

# Report by the Managing Board

addition, programs to support Customer Relationship Management and Sales Force Automation and to reduce energy usage have been started.

## Purchasing

The global DSM purchasing organization that was set up in 2006 enabled DSM to realize a better total cost of ownership and a corresponding competitive advantage. In 2008 the purchasing activities were further professionalized and spend and competences were leveraged. The execution of the DSM purchasing strategy is being supported by standard processes and systems. DSM Purchasing realized its targets for the year. Risk management (security of supply), further alignment with business requirements and further development of supplier relations were key topics during the year. Other focus areas were business intelligence and innovation.

## Code of Conduct

DSM Purchasing has further implemented the Sustainability Code of Conduct (CoC) for the DSM supplier base. This code helps suppliers to comply with DSM's high sustainability standards. It prescribes minimum requirements regarding DSM's corporate Triple P values (People, Planet and Profit). The CoC is part of the comprehensive program that has been developed in order to embed sustainable performance in all of DSM's supply base processes and procedures. At year-end 2008, more than 760 suppliers had signed the CoC, covering 67% of DSM's supply base. The other targets of the program, the performance of 44 supplier self-assessment questionnaires and 22 sustainability supplier audits, were exceeded. Apart from good compliance, DSM's suppliers increasingly contribute to the substitution of oil-based raw materials by renewable resources. In the Energy and Indirect spend area DSM has best practices of green energy and more energy efficient transport which also support the company's sustainability efforts.

## REACH in the supply chain

REACH, the new European regulation for Registration, Evaluation, Authorization and Restriction of Chemicals, requires that all substances manufactured in or imported into the European Union in quantities above one ton per year are registered. Raw materials used by DSM need to be pre-registered by the partners up the supply chain. Therefore, DSM carried out an extensive program in which it achieved pre-registration confirmations of nearly 5,000 substances from the company's suppliers.

## Marketing and product branding

DSM has an internal consulting team specialized in accelerating the commercialization of innovations. The scope of the initiative

is to strengthen, optimize and accelerate new product launches. Also, the aim is to develop strategies to shorten time-to-market and create innovative business models.

Dedicated marketing professionals have been assigned to coach project teams of innovation projects in all clusters. In 2008 this resulted in a number of accelerated product launches.

## External recognition

DSM and its business groups have been awarded a variety of awards and other recognitions by its customers, suppliers, the academic world, non-governmental and trade organizations. In this chapter an overview is given of the external recognition awarded by and received by DSM.

DSM Engineering Plastics was awarded the European Process Enhanced Engineering Plastics Excellence in Technology Award by Frost & Sullivan for Stanyl® Super Flow. The Minister of Economic Affairs in the German state of Hessen awarded the Innovation Award to Hoffmann ACE and DSM Dyneema for their innovative and environmentally conscious third-generation lightweight air cargo pallet net design.

DSM's UK-based vitamin manufacturing facility was awarded Carbon Trust Standard Certification, the world's first accreditation scheme designed to allow companies to measure the carbon footprint of their operations and facilitate an independent, specialist review of energy management practices. The Standard is awarded by The Carbon Trust, an independent organization set up by the UK Government in 2001 to accelerate the move to a low-carbon economy by working with organizations to reduce carbon emissions and develop commercial low-carbon technologies.

DSM Nutritional Products and the United Nations World Food Programme (WFP) won the 2008 ICIS Innovation Award for Best Business Innovation for the MixMe™ micronutrient powder. DSM NeoResins+ was nominated for the ICIS Innovation Award for most innovative Corporate Social Responsibility (CSR) project for the Decovery™ family of high solids decorative coatings.

DSM's blood pressure controlling lactotripeptide ingredient, TensGuard™, received the gold award for most innovative new health ingredient at the 2008 Health Ingredients Europe exhibition. DSM Nutritional Products received the Innov'Space prize from Salon des Productions Animales, an international trade fair for livestock, for its iCheck™ Egg product, a kit allowing rapid monitoring of the color of eggs and egg products.