

Our sustainability strategy

Sustainability targets

Sustainability is integral to our Vision 2010 strategy. Our publicly stated sustainability objectives are to:

- retain our top position in SHE and Sustainability rankings;
- maintain a global leadership position in industrial or 'white' biotechnology, providing among other things biobased food ingredients, biopharmaceuticals, biorenewable materials and second-generation biofuels;
- continuously reduce our eco-footprint;
- develop a more diverse, international workforce;
- double our energy reduction target from 1% to 2% per year.

We are currently working on new targets for the years to 2020 regarding:

- continued reduction of greenhouse-gas emissions;
- further improvement of our energy efficiency;
- reduction of greenhouse gases in our value chains;
- further reduction of water consumption.

In order to set concrete targets and monitor progress towards these targets, we are in the process of establishing product eco-footprints for the majority of our products and their impact in the most relevant value chains by 2010. Detailed sustainability targets will form part of our Vision 2015 strategy.

How we organize Sustainability

Sustainability is integrated into DSM's Vision 2010 strategy and objectives. Relevant disciplines incorporate sustainability in their approaches. At corporate level, our progress against sustainability targets is reported on a quarterly basis. DSM has dedicated departments for Corporate Sustainability and Corporate SHE (Safety, Health, Environment) and Manufacturing, while line management is supported by sustainability and SHE managers at business group level. Our sustainability performance was audited by Corporate Operational Audit in 2008, and proposed improvements were integrated into our ongoing sustainability activities.

Sustainability has the attention of the entire Managing Board, with Jan Zuidam, Deputy Chairman of the Managing Board, as the primary focal point. He chairs both the DSM Sustainability Network and the Corporate SHE Committee. The DSM Sustainability Network is supported by the Corporate Sustainability Department.

The Corporate SHE Committee is supported by the DSM SHE Council, which is composed of all business group SHE managers. The DSM SHE Council plays an important role in developing practices and communications regarding SHE issues.

Furthermore, members of the Managing Board chair different sustainability-related projects, such as the World Food Programme (Stephan Tanda), Diversity (Feike Sijbesma) and Base of the Pyramid (Jan Zuidam).

Ensuring sustainability in the value chain: Global Supplier Sustainability Program

Approximately 60% of DSM's total spend is globally sourced, the remainder being sourced from regional or local suppliers. DSM's supplier sustainability programme, which covers both global and local suppliers, comprises two main elements: compliance and reduction of DSM's eco-footprint.

• Compliance

Suppliers are requested to sign the DSM Supplier Code of Conduct, which is based on the DSM Values. In addition, a number of selected suppliers (based on risk potential and size) are invited to complete a self-assessment questionnaire. Some are additionally audited to verify the status of their sustainability profile or to develop joint improvement programs where appropriate.

During 2008 we made considerable progress regarding compliance:

- Approximately 67% of spend was covered by suppliers who had signed the Code of Conduct as at 31 December 2008 (6% ahead of our target for the year). Our target is for 90% of our suppliers to operate under the DSM Supplier Code of Conduct as of 2011.
- More than 100 positive self assessments occurred (more than doubling our target figure of 44 for the year).
- 28 audits took place (target 22) with good results including various joint improvement programs. DSM additionally verified the progress of several improvement programs which had been agreed with suppliers in 2007.

Our supplier program has worked so well to date that no contracts have had to be terminated on grounds of non-compliance. A small number of potential suppliers failed to achieve selection purely due to sustainability considerations.