

Responsible management of forest resources

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Forests are an essential part of our ecosystems. Forests improve air quality, protect watersheds, prevent soil erosion, and provide habitats for animals; altogether positively contributing to our Earth's biodiversity. They also help mitigate climate change by absorbing carbon and storing it in wood and under the soil. Destroying forests, also called deforestation, causes approximately 15% of global greenhouse gas emissions and removes a vital resource. We all depend on forests.

At DSM, sustainability is one of our core values. We are taking steps to tackle deforestation by sourcing ingredients like palm oil products, soy products, sugar and wood fibers in a sustainable way. Our [Sustainable Procurement Program](#) helps us to make the right choices to reduce our environmental and social impact and enable our suppliers to help deliver on our promise of creating brighter lives for all – not just today but for generations to come.

In 2021, DSM committed to create a healthier future for people, planet and livelihoods, through various global Food System Commitments. One of these is a commitment to 100% deforestation-free primary supply chains by 2030 at the latest for palm derivatives and sugarcane, as well as for direct soy and corn products – products made with only one process step, e.g., milling/crushing of corn.

Supply Chain transparency & due diligence

DSM is using the guidance of the [Accountability Framework](#) on Supply Chain Management to help support our supply chain due diligence approach. As a first step, we are benchmarking against the Accountability Framework to identify gaps and prioritize actions. Crops prone to deforestation risks have been identified, and we are developing policies and procedures to enhance transparency in these supply chains. For example, going forward, a sustainability certificate that demonstrates zero-deforestation will be a qualifier for new suppliers to engage with DSM.

Palm oil & palm oil derivatives

DSM uses a limited amount of palm oil and derivatives when making certain nutritional products. We are a member of the Roundtable for Sustainable Palm Oil (RSPO), a not-for-profit, multi-stakeholder organization aimed at making sustainable palm oil the market norm. DSM uses RSPO certified sustainable palm oil products using RSPO 'Mass Balance', 'Segregated' and 'Book and Claim' supply chain models since 2020.

Going forward, DSM aims to increase the share of Segregated and Mass Balance sourced materials. We also aim to have all the major production sites that use palm oil derivatives RSPO certified. At this moment, DSM production sites in Grenzach and Sisseln are certified under both the RSPO "Mass Balance" and "Segregation" supply chain models, and our site in Singapore is certified under "Mass Balance".

For non-RSPO purchases of palm oil products, DSM buys "Book & Claim" RSPO certificates from the PalmTrace trading platform. The "Book & Claim" program allows us to offset each ton of palm (kernel)

oil we use, by purchasing certificates from an RSPO certified palm oil grower. In this way, we indirectly support RSPO certified growers and farmers.

In 2022, DSM procured approximately 3,500 metric tonnes of palm oil products, of which 100% was certified under RSPO's supply chain models through our suppliers:

- RSPO "segregation" – 2%
- RSPO "mass balance" – 30%
- "Book and claim" RSPO credits – 58%

Soy & derivatives

DSM uses soy derivatives mainly in the form of soybean oil, meal, protein and flour to produce certain nutritional products.

In 2022, DSM procured approximately 16,000 metric tons of soybean products (predominantly soy flour and soy meal from Brazil). To advance our journey towards deforestation-free soy products, DSM has been engaging with our soy suppliers to trace the origin of the soy purchased.

Corn

Corn is an ingredient for both our food and feed business. DSM uses mainly whole corn, corn flour, and other derivatives for our production processes. In 2022, DSM purchased close to 29,000 metric tons of direct corn products, of which more than 90% is sourced from Latin America. Moving forward, DSM will work with our corn suppliers to attain recognized sustainability certifications, e.g., from SAI, and we are following the development of other specific sustainable corn certification schemes.

Sugarcane

DSM sourced approximately 111,000 metric tons of cane sugar and direct derivatives of sugarcane, which is mainly sourced and used in Latin America for our feed business. DSM sourced approximately 111,000 metric tons of cane sugar and direct derivatives of sugarcane, which is mainly sourced and used in Latin America for our feed business. 95% of this sugarcane is certified through BonSucro or ProTerra, global membership organizations that promote sustainable sugarcane production, processing, and trade around the world.

Wood fiber

Across DSM, wood fiber-based products are sourced mainly for packaging, e.g., pallets, cardboard, paper bags; and through our partner for a biomass cogeneration plant in Switzerland.

When sourcing pallets in Europe, DSM gives preference to suppliers who can demonstrate that at least 70% of their products originate from sustainably managed forests with a Forest Stewardship Council

(FSC) certification. Our ambition is to have our suppliers use at least 80% from FSC / PEFC certified forest. Currently, all pallets sourced in the EU consist of at least 60% certified wood.

DSM purchases electricity from a biomass cogeneration plant in Sisseln, Switzerland for our vitamin production site in the same location. The cogeneration plant, opened in April 2019, reduces DSM's CO2 emissions by approximately 50,000 ton/year thanks to more efficient production of renewable steam and electricity. The origin of the wood chips used is restricted by contract to forestry harvesting residues (such as tops and branches) and residues from forest industries (such as bark, shavings and sawdust) from the surrounding forests. Wood chips are sourced according to the criteria from the Roundtable on Sustainable Biomaterials (RSB) regarding climate change, soil protection, conservation of resources, and biodiversity and traceability, from within a 100-km perimeter.

DSM recognizes the potential risks associated with the use of biomass for energy purposes, so our use is fully guided by strict sustainability criteria, which is in line with recommendations from RSB, among other organizations, and incorporated into our agreements. See also DSM's position paper on [sustainable biomass](#).

Other natural ingredients and plant extracts

DSM's Personal Care & Aroma Ingredients business segment sources natural ingredients, such as herbs and oils from argan, sunflower, soy and sesame. DSM [House of Naturals](#), a portfolio of 55 personal care ingredients that are of 'natural origin', 'verified natural' or 'certified organic', represents more than 60% of the entire DSM Personal Care portfolio and is certified according to Ecocert, Cosmos, or Natrue standards with attention to the environment, human health, and ethical standards.

An example is our ALPAFLOR® skincare bioactives which are extracted from alpine flowers in the Swiss mountains. Their organic cultivation protects natural sites against wild harvesting and helps to preserve the biodiversity of alpine flora.