

DSM Alert: Whistleblowing Policy & Procedure for expressing concerns about suspected serious misconduct at DSM

July 2009

This document sets out the policy and procedure adopted by DSM to support individuals to express their concerns about suspected serious misconduct at DSM (also referred to as whistleblowing).

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1.0 **POLICY**

1. DSM is committed to high standards of openness, decency and integrity in its work. To maintain these standards, DSM encourages its employees who have concerns about suspected serious misconduct to come forward and express these concerns without fear of punishment or unfair treatment
2. Suspected serious misconduct includes any activity by DSM or a DSM employee that violates:
 - Laws or regulations
 - DSM Values
 - DSM Corporate Requirements
3. Adopted by the Managing Board of DSM on June 14, 2004

2.0 BACKGROUND

Governments all over the world recognize that employees, from time to time, have concerns about what is happening at work but are afraid to report those concerns. In order to provide protection to those individuals who do report concerns, laws, regulations and codes have been prepared, such as certain paragraphs in the Dutch Corporate Governance Code.

2.1 Paragraphs within the Dutch Corporate Governance Code

- The management board (of the company) shall ensure that employees can report alleged acts of misconduct of a general, operational and financial nature within the company to the chairman of the management board or to an official designated by him, without jeopardizing their legal position.
- Alleged acts of misconduct concerning the functioning of management board members shall be reported to the chairman of the supervisory board.
- The arrangements for whistleblowers shall in any event be posted on the company's website.

2.2 Pointers

- Reports about possible misconduct are not limited to fraud, theft or corruption, but cover a much wider range of bad practices, including behavior that is not in line with the DSM Values.
- Such bad practice can have happened, be happening, or be likely to happen.
- These procedures are designed to encourage employees to voice concerns internally and promptly so as to prevent or remedy acts of misconduct.

DSM encourages employees to engage in a discussion with colleagues who display behavior that is or could be violating any law or DSM value, if at all possible. If a discussion is not a realistic option, then the employee should report internally and voice his /her concerns outside the organization only if he/she is unable to report internally.

3.0 DSM's POSITION

- 3.1 DSM has formulated a code of conduct – the DSM Values. These values form the basis upon which choices are made, determining the framework for the way DSM does business. The DSM Values are used to evaluate the manner in which DSM conducts its business operations. The DSM Values apply to every DSM employee. In addition, DSM complies with the relevant laws and regulations that apply to the company and its employees. DSM is dedicated to the prevention, avoidance, detection and investigation of all forms of non-compliance, fraud, theft and corruption.
- 3.2 DSM realizes that employees are often the first to notice that there may be something wrong within the company. However, the employees may not express their concerns due to feelings of disloyalty to colleagues, or fear of punishment or unfair treatment.
- 3.3 DSM acknowledges that most concerns are of relatively minor nature and can be resolved through the normal channels relatively easily. However, where the concerns are more serious, and especially where they involve serious misconduct such as criminal acts, or financial misconduct, or in situations where employees, the public, or the environment may be subject to danger, it can be difficult for the employee to know what to do and to whom to report such concerns.
- 3.4 DSM wishes to make it clear that individuals can raise such serious concerns without fear of punishment or unfair treatment. This is to encourage individuals to report concerns so that management can take appropriate action to prevent or stop intolerable behavior that harms employees, the public, the environment or DSM.
- 3.5 This procedure has been introduced to give guidance on how to raise concerns at an early stage.

4.0 AIMS AND SCOPE OF THE PROCEDURE

4.1 The aim of this procedure

This procedure is intended to:

- Provide avenues for employees to raise concerns and define a way to handle these concerns.
- Enable management to be informed at an early stage about acts of misconduct.
- Reassure employees that they will be protected from punishment or unfair treatment for disclosing concerns in good faith in accordance with this procedure.
- Help develop a culture of openness, accountability and integrity.

4.2 The scope of this procedure

This procedure is separate from and in addition to DSM's other existing or future, more specific grievance / complaint procedures. Employees who wish to voice a grievance relating to their employment, or any other complaint covered by a more specific procedure should use that specific procedure

5.0 SAFEGUARDS

5.1 Prevention of punishment or unfair treatment

DSM does not tolerate punishment or unfair treatment when concerns are raised in good faith and will take action to protect staff.

5.2 Confidentiality

DSM recognizes that some individuals will wish to raise a concern in confidence under this policy. Confidentiality will be maintained to the largest extent possible. Therefore, DSM will protect the identity of an employee who discloses concerns according to this procedure.

DSM does however acknowledge that in some circumstances it may be obvious who has raised the concern and filed the report, or the investigation process may lead to the point where a statement is required or the individual is called to provide evidence. In such circumstances, where finding the truth is hindered by maintaining complete confidentiality, DSM can not guarantee complete confidentiality to the reporting employee.

DSM wants to avoid anonymous reports, as it can make the investigation of the allegations much more difficult. However, if an employee feels there is no other way than making an anonymous allegation, then that allegation will be acted upon appropriately.

5.3 Untrue Allegations

DSM encourages people to raise concerns in good faith. However, if upon investigation some of these concerns cannot be confirmed or may not have substance, no action will be taken against employees raising concerns in good faith.

Investigations, however, are a costly, time consuming and potentially damaging process. If reported allegations are to be judged malicious and without any factual foundation, DSM may take appropriate action against employees making such malicious allegations.

6.0 RAISING A CONCERN

6.1 Who to report to

6.1.1 As a rule concerns should be raised with the employee's line manager (or the supervisor of the line manager), who will look into the matter and provide a solution. If for some reason the employee does not feel able to report through the line manager, then he/she can raise their concerns directly with the designated officer, the officer (specifically assigned by the Chairman of the Managing Board) for whistleblowing.

6.1.2 The DSM Alert Officer is:

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|-------------|---------------------------------------|
| Title: | Director, Corporate Operational Audit |
| Name: | Hans van Suijdam |
| Department: | COA |

6.1.3 If the allegation is about the designated officer, then the reporting employee should report directly to the Chairman of the Managing Board.

6.1.4 If the allegation is about any member of the Managing Board, then the reporting employee should report directly to the Chairman of the Supervisory Board.

6.2 How to report

6.2.1 Concerns may be voiced in a face-to-face meeting. If that is not possible, they may be reported through the website, by telephone or fax, by e-mail, or in a face-to-face meeting, providing the background, history and reason for the concern, together with names, dates, places and as much information as possible. DSM will always arrange for ways to report in the native language, if so desired.

6.2.2 Individuals will not be expected to prove truth of an allegation but they should be able to demonstrate that there are sufficient grounds to have a reasonable belief that something is wrong.

6.2.3 Individuals are encouraged to express their concerns at the earliest possible stage so that timely action can be taken.

7.0 **DSM's RESPONSE**

7.1 The DSM Alert Officer will:

- Perform / Arrange an initial confidential interview with the reporting employee to:
 - Reassure them they will be protected from possible punishment or unfair treatment;
 - Determine if there is a wish for confidentiality and explain the level of confidentiality that can be aimed for;
 - Determine if they wish to make an oral or written statement; and
 - Write a brief summary of the interview that should be agreed by both parties
- Maintain a record that a report has been filed
- Inform the DSM Alert Committee (DAC) that a disclosure has been made and highlights of the allegation. The name of the reporting employee is kept confidential if that is desired.

If the allegation is about anybody in the DSM Alert Committee then the designated officer will inform the Chairman of the Managing Board.

7.2 Some concerns may be resolved by agreed action without the need for an investigation. Concerns about allegations, which fall within the scope of specific procedures (for example grievance procedures), will normally be referred for consideration under those procedures.

7.3 The DSM Alert Committee consists of representatives from Corporate Operational Audit, Corporate Secretariat, Corporate Legal Affairs and Corporate Human Resources. The DSM Alert Officer acts as chairperson.

7.4 The DSM Alert Committee will:

- Confirm the initial assessment from the DSM Alert Officer; and
- Based upon the results of the initial assessment decide if and what further action, such as a full investigation, is required. Investigation may be done by the DSM Alert Officer, a representative of the DSM Alert Committee or another person appointed by the DSM Alert Committee.

7.5 The person(s) performing the initial investigation may need to speak to the reporting employee to clarify the information provided or to seek additional information.

7.6 All concerns received will be acknowledged to the employee in writing within 10 working days.

Wherever possible the acknowledgement will:

- Indicate the proposed way forward with regard to the matter;
- Advise whether initial investigations have been made;
- Advise whether further investigations are to take place, and if not why not; and
- Give an estimate of how long it may take to provide a final response.

7.7 If the DSM Alert Committee decides that a full investigation is required, the type of investigation will depend upon the nature of the concern. The matters raised may be:

- Investigated internally
- Referred to an external investigator
- Referred to the police

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DSM recognizes that the individual raising the concern needs to be assured that the matter has been properly addressed. Thus, subject to legal constraints, individuals making a complaint will be kept informed during the investigation and be informed about the outcome of any investigation.

7.8 Once a complaint has been adequately handled in the opinion of the DSM Alert Committee, the DSM Alert Officer will prepare a brief report and the case will be closed.