



Sustainability

# Turning challenges into opportunities

DSM Global Supplier Sustainability Program

HEALTH • NUTRITION • MATERIALS



# Sustainability: Turning challenges into opportunities

Sustainability is DSM's fundamental business driver. We define sustainability as "the needs of the present generation without compromising the ability of future generations to meet their own needs." It is vital that DSM Business Groups, DSM Purchasing, Suppliers and Customers join forces in their pursuit for economic performance, environmental quality and social responsibility. Not only in their own business but also in the entire value chain. It is essential to find solutions for serious challenges such as scarcity of food, land and materials and over-exploitation of the global eco-system.

DSM is committed to help finding these solutions and we embrace what is known as the Triple-P concept: People, Planet and Profit. It is time to turn our challenges into opportunities.

## People

Our brand promise is 'Bright Science, Brighter Living'. It involves improving lives for people today and generations to come through our activities, products and innovations. It also means sustaining and even saving lives. PEOPLE+ means we actively pursue better working conditions and a safe working environment with positive health effects, local community development and education for people all over the world.

## Planet

Because we want to make our planet last, already 94% (in 2011) of all the products in our innovation pipeline are ECO+. ECO+ products have a smaller Eco footprint than alternative products in the market, while providing the same or greater performance.

## Profit

As DSM is a business, we need our activities to be economically sustainable. Many of our ECO+ products are not just carbon and energy efficient, but also cost efficient.



“

“Because we understand the unique connection of work and human dignity, we leverage our core competencies to provide more meaningful opportunities for individuals. Both our organizations see Sustainability as a real Business Driver; we add tangible value to DSM’s People+ Agenda.”

Jeffrey van Meerkerk,  
ManpowerGroup Global  
Account Director for DSM

”

Sustainability is at the heart of all DSM operations. Nonetheless, we realize we are only one link in a large value chain. We can only be truly sustainable when all parts of the value chain work together towards the same goal. We are committed to improving the eco-footprint of the entire value chains in which we operate, by asking our suppliers to meet our sustainability standards and to reduce their eco-footprint. We focus on providing solutions that enable our customers, their customers, and ultimately consumers, to improve their eco-footprint as well.

## Purchasing: Connecting customer needs with supplier solutions

Sustainable and innovative supply chains in both Life Sciences and Materials Sciences are vital, as we strive to reach our strategic ambitions and realize our brand promise ‘Bright Science, Brighter Living’. The need for long-lasting and meaningful relationships with our suppliers is becoming more important every day – for sustainability, for innovation and for effective risk management. Our Purchasing mission is therefore to connect customer needs with supplier



solutions. By doing this, we extend the value chain to our suppliers, so they truly contribute to value creation and support our competitiveness in areas such as sustainability, innovation, business growth, security of supply, new business models and strategic alliances.

Sustainability goes hand in hand with responsibility. In our opinion, sustainability is a shared responsibility. This is why we include all suppliers, contractors and agents in our efforts to achieve better environmental quality and social responsibility. Our commitment to the triple bottom line of People, Planet and Profit guides us in all our purchasing decisions. It also forms the basis of our supplier Code of Conduct, which defines how we choose to do business and interact with our suppliers.

### Value chain perspective - Connecting Supplier Solutions with customer needs



Taping into supplier potential and mitigating Supply Chain related risks

**SUPPLIERS**

Using Supplier Solutions to reduce own footprint and produce more sustainable products

**DSM**



Our partners and our inspiration. We utilize Supplier Solutions to create more value for our customers

**OUR CUSTOMERS**

**END CONSUMERS**

By carefully selecting raw materials and offering Eco+ and People+ solutions we make a positive difference to people's lives







## DSM's sustainability target setting 2011 – 2020

1. Top Ranking in Dow Jones Sustainability Index
2. At least 80% of innovation pipeline is ECO+
3. Increase ECO+ from running products from 34% to 50%
4. 20% improvement of energy efficiency from 2008 – 2020
5. 25% reduction of Greenhouse Gas Emissions from 2008 - 2020

## Global Supplier Sustainability Program

In the process of selecting and evaluating our suppliers, sustainability is explicitly taken into account. In this respect, the Global Supplier Sustainability Program not only helps us achieve our sustainability goals but also makes us a consistent top ranker in the Dow Jones Sustainability Index.

“

We conducted an LCA of DSM's most popular industrial container types. As a result of this analysis, our supply chain teams were able to establish a baseline and outline a series of projects to reduce the environmental impact of their containers and initiate the first phase of these projects. This shows the strengths of collaboration in innovation and adaptation that is necessary to create truly sustainable businesses.”

Scott Griffin, Chief Sustainability Officer Greif

”

## Global Supplier Sustainability Program

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Supplier solutions									Renewable Energy Movement Project
								Triple P project Phase I	Triple P project Phase II
						Initiative to reduce hazardous chemicals	Part of REACH regulations	Water footprint roadmap	Projects on safe ingredients
						First cases of improvement identified (5-10 LCA's)	22 LCA's and joint projects with suppliers	30 LCA's and joint projects with suppliers	30 LCA's and joint projects with suppliers
Supplier compliance					Supplier emissions target 20% by 2020	Internal training program on sustainability	Internal training program on sustainability	Internal training program on sustainability	Internal training program on sustainability
				First renewable r.m. + energy projects	5-10 bio-RM + renewable energy projects	Biomass position paper	Bio-based r.m. sourcing criteria	Integral sourcing approach	Embed in Sourcing Award
			Internal assessments/ audits			3 <sup>rd</sup> party platform Intertek			Joined TFS
			28 Audits (4% spend)	50 Audits (5% spend)	75 Audits (11% spend)	125 Audits (12% spend)	185 Audits (14% spend)	225 Audits (16% spend)	268 Audits (18% spend)
		43 Self Assessment (16% spend)	150 Self Assessment (19% spend)	201 Self Assessment (22% spend)	263 Self Assessment (28% spend)	344 Self Assessment (30% spend)	403 Self Assessment (33% spend)	406 Self Assessment (33% spend)	447 Self Assessment (36% spend)
	First supplier CoC	43% spend covered by SCoC	67% spend covered by SCoC	90% spend covered by SCoC	91% spend covered by SCoC	91% spend covered by SCoC	93% spend covered by SCoC	95% spend covered by SCoC	94% spend covered by SCoC

## From responsibility to business driver

### Compliance

- Supplier Code of Conduct
- Supplier Assessments
- Supplier Audits
- Supplier Performance Evaluation
- Joint improvement plans

### Sustainability: our core value

People  
Planet  
Profit



### Supplier Solutions

#### ECO+

- Low or neutral carbon footprint of materials
- Elimination of hazardous materials
- Minimize use of packaging
- Improve footprint of logistic operations
- Reduce water footprint
- Focus on bio-diversity

#### PEOPLE+

- SHE / Life Saving Rules
- Better working conditions
- Local community development
- Local job creation
- Education

### Compliance

The Global Supplier Sustainability Program covers both global and local suppliers and prioritizes towards critical suppliers which are defined by each business group, taking into consideration of both business risks and sustainability risks. Included in that definition are also suppliers who are providing DSM with critical components, or are located in potentially high risk countries, or are so-called high volume suppliers or have potential of creating shared value in the areas of innovation, sustainability and asset light. The program comprises of two main elements: Compliance and Supplier Solutions. Compliance program is enabled through TFS initiative where DSM is a member of. TFS is a platform with the aim of developing and implementing a global assessment and audit program to assess and improve sustainability practices within the supply chains of the chemical industry.

Compliance program involves a three-step approach.

- First, a **Supplier Code of Conduct** sets sustainability guidelines for suppliers.
- Second, **TFS Supplier Assessment** enabled by EcoVadis platform. The assessment is used to get a first overview into the sustainability performance of suppliers and sort them into risk categories. The single online monitoring platform enables us to evaluate and measure improvement, as well as sharing scorecard results among all TFS members for efficiency gain. DSM Purchasing discusses actively the outcomes and follow up of the assessment with

its suppliers and integrates this in the supplier relationship management approach.

- Third, **TFS Audit** that gives a more in-depth examination of a supplier's business site and sustainability practices. It gives the details of the supplier's strengths and opportunities for improvement, providing opportunities for buyers and suppliers to have a meaningful discussion. Report sharing via online platform among all TFS members are also enabled. Follow up of the outcomes will be integrated in the supplier relationship management approach. Supplier capability programs are run with those suppliers that have room for improvement and those we see longer term perspective in business relationship

### Solutions and opportunities

In order to reach our sustainability targets, suppliers will be encouraged to contribute increasingly to sustainability, by:

- Reducing of the carbon / eco footprint of raw materials
- Replacing or minimizing use of hazardous chemicals
- Minimizing packaging through re-use and reduction of required materials
- Focus on biodiversity
- Reducing water consumption
- Improving the carbon footprint of transport and logistic operations
- Add PEOPLE+ aspects

Supplier compliance has become an integral part of supplier selection and contracting.



For more information about TFS initiative, please go to TFS website



## Get in touch!

Do you think it is time to turn sustainability challenges into opportunities? Do you have an idea that could further contribute to making our value chains more sustainable? Are you interested in bringing on partnerships between DSM and sustainable suppliers? Do not wait any longer and get in touch with your usual Purchasing contact or send an e-mail to [info.purchasing@dsm.com](mailto:info.purchasing@dsm.com).

For more information on the subject of sustainability, additional flyers are available for Suppliers and Purchasers.



### DISCLAIMER

Although DSM has used diligent care to ensure that the information provided herein is accurate and up to date, DSM makes no representation or warranty with respect to this information or the accuracy, reliability or completeness of the information. This publication is distributed without warranties of any kind, either expressed or implied. In no event shall DSM be liable for any damages arising from the reader's reliance upon or use of this information or any consequence thereof. The reader shall be solely responsible for any interpretation or use of the information. The content of this document is subject to change without further notice. Please contact your local DSM representative for more details.