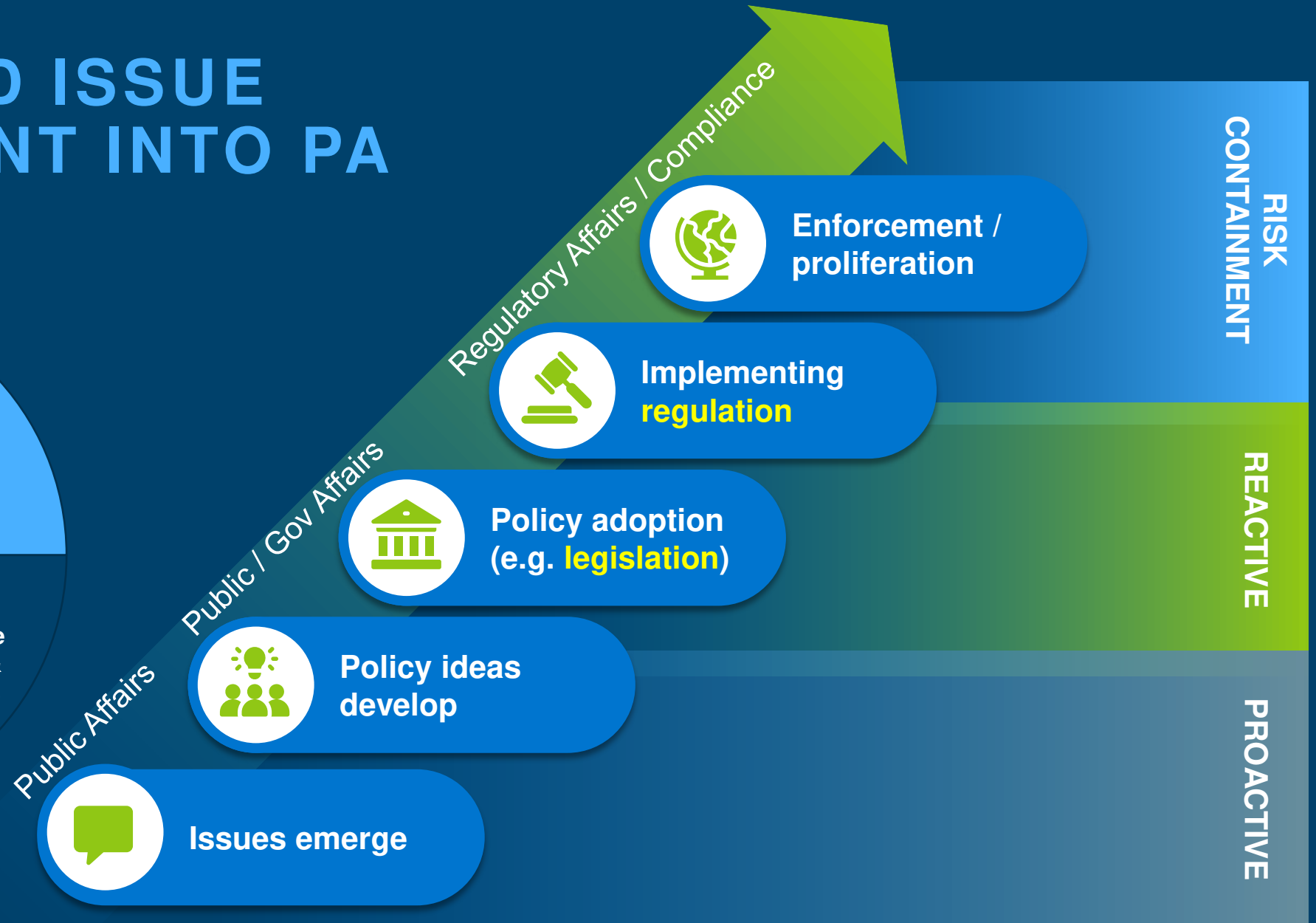
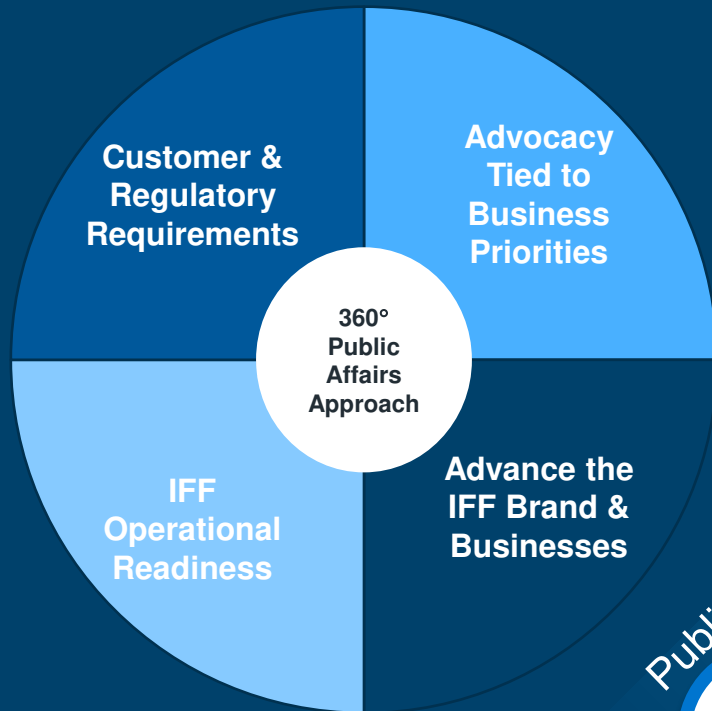
1 out of 5

baked goods are
manufactured with IFF
anti-staling enzymes

**Bringing joy
to consumers'
lives everyday**



INTEGRATED ISSUE MANAGEMENT INTO PA STRATEGY



THE TRADE NEXUS



Trade

WTO agreements
FTAs
Trade tools
...



Export Controls & Sanctions

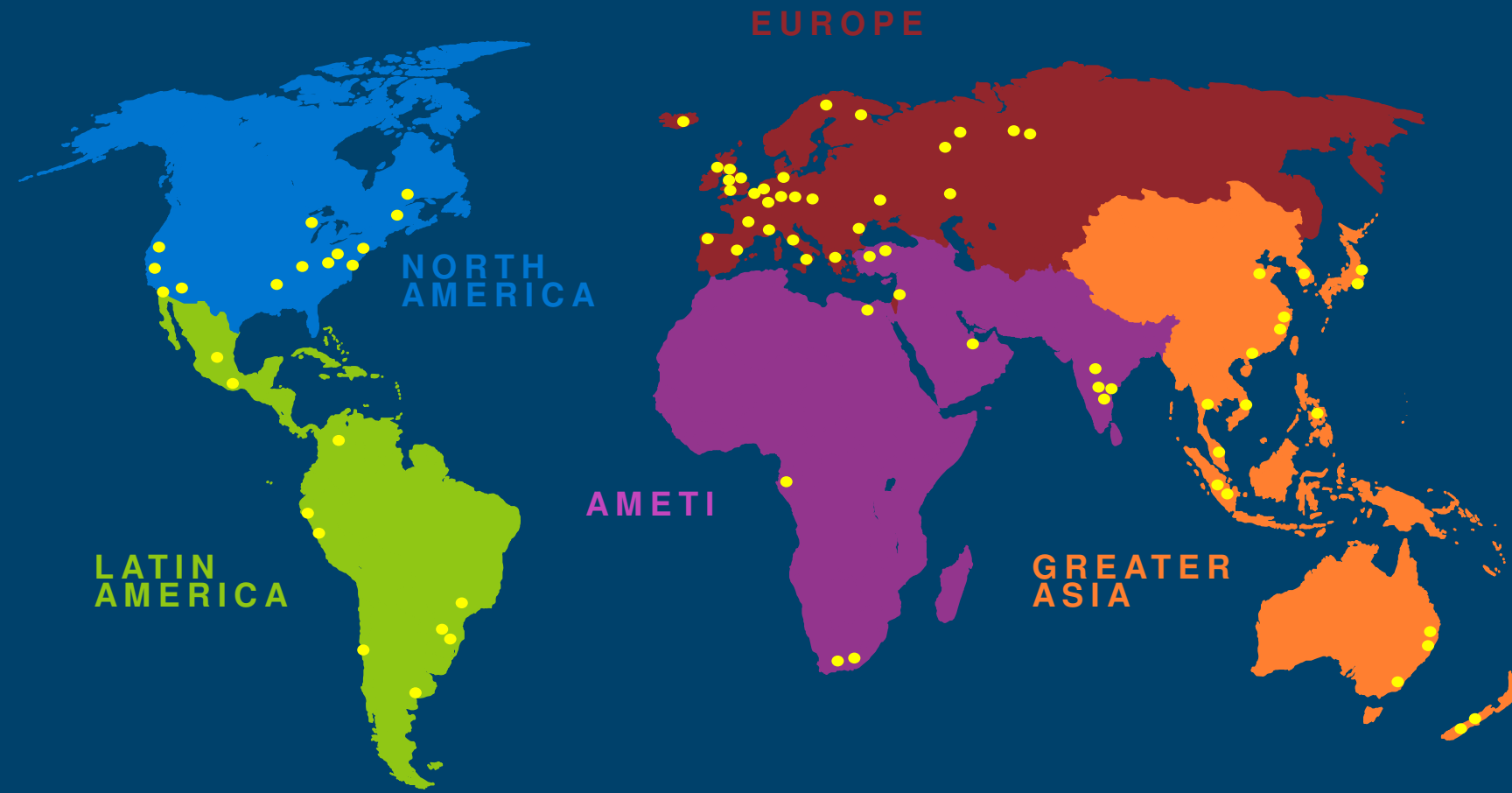
Product
End-user
End-use
Embargoes & Sanctions



Customs

Tariff classification
Customs value
Origin declaration

UNDERSTANDING TRADE FLOWS



Key:

- Data to understand risk and opportunities
- Cross-functional work

~19,000
raw materials from
>5,700
suppliers in **>85**
countries

Ship to **~27,000**
Customers in
>175
Countries and
operate in
>65
countries

FOCUS ON TARIFFS

A. Understand current state

B. Analyze the information gathered, understand risk exposure, opportunities, mitigating actions and prioritize

1 Understand current state

- Customs data incl. Business Unit, product family/ name, tariff codes, country of origin, Incoterms, etc
- \$ value, volume (kg), ship from, ship to, applicable duty %, \$ duty paid, use of economic procedures

2 Impact assessment / Scenario Modelling

- **Plant locations where materials used/ sold, jobs involved, investments, mfg. strategy and footprint i.e. centralized in a country/ region for further distribution or not**
- **For domestic market or used in production for exports**
- Impact for vendors who are the importer of record
- What are sourcing/market alternatives and dependencies
- Timing / approval to change material specs vs. quality risk
- Contractual obligations
- **Unique products or other competitive advantages**
- Opportunities in relation to competitors and vice-versa
- Customers location and potential impact for them
- **Other companies who would share same concerns– find allies**
- Analyze the impact of past measures and disputes i.e. section 301, retaliatory measures, etc
- Review trade deficit and reciprocal tariffs
- Anti-trust / competition considerations

FOCUS ON TARIFFS

1. Understand current state
2. Analyze the information gathered, understand risk exposure, opportunities, mitigating actions - and prioritize

3 Mitigation Action Planning

- Customs valuation i.e. first sale for export
- Review of transfer pricing strategy
- Duty deferral and recovery i.e. drawback, bonded warehouses, etc (may not be available for certain trade measures)
- Adjust sourcing / manufacturing alternatives
- COO or tariff classification reengineering (take into account circumvention considerations)
- Price increase, surcharges
- Assess cost of acting and not acting
- Adjust financial modeling and landed cost, balancing it against the cost of adjustments
- Each mitigation to be costed vs incremental tariff increase to determine inflection point
- Advocacy

4 PA Trade Policy Strategy

- How should the PA team support the business?
- Determine priorities
- Do we have the ability to influence-internally and externally?
- What are the problematic (or helpful) policy ideas or proposals?
- What role (lead, challenge, support,..)
- Audience and stakeholders
- What will we do to influence these audiences?
- Key activities and action plan
- Timeline
- Resources
- Outcomes i.e. product exempted, text in leg., engaged other players in our agenda
- KPIs
- ...

KEY ELEMENTS FOR REFERENCE

Introduction

- **Company Overview:** Briefly introduce the company, and its role in the industry.
- **Product Significance:** Highlight the importance of the specific products affected by the customs duty.

Unique Solution / Technology and Market Impact

- **Technological Leadership:** Emphasize the importance of the company in the industry in that specific country.
- **Customer Dependency:** Explain how customers rely on these products and the challenges they face in finding replacements or disruption.

Economic and Competitive Impact

- **Non-Competitive Products:** Discuss how the increased customs duties would render the company's products non-competitive in the market.
- **Impact on Customers:** Detail the adverse effects on customers, including higher manufacturing costs, reduced profitability and increased prices.
- **Global Value Chain Disruption:** Describe the potential disruptions to the global value chain within the company's network and its customers.
- **Impact on Jobs and Investments:** Highlight whether the measure may impact jobs, investment, R&D.

Strategic and Operational Constraints

- **Production Limitations:** Explain why the company cannot easily shift production to other regions.
- **Strategic Asset Optimization:** Outline the company's strategy to optimize its asset base globally.

KEY ELEMENTS FOR REFERENCE

Regulatory and Economic Considerations

- **Economic Procedures or Duty Suspension:** Explain whether the concerned products are subject to economic procedures or duty suspension. For example, whether applying duties on products under duty suspension contradicts the intended economic benefits of the suspension.

Conclusion

- **Alignment with the Country/ Region Interests:** Summarize how the company's products and operations align with current economic interests.
- **Request for Exemption:** Formally request the exemption from the additional customs duties, emphasizing the critical nature of the matter.

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