

# Summary



2008 was a remarkable year for DSM. It saw us on the one hand posting a record operating profit and on the other responding to major challenges as the turmoil in the global financial markets triggered a downturn of the global economy which inevitably impacted some of DSM's operations, especially in the fourth quarter. It is against this backdrop of 'staying the course' in these challenging conditions that we report on the progress we have made towards achieving our sustainability targets within the context of our accelerated *Vision 2010* corporate strategy.

In our 2008 Triple P Report we present our achievements in the field of sustainability during the year under review, outline our sustainability goals to 2020, and report on our ongoing stakeholder engagement initiatives. We also discuss some of the practical and technical challenges which we are faced with as a globally operating Life Sciences and Materials Sciences company.

This year's report introduces some modifications to our reporting approach. We continue our established practice of reporting the highlights of our performance within the Triple P parameters of People, Planet and Profit; we also report once more on our activities in the context of the four global trends to which our sustainability strategy responds: Climate and Energy, Health and Wellness, Functionality and Performance and Emerging Economies.

We deviate from previous conventions, however, by integrating our reporting on major internal initiatives into our discussion of these global trends. This is because key developments such as our introduction of a new career management process are intended to empower our employees to offer effective responses to the challenges posed by the four global trends; it is an example of how we seek to integrate sustainability into our running business. Representatives from among our employees also provide their own personal views on sustainability throughout this report, as do some of our external stakeholders.

For each of the global trends, we publish our overall goals and our specific objectives. Our goal in respect of Climate and Energy is to increase awareness of the topic among our stakeholders, to measure the environmental impact of our activities, to reduce our energy consumption and to leverage new commercial opportunities. Concerning Health and Wellness, we strive to meet the nutritional needs of people in the world's 'nutritional pyramid'.

In the area of Functionality and Performance, we aim to offer products and processes which deliver innovative benefits in combination with a reduced eco-footprint.

As regards the Emerging Economies, our goal is to grow with a focus on China, ensuring that we apply our SHE and human rights standards uniformly worldwide.

On the People dimension, we saw further diversification of our workforce during 2008, as well as the introduction of a number of new systems designed to equip our people for the challenges ahead: a new approach to career management, a new learning and development architecture and a new global internal vacancy system.

On the Planet dimension, we can report that six out of the nine environmental targets for 2010 are well on track and are expected to be realized. Realization of three targets (emissions of NO<sub>x</sub>, VOC and SO<sub>2</sub>) is not yet certain and depends on the timely realization of several projects. Our energy efficiency, meanwhile, has improved by 3% since 2005. The emission of greenhouse gases has been reduced by 3.3 million tons of CO<sub>2</sub> equivalents relative to 2005 (equating to 30%), while the discharge of COD (oxidizable organic compounds) in wastewater was further reduced.

On the Profit dimension, DSM achieved a record year despite the impact of the global economic downturn in the last quarter of 2008. Economic headwinds increased, notably during the fourth quarter, and the company took various measures to improve cash flow, reduce costs and strengthen its profitability and future competitiveness. DSM remains fully committed to continued investments in innovation and will continue to invest in growth businesses.

Two other new features of this year's report are worthy of note here: the section on Awards and Distinctions, in which we record relevant awards made to DSM, and a glossary of relevant terms.

We hope that these modifications make for a yet more transparent style of reporting fully in line with the DSM Values – values which remain unchanged at the end of a year that has witnessed many unexpected developments in the global economy.

This year we are proud to have improved the transparency of our reporting on sustainability, as is evidenced by our achievement of GRI A+ status for this report.