

Fair Remuneration framework

Guideline owner: Director Global Compensation
 Guideline approver: VP Global Total Rewards
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Our commitment

One of the fundamental human rights is the right to fair remuneration. This statement is intended to set out how DSM will deliver its commitment specifically to Fair Remuneration.

DSM is committed to the principle of equal opportunities for all employees by providing a living wage and equal pay rewarding the employees overall contribution to DSM by respecting all 4 elements of the Fair Remuneration Framework: minimum wage, living wage, equal pay and gender pay gap.

Our commitment is to set equal pay for doing similar work that requires equivalent qualifications and skills. Our ambition is to ensure to have a balanced pay parity approach that fosters our commitment of zero-tolerance on equal pay and living wage.

DSM operates with a fair and transparent pay system based on objective criteria and free from gender bias via:

- evaluating job roles and pay grades to ensure that these are structured fairly, using benchmarks;
- conducting an annual gender pay analysis (and if needed gap analysis);
- providing sufficient guidance and insights on how (equal) pay has to be determined;
- integrating equal pay in People and Organization (P&O) requirements and audit systems;
- informing how to deal with issues and grievance;
- reporting externally via DSM's Integrated Annual Report concerning gender pay (gap) and living wage.

Fair Remuneration	
Minimum wage	The lowest amount of remuneration that an employer is required by law to pay employees for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract. In many cases this is below a fair and living wage.
Living wage	We align our calculations with the Anker & Anker (2017) method: The remuneration received for a standard working time by an employee in a particular place sufficient to afford a decent standard of living for the employee and his/her family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events.
Equal pay	Legal requirement for men and women to be paid the same for performing the same or similar work or work that has been rated as being of equal value (by job evaluation).
Gender pay gap	Difference between what men typically earn overall in an organization compared to women, irrespective of their role or seniority.

Sustainable Development Goals linkage



Fair Remuneration as in the UN Sustainable Development Goals (SDGs) is particularly highlighted in SDG 5 - Gender Equality and SDG 10 – Reduced Inequalities. DSM is positively tackling this within its own operations.



Process in case of grievance

Steps to use the grievance system in case of a concern or question related to Fair Remuneration:



(External) Reporting

DSM will report on an annual basis in the Integrated Annual report on its gender pay gap and living wage analysis.

Equal pay

To ensure accurate and transparent reporting DSM is basing the gender pay gap ratio on the globally accepted Global Reporting Initiative standard (GRI 405-2). This is part of the GRI Standards issued by the Global Sustainability Standards Board which DSM uses to structure its disclosures in the Integrated Annual Report. From a data availability and quality perspective DSM has taken its 6 significant locations of operations into account for Equal pay analysis. The 6 locations are Brazil, China, India, The Netherlands, Switzerland and the USA.

Living wage

For the living wage benchmark the database of WageIndicator will be used. From a data availability and quality perspective DSM has taken its 6 significant locations of operations into account for Living wage analysis. In the coming years, further efforts will be made to increase the coverage of countries in this analysis to eventually include all locations in which DSM has own operations.

Signed,
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