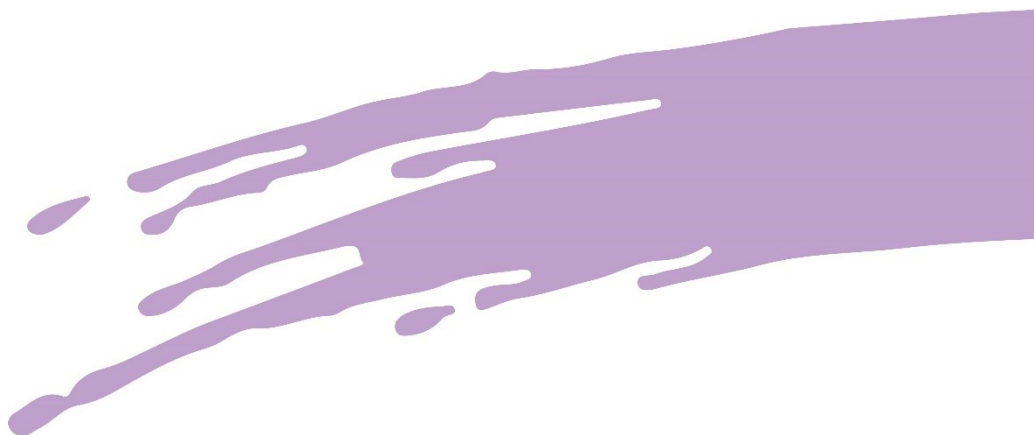




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2023

Our Sustainable Journey

Environmental, Social, and Governance Annual Report

Issued | March 2024

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INSIGHTS FROM OUR PRESIDENT AND CEO

We are pleased to share our 2023 Flavorchem and Orchidia Fragrances Environmental, Social, and Governance (ESG) Report, which demonstrates our commitment to conducting business in ways that protect and benefit the environment, our employees, customers, and the global communities in which we live and work.

In 2023, we focused our improvement efforts on product safety and quality, employee safety health, and well-being, responsible sourcing, and technology and digitalization. In this report, we are excited to share the progress we made and share goals and targets we have set for 2024 and beyond.

Our global ESG Team will be supported and guided by our ongoing commitment to having our ESG programs, policies, and records assessed by EcoVadis and SEDEX. Partnering with independent, third-party experts helps focus resources and priorities that help bring added value to our programs.

Thank you to the Flavorchem Team that embraces continuous improvement in all we do. It is rewarding to see our ESG actions help make a difference and we remain committed to our sustainable journey.



Ken Malinowski

Kenneth Malinowski

President



R. Sprovieri

Ross Sprovieri

Chief Executive Officer

COMMITMENTS AND PROGRESS

Flavorchem and Orchidia Fragrances specialize in the creation and manufacturing of flavor, fragrance, and ingredient solutions. Established in 1971, we are a privately held business partnering with brands well recognized throughout the world. We strive to provide our customers with the highest-quality products, superior service, and innovative solutions. We believe in making investments that enhance our capabilities to better serve our customers. We have robust R&D, Regulatory, Quality, Marketing, and Manufacturing capabilities and capacities to provide our customers with scale to grow their business. Over the past 50 years, the company has grown from a modest two-person team to a global flavor and fragrance organization with over 400 employees. Today, the family-owned enterprise manufactures over 5,000 flavors, fragrances, and private-label food products annually.

More than ever, consumers are demanding that companies change the way they do business, increase transparency, and take an active role in addressing social, cultural, and environmental issues. We align with industry best practices and established a formal corporate program in 2020 that allows for continuous improvement. Our commitment to Environmental, Social, and Governance remains a corporate priority and we are excited to share those achievements with you in this annual report.

GUIDING OUR SHARED VALUES

Flavorchem's Environmental, Social, and Governance guidance, standards of performance, and evaluation criteria come from three different sources, chosen for their universal recognition as well as their depth and breadth of experience in the food business, primarily flavors and fragrance industries.

IFRA/IOFI Sustainability Charter

The IFRA-IOFI Sustainability Charter focuses on five areas, including responsible sourcing, reducing environmental footprint, enhancing employee well-being, prioritizing product safety, and overall transparency. Flavorchem and Orchidia Fragrances are signatories of this Charter along with 138 other companies in the global flavor & fragrance industry that are committed to sustainability and social responsibility. As signatories, we've committed to 17 principles within 5 focus areas.

Sedex Advance

Sedex is a global not for profit membership organization making it simpler to do business that's good for everyone. It is home to one of the world's largest collaborative platform for sharing data on value chains, used by more than 40,000 members in over 150 countries.

For over twelve years Sedex has been developing technology, tools and partnerships that enable many of the world's leading brands, and suppliers across the world, to monitor and report on responsible practices. Sedex also convenes the Sedex Stakeholder Forum, the group who oversee SMETA, the globally recognized audit procedure used by thousands to check on a broad range of indicators for responsible business.

EcoVadis

We have embraced the EcoVadis methodology to help us measure the quality of our sustainability management system. This is achieved through a detailed assessment of our policies, actions, and results.

This assessment focuses on 21 sustainability criteria that are grouped into four themes: Environment, Labor & Human Rights, Ethics and Sustainable Procurement. Each of these themes has a Flavorchem team working toward achieving continuous improvements.

In 2023, EcoVadis, a recognized global leader in this field, afforded us with an objective assessment of our Environmental, Social, and Governance efforts. After an extensive review of our policies, actions, and results, EcoVadis concluded that we fall within the 88th percentile, which has earned us their Silver Medal.



2023 COMMUNITY STEWARDSHIP

Flavorchem founders, Salvatore and Phillip Sprovieri, recognized the importance and value of giving back to the community by helping those in need and motivating future generations to reach their goals. 2023 was filled with an abundance of stewardship opportunities for our employees to foster innovation within the flavor and fragrance industry and support the local communities.

Avery Coonley Students “Flavorists for a Day”

As part of a social studies unit crafted by the Avery Coonley School, second grade students traveled to Flavorchem’s SRS Center for Taste Innovation to become ‘flavorists for a day.’ They experimented with beverage formulas, learned some fun food facts, and decorated chocolate-dipped pretzel wand.

Seventh Graders Learn All About Fragrance

Orchitis’s Chief Marketing Officer visited a seventh-grade class to teach them all about the world of fragrance. The students learned about the basics of creation, fragrance families, and top, middle and base notes. Next, they smelled through our Zodiac Collection, one of the most popular collections from 2023, which features 12 unique fragrances, each developed for a different zodiac sign. At the end of the session, they selected their favorite fragrance which we infused into a lotion for them to take home. What a blast working with all the awesome kids!



Our mini flavorists enjoyed their visit to Flavorchem's SRS Center for Taste Innovation.



Orchidia's Chief Marketing Officer visited seventh-grade classroom to present fragrance lesson to students.

Employee Outreach *Opening Doors*

Two Flavorchem employees dedicate one hour per week volunteering at a local homeless employment program, providing valuable assistance in resume writing and job searches. In one of these sessions, a client was met with an abundance of experience in warehouse and manufacturing. This individual also had a very personable and positive attitude, highlighting their potential to work for Flavorchem. Recognizing the unique skills this client possessed, our personnel went the extra mile by connecting them with our staffing agency. The outcome was immensely rewarding as the client secured a position as a staffing agency employee (SAE) at Flavorchem. This not only provided them with stability but also offered a source of income, marking a significant step toward a brighter future in this person's life and the local community.

Hosted Flavor & Fragrance Educational Dinner Events

We hosted two educational dinner events for the Chicago Institute of Food Technologists New Connections Committee and the Society of Cosmetic Chemists - Midwest Chapter at our Innovation Center. Flavor and fragrance market analysts presented the latest trends and product launches in the food and beverage industry, as well as venturing into the world of fragrance and personal care. Attendees were able to taste and smell through various applications and felt the events offered a unique experience combining flavor and fragrance.



Industry professionals learned the latest flavor and fragrance trends during our educational event at our Innovation Center.

Fragrance Presentation at North Central College

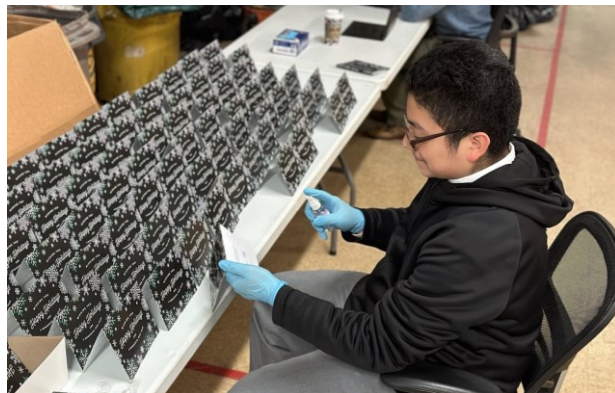
The Orchidia Fragrances' team presented "Perfumery Basics: Construction, Families and Evaluation" at North Central Collage. A big thank you to the Midwest Society of Cosmetic Chemists for having us at such an educational and fun event, to our perfumer, who conducted a Rose Fragrance Demo, and to all the attendees for their enthusiastic participation!



Our dedicated Orchidia employees showcased innovative ideas and expertise at North Central College

Corporate Work Study Program with Christ the King Students

For the 5th consecutive year, Flavorchem has supported Christ the King Jesuit College Prep's Corporate Work Study Program (CWSP) which serves students with limited economic resources. Through CWSP, students work for and earn nearly 60% toward the cost of their education — making a quality, college prep education possible for students who could not otherwise afford it. The resulting work experience, career exploration, mentorship, and networking students receive is invaluable in positioning them to succeed in college.



Christ the King student helped the Marketing Team fragrance the company holiday cards.

Meet our Work Study Students!



Ka'Maree Montgomery

- Grade: Senior
- Departments: Human Resources and Regulatory
- Ka'Maree assisted both departments with paperwork, projects and audits.
- Years at Flavorchem: 1



Jaylin James

- Grade: Senior
- Department: Production Administration
- Jaylin received in-depth training within the Production department for data entry and statistical analysis.
- Years at Flavorchem: 1



Aaskia Sharif

- Grade: Junior
- Department: Production Administration
- Aaskia received in-depth training within the Production department for data entry and statistical analysis.
- Years at Flavorchem: 1



Angelo Gutierrez

- Grade: Junior
- Department: Marketing and Project Management
- Angelo reviewed project documents, summarized content, researched public records, and managed personal pre-college reports in Project Management. In Marketing, Angelo helped with trade show and flavor collection kit preparation, along with various tasks as needed.
- “I have had so much fun working at Flavorchem with my welcoming co-workers and my awesome supervisors. My experience has been a 10/10 - a great place to work with great hospitality. Thank you Flavorchem for the great experience.”
- Years at Flavorchem: 2

Congrats 2023 CTK Graduate!



Kaylin Hood

- Department: Marketing and Human Resources
- Kaylin assisted HR with internal audits and office tasks, including filing and scanning. Kaylin also provided support to the Marketing team by helping with trade show preparation, flavor collection kits, design projects, and research.
- “Flavorchem feels like family. The welcoming atmosphere, the kind employees, the willingness to teach kids like me. It’s like a second home. Flavorchem helped me realize my passion for art and graphic design, and better yet helped me figure out my college major. I plan on continuing at Flavorchem after college, and I will be forever grateful for the opportunities and the resources that I was given in my time here.”
- Years at Flavorchem: 4



Kaylin with members of the Marketing Team on her last day interning at Flavorchem.



Downers Grove North High School Student Interns

Stephanie Polihronidis and Pallavi Fisher

- Grade: Seniors
- Department: Flavor Applications
- Stephanie and Pallavi helped prep items for prototype development, labeled tradeshow items, logged flavors and their usages for the group, shadowed members of the team, and helped with various R&D tasks.

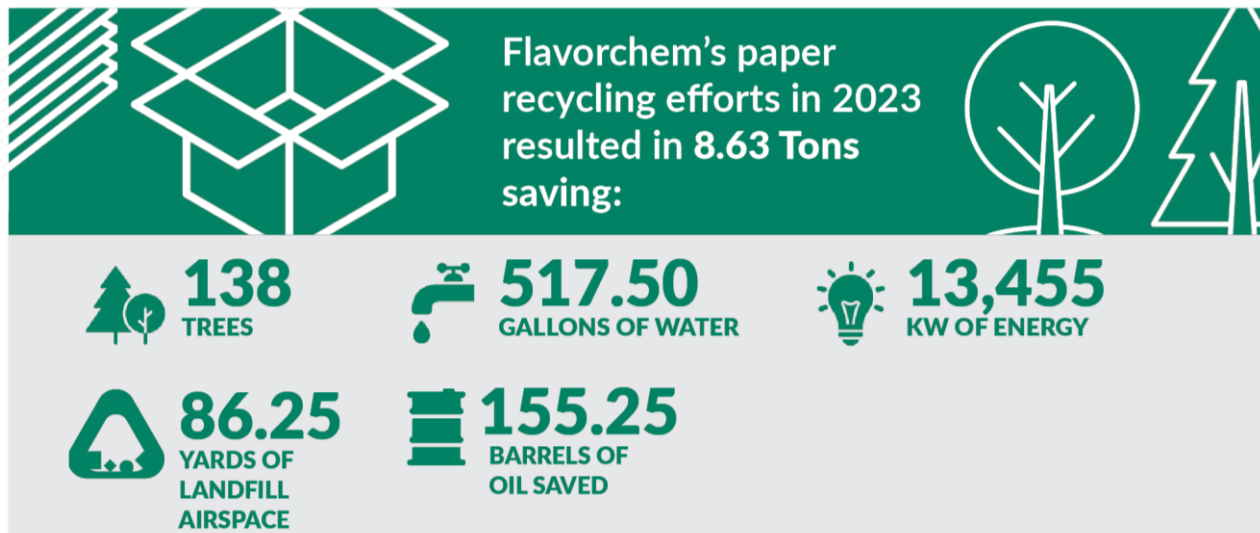


ENVIRONMENT

The Environmental Team focuses on assessing and reducing our impact on the environment. By compiling our current emissions, waste, and recycling efforts, we aim to find lasting ways to reduce our carbon footprint.

2023 Accomplishments

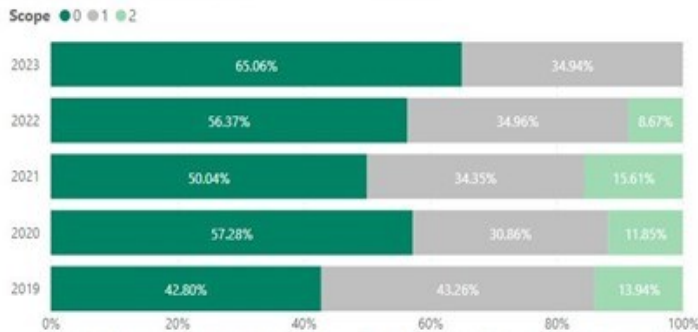
- Globally, Flavorchem has over 341,000 square feet of roofs to maintain. We reduced our environmental impact and saved energy by changing our dark roofs to lighter ones. Light-colored roofs reflect significantly more sunlight and heat than dark ones, which helps keep our buildings and our surroundings cooler. This has multiple benefits, such as lowering our cooling costs, improving air quality, and mitigating climate change. At our Downers Grove campus, we recently replaced nearly 95,000 sq. ft. as part of our 2022-23 roofing project. By installing R-30 insulation and selecting a white roofing material, we are reflecting more sunlight and reaping the benefits of cool roofs.
- To improve our environmental impact, Flavorchem HQ approved a lower pH/neutral cleaner for liquid production. Commercial cleaning products with higher levels of acid or alkaline can have a greater negative impact on the environment than pH neutral ones. pH neutral cleaning products are less harmful to the skin's surface and every surface they touch.
- In 2023, Flavorchem invested in carbon offsetting by 75 tons through Rimba Raya supports. As a means to reduce our Scope 1 emissions (gas combustion), this project offers many added benefits that are in alignment with the United Nations Sustainable Development Goals (SDGs). The SDGs are a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030. These 17 goals build on the successes of the Millennium Development Goals, while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities. Please see page 7 for more information on our carbon reduction efforts.



1. U.S. Environmental Protection Agency and Proshred

⚡ Energy

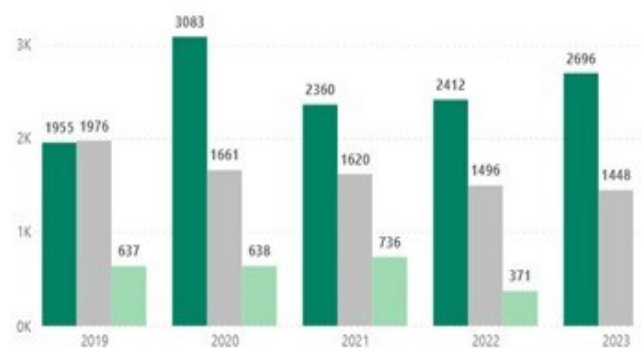
Energy Type: Sourced by Scope and Percent of Demand



🔥 Emissions Tracking

Emissions Tracking (CO2E as Metric Tons)

Scope 1 (Natural Gas) / S... ● 0 ● 1 ● 2



Carbon dioxide equivalent (CO2e) is a critical metric for gauging the environmental impact of greenhouse gases. It quantifies the global warming potential of different GHGs, allowing for a standardized comparison of their climate change contributions. CO2e emissions are categorized into Scope 1, 2, or 3, reflecting a company's direct and indirect environmental impact.

Flavorchem tracks its carbon footprint reduction efforts through various scopes, including an internally designated Scope 0 for renewable energy initiatives. The purchase of Green e-certified RECs and GoO (Guarantees of Origin) demonstrates Flavorchem's commitment to sustainability and clean energy advancement. In the adjacent charts, energy consumption is represented by the following Scopes:

Scope 0: Electricity Sourced from Renewable Energy (Wind, Solar, etc.) (Dark Green)

Scope 1: Gas (Gray)

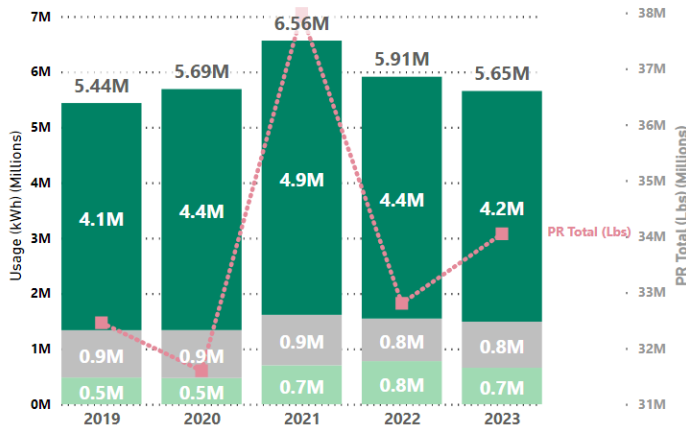
Scope 2: Electrical (Light Green)

In 2022, 86% of our electrical consumption was sourced from renewable energy. In 2023, this initiative was increased to 100%! This is shown by "green" bars in the charts also represent the CO2e emissions avoided. In a single year, this equates to the carbon sequestration work of nearly 2,917 acres of U.S. Forest. Hence, significantly diminishing our global environmental footprint as we move toward our 24/7 goal (24% improvement by 2030).

⚡ Electrical Consumption

Electrical Use in Relation to Production Rate (FC Global: kWh/PR Lbs.)

Location ● FCE ● FCW ● HQ ● PR Total (Lbs)

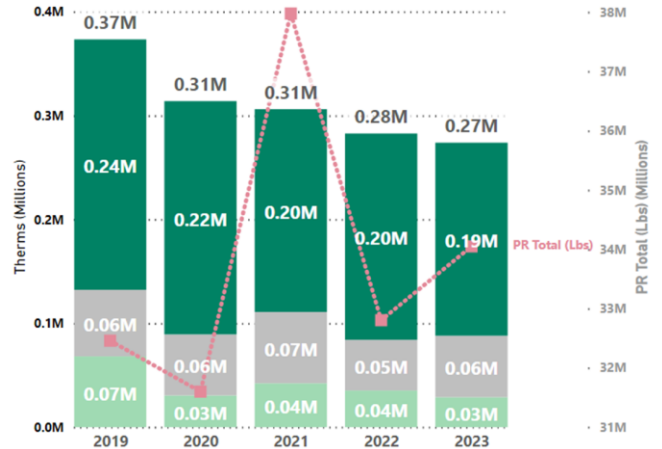


This chart reflects the total electrical energy consumption required for our operations globally. As we consider the environmental impact, this data helps us to track Scope 2 emissions and opportunities for increasing our operational efficiency. An important point of consideration is that as of 2023, 100% of our electrical consumption is now sourced exclusively from renewable sources. By investing in Guarantees of Origin and Green e-energy (RECs-Renewable Energy Certificates), Flavorchem is significantly reducing our carbon footprint and promoting sustainable practices.

🔥 Gas Consumption

Gas Use in Relation to Production Rate (FC Global: Therms/PR Lbs.)

Location ● FCE ● FCW ● HQ ● PR Total (Lbs)



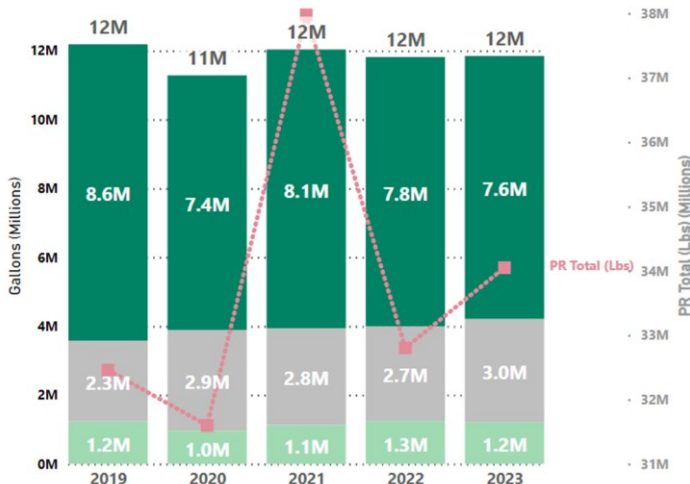
This visual illustrates the consumption of natural gas across Flavorchem's campuses globally. It encompasses usage not just in production but also within every facility at each campus, including R&D, offices, and warehouses. The annual peak value on the bar graph signifies Flavorchem's worldwide natural gas usage, a critical figure for evaluating our air emissions and overall environmental footprint.

At Flavorchem Europe, an Energy Management System (EMS) meticulously monitors hourly gas and electricity consumptions. This vigilant tracking aids in identifying areas for improvement and optimizing energy use. We established new targets in this domain to further our commitment to environmental stewardship and operational efficiency.

💧 Water Consumption

Water Use in Relation to Product Rate (FC Global: Gal./PR Lbs.)

Location ● FCE ● FCW ● HQ ● PR Total (Lbs)



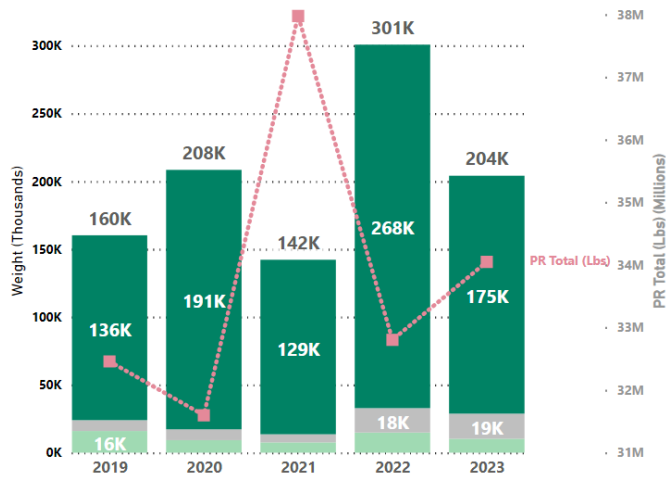
This graph depicts water consumption across Flavorchem's global campuses, including all buildings at the respective campuses using assigned colors. Flavorchem is actively seeking opportunities to minimize our water use proportionately to our production rate, as fresh water is an extremely valuable resource.

Environmental sound practices in manufacturing can lead to significant resource conservation. By reducing the number of production batches and increasing batch sizes, we realized notably decrease our sewage and water consumption at our Hungarian campus throughout 2023.

Offsite Treatment/Waste to Energy

Waste Shipped Off-Site: Treatment/Waste to Energy (FC Global: Tons/Yr to PR Lbs./Yr.)

Location ● FCE ● FCW ● HQ ● PR Total (Lbs)



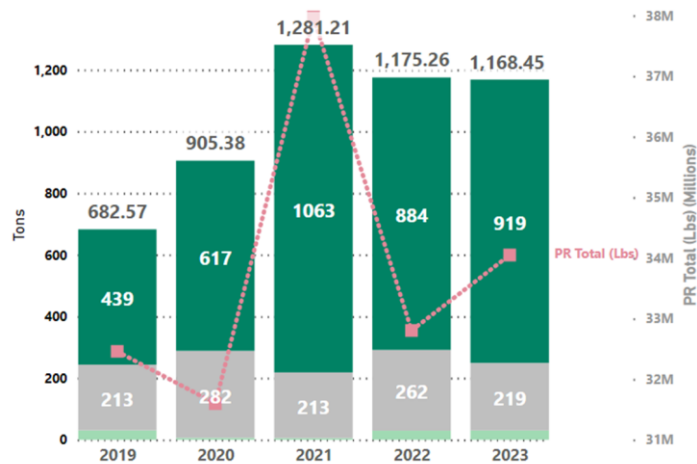
This chart illustrates the aggregate waste streams transported for external processing, segmented by campus and year. Combined to address variances with state and international waste definitions, this chart is inclusive of both hazardous and non-hazardous waste streams.

As a secondary fuel source and/or Waste-to-energy, this constitutes a method where waste material is utilized as fuel to produce energy, commonly in the form of heat and electricity or for use in cement kilns. When juxtaposed with alternative waste management practices, Waste-to-energy (WTE) processes offer several advantages. They reduce the volume of waste, generate energy, and decrease greenhouse gas emissions from landfills. WTE also contributes to energy recovery and sustainable waste management.

Landfill/Dumpster Waste

Landfill Waste in Relation to Production Rate (FC Global: Tons/Year to PR Lbs./Yr.)

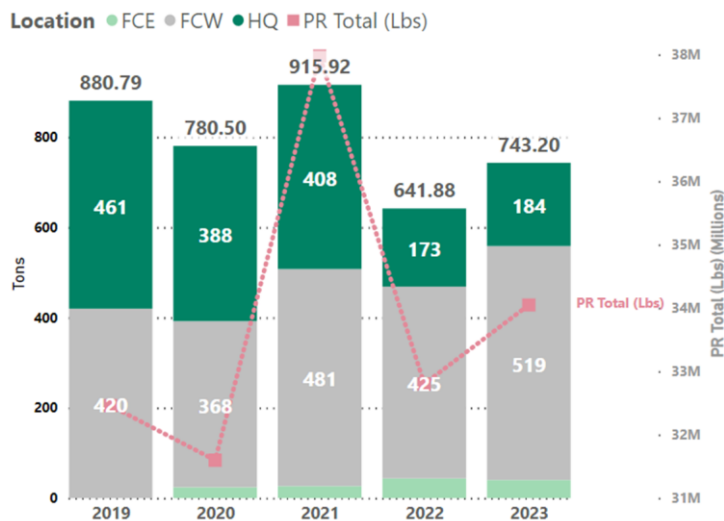
Location ● FCE ● FCW ● HQ ● PR Total (Lbs)



Flavorchem is actively engaged in monitoring, minimizing, reutilizing, and recycling materials that would otherwise end up in landfills. The chart below reflects our ongoing efforts and areas for further improvement.

Recycled Material

Recycled Materials in Relation to Production Rate (FC Global: Tons/Year to PR Lbs./Yr.)



Recycling plays a crucial role in conserving energy and mitigating environmental impact. It significantly lowers greenhouse gas emissions by diverting various materials from landfills. Highlighted in this chart are operational materials that have been recycled, such as cardboard, paper, plastic containers, and coffee grounds, which serve as a valuable addition to soil amendment practices. While drums, pails, and other reusable items are excluded from this chart, they are accounted.

In 2023, over 7,466 containers (~226,046 lbs.) were sent to be processed. Some of which are reconditioned/reused, while others are simply recycled.

KPI Targets (24/7) *

Baseline and Target Ratio

KPI Target for 24/7	Baseline (2019)	Target (Ratio by 2030)
PR Ratio - Electric (Lbs/kWh)	5.97	7.40
PR Ratio - Gas (Lbs/Therms)	86.94	107.80
PR Ratio - GHG Scope 1 - Global Natural Gas (Lbs/CO2e in Lbs)	8.21	10.18
PR Ratio - GHG Scope 2 - Global Electric (Lbs/CO2e in Lbs)	6.31	7.82
PR Ratio - Municipality/Landfill (Lbs/Lbs)	23.78	29.48
PR Ratio - Waste Off-Site Treatment (Lbs/Lbs)	202.54	251.15

Last Years Results

Results	Year	Actual Ratio
6.02	2023	PR Ratio - Electric (Lbs/kWh)
124.32	2023	PR Ratio - Gas (Lbs/Therms)
11.76	2023	PR Ratio - GHG Scope 1 - Global Natural Gas (Lbs/CO2e in Lbs)
6.31	2023	PR Ratio - GHG Scope 2 - Global Electric (Lbs/CO2e in Lbs)
14.57	2023	PR Ratio - Municipality/Landfill (Lbs/Lbs)
166.78	2023	PR Ratio - Waste Off-Site Treatment (Lbs/Lbs)

Productivity ratio measures production during a specific period. It is a ratio of what is produced to what is required to produce it.

Flavorchem tracks our production ratio to measure our efficiency in key areas. Using electricity for example, it is calculated by dividing the pounds of product produced by the kilowatt-hours of electricity consumed. A lower production ratio means that less product is generated per unit of electricity, which indicates a higher energy cost and a higher environmental impact. A higher production ratio means that more product is generated per unit of electricity, which indicates a lower energy cost and a lower environmental impact.

As a short-term goal, Flavorchem is targeting a 24% increase in efficiency in the next 7 years (2023-30). This 24/7 goal will in turn lowering our environmental footprint 24% by reducing emissions, waste, and conventional energy consumption. To track our success, pre-COVID data was chosen, using 2019 as the baseline.

NOTE: As of 2023, all Scope 2 emissions are sourced from renewable energy. Hence, negating the associated emissions still being tracked in this report.

Our Upcoming Recycling and Conservation Efforts

- By 2030, our goal is to increase operational efficiency by at least 24% by using less energy per pound of produced product compared to energy usage in 2019. Noting that energy consumption is directly proportional to Scope 1 and 2 emissions (tons of CO₂e), our efforts to increase efficiency will result comparatively in lower emission rates.

LABOR AND HUMAN RIGHTS

The mission of the Labor and Human Rights Team is to create an environment that is inclusive, diverse, and positively impacts the work lives of our team members, customers, and the community in which we work. We vow to treat all team members with respect and dignity and give them a vehicle in which they can remedy any concerns they may have in a timely manner. We encourage input from our employees, and our leaders maintain an open-door policy to foster communication.

2023 Accomplishments

Hiring Practices and Processes

Robust and compliant hiring practices ensure diversity and inclusion in our workforce and lessen the risk of inappropriate and unethical practices. In January 2023, several new practices and activities were implemented:

- An audit was conducted of all hiring and recruiting processes. Discussions were held with all recruiting agencies/sources reiterating our Equal Employment Opportunity and diversity and inclusion policies.
- A “Requisition for Hire” process was developed and implemented to ensure that hiring managers and the HR Team aligned on candidates, legal interviewing protocols, and the hiring process.
- Education was done with all senior managers on effective onboarding to include development of a comprehensive onboarding plan for each new hire. This will assist with smoother integration and familiarize new employees with the resources they have available to them should they have questions or concerns.

Employee Relations and Retention

We want to ensure that our team members feel that they are contributing to our business, enjoy their work, and feel valued and appreciated. We also strive to make sure that each individual feels that have a career path to growth in the organization. The result is less turnover and higher productivity, which benefits the team members and the organization.

- The “Stay Questionnaire” process was developed and implemented in January of 2023. Leaders are required to meet with their team members to ensure they have a high level of job satisfaction, and any concerns can be addressed in a constructive manner. Over 50 of these discussions took place in 2023.
- The “1 on 1” communication sessions were implemented. It requires leaders and their team members to meet regularly (usually 1x per week) to discuss current and future work

assignments, barriers to completing work, and constructive feedback on work performance. These conversations will also touch upon career development.

- Annual training for new supervisors and managers began in October of 2023 with 11 participants. This training focuses on leadership skills needed to be an effective, fair, and constructive leader in an organization.
- Round Table Forums were introduced and conducted in June 2023. The goal of the forums is to ensure that employees feel they have a platform in which to air both positive and constructive feedback around their general environment, policies and procedures, safety, benefits, and leadership. Continuous improvement measures are also discussed during these sessions. Three roundtable discussions took place in Operations, during which information was gathered and areas for improvement were deliberated.

Employee Health and Wellness

We feel it is important to address the whole person in our health and wellness initiatives promoting a healthy lifestyle that encourage our employees to be more active and eat healthily.

- We initiated a “Spotlight on Benefits” quarterly communication program. This provides employees with more focused information on a particular aspect of their benefit offerings. In January information went out to employees on “Fitness”, in March information was disseminated on “Pet Insurance”, in May the topic was “Employee Assistance Program, and September’s topic was the 401(k).
- The company’s Wellness Fair was held on December 5 and 6 and was available to all employees. This includes complementary health screenings for cholesterol, blood glucose, blood pressure, etc. The screening can provide valuable information to employees on their health status.

A Path Forward

Roundtables

Additional roundtable discussions will be held in new areas such as Customer Service, Quality, and Finance. Our facilities in Hungary and California will begin these discussions as well. Information gathered by this process will be reviewed and evaluated by senior leadership to determine feasibility of action.

Job Descriptions

An audit of all job descriptions will be conducted and a “safety component” of each position added. We want to ensure that all position descriptions are comprehensive, legally compliant, and reflect the environmental conditions present in our facilities.

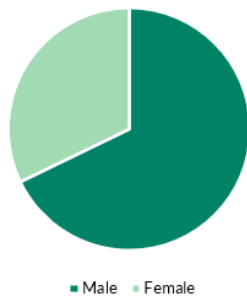
Long Service Tenure Recognition

This program will provide customized recognition to those employees with 15 plus years of experience. It is an opportunity for the company to show appreciation for the loyalty shown by these individuals.

Hires and Terminations by Gender and Age



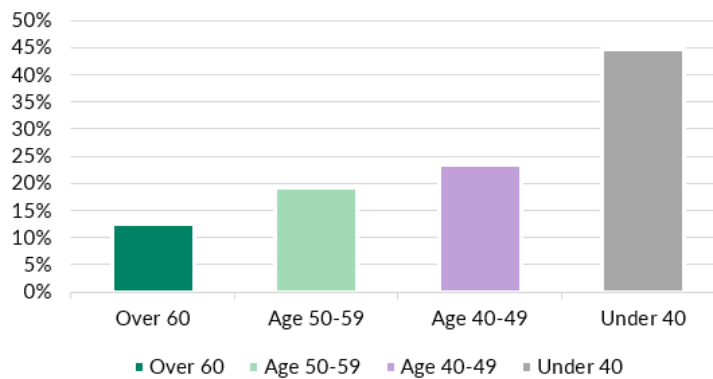
US Employees by Gender



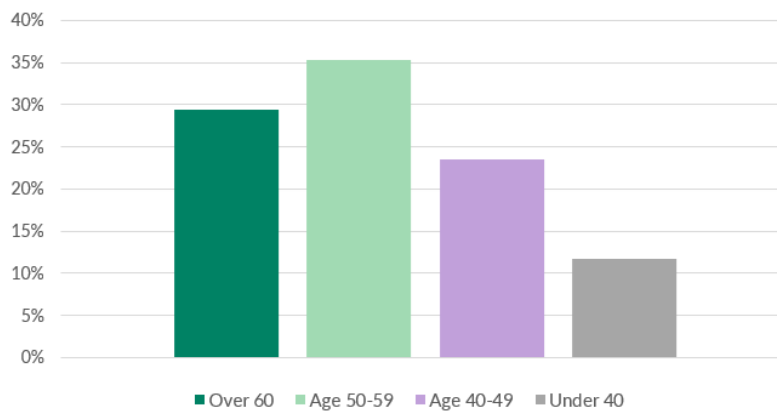
Executives by Gender



US Employees by Age



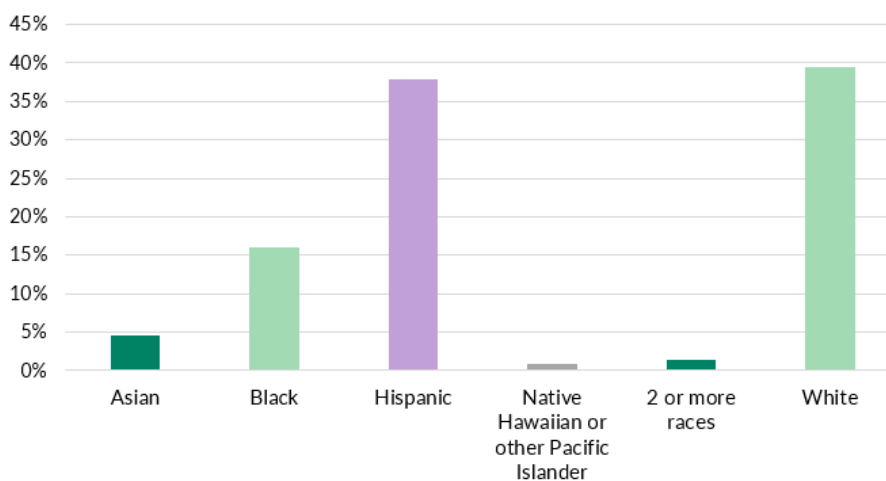
Executives by Age



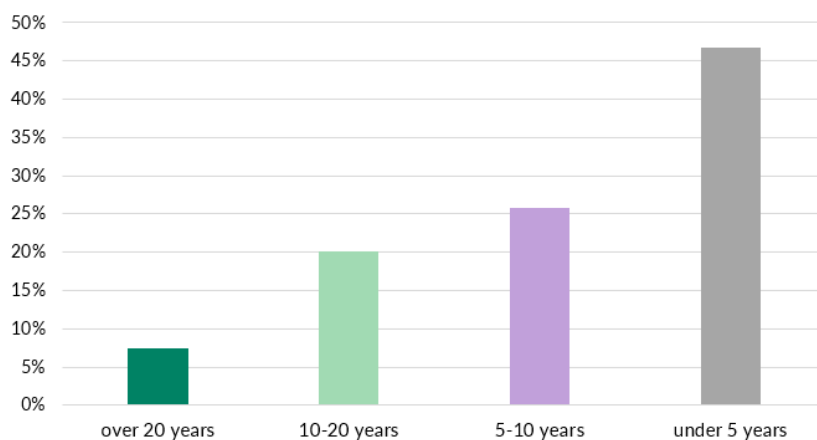
Hires and Terminations by Ethnicity



US Employees by Ethnicity



Tenure



SUSTAINABLE PROCUREMENT

The Sustainable Procurement Team focuses on supporting the operational requirements of Flavorchem with an emphasis on partnering with suppliers that align with our ESG goals. We strive to learn and continuously improve our sustainable procurement strategies.

2023 Accomplishments

- We continued to monitor and maintain good sustainable procurement practices this year. The data from our SMETA Audits provided insight as to how the suppliers we partner with are performing from a sustainability perspective year-to-year. We utilize that data to hold our current suppliers and new suppliers to our Code of Conduct and look to partner with suppliers that align with Flavorchem's ESG goals.

We have big plans ahead!

- We will continue to monitor our Palm oil usage. We will monitor our year-over-year RSPO (RoundTable on Sustainable Palm Oil) palm oil vs Non RSPO and look to improve on it each year. The Roundtable on Sustainable Palm Oil was established in 2004 with the objective of promoting the growth and use of sustainable palm oil products through global standards and multistakeholder governance. The objective of this would be to source sustainable palm oil products from sources that adhere to global standards designed to protect people and human rights and work conditions, the environment and ecosystems, as well as adhering to legal, ethical, and respectful business principles.
- We will also continue to monitor our list of Top 50 suppliers and review what types of sustainable programs they adhere to.
- We will continue to track SMETA reports of existing Sedex members that are in our list of top 50 suppliers and use this to monitor.

ETHICS

The Ethics Team strives to create a safe environment that promotes respect, honesty, and dignity for employees, customers, and partners. Flavorchem and Orchidia Fragrances are equal opportunity employers, and the Ethics Team helps to support the company's commitment to a workplace that is free from discrimination of any kind without abusive, offensive, or harassing behavior of any kind. We are dedicated to maintaining a healthy and safe environment which means following all safety programs, procedures, and guidelines; reporting all incidents and injuries in a timely manner and correcting any unsafe conditions or behaviors we observe. The Ethics Team sets the standards for good judgement and continuously pursues enhancements to meet high ethical principles.

2023 Accomplishments

- In 2023, we updated our Information Security Training and all employees participated in this training for the second year in a row. The training includes best practices for safe email management and Flavorchem's privacy and security. We trained employees on the guidelines and best practices related to fraudulent requests that are typically found in emails but can also show up in other forms such as text messages and phone calls. Given the extensive use of technology in our everyday routines, prioritizing prevention is crucial when it comes to security. The new training also included a new quiz to ensure understanding.
- As a proactive measure, we completed a National Institute of Standards and Technology (NIST) audit and have remediated the critical concerns. This audit compared us against a standard framework set by NIST. We also scheduled a deeper risk assessment to be completed in 2024. We also completed our first third-party Information Security Risk Assessment. A security risk assessment is a vital step in ensuring an organization's IT infrastructure is secure. The guidance provided by the assessment will help us take the appropriate measures to protect from potential attacks or security breaches. The third-party audit is similar in nature to the NIST but the NIST audit is much more granular.
- Throughout the year, internal memos were sent bringing attention to cybersecurity to keep it top of mind with our team members globally. We also started sending out near real-time notifications to team members when specific phishing events were happening and this will continue as needed. For example, we had someone sending text messages to our team members, pretending to be our company president. We quickly sent out a notification internally for our team members to be on the lookout and to not fall victim to this scam.
- Additional security enhancements that have taken place over the year include disabling the ability to save passwords in browsers. We moved to a password management tool for any



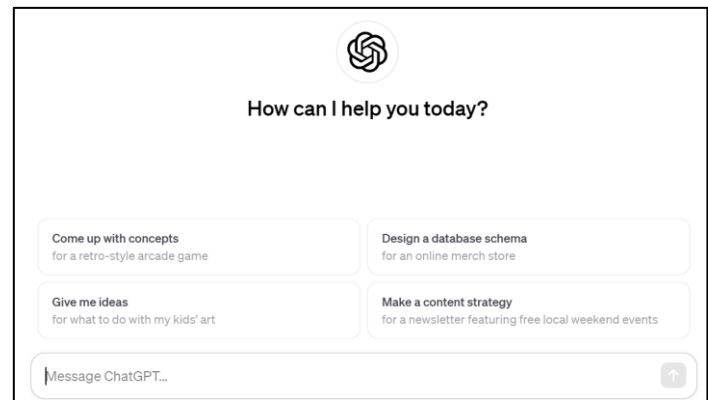
Teaching excerpt from Information Security Employee Training course.

user or department that has a business need to save passwords. We rolled out password expiration policies globally, to all users, which includes password complexity rules.

- Lastly, we can report that there were two cases of anonymous whistleblower incidents filed through our online portal Integrity Counts. Both cases were resolved with no further action needed. Our Acceptable Use Policy outlines the safe and acceptable use of technology, including the internet and computer systems for the workplace. We updated our Acceptable Use policy to expand the scope to increase the standards and safety requirements for Information Security. Information Security is the process of collecting, storing, managing, and maintaining information securely in all its forms.

Securing our Future

- As we continue to learn and expand the work of our Ethics Team, Information Security continues to be a focus. We monitor cybersecurity developments and adjust accordingly on a regular basis. The pursuit of cybersecurity is an ongoing endeavor, and we actively pursue improvements to maintain personal and company safety. We are security minded in everything we do.
- As mentioned above, we scheduled a deeper risk assessment to be completed in 2024. In 2024, we plan to remediate any critical risks that are identified.
- As AI continues to make its way into the workplace, we need to establish safe guardrails and risk management around chatbots such as Bard AI, ChatGPT, and Perplexity AI. AI is revolutionizing the way employees utilize technology to streamline tasks and enhance productivity. Our Management Team will be participating in educational sessions to understand the challenges and risks associated with the increased use of AI chatbots in our professional setting to ensure we are maintaining privacy and security.



ChatGPT is a chat box that enables users to receive detailed responses to instruction prompts.

EMPLOYEE ENGAGEMENT TEAMS

The Employee Engagement Team (EE Team) plans and executes activities throughout the year for Flavorchem and Orchidia Fragrances employees to show our appreciation for them and the value they bring to the company. The EE Team consists of employees representing various departments within the company and is a voluntary commitment for the year. The EE Team strives for a family atmosphere by hosting regular employee events that create a sense of community among colleagues. The Employee Engagement Team also collaborates with several local charities in our ongoing efforts to give back to the community.

Take a look at the activities from 2023!

Flavorchem HQ

Q1 Highlights

- Employee contributions to January's Annual Charity Bingo raised a total of \$455, with half of the proceeds benefitting Variety Children's Charity in Downers Grove. Variety Children's Charity is a global organization that helps children with disabilities acquire equipment that insurance will not cover. They also help provide experiences for children with disabilities to help provide a fully immersive experience in the community.
- To encourage employee engagement and team spirit, we conducted a company-wide Super Bowl Challenge. All full-time Downers Grove employees were automatically given football squares that represented different score outcomes throughout the game. Employees cheered on their numbers as several winners took home prizes.
- To celebrate St Patrick's Day this year, the Employee Engagement team hosted a "lucky lotto" raffle with all proceeds going to St Baldrick's Foundation that raises money to combat childhood cancer. With the help of our generous employees, we were able to raise \$1010 to St Baldrick's Foundation!



Flavorchem HQ EE Team members checked in employees during the Employee Appreciation Week Picnic.



Material Handling, Inventory and the Scheduling Teams got together for a St. Patrick's themed potluck.

Q2 Highlights

- Employees received their choice of an Easter food basket to enjoy over the holiday weekend and celebrated the start of the MLB season by wearing a t-shirt from their favorite baseball team.
- To honor all mothers and fathers at Flavorchem and Orchidia Fragrances, the EE Team raffled off a gift baskets full of goodies for Mother's and Father's Day. All proceeds from this raffle were donated to NAMI DuPage, a local nonprofit 501(c) (3) organization that strives to improve the quality of life of individuals with mental illnesses and their families. Between both raffles, we raised a total of \$632 for NAMI!
- The annual company-wide bags tournament was hosted for employees to take a break from work, enjoy the summer sun, and showcase their competitive side.



Mother's Day raffle winner received a gift basket that included specialty spa items.



Employees gathered together to compete in the annual bags tournament.

Q3 Highlights

- Back by popular demand, the EE Team, in conjunction with Chicago Food Truck Hub, hosted Taco Day. This was the first big event that utilized the company's new Brook Drive street closure.

HQ Employee Appreciation Week

- Every year, our Employee Engagement Team plans an Appreciation Week to celebrate the hard work of everyone at Flavorchem and Orchidia Fragrances. We truly appreciate the value that each of our employees brings to the company. From donuts, pizza, and snow cone day to 'Flavorchem Olympics' and a company picnic, here is a recap of a fun and food-filled week!



All employees were able to enjoy a taco lunch on us from the Chicago Food Truck Hub.



The Kona Ice Truck made a special campus appearance.



Employees enjoyed a pizza lunch during appreciation week.



Another successful company picnic wrapped up Employee Appreciation Week.



The winning team of Flavorchem Olympics.



Employees loved Snow Cone Day!

Wellness Week

- In an ongoing effort to prioritize physical and mental health amongst employees, we brought back wellness week. We hosted a mindfulness seminar which highlighted the importance of mental wellness, along with onsite yoga classes, smoothie day, and a raffle.



Fruity and flavorful smoothies for Smoothie Day!

Q4 Highlights

- A Halloween Costume Contest is held annually with prizes awarded to the top individual costume votes.
- Every employee received a Thanksgiving food box of their choice as a thank you for their work over the course of the year.
- We held our annual holiday food drive and charity bingo for the Downers Grove FISH Food Pantry. This is a local food pantry that serves our Downers Grove neighbors in need and positively impacts the community. Our outstanding employees donated nearly 1,000 pounds of food!
- We collaborated with St. Mary's Vincent de Paul Society's Adopt-a-Family program for the holiday season. The charity directly helps 35-40 local families and take on around 60 families from their sister parish in Joliet, Our Lady of Mt. Carmel. They serve around 350-400 individuals in those families.



Employees submitted their festive Halloween costumes for the contest.



- A holiday department door decorating challenge was in full force with the winning department receiving a pizza prize for their decorating efforts.
- The Employee Engagement Team held a hot chocolate bar for all employees to distribute the year's holiday gift.



Over 1,000 pounds of food were donated during the holiday food drive.



The EE Team wrapped gifts holiday gifts for families in need.



Departments got creative during the holiday door decorating contest.

Flavorchem Europe

Our team in Hungary hosted a variety of events that included team building exercises, wellness activities, holiday celebrations, and community stewardship.

Teambuilding and Community

- Despite the time difference, our committed European team came together in Hungary to watch the Super Bowl as a team-building activity. They enjoyed bonding and cheering on their favorite teams, strengthening camaraderie among colleagues during this exciting event.
- In celebration of Easter, employee's children were able to participate in festive arts and craft activities.
- This year's annual team building event took place in Southern Hungary and included a 2-day trip, wine tasting, boat ride, games, and a party in the evening.
- The Hungarian team got together to celebrate their first family day! The event featured a plethora of



Employees at Flavorchem Europe enjoyed cheering on their favorite teams in the NFL Super Bowl.



Flavorchem Europe employees took advantage of the new outdoor picnic space.

entertaining games, informative sessions on flavor and fragrance creation, and an abundance of delicious food options.

- In Hungary, St. Nicholas Day is celebrated all over the country on December 6th. Children receive chocolate and candy from Santa Claus at home, school and their parent's workplace if they were nice during the year. At Flavorchem Europe, we traditionally celebrate St. Nicholas Day with our colleagues and their families with a party where children can meet Santa Claus. Santa then gives each child a little bag of gifts and sweets.

As a yearly tradition, a nice Christmas dinner is held for all employees at a local restaurant. A presentation is given to address the company's latest performance, team highlights, and notable mentions with an awards ceremony afterwards. We want our employees to be recognized for their hard work and contributions throughout the year.

- Flavorchem HQ had some exciting visitors in town! We finally shared an in-person lunch with our colleagues from Flavorchem Europe! During their weeklong stay, employees had the chance to meet new colleagues from Downers Grove and enjoyed several Chicago-based activities including a dinner at the top of the John Hancock building, mini golf, and a baseball game.

Health and Wellness

- Weekly office yoga and quarterly massage sessions were available for all employees.
- Health and sustainability are important aspects of our company's foundation. Every other week, we have 'fruit days,' where we provide fresh and healthy fruits for all of our employees. Making smoothies together became a frequent team-building activity, so we gifted our staff these new branded reusable bottles to make these events more sustainable.



Flavorchem Europe Employees gathered at the Christmas Dinner.



Outdoor adventure course for Flavorchem Europe teambuilding.



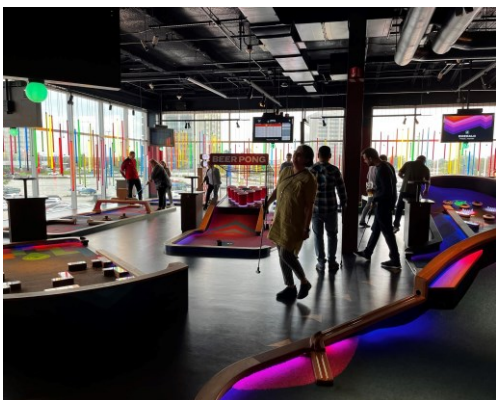
Flavorchem Europe celebrated St. Nicholas Day with employee families.



Flavorchem Europe met with members of the management team for a company lunch, hosted at the SRS Center.



Fruit Day Smoothies fitting for our brand colors.



Flavorchem Europe practicing their golf skills at Puttshack and enjoying in evening in Downtown Chicago.



Flavorchem Europe participated in weekly yoga sessions to unwind after a busy day.



Employees engaged in a lesson on assertive communication training. Employees engaged in a lesson

Education

- Flavorchem Europe employees participated in voluntary assertive communication training with experts in the field.
- Employees were able to attend flavor and aroma trainings at Hungarian University of Agriculture and Life Sciences where they learned the basics of color evaluation, along with flavor and fragrance descriptions.

Flavorchem West

- Employees birthdays and work anniversaries were recognized each month with a cake and mini party to celebrate.
- Employees received holiday-themed goodie bags for Valentine's Day, St. Patrick's Day, and Easter.

- Employees enjoyed a family night out at the ballpark during Los Angeles Angels Game Night, including an Angels gift and complimentary concessions.



Employees at Angels Stadium during the company's Los Angeles Game Night.

- In July, the Flavorchem West EE Team hosted a Hot Dog BBQ along with a salsa contest that entailed employees bringing in their best salsa recipe.

- Employee Appreciation Week took place in August. Employees were celebrated each day with fun activities that included thank you gift bags, ice cream treats, a pizza lunch, games, and taco truck.



Employees celebrating a birthday together.

- Employees picked out their favorite Caramel Apple flavor at a local candy shop for October's Candy Apple Day.

- Employees gathered together to share their favorite dishes for a Thanksgiving-themed holiday potluck.

- Flavorchem West held their annual holiday party and gift exchange which included a fun evening out with dinner and bowling.



Employees bowling during Flavorchem West's Annual Holiday Party.



Employees posing for a photo during Hot Dog BBQ Day.



Candy Apple Day goodies.

MEET OUR FEATURED EMPLOYEES

Our people are our greatest asset and bring out the finest in collaboration, creative ideas, and development. They play a pivotal role in our success, as their dedication, skills, and efforts form the foundation upon which our achievements are built. Each year, our ESG Report showcases select employees who embody the essence of Flavorchem. Let's introduce you to some of the standout individuals featured in our 2024 report.



Samantha Filip

- Title: Sensory Scientist
- "There are always new projects and applications coming in and it's exciting to see a product you worked on hit the shelves!"
- Favorite Flavor: Salted Caramel
- Years at the Company: 7



Andy Sadowski

- Title: Scheduling/Materials Manager
- "I enjoy seeing a project or plan come together successfully and efficiently."
- Favorite Flavor: Blue Raspberry
- Years at the Company: 32



Erica Salgado

- Title: Controller
- "One of the things I enjoy most about working at Flavorchem is seeing the owners' dedication and enthusiasm for their business. I feel proud to be part of a company that has overcome many obstacles and achieve remarkable success in the industry."
- Favorite Flavor: Vanilla
- Years at the Company: 11



Fanni Pogyor

- Title: Marketing Specialist
- "I enjoy seeing how R&D, Applications, and Perfumers bring concepts to life. It is magical how they put together ingredients to create complex and authentic flavours and fragrances."
- Favorite Fragrance: Mumbai Street Market
- Years at the Company: 1



Dávid Zavodi

- Title: Technical Services Director
- "I appreciate complex flavors and fragrances which encourage the mind to go on a kind of a journey in both space and time."
- Favorite Fragrance: All brown flavors in combination with spices
- Years at the Company: 8

THANK YOU

We are proud of our 2023 achievements and we will strive to continue our advancements and positive impact towards ethics, sustainable procurement, labor and human rights, and environmental progress.

Flavorchem is committed to conducting our business in ways that protect and benefit the environment, our employees, customers, and the global communities where we operate.

