2023
Sustainability Report

dsm-firmenich

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The basis for the non–financial reporting is the Swiss Code of Obligations – This Report is the Sustainability Report as described in Article 964b and consists of all the information within the Sustainability section of the Integrated Annual Report. This Report is extracted from the Integrated Annual Report and as such, the page numbers reflect the page numbers of the Integrated Annual Report.

Sustainability

Letter from our Chief Sustainability Officer

Dear Reader,

The creation of dsm-firmenich brought together two market-leading companies and united two world leaders in sustainability. Both were uncompromisingly committed to delivering sustainable solutions not only in the form of their own products and processes but also via positive interventions throughout their respective value chains. The merger that created dsm-firmenich involved a meeting of minds, a fusion of sustainability agendas, and the development of a vision to bring progress to life by means of sustainable business steering.

"Our commitment is uncompromising: We embed sustainability in everything we do. By delivering transformative and sustainable solutions to our customers, we not only help future-proof our company but also maximize our positive impact on society as a whole."

Pioneers in sustainable business steering

Within their respective fields of operation, the two legacy companies were recognized as pioneers in sustainable business steering long before the merger. DSM and Firmenich embarked on this course as long ago as the 1990s with, for example, the signing by Firmenich of the International Chamber of Commerce's first Business Charter for Sustainable Development in 1991 and the publication of DSM's first environmental report, the Responsible Care Report, in 1993.

After years of sustained public and audited reporting, most recently DSM introduced and developed its Brighter Living Solutions plus (BLS+) key performance indicator (KPI), while Firmenich launched its second 'Pathways to Positive' Environmental, Social and Governance (ESG) Strategy outlining its long-term ambitions and intermediate targets for measuring progress.

Going forward, we will define a consolidated portfolio steering approach that is in line with external practices, designed to meet the expectations of both our customers and our investors and to enable us to continue our course toward yet more sustainable business and business opportunities.

Our combined sustainability journey

Within the wider framework of dsm-firmenich, we shall continue our sustainability journey with unchanging determination as we move forward into 2024. We will continue to act in close collaboration with key thought-leaders such as the World Business Council for Sustainable Development (WBCSD) and the World Economic Forum (WEF).

We will maintain our well–established partnerships with organizations such as the United Nations World Food Programme (WFP). For insight into the type of partnerships and what impact we have with them, please refer to **Nutrition and Health**. Last but by no means least, we will work ever more closely with our suppliers and customers to deliver measurably sustainable solutions throughout the value chains in which we participate.

Bringing progress to life

The following section of this Report outlines in detail how *we bring progress to life* by combining the essential, desirable and sustainable to deliver transformative solutions that the world needs. It explains how we work toward three outcomes – futureproofing our business, delivering value for customers, and creating positive societal impact – by means of a range of sustainability programs predicated on Climate & Nature, Nutrition & Health, and Social Impact.

In 2023, we made progress on a range of initiatives that generate positive impacts for the planet and people. We further scaled up our innovative methane–inhibiting feed additive Bovaer®, for example. Combined with our other feed solutions for ruminants, we enable a 20.5% reduction of greenhouse gas (GHG) emissions in diary. We are now reaching 677 million people with fortified food, staples and specialist nutrition solutions to help close the micronutrient gap suffered by some of the world's most vulnerable populations. And we are helping to improve the lives of 92,000 smallholder farmers by means of commercial supplier and business contracts and training programs – for example, through our joint venture Africa Improved Foods, as well as by means of dedicated 'projects at source' for supply chains such as jasmine and mint.

These are just three examples of many in this Report. The following chapter explains in detail our ambition to drive change at scale and to maximize our potential for delivering measurably sustainable solutions, bringing progress to life and benefiting people and planet alike.

Warm regards,

Katharina Stenholm
Chief Sustainability Officer

Our approach to sustainability

Highlights

- We delivered strong progress on our GHG reduction program, and in early 2024, we submitted for validation our integrated science-based targets comprising absolute emission reduction targets for Scope 1 and 2, and Scope 3, and our net-zero by 2045 commitment
- We piloted the initial steps of the Science Based Targets for Nature guidance, including modelling of risk-based approaches to biodiversity restoration and engaging in the new SBTN materiality assessments
- Our partnership with UN World Food Programme has been in place since 2007, reaching 35 million beneficiaries each year with nutritionally improved products
- Our new dsm-firmenich values were announced in May 2023 together with our purpose: *We bring progress to life*. Having shared values is an essential driver for success in our integration.
- We engaged with 30,000 suppliers through our Responsible Sourcing Program, consisting of Supplier Sustainability Performance Management, Due diligence and Sustainability at source, and our Supplier Engagement Program
- We maintained Platinum ratings from EcoVadis, and were included in the Sustainalytics' 2024 Top-Rated ESG Companies List, across our businesses

Materiality Matrix and value creation model

Materiality Matrix

Within the dynamic landscape of sustainable business practices, our commitment to transparency and stakeholder engagement takes center stage. At the heart of our disclosure strategy lies the Materiality Matrix, a powerful tool that not only reflects our dedication to responsible corporate governance but also serves as a compass guiding our sustainability journey. It guides us to determine our sustainability priorities, and to adjust our goals and performance indicators in line with up-to-date sustainability issues and with our stakeholders' expectations and concerns. In addition, the consultation process is a valuable tool to engage our colleagues, customers, suppliers and investors on our sustainability journey by including them in defining its future direction.

Materiality Matrix

Legend:
- Business and Governance
- Environment
- Society
- Stakeholder importance

Plot — Financial materiality (Moderate → High) vs Impact materiality (Moderate, Significant, Major):

- Product quality, safety & impact
- Health, nutrition, taste and food security
- Climate change mitigation
- Talent attraction, development & retention
- Innovation, digital & technology
- Responsible & transparent sourcing
- Partnerships & relationship management
- Corporate governance, business ethics & transparency
- Respect of human rights
- Employee wellbeing
- Climate change adaptation
- Biodiversity & nature
- Occupational health & safety
- Cybersecurity & information security
- Water management
- Renewable raw materials
- Waste and plastics management
- Diversity, equity & inclusion
- Animal welfare
- Regenerative agriculture

Impact materiality

Our Materiality assessment process followed the approach described in the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) and is in accordance with the GRI Standards. It applied a double materiality approach. Double materiality is composed of impact materiality (the actual and potential impacts of our company on the environment and society) and financial materiality (the material societal and environmental risks and opportunities that may affect the company). Our materiality assessment is based on materiality assessments conducted at the Business Unit level supplemented with input from the Group. Our process in 2023 employed the following steps:

Defining a long list	Defining a list of material topics	Impact Assessment	Visualization and analysis	Validation and approval
• Desk research on frameworks legislation, ratings and trend reports • Peer reviews and internal stakeholder interviews	• Apply materiality design principles • Alignment with ESRS topics, sub-topics and sub-sub-topics • Internal validation of the topic list	• External stakeholder interviews • Internal regional interviews • Business Unit and Group workshops • Desk research on additional external stakeholders	• Apply weighting logic across stakeholder groups • Analyze raw data based on ESRS guidelines on materiality • Compare the Materiality analysis with the Risk Assessment results • Creation of Business Unit Matrices • Consolidation across Business Unit and Group inputs	• Validation with senior leaders and Board of Directors • Approval by the CEO

Through a bottom-up approach, and the involvement of various stakeholder groups, we also identified the priority topics at Business Unit level, as well as the most important topics by stakeholder group.

Priority topics by Business Unit

Material topics	P&B	TTH	HNC	ANH
Climate change mitigation	✓	✓	✓	✓
Health, nutrition & taste, and food security		✓	✓	✓
Innovation, digital & technology	✓	✓		✓
Product quality, safety & impact	✓	✓	✓	✓
Respect of human rights	✓			
Responsible & transparent sourcing	✓	✓	✓	

Top 5 Material topics by stakeholder

	Customers	Employees	Investors	Suppliers	Public organizations[1]
1	Climate change mitigation	Product quality, safety & impact	Climate change mitigation	Climate change mitigation	Climate change mitigation
2	Product quality, safety & impact	Health, nutritious & tasty food, and food security	Corporate governance, business ethics & transparency	Responsible & transparent sourcing	Climate change adaptation
3	Responsible & transparent sourcing	Climate change mitigation	Respect of human rights	Occupational health & safety	Diversity, equity and inclusion
4	Health, nutritious & tasty food, and food security	Climate change adaptation	Product quality, safety & impact	Diversity, equity and inclusion	Waste and plastics management
5	Biodiversity & nature	Corporate governance, business ethics & transparency	Talent attraction, development & retention	Corporate governance, business ethics & transparency	Regenerative agriculture

1   Public organizations includes Business Associations, NGOs and International Organizations / Frameworks

Value creation model

Our value creation model visualizes how our business model takes capital inputs and converts these into value outputs and impact, enabling us to deliver on our purpose. At dsm–firmenich, value creation extends beyond financial metrics; it encapsulates the intricate interplay of economic, environmental, and social factors that define our commitment to sustainable and responsible business practices. Our value creation model is based on the value creation and capitals concepts of the Integrated Reporting Framework (the '<IR> Framework').

We bring progress to life...

...by combining the essential, the desirable, and the sustainable.

Inputs[1]

Financial
€22,908 mln
Shareholders' equity
€2,215 mln
Net debt

Manufactured
340
Sites
60
Countries

Intellectual
>16,000
Patents
€744 mln
R&D expenditure

Human
29,301
Employees
37:63
Female:male ratio

Social
8 hours /
employee
Developmental
training

Natural
19,300 TJ
Primary energy use
5.8 mln m³
Water consumption

Our business model

desirable
want

essential
need

sustainable
should & want

Outputs[1]

Financial
€1,443 mln
Adjusted EBITDA
€9.14
Basic earnings per share

Manufactured
Products such as
Re:New
life's®OMEGA
Bovaer®

Intellectual
233
New patents
15
R&D hubs

Human
0.31
TRIR
82%
Employee engagement

Social
677 mln people
Improved Nutrition
92,000
Smallholder farmers

Natural
88%
Renewable electricity
10,474 kt Co₂e
Scope 1, 2, 3 emissions

1   All financial information is for continuing operations. R&D expenditure includes Firmenich as of 1 January 2023 (pro forma). All other financial information is presented in accordance with IFRS, which includes Firmenich from the merger date onwards.

Our Business Model

We operate as one Group, united by a common purpose and values. Our four complementary Business Units – Perfumery & Beauty; Taste, Texture & Health; Health, Nutrition & Care; and Animal Nutrition & Health – have a high degree of autonomy and have fully accountability for manufacturing plants and Supply Chain. They are supported by Business Partners who enable excellence and efficiency. Through our business activities, we deliver on purpose to bring progress to life by combining the essential, the desirable and the essential.

Our guiding principles

We believe that business can be a force for good. We advocate the positive role of business in society and the beneficial impact that companies can bring on Climate and Nature, Nutrition and Health, and People. Through measuring our impacts, we demonstrate how we contribute to positive outcomes for society and environment.

Product quality

People are critical to our success. This is why one of our four strategic areas of focus for 2023 involved enhancing and embedding a Quality culture within the business. This message was one of the key focal points when we proudly celebrated World Quality Day 2023, launching our new Quality Policy Statement, which introduces and defines our four Quality principles. These principles are Quality culture, Crafted with care, High standards and Continuous improvement. Our Quality Policy Statement highlights our commitment to empower our people to deliver excellence to our customers. Building on these principles, our Quality culture program will focus on the how of enabling our Quality community to achieve success. Quality is a key differentiator for business growth: it is every customer's right, and every employee's responsibility.

Product Stewardship

Our leading principle is that each of our products must be safe in terms of its production and application up to and including the end of its useful life. We make conscious choices about the substances we use and produce. We actively identify the risks attached to, and the potential impact of our products on people and the environment, including their production processes. We support our customers (and other interested stakeholders) in doing the same by providing them with clear information on potential health and environmental impacts.

In 2023, we reviewed the set-up of Product Stewardship within the context of the merger, identified the most critical processes, and started the alignment, standardization and integration of our approach. Product data and system integration are seen as key success factors.

Our company and the SDGs

The Sustainable Development Goals (SDGs) were launched by the UN in 2016 to provide a roadmap toward a more environmentally and socially conscious and responsible world by 2030. Companies have a key role to play in achieving the SDGs, and the Goals have been adopted across society as a common language for articulating how we can contribute to this roadmap. Businesses can serve for a more equitable, sustainable and inclusive world. The SDGs support this by guiding our efforts to create positive change, from eradicating hunger to fostering climate action.

Through our business activities, we believe our company contributes to the following SDGs:

And for our people and operations, we focus on the following SDGs:
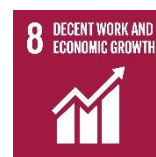
Business Ethics

We do business honestly, transparently, and ethically. To live up to this promise and to drive compliance with all applicable laws and regulations wherever we operate in the world, we have installed a Business Ethics team. This team is responsible for the design and implementation of a global Business Ethics Program that goes beyond a check-the-box compliance and provides support to management and employees.

At the start of our new company, the dsm-firmenich Code of Business Ethics and the dsm-firmenich Supplier Code were launched. During 2023, the existing legacy policies and procedures in the area of Business Ethics that are in line with the new foundational Codes remained in force. Common Group policies and standards will be introduced in 2024.

Code of Business Ethics

Our **Code of Business Ethics** comprises our values and our commitments to each other, our communities, and our planet. It is a reference document as well as a day-to-day manual to guide our people on how we do business (and how we do not). This is elaborated in our business principles, which clarify key issues, help us do the right thing, and underline how we expect everyone at dsm-firmenich to act with integrity in their daily work. Our Code is universal. It applies to everyone in our company and everywhere: at our offices, sites, warehouses, and when engaged in any company business. In 2023, we launched a campaign to request and require all dsm-firmenich employees to read and acknowledge our Code of Business Ethics.

"We're all responsible for setting the highest standards of honesty, fairness, and integrity. Together, we can make integrity key to how we bring progress to life."

Jane Sinclair, Chief Legal, Risk & Compliance Officer

Group Policy Framework

For the implementation of our business principles more detailed explanations are provided by the documents of our Group Policy Framework. The Group Policy Framework is also used to foster efficient and effective business processes, and to mitigate risks.

Code of Business Ethics

Position Statements

Group Policies

Group Standards

Position Statements clarify the company's positioning on ethical topics related to specific areas of our business for our external stakeholders and can be found on our website.

Group Policies explain the why, the high-level management intent, the key elements of the governance structure, and define the requirements for employees of our Business Units and Business Partner functions.

Group Standards provide further detailed instructions on how to comply with the requirements of the Group Policies in a harmonized way. Group Policies and Standards are usually only published internally.

Supplier Code

As a trusted partner to our business stakeholders, we strive always to operate to the highest standards. We only want to engage with others who commit to operate according to the same standards, with the objective of achieving an ethical, traceable, and sustainable value chain. These standards are captured in the principles set forth in our **Supplier Code**. All suppliers are expected to follow the dsm-firmenich Supplier Code and all relevant laws and regulations. We confirm the adherence to the principles of our Supplier Code via Supplier Self-Assessment Questionnaires and on-site or desktop audits. A breach of this Code could lead to the discontinuation of the collaboration with dsm-firmenich and to possible legal sanctions and proceedings.

Likewise, to ensure ethical business conduct of agents and distributors when acting on our behalf or dealing with dsm-firmenich products further down the value chain, dsm-firmenich expects them to work according to the highest ethical principles and comply with all relevant laws and regulations, in particular those related to fighting bribery and corruption

Identifying and managing bribery & corruption risks

Bribery and corruption are both illegal and unethical: they have a negative impact on individuals, businesses, and wider society. Therefore, we do not tolerate bribery or any form of corruption.

Our Code of Business Ethics and Supplier Code help employees and supply chain partners to understand the values and principles that are relevant to their work at and with dsm-firmenich. Any act or omission on the part of an employee or supply chain partner that is in contradiction with the Codes shall be regarded as a potential breach and may lead to disciplinary action up to and including termination of employment, or termination of the business relationship, respectively.

The dsm-firmenich Code of Business Ethics and Supplier Code are complemented by the legacy policies and procedures to fight corruption, which explain the behaviors that are prohibited, the situations that should alert employees and supply chain partners, what the good practices are, as well as additional compliance requirements depending on the type of third party. In 2024, a new anti-bribery and corruption Group policy and new Group standards will be launched to replace legacy policies and procedures.

As part of the Business Ethics Program, ethics and compliance-related risks are periodically evaluated, particularly with a view to anti-corruption and bribery. Moreover, dsm-firmenich has a strong culture of risk management, internal control, and audit.

Awareness of bribery and corruption is also ensured by mandatory trainings. Course completions are monitored and management is informed as to completion rates. A process is in place to deal with uncompleted training cases. A unified common training related to combat bribery and corruption is to be developed.

Finally, there are grievance mechanisms to report any misconduct related to a potential or actual violation of dsm-firmenich's Code of Business Ethics, Supplier Code and applicable policies and standards.

Speaking up

At dsm-firmenich, we all have a responsibility to speak up if we have a concern regarding compliance with our Code of Business Ethics. In the event people are not sure about a particular matter or have witnessed behavior that could be seen to be at odds with our values or business principles, it is vital to report it.

We encourage open and honest communication, and therefore, where possible, we recommend that employees address their concerns directly with the person involved or with their local contact from HR, their line manager, their Legal partner, or the Business Ethics team. If this is not feasible, our whistleblowing channel can be used.

In 2023, we still used our legacy notification systems for whistleblowing, Firmenich Speak-Up and DSM Alert. Since January 2024, our dsm-firmenich SpeakUp platform is available. The platform is operated by an external provider and can be accessed 24/7. It offers the possibility to report anonymously and is also available for third parties. All investigations will be conducted impartially, respecting the principles of confidentiality and the presumption of innocence.

We do not tolerate any form of retaliation against individuals who, in good faith, seek guidance, raise a concern regarding misconduct, or cooperate in an investigation. We have zero tolerance for retaliation, no matter the circumstance. Disciplinary action will be taken against anyone who engages in retaliatory behavior toward those who have spoken up in good faith.

Whistleblower notifications

In 2023, we received 100 notifications via our legacy notification systems for whistleblowing (Speak-Up, Alert). All notifications were reviewed and followed up, and investigations were started if admissible. Of the 75 notifications that have been closed, 24 notifications were substantiated and 51 notifications could not be substantiated. Actions taken included providing training, disciplinary actions, terminations, and policy/process review. Another 25 notifications are still under investigation.

Reported allegations were primarily related to 'Discrimination, Harassment, Bullying and Retaliation' and 'Misconduct or Inappropriate Behavior'. There was one report related to bribery and corruption, investigation of which did not lead to the further substantiation of the reported concerns.

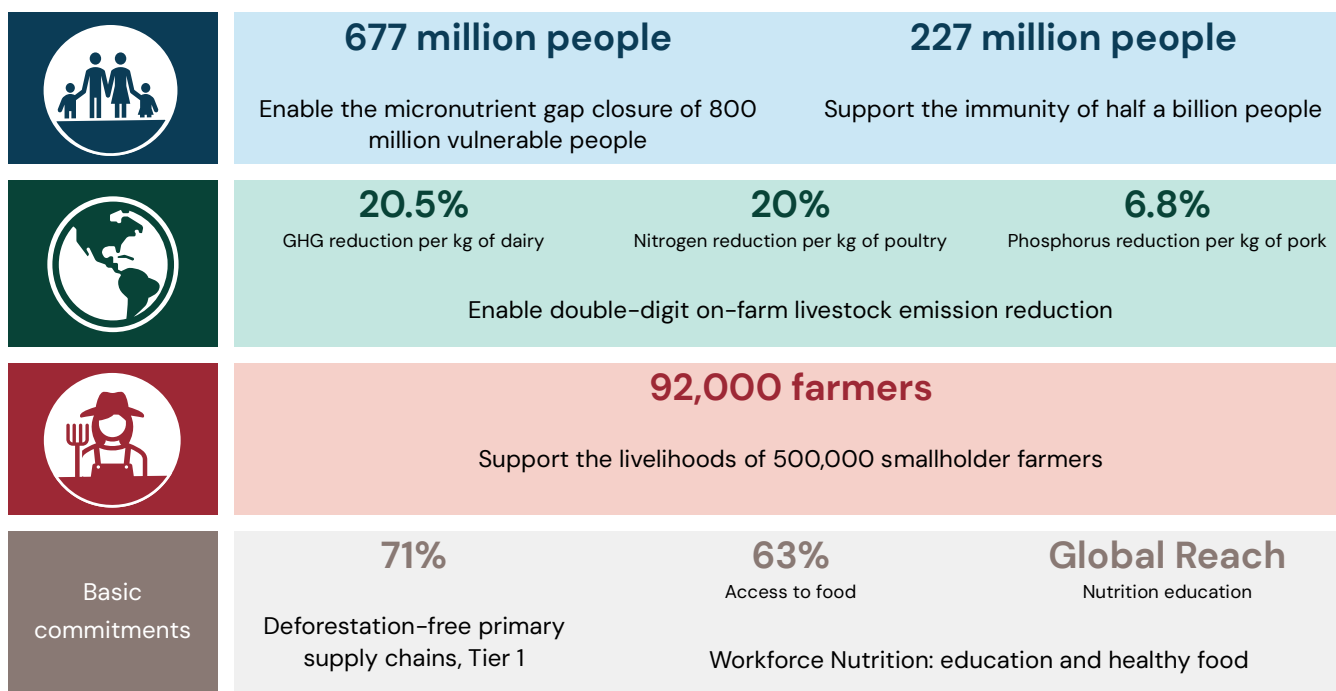| Whistleblower platform	Notifications	Substantiated	Not substantiated	Under investigation
Speak-Up	59	14	31	14
Alert	41	10	20	11
Total	100	24	51	25

Impact measurement and reporting

We measure and monitor the impact of our businesses through our Food System Commitments and our Portfolio Steering mechanism. These impact measurements enable us to demonstrate the role that our businesses play in society. In the wake of our merger, we will re-evaluate these approaches to ensure that how we measure our impact is future-proof, and for our portfolio, in line with external practices.

The Food System Commitments

Our Food System Commitments were launched in 2021 to outline our dedication to transforming food production and consumption by 2030. These were aligned with our business priorities, to showcase the positive environmental, social and health impacts of our business, where feasible. In 2024, the Food System Commitments will be re-evaluated for their strategic fit with the company given the context of the merger.

	677 million people Enable the micronutrient gap closure of 800 million vulnerable people		**227 million people** Support the immunity of half a billion people
	20.5% GHG reduction per kg of dairy	**20%** Nitrogen reduction per kg of poultry	**6.8%** Phosphorus reduction per kg of pork
	Enable double-digit on-farm livestock emission reduction		
	92,000 farmers Support the livelihoods of 500,000 smallholder farmers		
Basic commitments	**71%** Deforestation-free primary supply chains, Tier 1	**63%** Access to food	**Global Reach** Nutrition education
		Workforce Nutrition: education and healthy food	

Due to the impact of the merger and the alignment of our plant-based proteins businesses, our plant-based protein commitment will not be reported on over 2023.

Portfolio steering

As dsm-firmenich, we bring together two portfolios of solutions supporting improved societal outcomes, from reducing emissions in animal farming to supporting health and well-being. Our portfolio steering mechanisms, including Brighter Living Solutions Plus (BLS+) and our Ecotools have quantified the positive contributions our portfolio has made.

In 2023, our focus was on the data collection process for our merged businesses, a pivotal step in the integration journey. This also included the harmonization of underlying systems from the two legacy companies, a complex task that is required for the foundation for our future portfolio insights. Consequently, we have paused reporting on the performance of our legacy portfolio steering mechanisms. This strategic decision aligns with our commitment to transparency and allows us to concentrate our efforts on the process of consolidating and optimizing our operational infrastructure. For the coming years, our goal is to craft a future-fit sustainable portfolio steering framework, designed to meet the expectations of both our customers and investors. This framework will serve as a guiding force, empowering us to steer the portfolio and innovation pipeline of our newly created company toward more sustainable business and business opportunities.
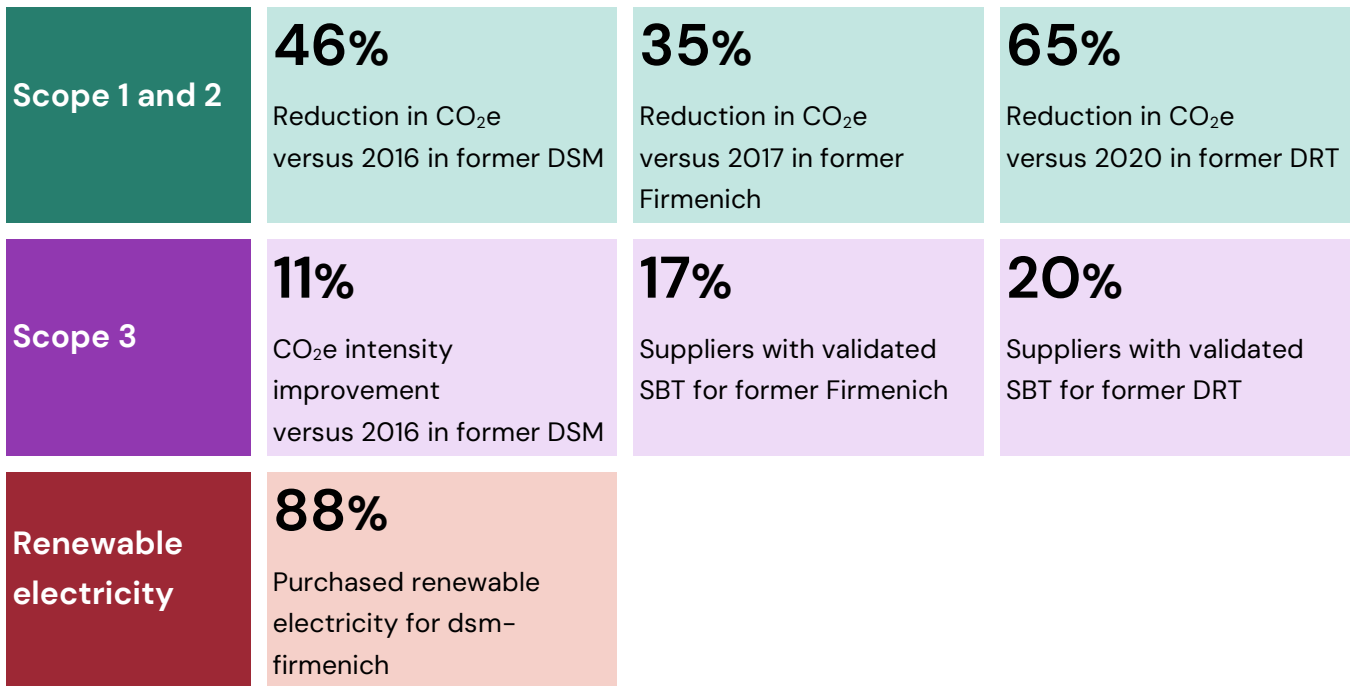
Sustainability performance

Climate and Nature

Climate and Nature are two sides of the same coin. The loss of our natural ecosystems and the climate crisis are interconnected issues, and they need to be tackled together. The extreme climate impacts we see around the world today – warmer temperatures, drought, rising sea levels – these, and other extreme consequences of climate change, are contributing to an unprecedented destruction of biodiversity and the loss of the natural resources on which we all depend. At dsm-firmenich we are increasingly looking at Climate and Nature as one interlinked topic to ensure we develop the required solutions with an equally interlinked approach.

Climate

dsm-firmenich has brought together two companies that are both industry leaders in their commitment to ambitious climate change mitigation targets but also their unrelenting drive to deliver against these targets. During 2023, we continued to successfully execute against the individual plans of the two companies and built on our combined expertise to develop plans for 2024 and beyond. In early 2024, we submitted our dsm-firmenich net-zero science-based targets for validation by the Science Based Targets initiative (SBTi), aiming to achieve net-zero by 2045, aligned with the ambition of keeping global warming below 1.5°C.

We take our global environmental responsibilities very seriously both in our own operations and in our broader value chains as a significant part of our emissions are either upstream or downstream of our operations. In 2023, we delivered:

Scope 1 and 2	**46%** Reduction in CO_2e versus 2016 in former DSM	**35%** Reduction in CO_2e versus 2017 in former Firmenich	**65%** Reduction in CO_2e versus 2020 in former DRT
Scope 3	**11%** CO_2e intensity improvement versus 2016 in former DSM	**17%** Suppliers with validated SBT for former Firmenich	**20%** Suppliers with validated SBT for former DRT
Renewable electricity	**88%** Purchased renewable electricity for dsm-firmenich		

Our climate approach

At dsm-firmenich our climate approach is focused on both climate change mitigation and climate adaptation in both our own operations and our value chain, as indicated in the figure below.

	Climate change mitigation			Climate adaptation
	Reduce our own emissions	Reduce the emissions of others	Increase permanent carbon removals	Increase resilience
In our own operations	Reduce our direct emissions and Procure Renewable electricity (Scope 1 and 2)	Collaborative customer and consortia projects on waste, transport, renewable energy, etc.	Carbon removals in our operations	Protect our operations from physical risks
In our value chain (up/down stream)	Reduce our indirect emissions (Scope 3)	Reduce the emissions of others through our products and services ('avoided emissions')	Carbon removals in our supply chains	Protect key supply chains from physical risks

Our climate mitigation activities, guided by the latest 1.5°C global warming science, includes:

- The reduction of direct emissions in own operations (Scope 1 and 2) through operational efficiency improvements and our renewable electricity transition strategy
- The reduction of indirect emissions in our value chain by driving Scope 3 improvements through engaging and collaboration with our suppliers and driving additional value chain improvements
- Collaborating with our customers to avoid emissions in their own operations through the products and services we offer
- Ultimately, in alignment with SBTi standards, using carbon removal technologies to deliver our net-zero target

With respect to climate adaptation, a risk-based approach helps us identify and access risks and opportunities and therefore where we need to build further resilience into our own operations and value chain.

Climate change mitigation

In 2015, the Paris Agreement first established a common ambition to take urgent action on greenhouse gas (GHG) emissions to limit average temperature increases to well below 2°C. Later in 2018, the Intergovernmental Panel on Climate Change (IPCC) provided a clear and compelling case to redouble efforts to limit warming to 1.5°C. Our fair share of this ambition resulted in our objective to achieve net-zero by 2045 (subject to SBTi validation) by rapidly accelerating the rate of our emission reductions over the coming decade.

Our key climate targets for both legacy companies are our Science Based Targets

Until they are replaced by dsm-firmenich targets, the existing Science Based Targets (SBTs) from both legacy companies describe our key climate targets and our contribution to climate change mitigation. Both legacy companies have validated near-term SBTs, developed in line with levels prescribed by the special report of the IPCC on the impacts of global warming of 1.5°C. Additionally, former Firmenich also achieved validation of its net-zero SBTs in 2022, further highlighting our ambition to be leaders in the climate change agenda.

The SBTs from former Firmenich include a 55% reduction in our absolute Scope 1 and 2 emissions by 2030 versus 2017 and a Scope 3 commitment of engaging 80% of suppliers by 2026 to validate their own SBTs. SBTs exist also for the former DRT business (acquired by Firmenich in 2020), and they include a 54% reduction in our absolute Scope 1 and 2 emissions by 2030 versus 2020 and a Scope 3 commitment of engaging 80% of suppliers by 2027.

Former DSM's SBTs are an absolute reduction of GHG emissions from own operations (Scope 1 and 2) by 59% (increased in 2022 from previous ambition of 50%) and a value chain (Scope 3) intensity reduction of 28%, both by 2030 versus a 2016 baseline.

In January 2024, dsm-firmenich submitted to the SBTi for validation an update to the near and long-term science-based targets following the Net-Zero Standard. This is aimed at harmonizing the varied legacy targets and to reconfirm our ambition of being a climate leader. With this new commitment, we aim to reach net-zero emission in our direct operations and value chain (i.e., Scope 1, 2, and 3) by 2045. This SBTi's Corporate net-zero Standard implies a minimum 90% decarbonization and the use of high-quality offsets for up to 10% of base year emissions. Additionally, aligned with our historic approach, we have committed to new harmonized and simplified near-term targets, aiming to achieve an absolute emission reduction of 42% for Scope 1 and 2, and 25% for Scope 3, by 2030 from a 2021 baseline, without the use of carbon offsets. Within Scope 2, we have also built on our ambition to be a front runner in the transformation to renewable electricity (RE) and have set a new target to reach 100% purchased RE by 2025.

Ownership of climate actions is at Executive Committee level
The dsm-firmenich climate agenda and transition plan bring together all our key climate actions. Progress of the agenda, including the implementation of the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, the GHG reduction program, our portfolio development and efforts to advocate accelerated transition with partners, are managed and actively reviewed by the Executive Committee as well as the Sustainability Committee of the Board of Directors at various moments during the year.

Aligning our climate approach with science
Meeting our long-term ambition to reach net-zero GHG emissions aligned with climate science will require us to structurally reduce emissions across our operations and value chains by at least 90% in absolute terms by our target date of 2045. To neutralize any residual emissions in 2045, up to a maximum of 10% as prescribed by the Net-Zero Standard, we may deploy permanent carbon removal solutions to bring us to net-zero. These removals will need to meet the highest quality criteria and social and environmental safeguards. Our updated near-term 2030 targets are the intermediate step to achieve this goal, supported by our ambitions regarding renewable electricity and energy efficiency, and by working intensively with our key suppliers to reduce our large Scope 3 footprint. Our ability to meet these targets will require us to transform our own operations and value chains.

We acknowledge the challenge we have set by aligning with a science-based approach and are working with long-term innovation roadmaps that will bring us as close as possible to zero emissions in the coming decades. These investments will support us on our own emission reduction journey through developments in terms of processes, solutions and materials but will also deliver a portfolio of solutions that can help avoid emissions through reductions in our customers' operations and value chains. In parallel, we are also exploring high-impact instruments for additional contributions to accelerate the global net-zero transition beyond our own value chain - for example, high-quality carbon credits. In alignment with the current SBTi standards, any contributions related to carbon credits or avoided emissions within our value chains are not claimed against our own emissions.

Scope 1 and 2

In 2023, our Scope 1 and 2 market–based GHG emissions amounted to 915 kt CO_2e, with 606 kt CO_2e related to Scope 1 emissions and 309 kt CO_2e related to Scope 2 emissions.

Legacy ompany	Near term (2030) Scope 1 and 2 SBTs Absolute Scope 1 and 2 emissions reduction	Scope 1 and 2 progress
DSM[1]	59% versus a 2016 base year	46% reduction
Firmenich	55% versus a 2017 base year	35% reduction
DRT	54% versus a 2020 base year	65% reduction

1   DSM SBT reporting excludes businesses divested in 2023. Our Scope 1 and 2 reporting includes divested businesses in line with our non–financial reporting policy.

To achieve our current results and continue to progress toward our targets, we have developed a roadmap consisting of mainly three improvement pillars:

- Reduce our energy consumption through energy efficiency measures
- Transition toward renewable electricity
- Transition toward renewable heat, using renewable fuel sources and the electrification of our heat demand

Energy efficiency improvements result from the development and implementation of multi–year project plans that are continuously improved in order to generate maximum savings per investment, thereby also supporting business resilience. Energy efficiency projects can be of a wide–ranging in nature: from process optimization, ensuring basics in place (such as insulation or heat recovery) and implementing best-available techniques in support of innovation and the implementation of digital solutions.

Contributing to 2023 results, many projects were implemented in several sites in 2022–2023, such as:

- Generation of flash steam in the powerplant in Grenzach (Germany) saving ~2 kt CO_2e
- Implementation of steam trap monitoring technology, allowing us to identify in real time leaking or malfunctioning steam traps, in Sisseln (Switzerland), Village–Neuf (France), Dalry (United Kingdom) and Kingstree (USA), saving approximately 4 kt CO_2e
- Reduction of power signal quality losses in Chifeng (Inner Mongolia, China) and Tongxiang (Zhejiang province, China) saving close to 1 kt CO_2e
- Recovery of boiler waste heat in Gujarat (India), saving ~200 t CO_2e

The 2023 results were also impacted by reduced production volumes, and plant closures. The fire incident at our Pinova site in Brunswick (Georgia, USA) was not included in our emissions as no guidance relating to the inclusion or calculation of such as incident is available.

Our 2023 delivered program consists of more than 50 projects that will mostly contribute to the reduction of our Scope 1 and 2 emissions in 2024 and beyond. They also cover a wide range of sites and technologies, examples are improvement of the steam distribution in Yimante (Hubei province, China), Delft (Netherlands) or La Plaine (Switzerland) the generation of steam out of reaction heat losses in Lalden (Switzerland).

Energy and electricity

We are a member of RE100, the Climate Group's initiative comprising leading companies that have committed to obtaining 100% electricity from renewable sources as early as possible. Our new commitment is to purchase 100% of our electricity from renewable sources by 2025. In 2023, we realized **88%** purchased renewable electricity, well on track to achieve our target.

Purchased renewable electricity in Europe and North America

For our operations in Europe, we maintained 100% renewable electricity through existing agreements, pre-production guarantees of origin (GOs) from the Power Purchase Agreement (PPA) in Spain, and fewer separate GOs. In the Netherlands, we have two PPAs with wind parks that are in operation.

The PPA in Spain combines three assets of which the wind park and one solar park are operational while another solar asset is under construction.

In the US, we have concluded three PPAs. The first is operational and produces electricity from wind, while the assets for the other two are under construction and will provide solar-powered electricity. The production from the first agreement and the pre-production renewable energy certificates (RECs) from the two other agreements provided 100% purchased electricity from renewable sources in the US and Canada in 2023. We were able to identify and implement merger synergies in PPAs in North America and Europe.

Progress on purchased renewable electricity in China

For 2023, we purchased 44% of our electricity from renewable sources. In addition, we concluded several five-year agreements that will further improve the amount of renewable electricity from 2024 onwards.

Renewable electricity in the rest of the world

Besides Europe, North America and China, 93% of our purchased electricity in Brazil is from renewable sources, and we have several local renewable electricity contracts at smaller sites around the world. The amount of non-renewable electricity in the rest of the world represents less than 1% of our total purchased electricity.

Working on the decarbonization of heat

We also continue to use renewable sources for steam and heat, including the biomass cogeneration plant in Sisseln (Switzerland), purchased steam from local biomass residues in Chifeng (Inner Mongolia, China), purchasing by-product heat from a neighboring company in Yimante (Hubei province, China), combination of biomass from a local reforestation and bio-based by-products in Vielle Saint Girons (France), as well as use of forestry residues and by-products in Castets (France). The focus on low-carbon heat solutions has become more prominent in our GHG reduction program; we are working to optimize the use of waste streams and collaborating with external providers to explore opportunities. See below overview of renewable heat / low-carbon fuels initiatives that are currently in place in several of our sites across the globe.

**dsm–firmenich sites using renewable or low–carbon steam**

Scope 3

Our commitment to sustainability extends across the entire Scope 3 value chain and we are pleased to report progress in reducing greenhouse gas emissions beyond our own operations. Our absolute Scope 3 GHG emissions across both legacy companies amount to 9,996 kt CO_2e.

Scope 3 emissions by category (aggregated)[2]

(x 1,000 tonnes)
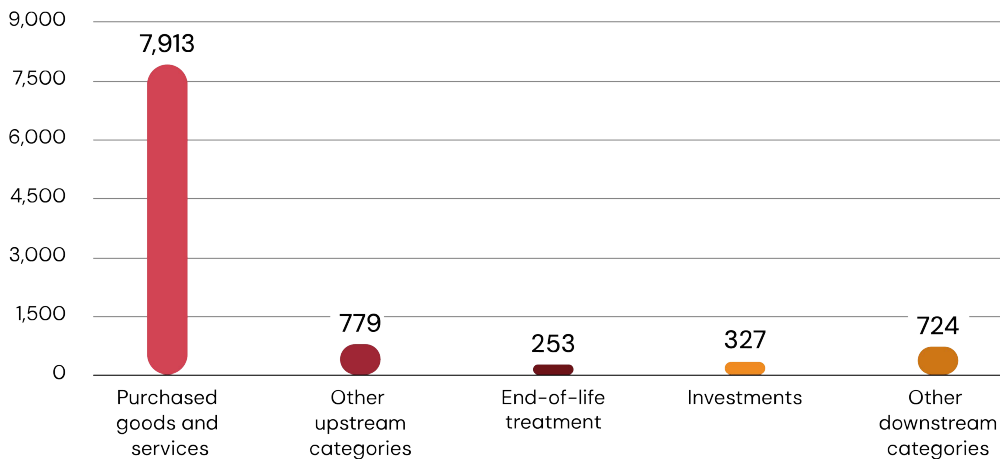
2   Scope 3 emissions reporting excludes emissions from businesses divested in 2023.

The Scope 3 results are presented for dsm-firmenich; however, the legacy companies have different targets and scopes, thus progress is reported separately for each legacy company. During the year, we began aligning the Scope 3 accounting approaches, and developing integrated Scope 3 reduction roadmaps.

Currently, we report against the multiple SBTs within the company that have been validated by SBTi. We have submitted our combined, accelerated absolute reduction target, which is based on a harmonized baseline and improved accuracy, with a significant improvement of volume coverage. Further Scope 3 emissions reductions are expected following the development and implementation of our roadmap. In the meantime, the following Scope 3 progress can be shared for each legacy company and its SBT:

Company	Near-term validated Scope 3 SBTs	Scope 3 progress
DSM	Reduce Scope 3 emissions from relevant categories[3] 28% per ton of sold product by 2030 from a 2016 base year	11% reduction versus 2016
Firmenich	80% of suppliers by spend covering purchased goods and services will have SBTs by 2026	17% of raw material suppliers have validated SBTs
DRT	80% of suppliers by spend covering purchased goods and services, will have SBTs by 2027	20% of raw material suppliers have validated SBTs

3   Relevant categories are Purchased goods and services, Upstream transportation and distribution, and Waste generated in operations.

Value chain engagement initiatives and progress

Our value chain engagement initiatives include targeted sustainability workshops, joint goal-setting sessions, and ongoing collaboration to identify and implement emission reduction strategies in the value chain together with our suppliers and customers.

Upstream

Our programs across both legacy companies are being combined and will form part of our integrated business reduction roadmaps. These roadmaps will be the foundation for our absolute Scope 3 emissions reduction targets that are aligned with SBTi's guidance and Corporate net-zero Standard, and which were submitted for validation by SBTi in January 2024. The existing roadmaps for the main seven value chains in former DSM have been developed with over 100 opportunities for reduction identified, and more than 100 suppliers being engaged for delivering reductions, covering 30 purchasing categories.

Additionally, according to former Firmenich's 2022 CDP supplier statistics, 85% of requested suppliers are reporting operational emissions and 69% of requested suppliers are reporting active targets and engaging their own suppliers. The supplier statistics also indicated that 19% of requested suppliers have validated near-term SBTi targets compared to 16.8% of former Firmenich's raw material suppliers in total.

We have committed to Scope 3 upstream action plan to step our Scope 3 decarbonization efforts, driven by the world's largest CEO-led climate Alliance – the Alliance of CEO Climate Leaders – to scale collaborative action across value chains and drive above-average impact.

Downstream

We share our carbon footprint through Environmental Product Declarations (EPDs), *Imp'Act Card™* and Ecotools for our businesses. These cover our main product forms.

In ANH we have 58 EPDs in the new marketing format which are accessible for customers via the digital portal. We share most relevant information at the ingredient level through Imp'Act Card™ in HNC, which our help our customers drive their sustainability journey. At P&B, we recognize the imperative to reduce carbon emissions, and this commitment extends throughout our entire value chain – from sourcing ingredients to delivering perfumes to clients and consumers. For example, in Ingredients, we explore new innovations, such as the low-carbon bio-based alternative, Dihydroestragol RC. We also foster partnerships, such as the joint development agreement signed in August 2023 with Bloom Renewables, aimed at expanding biomass feedstock sourcing and accelerating the development of key low-carbon bio-based ingredients. Our dedication to sustainability goes beyond the ingredients and into our product range also at TTH. We actively engage in eco-designing fragrances and flavour solutions with low carbon emissions, utilizing our digitally integrated tool, EcoScent Compass® and EcoFood Compass®.

Avoided emissions

At dsm-firmenich, we put the primary focus of our climate agenda on the reduction of our own GHG emissions in Scope 1, 2 and Scope 3, following the SBTi. In doing so, we also contribute to the reduction of the Scope 3 GHG emissions of our customers further down the value chains, supporting their net-zero journey.

As a key supplier in nutrition, health and beauty, we see the opportunity to partner with our customers in each of the industry sectors, to help transform the value chain with products that can help tackle the most urgent, sector-specific climate challenges. Before looking at any downstream impacts, we support our customers with their emission targets by providing them with products with an improved carbon footprint. We do so by setting ambitious corporate climate targets and implementing emission reduction roadmaps in our own operations as well as our value chains. In addition to this, we are giving increased attention to identifying, developing and strengthening the products that can create impact through avoided emissions. These are emissions that are not part of our own Scope 1, 2 or Scope 3, but which can be reduced due to our unique product performance. The ways avoided emissions are realized are driven by the global challenges in the business context in the specific sectors we serve and how our products can best help address them in their market applications. We use Life Cycle Assessment (LCA) studies to quantify and substantiate the benefits of avoided emissions enabled by our products, when sufficient reliable data is available.

Our performance solutions, including feed enzymes, eubiotics and mycotoxin deactivators improve animal performance and feed efficiency and reduce waste, thereby reducing emissions related to animal protein production. Farmers can accurately and credibly quantify their own environmental footprint reductions associated with these solutions by means of their primary farm and feed data, using our intelligent sustainability service, Sustell™. LCA studies carried out with Sustell™ show that applying our feed enzyme solutions Ronozyme® HiPhos and Ronozyme®WX products in representative pig diets in Spain reduced the carbon footprint of pig production by up to 7%. If applied to all Spanish pork production, approximately 1,200 kt CO_2e emissions could be avoided.

Our innovative waterless formulations for scalp and hair care provide the same level of performance that consumers expect from liquid formats, while significantly reducing their environmental impact, by transporting less water and minimizing packaging. Compared to a standard liquid shampoo, a powder shampoo with dsm-firmenich ingredients requires the transportation of 91% less water, thereby saving 42% of GHG emissions along the supply chain, considering that the use and manufacturing stages are equivalent.

Brewers Clarex® is an enzymatic solution that prevents chill haze formation while maintaining the quality of beer. The efficiency of the brewery process as well as it's eco-footprint can be improved by using enzymes to replace traditional treatments in the production process. Our Brewers Clarex® solution helped our customers to reduce their GHG emissions by approximately 120 kt of CO_2e in 2023. This happens without any impact on the desired properties of the end-product.

Climate adaptation and transition plans

Climate-related risks such as heatwaves, drought and water stress may impact our sites and our value chain. As a complement to our efforts on climate change mitigation – reducing and stabilizing greenhouse gas emissions to combat the root cause of climate change– we also assess the vulnerability of our assets and value chains. We are mapping the impact of physical climate change, both upstream (suppliers, agricultural commodities) and downstream (end-market). We also assess risks and opportunities related to the transition to the net-zero economy for our business.

Scenario analysis

In line with TCFD, we use climate scenarios to assess risk and opportunities for our business, over different time horizons, up to 2050. The scope is not limited to our own operations but includes the impact along the full value chain. Scenarios are based on IPCC temperature models – the Representative Concentration Pathways (RCP):

- 1.5°C (RCP 2.6)
- 2°C (RCP 4.5)
- 3+°C (RCP 8.5)

For transition to a net-zero world, we enrich the IPCC scenarios with forward-looking business context (e.g., regulations on land and or water use, eco-footprint of products, shifts in consumption patterns).

Approach to assess climate risks & opportunities

- For physical climate risk assessments, we use desk studies for a high-level screening of physical hazards - extreme heat, drought/water scarcity, flooding/precipitation, high winds, wildfire (RCP 4.5, RCP 8.5). This provides us with the major impact factors for our portfolio. We do onsite deep dives to obtain a more detailed understanding of the actual risks for our assets.
- For transition climate risk assessments, we organize separate sessions, with input from experts and senior management, to assess risks and opportunities for each scenario.

The material risks identified through the physical and transition climate risk assessments are integrated and managed as part of our regular risk management processes. For more information on our risk management process, see **Risk Management**.

Physical and transition climate risks assessments

Own operations

Our physical climate risk assessment journey started in 2020, where we screened 19 sites that are part of dsm-firmenich today. We identified flooding and water scarcity as the highest impact factors. The journey continued at former Firmenich in 2022 with a desk study, screening 46 operational sites. This study highlighted heat stress, extreme precipitation, and drought as the primary hazards. We are using the results to improve the business continuity planning of our sites and the water stewardship program (see **Nature**).

In 2022-2023 we completed nine on-site deep dives to understand the (future) climate risks in more detail. For example, the Grenzach (Germany) site assessment showed that 1) increased precipitation could lead to site drainage issues and that 2) increase of drought conditions (not predicted in the desk study) will limit ground water availability and hamper discharge of cooling water to the river Rhine.

In 2022, we performed transition climate risk assessments for the three business groups of DSM (ANH, HNC and F&B, now part of TTH). Risks & opportunities with the highest impact were related to policy and legal (carbon pricing, emission regulations, animal farming practices) as well as market (demand for renewable energy/sustainable raw materials, carbon footprint, dietary shifts).

Value chain

We employed desk studies to screen the impact of physical hazards on our value chain:

- In 2022, study of a case for one of our downstream markets for ANH, the Brazilian dairy market
- In 2023, screening of 150 main suppliers' manufacturing sites
- In 2023, investigation of the climate change impacts on main agricultural commodities: pine, orange, lavender, vanilla, clove and maltodextrin (corn/potatoes)

The exercise run at agricultural level highlighted three take-aways:

- Almost one third of our screened supplies (in volume consumed) are already affected by climate change and the risk will intensify by 2030, and under the worst scenario (RCP 8.5), 40% of our screened supplies (in volume consumed) will be considered at risk in 2030
- Most of the seven crop-sourcing areas are becoming more at risk, but potatoes, lavender and corn will deteriorate the most
- Climate risk varies from crop to crop as this is intrinsic to the individual crop cycle, e.g., corn will be hit by drought, impacting the flowering and grain production, while pine trees will be mainly impacted by wildfires and storms

On these screened commodities, we had the opportunity to go deeper with our procurement team so they can take informed decisions for their strategy and reach out to our suppliers.

Nature

We increasingly address Climate and Nature as one interlinked topic, as discussed in **Climate**. Nature, whether it be biodiversity, or the ecosystem services provided by nature more broadly, helps us adapt to and mitigate climate change. Working with rather than against nature brings multiple benefits, such as its role in regulating our climate.

Nature is firmly embedded in our strategy. We believe that we can contribute to the **protection and restoration** of nature by acting on three pillars: **water, biodiversit**y and r**esource efficiency**. Nature provides us with critical ecosystem services such as water access, biodiversity as our source of inspiration and innovation for new ingredients, and resource efficiency as a critical lever in securing the sustained supply of raw materials.

Our evolving approach to nature is aligned with the **Nature Positive Roadmap** published in November 2023 by Business for Nature, the World Business Council for Sustainable Development (WBCSD), World Economic Forum (WEF) and Union for Ethical BioTrade (UEBT).

The protection and restoration of nature cannot be delivered by any company in isolation. Collaboration between various actors along our value chain is critical to scale up positive impact in any protection and restoration activity. Therefore, we follow a value chain approach from our environment to our products, and in our own internal operations, whether Science & Research, Operations or Responsible Sourcing. These functions, along with valued external parties, are envisioning a new future for how we protect and restore nature, as well as building the revised roadmaps and targets to show progress toward this future.

In 2023, our key activities included:

- **Restore**: as part of our biodiversity restoration program, we engaged eight new operating sites in restoration projects, which measure key nature indicators as part of baseline and monitoring activities
- **Protect**: in addition to our existing deforestation- and conversion-free ambitions, we are working toward compliance with the new EU Deforestation Regulation (EUDR) and supporting our suppliers in their journey
- **Both Protect and Restore**: we continue to develop and sell products that contribute to the protection and restoration of nature, for example, by reducing pressure on natural resources through UEBT-verified, ethically-sourced edelweiss for our ALPAFLOR® EDELWEISS CB product

Building an enabling environment

Following the UN Convention on Biological Diversity (CBD) COP15 in Montreal, where dsm-firmenich was represented, there is a clear and loud call to transition toward 'Nature Positive'. Nature Positive terminology has evolved since 2021 but nevertheless still refers to all the efforts society is making to reduce the negative impact on the environment, and therefore our contribution to the protection and restoration of nature.

To ensure our work on nature is in line with this evolving environment, dsm-firmenich closely follows the work of Business for Nature (BfN), WEF, WBCSD and UEBT. The latter two support companies in setting their own nature strategy. Additionally, as the impacts of nature-related dynamics on business are still evolving, as depicted below, we are closely monitoring the changing landscape of nature related frameworks.

Source: WEF Report, Sector Transitions to Nature Positive

Within this evolving environment, we recently piloted the initial steps of the Science Based Targets for Nature (SBTN) guidance. Our involvement in these pilots included modelling of risk-based approaches to biodiversity restoration and engaging in the new SBTN materiality assessments. This gave us an early engagement with the standards which could soon be adopted more universally. With these learnings we, along with 20 other pilot companies, can enhance our evolving nature strategy in line with 'It's Now for Nature' campaign and SBTN's proposed target-setting guidance. We work with partners to support us in defining our nature strategy.

BfN is a global coalition of influential partner organization and leading companies to drive credible business action and policy ambition to achieve a nature-positive economy for all by 2030. Engaged since 2020 in view of COP15 in Montreal and more recently in 2023, dsm-firmenich was among the tens of businesses who contributed to the elaboration of guidance for sector-specific actions. This guidance aims to support businesses to identify the actions they should take to credibly help halt and reverse nature loss and contribute to an equitable, nature-positive economy.

UEBT is a non-profit association that promotes sourcing with respect. UEBT works to regenerate nature and secure a better future for people through ethical sourcing of ingredients from biodiversity. UEBT is our historical partner since 2013 to support dsm-firmenich in our work on Natural ingredients sourcing. This membership will continue to support our commitments toward Protect & Restore Nature.

In our operations

In our own operations, whether in our manufacturing or pre-mix sites, we focus on water stewardship, resource efficiency and any biodiversity areas that are at risk near to our operations. We deploy a risk-based approach using tools such as the Worldwide Fund for Nature (WWF) Risk Filter on Water & Biodiversity, and the World Resource Institute (WRI) Aqueduct tool to design actions to protect and then restore nature.

Water stewardship

Climate change is altering weather patterns and water security around the world, causing shortages and droughts in some areas and floods in others. The availability of water is a widespread problem, with the **WWF** estimating that two-thirds of the world's population may face water shortages by 2025.

At dsm-firmenich, we also depend on access to water and strive to strengthen our water stewardship in the areas in which we operate. Our direct dependency is related to our withdrawal of water for our processes and our responsibility regarding the quality of the discharged water (for more information on water, see the **Sustainability statements**). Our dedicated actions with respect to water stress areas will be linked to our below actions on Biodiversity management.

Biodiversity management

Faced with the alarming pace of degradation of vital natural environments, we have a role to play in biodiversity protection, and biodiversity conservation and restoration, especially in areas where we operate directly. Although our manufacturing sites are mainly located in already industrialized areas, some of them may be close to protected areas. We identify the sites that are located close to protected areas using the WWF Risk Filter methodology. Based on the location of our site, this tool informs us of which of our sites are potentially overlapping with identified protected areas.

Number of dsm-firmenich sites located close to protected areas based on WWF Risk Filter
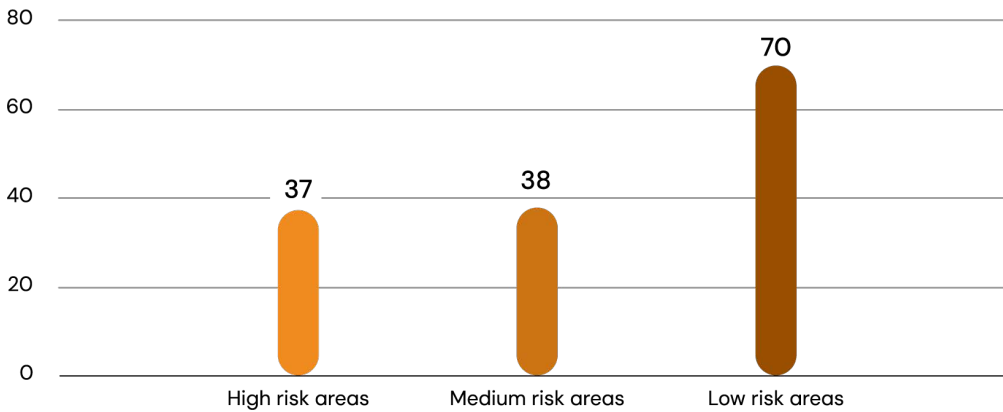
Using these methods, we can be more informed and take the necessary actions to protect and restore these protected areas. As an initial step in restoring nature, we engaged eight additional locations with restoration projects, for which we started to measure key baseline indicators and implemented monitoring activities. For example, our restoration program in Kunming aims to safeguard the water source that nourishes Shanglongtan Village from pollution and flooding risks. Through this program, we help mitigate local biodiversity risk and enhance local biodiversity, ensuring the protection of this vital resources for the community.

Signage to be implemented in our Kunming program area to create local awareness about the program

Resource efficiency

Resource efficiency is a critical lever to secure the sustained supply and use of raw materials, water access and waste management. We strictly manage our hazardous and process waste to protect nature by minimizing negative impacts on human health and the environment. All our sites are required to implement a management system to ensure compliance with all local regulations, and beyond when possible. Waste management is one of the first steps toward to increased resource efficiency processes: such waste can also be valorized as starter for other industrial processes. For more information on waste, please see the **Sustainability statements**.

In our value chain

Our procurement

We recognize the importance of sourcing practices for raw materials which are dependent on water and natural feedstocks. We showcase our approach toward preservation of nature, among other positive impact drivers, in our story **Mint with Purpose**.

Through Responsible Sourcing, we will continue to strengthen and promote the protection and restoration of nature in our sourcing practices. This will include efforts such as avoiding deforestation and the degradation of natural ecosystems, promoting sustainable agriculture, and supporting forest conservation when we use non-timber forest products.

More information our current progress related to Responsible Sourcing and the implication of environmental impact in our procurement decision-making is provided in **Supplier engagement**.

We maintain our commitments to no deforestation and no conversion of natural land ecosystems. In order to deliver on these, we utilize 3rd party sustainable schemes such as:

- Palm Oil – Roundtable for Sustainable Palm Oil (RSPO)
- Sugarcane molasses – BonSucro
- Soy – ProTerra
- Corn – Farmer Self-Assessment (FSA) from the Sustainable Agriculture Initiative (SAI)
- Crude Sulfate Turpentine (CST) from paper-industry waste – Forest Stewardship Council (FSC) or Program for the Endorsement of Forest Certification (PEFC)

These may not necessarily be sufficient for the upcoming EUDR. As such we are working to reach compliance within the prescribed timelines, as well as supporting our suppliers through the process.

Our 2023 first assessment demonstrates that in most cases, we are not sourcing from high-risk categories in the EUDR, however, we will remain diligent and engage with our suppliers by requesting guarantees from them on the due diligence they take in their value chains on deforestation and engage in subsequent reviews with them.

In 2024, in support of achieving compliance to the regulation:

- We request all suppliers to acknowledge our Supplier Code which lay-out our requirements in deforestation
- We train suppliers on the regulation of which the topic of deforestation will be a key part of the agenda for dsm-firmenich's first supplier sustainability day in early 2024
- We ensure that concrete actions are taken in our supply chains when specific nature related risks are identified by leveraging our due diligence and actions at source with our suppliers on the ground. This all together helps us to reinforce our traceability capabilities and feedstock certification

In our products

Nature plays a key role in providing us with the inspiration in new product development as well as the resources necessary to produce our products. We leverage our actions toward the protection and restoration of Nature:

- To inspire the creation of products such as organically and UEBT-verified, ethically-sourced edelweiss from the Swiss Alps for ALPAFLOR® EDELWEISS CB, and to contribute to the protection of the planet's natural resources such as offering via our 'Circular Collection' fragrances made 100% with upcycled ingredients. Read more in **Perfumery & Beauty**
- In the way we think about our products, we strive to promote and valorize waste from within our own operations or from other industries such as from cocoa harvest and post-harvest processes. Our upcycled cocoa extract is obtained by valorizing a condensate recovered during the cocoa processing. It delivers an authentic roasted profile with caramelic and creamy notes. Read more in **Taste, Texture & Health**
- In contributing to reduce and avoid the risk of overfishing and its related negative impact on marine ecosystems thanks to *life's®OMEGA* O3O2O. Read more in **Health, Nutrition & Care**
- In increasing animal feed efficiency, which consequently supports less feed consumption for similar animal proteins production. Read more in **Animal Nutrition & Health**

Nutrition and Health

As part of our purpose of bringing progress to life, we aim to help address malnutrition in all its forms, including micronutrient deficiencies, by helping to strengthen food systems globally, to improve equitable access to adequate nutrition, and consequently to improve health outcomes.

In 2022, a report by **The Lancet Global Health** concluded that one in two preschool aged children and two out of three women of reproductive age worldwide suffer from at least one micronutrient deficiency. According to **WHO**, improved nutrition leads to improved infant, child and maternal health, stronger immune systems, safer pregnancy and childbirth, lower risk of non-communicable diseases (such as diabetes and cardiovascular disease), and longevity.

Solving malnutrition is a global challenge, and one that we cannot address alone. We work together with our global partners, including the World Food Programme (WFP), UNICEF, the Bill & Melinda Gates Foundation (BMGF), and World Vision International to address the root causes of malnutrition, and shape more just and sustainable food systems across Africa, Asia, and Latin America. Furthermore, we participate in global networks such as Partners in Food Solutions (PFS) by leveraging our technical expertise to help increase the growth and competitiveness of African food companies. For example, our HNC business is proudly supporting the Millers for Nutrition (M4N) initiative, in collaboration with BMGF and other partners. Lastly, we have made several investments, such as in Africa Improved Foods (AIF) to help increase the local production of nutritious foods in the African continent.

Partnerships for Nutrition and Health

UN World Food Programme

The dsm-firmenich–WFP partnership 'Improving Nutrition, Improving Lives', in place since 2007, aims to solve malnutrition and contribute to achieving SDG2 (Zero Hunger). During more than 15 years of partnership, both organizations have helped fight nutritional deficiencies that stunt growth, hinder development, and threaten the lives of one in two people globally, greatly limiting their potential. Through the partnership we reach 35 million people annually with nutritionally improved products.

We offer WFP our technical and scientific expertise in nutrition, quality assurance and marketing, as well as financial assistance, to improve the availability and affordability of fortified, nutritious foods for people in need. dsm-firmenich and WFP are working together to drive the transformation of food systems, supporting local food companies and value chains in developing countries to deliver more affordable, fortified, nutritious food options to communities in need. To give one country example, in Peru, the partnership has supported 67 millers with technical assistance since January 2022 to produce fortified rice that looks, cooks, and tastes like ordinary rice, but crucially includes essential vitamins and minerals that help curb micronutrient deficiencies. Fortified rice is now included in three food-based social protection programs in Peru, resulting in 3.5 million school children receiving fortified rice in their school meals. Additionally, 256 retailers were trained since mid-2022 to promote the commercialization of fortified rice, enabling greater access to nutritious foods in the open market.

Through the rice fortification and retail projects of WFP country offices under the partnership, WFP and national stakeholders leveraged existing platforms to reach an estimated 14 million indirect beneficiaries with fortified rice and Social Behavior Change and Communication (SBCC) campaigns, with more than 320 million people receiving fortified rice through social protection programs globally. Furthermore, approximately 450 retailers and millers received technical support since January 2022 through the partnership.

Photo: WFP/Mehedi Rahman

UNICEF

Since 2013, UNICEF, dsm–firmenich, and Sight and Life (SAL) have partnered to improve nutrition for women and children. Built on multiple pillars, the partnership aims to expand the scientific evidence base and proof of viability of targeted nutritional interventions, to increase awareness of the importance of good nutrition, and to make nutritious food products accessible to those who need them most. Some examples of the work we do together in Nigeria, India and Mexico are below.

Creating an enabling environment and scaling up micronutrient powder uptake

The partnership's main focus in Nigeria is to increase access to vital nutrients during the critical first 1,000 days of life in order to support optimal physical and cognitive development.

In 2023, we supported the Nigerian government in the following areas: (i) working toward the integration of micronutrient powders (MNPs) in the essential drugs list, (ii) starting the development of a social behavior change strategy including MNPs and multiple micronutrient supplementation (MMS) and (iii) defining and managing a pathway to certification for technically qualified and interested vendors to locally produce MNP / small quantity lipid-based nutrient supplements (SQLNS). By 2024, we aim to reach up to one million additional children aged 6 to 23 months and up to 200,000 pregnant women in UNICEF-supported humanitarian states.

The social movement on nutrition program

In India, we have worked together since 2019 to enable the platform ImpAct4Nutrition (I4N). This platform engages the private sector for workforce nutrition and aims to create a social movement around nutrition literacy in support of the National Nutrition Mission (*POSHAN Abhiyaan*). At November 2023, I4N had more than 490 pledged corporate partners and through them the platform has been able to reach more than 2.7 million employees (and families) by using the ACE (Assets, CSR and Employees engagement) card for Nutrition. Additionally, I4N have reached over 120 million citizens of India through good nutrition literacy by various means of mass/print and electronic media since January 2023.

Scaling up maternal and child health interventions among vulnerable population groups in Mexico

In 2023, through the partnership the MMS landscape in Mexico was mapped. This mapping enabled an alignment with other actors and helped avoid overlap in efforts around demand generation for maternal and child health interventions and efforts targeted at improving the relevant regulatory environment. In 2023, MMS reached women throughout the state of Yucatán. By 2024, the partners aim to expand the work in Yucatán and to further states across Mexico.

World Vision International

Our partnership with World Vision International and SAL, with the slogan of 'Joining Forces for Last-Mile Nutrition', aims to bring prosperity and good nutrition to the most vulnerable communities in the Global South. Leveraging the unique capabilities and know-how of each partner, we design and implement sustainable market-based solutions that bridge the gap between public and private efforts for improving nutrition and fostering local economic development. In 2023, the partners continued together in, among others, Rwanda, Ethiopia, and Brazil.

The maize value chain in Rwanda

In Rwanda, the partners collaborate to transform the local maize value chain, by supporting smallholder farmers with improved post-harvest processes to increase the quality and quantity of their produce. Through a partnership AIF, smallholder farmers have access to a stable market, while increasing AIF's access to local, high-quality maize in Rwanda. In 2023, the program reached over 11,000 farmers, and after positive results, the pilot will be scaled to 20,000 maize farmers through World Vision's own programming.

The EGGciting project

In Ethiopia, the partners collaborated on the EGGciting project, focusing on training smallholder farmers in poultry farm operation and feed management for improved nutrition, safety, quality, sustainability, and livelihoods. Simultaneously, the program aims to increase the accessibility of nutritious eggs in the local community. After a successful pilot, World Vision is exploring the scale-up of the model in Ethiopia, in collaboration with local governments.

Social distribution of nutrition in Brazil

In Brazil, the partners aim to empower women in last-mile communities through a distribution model for micronutrient-enriched products. In this model, women in vulnerable communities are provided with trainings in entrepreneurship and nutrition, and can sign up to become last mile entrepreneurs to sell nutritious products in their communities. The pilot was launched in 2022, In collaboration with Omnilife, a producer of cosmetic and nutritionally improved products. Since then, 50 women have participated in the pilot, with a door-to-door business model. An additional 500 women were supported with nutrition and entrepreneurship training. A successful closing ceremony of the pilot was held in December 2023.

Africa Improved Foods

AIF is a social enterprise with the mission of helping people in Rwanda and the wider region achieve their full potential through improved access to nutritious, locally sourced foods. These foods include mineral and vitamin rich porridges that help meet the nutritional needs of vulnerable population groups such as pregnant and breastfeeding mothers, older infants, and young children. AIF addresses the food challenges facing Africa by building resilient food systems through sourcing, manufacturing, and selling nutritious, affordable, and accessible products.

AIF was launched in 2016 in Rwanda as a public private partnership between the Government of Rwanda and a consortium comprising former DSM, the Dutch Development Bank (FMO), DFID Impact Acceleration Facility managed by CDC Group plc (CDC), and the International Finance Corporation (IFC), the private sector arm of the World Bank Group.

A recent report published by the Harvard Kennedy School and Endeva, entitled **Fortifying Food Markets**: *Unlocking the potential of food fortification partnerships to improve nutrition* highlighted AIF's role in increasing accessible and affordable nutritious foods by improving food safety, reducing malnutrition, and contributing to broader development. AIF reaches 1.6 million consumers and beneficiaries daily through the WFP, and more than 90,000 children over six months

old, as well as pregnant and lactating women in Rwanda, now have access to nutritious complementary foods. Additionally, AIF has contributed more than USD 900 million in discounted net incremental benefits to the African economy.

AIF's Kigali factory contributes to the local and regional economy

AIF's mission is to produce high-quality nutritious foods from local ingredients. Working with smallholder farmers in Rwanda and across the region, AIF improves their productivity and product quality, and is scaling this further with partners. AIF is focused on developing robust value chains that address the challenges of climate change and employment creation in the African food value chain. AIF's Kigali factory employs over 470 skilled workers, and the regional procurement of goods and services (such as transportation) has led to indirect economic development across East Africa. Reaching more than 1.6 million consumers daily, AIF has proven that this model can be profitable while contributing to SDG 1 (No Poverty), SDG 2 (Zero Hunger) and SDG 13 (Climate Action).

Partners in Food Solutions

PFS works to increase the growth and competitiveness of food companies in Africa. These aims are achieved by inspiring business leaders and linking highly skilled corporate volunteers from a consortium of leading companies including dsm–firmenich, Cargill, General Mills, Hershey, Bühler, Ardent Mills, and J.M. Smucker Company with promising entrepreneurs and other influencers in the food ecosystem. The seven corporate partners have empowered hundreds of entrepreneurs to work toward stronger, more resilient food value chains across the African continent.

In 2023, dsm–firmenich employees contributed more than 1,894 volunteer hours working with 95 African customer organizations across eight countries. By sharing expertise, the volunteers were able to assist local entrepreneurs in growing their businesses and supporting a supplier base of more than 294,000 farmers. In total, 103 dsm–firmenich volunteers supported 126 service offerings to clients, of which 31 customer organizations are owned or managed by women (39% of the 95 worked with).

Project B.E.N.®

Project B.E.N.®, which stands for Better Eggs for Nutrition, is a cross-cutting innovation that addresses the entire egg value chain – from producer to consumer – saving lives and livelihoods. It smartly increases the production and consumption of eggs to greatly reduce childhood malnutrition in vulnerable. At the same time, farmers are able to increase their income due to increased egg productivity, lower production costs enabled by consistent high-quality inputs (feed, layers, technical assistance and veterinarian support), access to credit, and access to local more profitable markets, for example, school feeding programs.

Through an innovative business model called the Egg Hub, we collaborate with local poultry producers to help transform families into smallholder farmers that produce and sell eggs in vulnerable communities. The program started in 2021 and so far has engaged over 250 smallholder poultry farmers (60% women) across more than 80 farms in Peru, Brazil, and Kenya. The smallholder farmers on average experience a doubling of their income. The farmers reach their break-even point after two years, enabling them to finance at least 30% of the initial inputs for the next cycle by themselves, while paying back their loans, therefore ensuring the sustainability of the project. The economies of scale created by the egg hub also help increase the accessibility, affordability, and aspiration for eggs in the local community.

In 2023 Project B.E.N.® farmers in Latin America and Africa produced more than 22 million eggs impacting more than 450,000 people who consumed at least one egg per week, especially children and women at childbearing age. In Peru, we conducted a nutritional impact study in 2023 that proved that introducing eggs early on significantly improved growth velocity and gross motor development in infants who are experiencing growth faltering.

People

As DSM and Firmenich announced their merger in May 2022 we set forth creating a new, integrated and engaged organization making us a great company to work with and work for. Close to 30,000 colleagues make the difference every day to bring progress to life. Their engagement, commitment and dedication ensure that we can delight our customers and offer innovative solutions.

Coming together as dsm-firmenich has kickstarted an inclusive and comprehensive program to shape a new, shared culture, carried by values and behaviors that will underpin what we stand for and how we make choices in our day-to-day delivery with our customers and stakeholders. We announced our new dsm-firmenich values in May 2023 together with our purpose: *We bring progress to life*. Having shared values is an essential driver for success in our integration.

Additionally, our priorities have centered around landing a new operating model for dsm-firmenich in which we work together as a newly formed Group, made of Business Units and Business Partners. Providing clarity to our colleagues around the world on their new roles and responsibilities has been paramount and we successfully finalized most of our people appointments by year-end 2023, while executing on our plans for integrated rewards, people development, well-being, engagement, inclusion and diversity.

The legacy companies have historically put their people at the heart of their organizations. With this shared heritage we are committed as dsm-firmenich to continue on this track. We are proud of the shared passion and capabilities that will enable our long-term success.

Safety, health & well-being

The safety, health and well-being of our employees is our key priority and is anchored in our new Safety, Health and Environment (SHE) policy. The merger provides us with the opportunity to learn from each other and harmonize approaches and systems to higher maturity levels. Continued volatility in the world around us resulted in additional challenges, making safety, health and well-being more important than ever.

The merger and global developments in 2023 had a profound impact on our people throughout the year, from higher levels of personal uncertainty to increased workload levels. In turbulent times like these, we maintained a continuous focus on the safety, health, and well-being of our employees. The attention for safety & health focuses on three areas to ensure that they are embedded across our organization. It is our mission to provide an injury-free, healthy and secure workplace to everyone working in dsm-firmenich. As part of the merger process, new company targets on these three areas are under development. The first target to be set under this process will be the Frequency index Total Recordable Incident Rate for employees and contractors (TRIR-all).

|	2023
Occupational safety	
Total Recordable Incident Rate (TRIR)-all	0.31
Total Recordable Incident Rate (TRIR)-own	0.29
Process safety	
Process Safety Incident rate	0.28
Occupational health	
Health rate-all	0.14
Health cases-all	50

Safety

Occupational safety

Occupational safety is the **safety of our employees and contractors** in the workplace.

With a 2023 **Safety performance** TRIR of 0.31 (for the post-merger period of June – December, 0.30), our result is well above our long-term target level of 0.20 and clearly not where we want to be. Most (~60%) of the 2023 incidents were easily avoidable cases (e.g., slips/trips/bumps/handling of tools and equipment) resulting in only minor injuries. The investigations showed that they were not caused by a lack of procedures, training, or information, but mainly by individual behavior and awareness.

SHE leadership and SHE culture are key to addressing the continuing rise of behavioral incidents. Therefore, company-wide initiatives and discussions took place in many different leadership teams focusing on creating the right mindset and behavior of our people. To support that, we continued improving our SHE culture through the continuing roll-out and strengthening the effectiveness of our Behavior-Based Safety program (Safestart®).

Frequency Index of Recordable Injuries
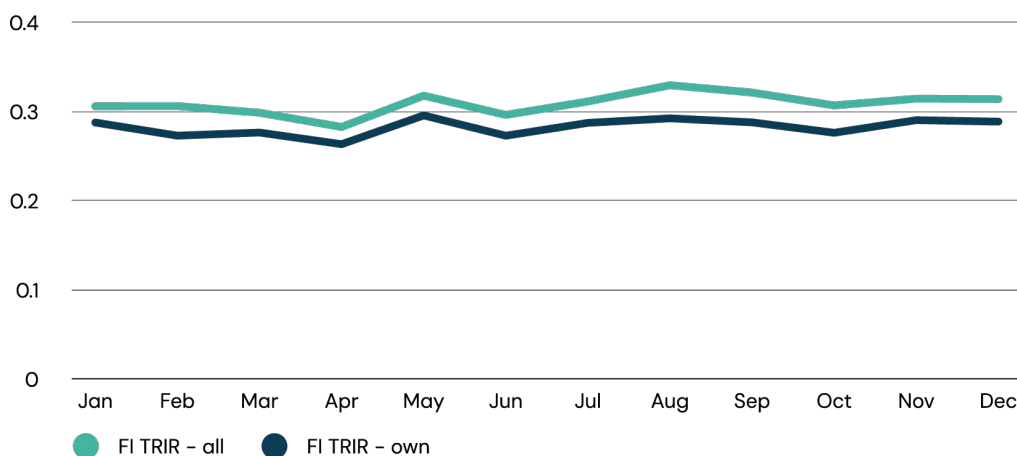
Key initiatives

We initiated several close-the-loop activities focusing on intense safety dialogues, especially during the shift handover at our manufacturing sites. We also started scavenger hunts on the shop floor for hand safety risks and the identification of slip, trip and fall situations. Additionally, we kept programs running that we benefitted from in recent history like our issue site programs where we focus on the sites with the most incidents to run dedicated improvement programs. To ensure our programs, initiatives and systems are fit for purpose for the new company, a detailed review, alignment and shaping exercise has been conducted after the merger. Priority was given to get the new organization in place, embracing SHE policy, Life Saving Rules, personal protective equipment (PPE) alignment, reporting and continuation of leadership and culture development programs. We plan to expand this in 2024 to create one set of policy requirements, procedures, and a common language for all of dsm-firmenich.

In the first quarter of 2023, we were honored to receive the prestigious Chemical Industry Sector Award for occupational health and safety excellence in former Firmenich from the Royal Society for the Prevention of Accidents (RoSPA). This world-leading accolade is a demonstration of our approach of continuous improvement toward the goal of zero harm and ensuring that all our colleagues and contractors go home safely each day.

To keep our contractors safe, we employ the same strategies as for our own organization, with a **focus on learning** from past incidents and on the robust implementation of our **Life–Saving Rules**.

Process safety

Process safety refers to the technical safety of our facilities. In 2023, the **Process Safety Incident rate** ended at 0.28. Despite improvements in many sites, we had a serious fire incident at our Pinova site in Brunswick (Georgia, USA). Fortunately, there were no injuries, but the facility damage was so significant that it resulted in the closure of the site.

As with occupational safety, we focused on the sites with the highest number of process safety recordable incidents in 2022 and they delivered a significant 77% incident reduction. Improvements were achieved by self–assessment tools addressing common technical root causes and specific site improvement plans. The continuing activities around our behavior–based programs and integration improvement programs contributed as well to this improvement.

Frequency Index of Process safety incidents


● PSI rate – all
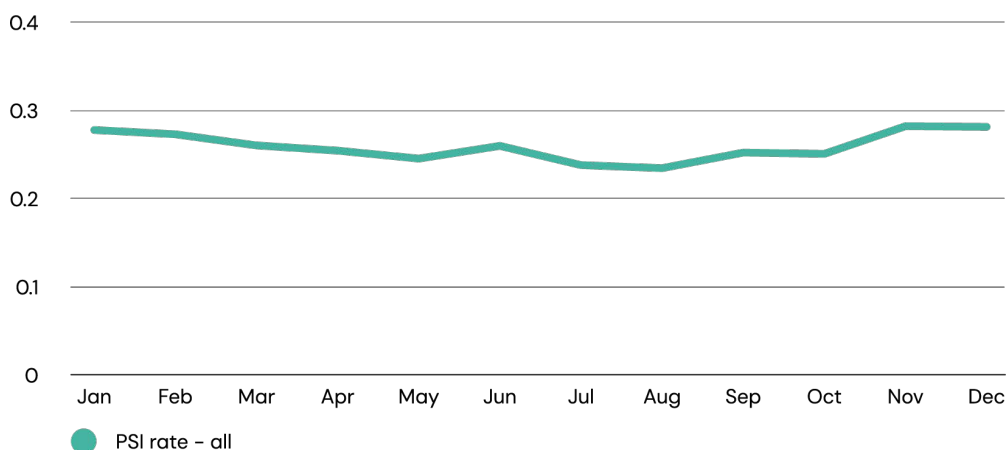
In addition to the above, sites integrated all process safety information into a single process safety management system. We continued to monitor and manage the process safety life cycle, including promoting a 'first–time–right' approach and evaluating its effectiveness. Alongside merger activities we adapted the networks for process safety experts, started to review our process safety procedures and guidelines.

We continued to strengthen the development of regional and local competences. For example, we delivered dedicated process safety training modules for shop floor teams and staff, for example, on LOTOTO (Lock Out, Tag Out, Try Out), handling of self–heating materials, safe powder handling, and bonding and grounding. Furthermore, we conducted 39 fire protection integrity assessments at affiliates world–wide, reflecting the importance placed on protecting our people and assets from fire and natural hazards. Audits cover both organizational and technical readiness.

Health & well–being

Occupational health and industrial hygiene

Industrial hygiene focusses on eliminating or minimizing work exposure to health hazards by engineering controls and/or personal protective equipment while occupational health deals with the effects of exposure, avoiding occupational diseases and providing needed health care for our workers. In 2023, we recorded a health incident rate for employees and contractors of 0.14 consisting of 50 occupational health incidents of employees and contractors.

Health incident rate - all
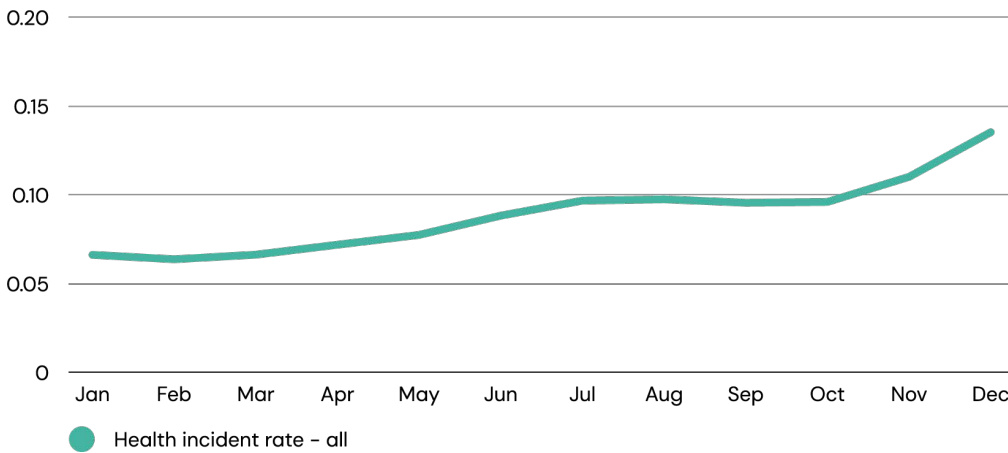
A significant share of health incidents recorded this year (8 out of 50) involved hearing losses recorded in one of our production sites located in China. This site was acquired in the recent past and this was the first time that hearing tests had been carried out locally based on dsm-firmenich standards, which are stricter than local legal standards.

Ergonomics remained the leading cause for occupational health injuries. In total 63% of the recorded cases were related to ergonomics issues. To address that, we are implementing in selected sites a program dedicated to ergonomics, which covers elements such risk assessment, engineering controls, medical surveillance, and training. In addition, we are rolling out an innovative training method based on the use of wearable devices that can detect and immediately feedback unhealthy posture and movements. These devices provide the opportunity to train workers on what constitutes healthy movement, and to identify tasks that might need to be reengineered.

Besides ergonomics, we have continued to focus on prevention of health hazards in the workplace. We have established an internal committee that brings industrial hygienists, toxicologists, and product stewardship experts together. This committee oversees our internal occupational exposure limits for substances not regulated by government agencies. Another preventive action in 2023 was participating in the global Mental Health and Well-being Program in alignment with the Global Vitality Office and HR.

To strengthen industrial hygiene for the years to come, we initiated the implementation of a single management system for all industrial hygiene risk assessments. The system will be rolled out in 2024 and will enable a better sharing of relevant health data, to easily find and implement our best practices as well as identifying needs for further improvements.

Employee health & well-being

At dsm-firmenich, living our purpose starts with creating a culture of health and well-being at work, where every employee is encouraged to make healthy choices. We continuously strive to support our people in pursuing a proactive and preventative approach to health and well-being, especially during periods of change.

The Global Vitality Office was established in 2023 to help our people make positive choices for their long-term health, creating a culture of health at work. Drawing on dsm-firmenich's expertise in nutrition, health and beauty, the Office will use the health, beauty and nutrition knowledge and experience from the dsm-firmenich organization, and 'walk the talk'. It supports this by providing 'state of the art' health and vitality information, creating create global campaigns, frameworks, and standards to guide preventative healthcare measures across the company. Most importantly, it will connect all Vitality ambassadors in the organization to learn from each other and to make more impact for all colleagues.

Recent activities and implementations include:

- BoostYourVitality: a dsm-firmenich global vitality platform which connects all vitality initiatives and offers exclusive access to many informative articles, engaging webinars, lifestyle test, and cutting-edge products to all dsm-firmenich employees free of charge, as well as, access to products in an integrated webshop for reduced prices
- dsm-firmenich's partnership with Thrive Global, a leading behavior change company, to support our people with resources to improve their well-being and productivity, available to all employees
- To mark World Mental Health Day in October 2023, we organized a global webinar together with Thrive to help employees spot the warning signs of mental health challenges so that they can build mental resilience, make the changes they need, and live a happier, healthier, more productive life
- In 2023 we set up a global Mental Health and Well-being Program in alignment with the SHE and HR departments. In 2024 we will launch this further aiming to increase both employee and leadership awareness, fostering a supportive and safe workplace, and to provide a support system

We will also develop, implement and sustain practices in this area and monitor their effectiveness and positive impact.

Creating our new organization

The principles of our new operating model
With the design of the operating model framework for dsm-firmenich, we set the fundamental principles on how the different parts of our organization work together and deliver value, to achieve our vision of being the leading co-creation and innovation partner in nutrition, health, and beauty. We are structured into four complementary Business Units – Perfumery & Beauty (P&B), Taste, Texture & Health (TTH), Health, Nutrition & Care (HNC) and Animal Nutrition & Health (ANH) – and Group Business Partners such as Science & Research, Finance, Human Resources, Digital & Tech, Communications and are applying the following principles to our operating model.

We **operate as one group**, united by a common purpose & values. We drive group priorities, strategy and standards across the company and ensure that we continue to differentiate through Science & Research as well as Sustainability.

We **empower our Business Units** with a high degree of autonomy to ensure agility and close customer connections in our market approach. To bring the best service to our customers, the Business Units have full accountability for their manufacturing plants and Supply Chain as well as Regulatory Services. The Business Unit innovation teams work in partnership with Group Science & Research to deliver on our ambitions in innovation. In combination with the accountability for delivery of their profit & loss (P&L) and cash generation, they will be able to make choices faster, play into customer needs and deliver customized services.

Our **Business Partners enable Excellence & Efficiency**, by partnering with the Group and the Business Units, helping them to deliver on their ambitions, serve their customers. In addition, the Business Partners will drive Excellence with shared centers of expertise, to bring differentiated capabilities to our company. They will also drive Efficiencies by creating economies of scale.

Transforming principles into organizational designs
We made progress at pace to translate the operating model principles into how our Business Units and Business Partners are structured and how they operate, ensuring transversal alignment across the company. By the end of 2023, the implementation of most of the new organizational structures and operating models were completed. In the spirit of being a force for good and ensuring fairness and equal treatment of candidates from both legacy companies, we followed a fully transparent selection process for the placement of our employees into new positions. Employee representation bodies and the relevant works councils were consulted as part of the redesign process.

Our new values

Organizational culture is the combination of several factors including purpose, values, behaviors and working norms. Culture has a key role to play in the success of any merger, helping to create a unifying platform to accelerate integration and achieve synergy value. For that reason, we created a new set of values and will create a new set of behaviors through the use of an employee survey, top leadership interviews, regional focus groups and external perspectives. Our values and behaviors approach ensures a systemic narrative, connecting purpose, brand, and values, and underpinned the launch of our new company.

Shape the future

We are curious and open-minded. We're cutting-edge scientists, breakthrough innovators, and passionate creators with more than a century of expertise. We take joy in building a way forward with our customers. We are a beacon. When others want to know how to change the world, they look to us.

Be a force for good

For us, integrity is the only way forward. We are responsible and purpose- led, with a legacy to prove it. We are passionate about constantly raising the bar. Because caring about customers, communities, people, and the planet is the right thing to do. And it's the only way to grow an enduring, profitable business.

Own the outcome

We make bold commitments to customers and each other. And we go above and beyond to fulfil them. The thing to remember is that we're part of the solution. We're empowered to make courageous decisions at the right level. And we hold each other accountable – individually and collectively.

… Together, with our customers

We are one team – customers and stakeholders included. We're inclusive. We value our differences. And we learn from each other. We remove barriers that separate us. We look after each other's safety and wellbeing. We set each other up for success and we help each other grow. Plus, we have fun doing it.

An employee Pulse Survey conducted in May 2023 showed that 77% of respondents were familiar with our values within a month. The Survey furthermore showed that 85% found our values inspiring, while 60% believed they were easy to put into practice. Finally, people viewed our value 'shape the future' as the most inspiring (87%).

From September through to the end of the year, the activation campaign continued via a 'Culture Catalyst' series of missions to extend engagement with the values across all regions and enable people to put them into practice.

"I am deeply proud of our purpose, which is embodied in our values emphasizing innovation, integrity, accountability, and collaboration. They guide us in our endeavors to bring progress to life and create a sustainable and prosperous future together with our people, our customers, and our communities."

Mieke Van de Capelle, Chief Human Resources Officer

Developing new behaviors

'Shaping the Future' became a reality for our employees in October, when they were invited to participate in a 72-hour 'Behavior Jam' session, designed to elicit input for a new set of behaviors and Employee Value Proposition. In total, 21% of the employee population registered, resulting in 6,668 contributions (comments) in seven languages. We aim to launch our new behaviors in 2024.

People engagement and development

Employee engagement

Our Pulse Survey also provided us with additional insights on how people felt, how they experienced our integration and how we could improve the process for them. Almost 17,000 people (59%) responded.

They told us they were proud (83%), engaged (82%), and experienced many positive emotions toward our merger. Through their comments, people expressed excitement about the future of dsm-firmenich, hope toward the products we can develop together and curiosity to get to know each other. On top of that, they told us that they believe in our company purpose and values. Eighty-five percent of respondents consequently said they intended to stay with our company for the next 12 months.
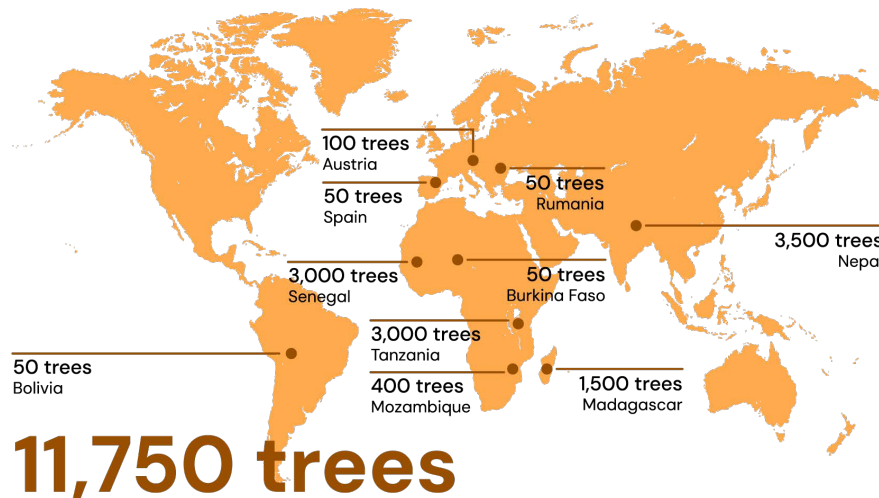
At the same time, 22% of respondents expressed feelings of uncertainty. We saw a need to increase the change support to our managers (59%), build trust (70%) and raise value awareness (77%).

In total, over 130 plans were established within our countries to improve our results. The actions we took ranged from local town halls to communicating transparently about our challenges as a company. A follow up survey was planned for January 2024 to evaluate the outcomes of these actions.

People development

With the creation of dsm-firmenich, we are building on our existing people development practices and shaping them more broadly for the integrated organization. Before the merger, each legacy company created various learning opportunities.

For both legacy companies, extensive learning content remained available throughout the entire year, also post-merger.

100 trees
Austria

50 trees
Spain

50 trees
Rumania

3,500 trees
Nepal

3,000 trees
Senegal

50 trees
Burkina Faso

50 trees
Bolivia

3,000 trees
Tanzania

400 trees
Mozambique

1,500 trees
Madagascar

11,750 trees

In 2023, dsm-firmenich spent on average eight hours on learning.

In total, more than 220,000 learning hours were recorded, including more than 170,000 hours of digital learning and more than 16,000 hours of classroom training.

Continuing an earlier initiative of planting trees in ratio to the number of hours our employees spent on development digital learning, 11,750 trees will be added to the existing forests.

Leadership and leadership development

We provided our leaders with a platform called 'The Leadership Connection', where we host carefully curated resources, tools, and knowledge-sharing platforms to empower our leaders to excel. Several development tools were made available post-merger to support the development of our leaders including Gallup Clifton Strengths and Coach Hub:

- Gallup Clifton Strengths – to help individuals and teams identify, understand, and optimize their unique strengths
- Coach Hub – an online coaching platform that supports individual development through a wide range of topics including leadership skills, career development, personal growth and more

We also merged our partnership with IMD School for Business Management Development (Switzerland) across both legacy organizations and continued to offer nominated talents the opportunity to participate in IMD leadership, strategy, digital transformation & innovation and/or operations development programs.

In addition to joint dsm-firmenich leadership development offerings, in 2023 former DSM continued to host leadership development programs, with a total of 15 run across regions in addition to the Bright Mentoring Program. In former Firmenich, we continued with the deployment of the 'Engage People During Change' leadership development initiative as well as 'A Step Forward', an internal women acceleration program which encompasses mentoring, external coaching, and community events.

Performance management process

To move toward consistency for dsm-firmenich, we aligned the key principles and timelines for performance management in 2023. This enabled HR to provide a consistent level of communication and support for both People Managers and employees. It also ensured that 100% of employees who were eligible to do so, were able to discuss their performance during the transition to one company process for 2024. Non-eligible employees included those who are on a prolonged leave of absence (e.g., maternity or sick leave), or newcomers.

Performance discussions remain the foundation to ensure we reach our collective goals and empower personal development for our employees. A completely aligned performance management process will be launched for the 2024 cycle.

Rewards

One of our key focus areas for the year was to introduce a Short-Term Incentive (STI) framework for the transition year 2023. This framework provides one global and standardized approach, linking STI to the achievement of company objectives. This means employees eligible for STI will be rewarded based on the same dsm-firmenich objectives for the transition year 2023. Similarly, a new common Long-Term Incentive (LTI) plan was introduced in 2023.

On Day 1, all employees received a certificate symbolizing ownership of one share in dsm-firmenich, which will result in a cash settlement through payroll on the first anniversary of the merger.

Another focus was developing our new reward strategy, which will be the foundation for our new, unified reward policies and practices. This strategy sets out what our rewards aim to do: contribute to optimal well-being by combining the essential, the desirable and the sustainable – the dsm-firmenich needs, wants and musts. We reward progress in innovation, growth and achieving winning outcomes together.

We will start implementing our new rewards policies and practices on a country-by-country basis during 2024.

Diversity, Equity and Inclusion

At dsm-firmenich, being a force for good is not optional. Diversity, Equity and Inclusion (DE&I) is a shared responsibility woven into our daily work to not only benefit our people, customers and communities but to also drive business value.

Equal access to opportunities is a given, belonging is a shared feeling, authenticity is celebrated. Our DE&I strategy focuses on three pillars:

Building diverse teams	Providing equal opportunities	Fostering an inclusive culture
We ensure that leadership teams and the workforce reflect the demographics of customers, communities, and the global footprint	We raise awareness and offer inclusive benefits to provide equal opportunities	We create an environment where everyone is treated with respect, feels valued, heard, and safe
We meet the needs of diverse customers and promote diversity in the supply chain by collaborating with diverse suppliers	We uphold our commitment to pay parity and to address bias and discrimination to create an equitable workplace	We regularly assess our culture's inclusivity, take steps for improvement, and empower our leaders, managers, and colleagues to promote inclusivity through education and skills development

We believe a diverse Global Management Team (GMT, consisting of approximately 400 leaders) is an essential component of business success that deepens our understanding of our global customer base and workforce, and allows us to attract, retain and develop top global talent. In September 2023, we conducted a voluntary self–identification survey among our GMT in line with data privacy rules in in the countries of employment. Thirty–five percent of respondents self–identified as female or non–binary and 40% as ethnically diverse leaders (non–European).

To further promote Gender and Ethnic Diversity within our GMT, the dsm–firmenich Long–term Incentive Plan contains a Diversity Key Performance Indicator (KPI). For more information, see the **Compensation report 2023**. We have set the targets to reach 36% female or non–binary colleagues, 41% of ethnically diverse leaders (non–European) in our GMT at the end of 2025.

We aim to achieve a gender-balanced organization across all levels. Today, 10,811 women work at dsm–firmenich. The dsm–firmenich Board of Directors consists of 12 Members, representing eight nationalities, with 33% being female and 67% male. In addition, three out of nine Executive Committee Members are women.

In February 2023, we resecured our Global EDGE certification for former Firmenich for gender equality to the MOVE level for the second time in a row and reached EDGE 'LEAD' certification, the highest obtainable level of certification, for our efforts on diversity, equity and inclusion in Brazil and Mexico, meeting every single standard across the four pillars of EDGE's rigorous assessment: Gender representation, Pay equity, Effectiveness of policies & practices as well as the inclusiveness of the culture. Additionally, Firmenich USA was awarded 'EDGE Plus' for their commitment and effective policies to eliminate ethnic pay inequality. In 2024, we will run an integrated exercise on pay equity as part of our commitment on fair and equitable gender pay across the organization. For certain countries, this exercise also addressed ethnicity, and where possible, will be continued.

Our newly developed DE&I governance model is a structured framework with clear roles and responsibilities to drive sustainable change, ensuring that our commitments translate into meaningful actions.

We are proud of our five Employee Resources Groups encompassing generations; gender; race, ethnicity and nationalities; people with diverse abilities; and LGBTIQ+ communities. Through global, regional and local activism and events, they actively contribute to community building and create an inclusive work environment that fosters engagement among colleagues with shared backgrounds or interests.

For example, in June, we celebrated Pride Month with our colleagues, fostering meaningful discussions and educational webinars to explore strategies for promoting inclusivity within our LGBTIQ+ community.

In November, we celebrated International Day for Tolerance with a week of activities, sponsored by our CEO, focused on advancing diversity in race, ethnicity, and nationality (REN) as we support a culturally diverse global landscape.

In our Consumer Insights & Sensory teams, we have integrated Visually Impaired Panelists into our sensory teams in six different affiliates (five different countries) for nearly a decade, contributing to our teams in P&B, TTH, and Science & Research (S&R).

Our 36 Visually Impaired Panelists' sensory abilities bring invaluable insights that enrich our consumer research, demonstrating that diversity is a competitive advantage and how inclusivity fuels excellence.

Human rights and fair remuneration

Social impact

We want to move through the world in a way that leaves a positive impact on everyone dsm–firmenich touches, allowing a more equitable and just society. By doing so we positively contribute to creating a world where everyone has the opportunity to lead a fulfilling life, where communities thrive, and where the planet is sustained for future generations.

We act with intent and create opportunities to make the world more equitable wherever possible, starting with the workplace. We commit to workplaces where business goals are achieved with respect for people's dignity and their human rights.

Human rights

Across our activities, and the activities of our broader value chain, we always remain committed to the highest international standards in human rights. These standards include the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the International Labor Organization's Declaration on the Fundamental Principles and Rights at Work. In addition, the UN Guiding Principles for Business and Human Rights and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises help us implement our commitment to our ongoing due diligence practices within Responsible Sourcing practices. As a signatory of UN Global Compact, dsm-firmenich promotes decent work in global supply chains and works toward this goal with our suppliers.

The above is further stipulated in our **Global Human Rights Policy**. In our policy annex, we have highlighted the salient issues to which we will pay heightened attention in our ongoing due diligence process practices. We have structurally identified human rights risks for our own operations, our supply chain and within our markets. We did this by looking at severity (scale, scope, irremediability) and likelihood, following the framework set by the United Nations Guiding Principles. This has resulted in the following list of salient issues, in no particular order:

- Occupational Health & Safety
- Child Labor
- Forced Labor
- Living Wage
- Working Time
- Diversity, Equity & Inclusion
- Discrimination & Harassment
- Freedom of Association & Collective Bargaining
- Community Impacts

Human rights in our operations

With respect to internal human rights due diligence, our Code of Business Ethics serves as an overarching guidance for all our employees acting on minimum behavioral and ethical principles. With the Human Rights policy as a core foundation, including the separate internal procedures on labor rights working conditions, we will focus on holding internal entities accountable for meeting legal and regulatory requirements, adhering to established standards, and being responsive to the needs and concerns raised by customers. This will be assessed by our internal control framework and our operational audits. Furthermore, behavior that is at odds with our values can be reported via our 'speak up' tools.

For more information, see **Business Ethics**.

Human rights in our supply chain

Within our Responsible Sourcing practices, we have adopted a human rights due diligence approach. We believe it is critical to stimulate transformation and positive change through field-based collaborations at source to learn what can be further improved, but moreover to align on where further embedding on social topics is required in our existing supplier screening and monitoring.

This includes the following steps:

- Identify actual and potential human rights impacts, including emerging risks
- Address our findings by implementing respective policies and processes
- Track the effectiveness of our actions and disclose the progress made
- Communicate regularly to our stakeholders on our progress

We recognize that human rights due diligence is a continuous process, and we are eager to continuously evolve our efforts to further improve our responsible business practices.

For more information on our Responsible Sourcing and our due diligence approach, see **Supplier engagement** and **Mint with Purpose**.

Equitable living standards

We care for our employees and their families by securing a decent standard of living. That is why we commit to pay a living wage to all our employees in our own operations.

A living wage is the wage required to purchase the goods and services needed to meet a minimum acceptable living standard for workers and their families. This includes proper access to health, food and nutrition, housing, and education.

Ensuring that people earn a living wage is a critical step toward building a more equitable and inclusive society. In 2023, we started designing and incorporating a Living Wage approach that would be applicable for dsm–firmenich. In 2024 we will further incorporate the Living Wage approach as part of our integration. And as a next step, we want to secure the same for more people beyond our workforce, specifically focusing on the most vulnerable workers in manufacturing and agriculture. We will work with our suppliers, other businesses, governments, and NGOs to create change and encourage the global adoption of living wage practices.

Stakeholder engagement

Supplier engagement

Responsible sourcing

At dsm-firmenich, we are committed to driving the most ethical, traceable, and sustainable value chains to achieve our purpose of bringing progress to life. We leverage our purchasing power to impact people and environment, positively reinforcing our positive contributions for all our stakeholders across our value chains. Sustainability is intrinsically embedded in our procurement decision-making processes and is a key factor in meeting the expectations of our stakeholders.

To support our business growth and maximize our shared value creation, together with our suppliers, customers, and partners, we have shaped a robust Responsible Sourcing Framework. It serves as a roadmap to drive meaningful progress.

Our supply chain consists of more than 30,000 suppliers, who all play an essential role in developing our business. We work closely with them through our Responsible Sourcing Program, which strives to support a fact-based and data-driven strategy to deliver sustainability impacts. It is built on three main intervention pillars through the strategic supply chains:

- Supplier Sustainability Performance Management
- Due diligence and Sustainability at source
- Supplier Engagement Program '*Joining Forces: dsm-firmenich and Suppliers in Sustainable Action*'

Supplier Sustainability Performance Management

Our Supplier Sustainability Performance Management program embeds climate, nature and people dimensions from the supplier and material qualification process through to supplier performance monitoring and evaluation. We leverage ratings such as EcoVadis and CDP to assess supplier performance on company level. At the same time, we scale up our certification efforts and material certifications coverage through labels such as Roundtable for Sustainable Palm Oil (RSPO), BonSucro and Union for Ethical Biotrade (UEBT) chain of custody standards to ensure the highest degree of sustainability and ethics.
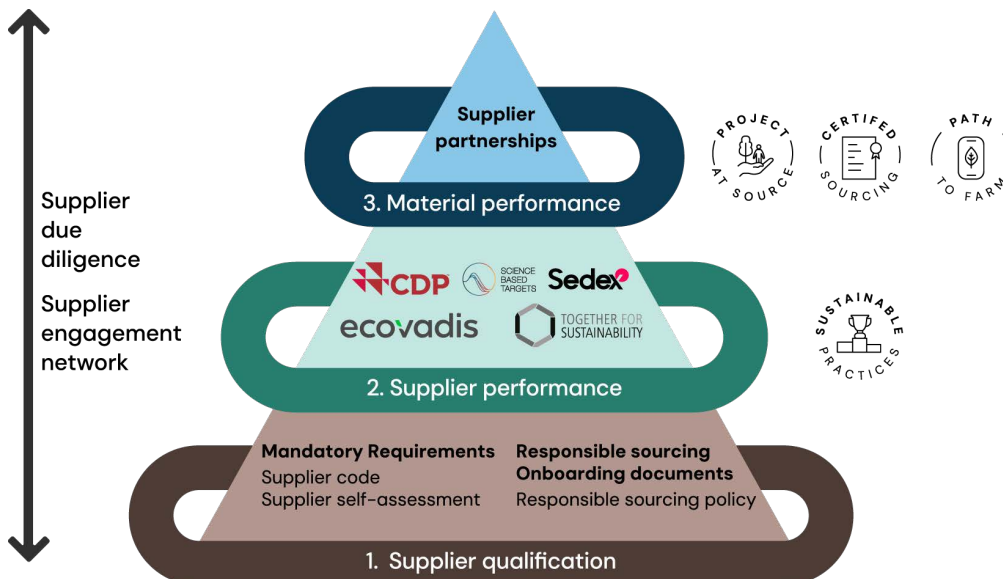
We leverage best-in-class sustainability ratings such as EcoVadis to verify our supply chain partners' performance on environmental management, labor and human rights, ethics, and sustainable procurement. If our minimum expectations are not met, we engage with the relevant supplier to see how we can enable them to improve their score, offering support where feasible. In 2023, we screened 1,210 of our suppliers on environmental and social criteria through EcoVadis. Of these, 1,026 were reassessments and 63% of these reassessments received an improved score compared to last year, highlighting the fact that continuous improvement is also a priority for our suppliers.

As a trustworthy partner to our business stakeholders, we strive to always operate to the highest standards. We only want to engage with others who commit to operate to the same standards, with the objective of achieving an ethical, traceable, and sustainable value chain. These standards for suppliers are captured in the principles set forth in our **Supplier Code.** All suppliers are expected to follow the dsm-firmenich Supplier Code and all relevant laws and regulations. We will confirm the adherence to the principles of our Supplier Code; a breach of this Code could lead to a discontinuation of dsm-firmenich collaboration and to possible legal sanctions and proceedings.

Due diligence and Sustainability at source

We also drive transformation and positive change through field-based collaborations at source for value chains with increased exposure to sustainability risks or upon request by customers. The latter underlines our belief that driving sustainability needs to be addressed throughout the full value chain and requires resources and expertise from us, our customers, and our suppliers. Collaborations materialize in, for example, Sustainability at source projects, conducting upstream due diligence exercises, supporting our suppliers in obtaining third party verification (on raw material certification level), or implementing traceability tools and processes.

Sustainability at source projects flowing out of these collaborations typically last three years and should contribute to:

- Nutrition, health, safety, and social impact (ensuring living wages are paid, empowerment of women, empowerment of local communities, advocating entrepreneurship, abolishing forced labor and/or preventing child labor)
- Improving climate and the natural environment through sustainable farming practices, regenerative agriculture, biodiversity conservation or improvement, responsible water consumption, and/or greenhouse gas emission reductions
- A combination of both of the above

Due diligence assessments are triggered following below-par EcoVadis assessments, risk alert systems, non-conformities identified during supplier audits, concerns raised by whistle-blowers, or NGO/media investigation, and are aligned with international standards such as the United Nations Guiding Principles (UNGPs) and the Organisation for Economic Co-operation and Development (OECD) Guidelines. Based on the findings of these assessments, preventative or remedial actions are defined in collaboration with the impacted suppliers and are monitored on progress for at least three years. Suppliers are integrated into the project team, which follows a structured approach to addressing negative impact. This ensures that all relevant stakeholder requirements are met and sustainability frameworks respected.

When there is a customer request for increased assurance regarding certification or traceability of a material, our expert team guides our suppliers through the process. Traceability studies will also support us in preparing for new legislation like the EU Deforestation Regulation (EUDR) and EU Carbon Border Adjustment Mechanism (CBAM).

At the end of 2023, the Responsible Sourcing team was working on 73 projects (Sustainability at source and due diligence projects) including field-based collaborations with suppliers to enhance positive impacts for all the stakeholders:

- In Turkey, we raised awareness on the benefits of education for parents active in the rose-plucking industry, and contributed to building a network of daycare facilities, allowing woman to work on the fields while ensuring a safe environment for their children during working hours
- We supported the implementation of labour contracts between farmers and seasonal workers, ensuring fair working conditions and a living wage the seasonal workers, in Bulgaria where we source rose oil
- In Madagascar, we trained our suppliers on conducting human rights due diligence assessments and how to implement corrective actions
- We conducted a living wage assessment and implementation of corrective actions for our jasmine suppliers in India

A further elaboration of actions we took in our mint supply chains is described in our story **Mint with Purpose**. In 2024, the Responsible Sourcing team will perform the baseline calculations in order to measure the achievements and impacts.

Supplier Engagement Program 'Joining Forces'
The global challenges of the next decade are such that dsm-firmenich cannot succeed alone: we must engage our suppliers on our journey. We seek to inspire our suppliers with a collaborative approach that reinforces the resilience of our supply chain and contributes to the Group's strategic objectives. We want to offer our supply chain partners assurance that they are not on their own, and that they can connect with us, their industry peers and their customers to jointly drive continuous improvement.

In June, we gathered over 100 industry partners from our most important global suppliers, leveraging the existing setup of our Leadership Event. With the theme 'joining forces to *bring progress to life*', the purpose of this supplier event was to strategize, exchange ideas, and jointly devise innovative solutions to benefit our valued customers and enhance our sustainability journey.

During the event, we showcased our newly established organization, shared our purpose and ambitions, presented our inspiring vision of innovation, outlined our four Business Units, and importantly, emphasized the significance of robust partnerships.

Hosted by our Chief Procurement Officer (CPO) and Deputy CPO, and kicked off by our CEO Dimitri de Vreeze, the event revolved around the three main pillars of our Procurement organization: Value delivery (the essential), Innovation (the desirable) and Responsible sourcing (the sustainable).

We further connected with suppliers throughout the year by means of events, knowledge-sharing sessions, and capacity-building workshops. For example, in July, we organized a workshop where our scientists, process improvement managers and commercial leads got together with the manufacturing experts of one of our key suppliers to jointly identify and plan opportunities to reduce the carbon footprint of benzoic acid, a feed additive supporting digestive capabilities and the absorption of nutrients.

Going forward, we aim to further raise the bar by launching our Supplier Engagement Program '*Joining Forces: dsm-firmenich and Suppliers in Sustainable Action*' with focal points on climate change, nature, and human rights, to support our partners in their sustainability journey by aligning commitments and actions. Our program will be launched in April 2024, where we invite more than 500 of our key suppliers to connect with us and our customers, jointly kicking off a journey toward science-based target setting and improving human rights within our value chains. Our objective is to see the investments return through long, sustainable business relations and stimulate continuous improvement throughout the industry, not only providing benefits to dsm-firmenich but also to our suppliers' other customers through materials with a low (carbon) impact.

Tackling climate change with our value chain

Beyond our own operations, we invite key suppliers to develop detailed plans to reduce their environmental impact, and we join forces with our supply chain partners to tackle climate change. We continue to develop emission reduction roadmaps for our raw materials together with key suppliers as part of our reduction ambitions and have also continued to engage with suppliers to set their own targets. We will continue with this approach going forward. More information on our achievements and our targets can be found in **Scope 3**.

Additionally, dsm-firmenich received a top ranking on the CDP Supplier Engagement Leaderboard in 2023 based on our disclosures in 2022. This recognition highlights our excellence in working with our suppliers to reduce environmental impacts and risks across our value chain. We will continue to engage with our suppliers and work toward our SBTi in our direct operations and beyond.

Moving toward deforestation-free supply chains

To achieve deforestation-free supply chains by 2030 (one of our Food System Commitments) we ask our suppliers to certify their crop-based raw material through third-party, independent certification schemes. In 2023, 71% of our relevant sourced volume was assessed as deforestation-free. This relates to our Tier 1 supply chain for the crops we source that are prone to deforestation risks: palm oil and derived products, sugarcane, and direct soy and corn products. We assess 'deforestation-free' through certification schemes issued by NGOs such as RSPO, BonSucro and Proterra. We also leverage RSPO MB certificates for our Palm Oil and derivatives as a way of mitigating risk in our supply chains. However, as the Segregation model is considered the best approach to demonstrate deforestation-free, we do not include these in the calculated percentage.

Obtaining a (supply chain) certificate enables our suppliers to highlight their dedication to deforestation, biodiversity preservation, and tackling human rights issues, and will be an integral part of dsm-firmenich suppliers' performance criteria. We carefully monitor the developments of the EUDR, securing our supply chains for the future. More information on how we contribute to protecting nature can be found in **Nature**.

Leveraging the power of partnerships

To scale up our impact, we are an active partner in strategic responsible sourcing coalitions such as Together for Sustainability (TfS). This industry-leading initiative encourages its members to share their supply chain scores, so we can leverage the information obtained by other members to improve insights into our supply chain sustainability performance. We are also active in other forums, such as Sustainability Leaders and Procurement Leaders, where we take part in cross-functional and cross-industry working groups to learn from like-minded companies' best practices and receive in-depth research to integrate into our strategy and daily operations. We continue our sponsorship of the United Nations Global Compact (UNGC) Decent Work Platform as worldwide impact sponsor to build consensus in the business community on key principles of decent work.

Investor engagement

We strive to create value for all our stakeholders today and for generations to come through our business and all along our value chain. This includes our capital providers, who appreciate an increase of the company's value.

Transparent communication

Transparent and open communication of the accurate financial and relevant non-financial information to the financial markets is crucial for us. All information is easily publicly accessible via the company website. We actively engage with investors not only through General Meetings of Shareholders but also through events such as our Investor Days and Teach-in events, roadshows, and conferences (in person and virtually) as well as individual meetings.

We reach out to both financial and ESG advisors who cover dsm-firmenich on behalf of their financial market clients, such as brokers, credit rating agencies, proxy advisors, shareholder representative organizations, and ESG rating agencies.

We highly value the investors' feedback. It is periodically discussed and assessed by the Executive Committee and the Board of Directors and helps up improve our communication.

In 2023, we engaged with our investors and their representatives on sustainability topics such as the Sustainable Development Goals (SDGs), climate change, biodiversity, governance, sustainability in supply chain management, human rights, and diversity, equity and inclusion.

Updating investors on our progress

Since the Capital Markets Day in 2022 in Paris, during which former DSM and former Firmenich outlined the strategic rationale of the merger, we have kept our analysts and investors updated on the progress of the merger as well as business, financial and ESG performance during roadshows, conferences, as well as during other one-on-one meetings.

In November 2023 we organized a Teach-in event in Geneva. The event offered the chance to showcase how the two companies had come together both operationally and culturally using the example of two of our four Business Units – Perfumery & Beauty and Taste, Texture & Health. We gave multiple presentations and demonstrations on bringing together the essential, the desirable and the sustainable.

In 2023, our Investor Relations function was ranked again at the top of its sector by Institutional Investor EMEA Research. dsm-firmenich also was recognized by Mergermarket, winning the main category 'Deal of the Year' in their annual European M&A awards.
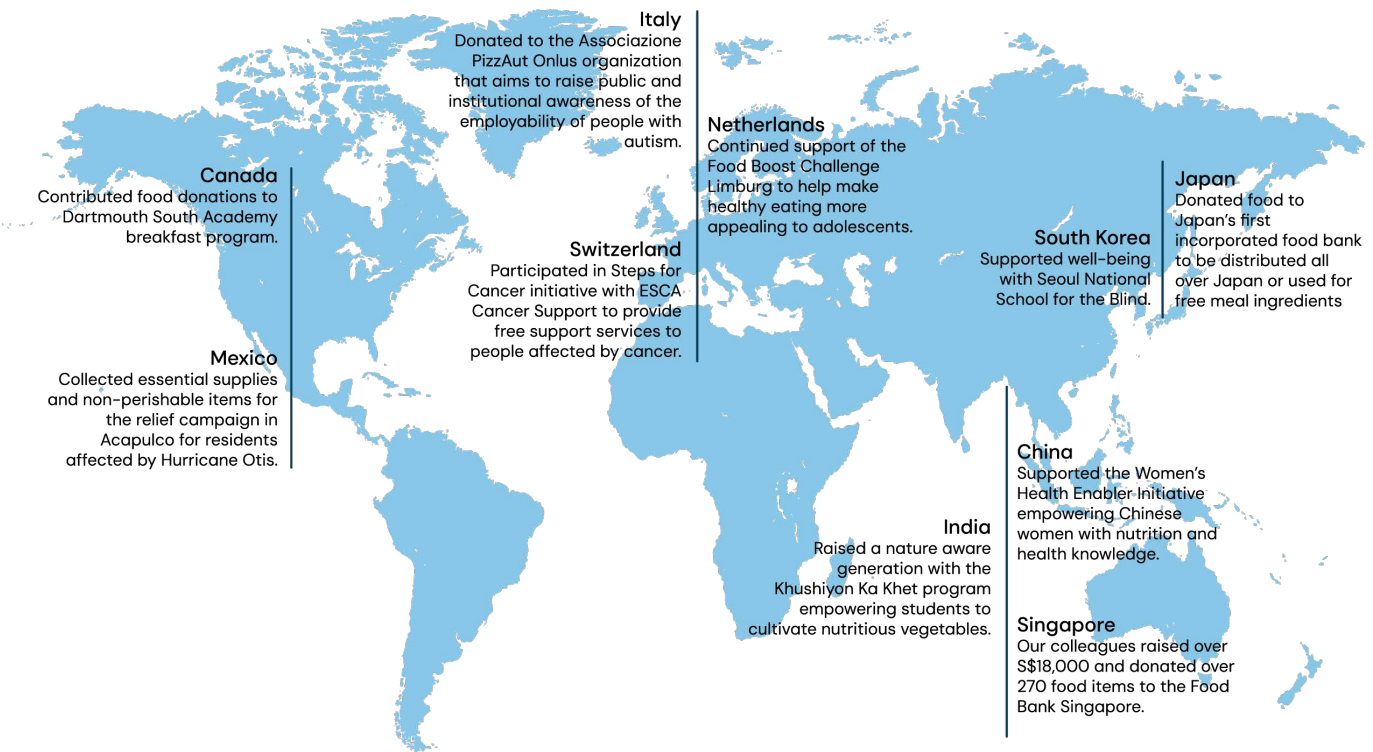
Engaging with the market about sustainability

As a company formed of two global sustainability leaders, we are determined to keep growing our positive impact – for the good of people, climate, and nature.

In 2023, we engaged with investors, including pension funds, to discuss their responsibility in long-term value creation for their customers, but also for the society and the environment their participants live in. We actively participated in projects of the World Business Council for Sustainable Development (WBCSD). We also participated in FCLT (Focusing Capital on the Long Term) projects. We are committed to staying ahead in sustainability reporting and ensuring we report against new and future requirements of regulating authorities. These include the EU Sustainable Finance Action Plan, EU Green deal, EU Taxonomy, EU Corporate Sustainability Reporting Directive and Sustainable Finance Disclosure Regulation (SFDR).

We continued our engagement with leading ESG Ratings and Benchmarks advisors to the financial sector, including Sustainalytics, MSCI, Moody's-Vigeo and ISS-ESG. We also engaged with IIGCC (Institutional Investors Group on Climate Change) on a net-zero transition plan, as well as with Share Action, an organization working directly with investors to drive up standards for responsible investment.

Community engagement

We engage with the communities and regions where we are located. These engagements address local needs across a variety of topics. While it is not possible to list all of our engagements, below we highlight a few examples from across our global footprint.

Italy
Donated to the Associazione PizzAut Onlus organization that aims to raise public and institutional awareness of the employability of people with autism.

Canada
Contributed food donations to Dartmouth South Academy breakfast program.

Netherlands
Continued support of the Food Boost Challenge Limburg to help make healthy eating more appealing to adolescents.

Japan
Donated food to Japan's first incorporated food bank to be distributed all over Japan or used for free meal ingredients

Switzerland
Participated in Steps for Cancer initiative with ESCA Cancer Support to provide free support services to people affected by cancer.

South Korea
Supported well-being with Seoul National School for the Blind.

Mexico
Collected essential supplies and non-perishable items for the relief campaign in Acapulco for residents affected by Hurricane Otis.

China
Supported the Women's Health Enabler Initiative empowering Chinese women with nutrition and health knowledge.

India
Raised a nature aware generation with the Khushiyon Ka Khet program empowering students to cultivate nutritious vegetables.

Singapore
Our colleagues raised over S$18,000 and donated over 270 food items to the Food Bank Singapore.

Partnerships

World Business Council for Sustainable Development

We are a member of the World Business Council for Sustainable Development (WBCSD) and participate in various working groups and coalitions. Our Chief Sustainability Officer (CSO), Katharina Stenholm, is a WBCSD Council member, and a Board member of the Agri-Food pathway.

In 2023, we played a role in various programs such as the Agri-Food pathway, the CFO Network, the Business Commission to Tackle Inequality, and Reporting Matters.

In May 2023 WBCSD and 60 business and civil society leaders published 'Tackling inequality: an agenda for business action'. Specifically, within the Agri-Food pathway, we participated in stakeholder dialogues with private sector, NGO and academics about scaling up nutritious and sustainable plant-based and diversified proteins, summarized in the publication in 'Meat & dairy analogues: Opportunities, challenges and next steps'. We contributed to the insights to living incomes in the Equitable Livelihoods project, further shaping of Regenerative Agriculture metrics within the Positive Agriculture group and participated in the Positive Nutrition group.

World Economic Forum

dsm-firmenich is a strategic partner of the World Economic Forum (WEF) and we actively participated in both virtual and in-person events throughout 2023, including the Annual Meeting in Davos in January. Both Dimitri de Vreeze and Geraldine Matchett were present during the International Business Council (IBC) meeting in August 2023. We are a member of the Agriculture, Food and Beverage industry community. Next to this industry group we participate in initiatives of WEF's Centres for Nature and Climate, Health and Healthcare and New Economy and Society, as well as C-suite communities that bring together leaders fulfilling the same position across organizations to collaborate and drive progress on common issues.

Within the Centre for Nature and Climate a very active leadership community is the Alliance of CEO Climate Leaders. This community, that our CEO is a member of, is committed to reaching net-zero emissions by 2050 at the latest. We as dsm-firmenich have committed to the Scope 3 upstream action plan of the Alliance to scale collaborative action across value chains and drive impact. The action plan offers a guiding framework to achieve near-term supply chain emissions reductions by collaborating with suppliers toward decarbonization. We remain actively engaged with the Alliance, driving forward decarbonization initiatives by setting key priorities for 2024.

The SDG Tent

During the 2023 Annual Meeting in Davos we convened for the last time the SDG Tent, a venue for discussing business engagement for achieving the SDGs. Joining forces with Proctor & Gamble, Bain, Salesforce, Philips, The Nature Conservancy and others, the SDG Tent was again home to several successful events on resilient food systems and the future of food, regenerative farming, climate action and carbon in healthcare systems. As of the 2024 Annual Meeting Royal Philips N.V. has taken over the baton in setting up the SDG Tent during the WEF Annual Meeting in Davos.

UN Global Compact

We have been a signatory to the UN Global Compact (UNGC) through DSM since 2007, and through Firmenich since 2008 and commit to annually communicate on progress in implementing The Ten Principles of the UNGC in the areas of human rights, child and forced labor, the environment and anti-corruption. We were members of the Global Compact CFO Taskforce, UNGC Network Switzerland & Liechtenstein, Global Compact Network Nederland, and were a Global Compact Impact Sponsor for Labour and Decent Work. Within the latter for example, we joined the Think Lab on Living Wage and contributed to the Living Wage Analysis Tool. We also joined the Business and Human Rights Accelerator to learn about Living Wage in the supply chain.

Swiss Food & Nutrition Valley

Swiss Food & Nutrition Valley (SFNV) is a purpose-driven, nationwide, not-for-profit association that strengthens and promotes food system innovation, with international engagement. Firmenich, now dsm-firmenich, was one of the Valley's founding partners and has been represented on the Executive Committee since its creation. With 150 Valley partners from corporates, governments, accelerators, academia and research, SMEs and startups, SFNV is the reference in the area of food and nutrition in Switzerland. Partners collaborate to address the most pressing challenges in food, agriculture and nutrition through five Impact Platforms focused on Precision Nutrition, Sustainable Proteins, Food Systems 4.0, Sustainable Farming, and Sustainable Packaging.

At the end of 2023, as part of an SFNV initiative to demonstrate the uniqueness of the Swiss food ecosystem by leveraging a broad, value chain driven approach, we submitted two proposals to explore how 'nutrition personalization' can be incorporated into daily breakfast habits and how consumers can enjoy a plant-based or hybrid dairy drink as a part of a healthy diet. Subject to project approvals, we look forward to actively developing these collaborative projects in 2024.

ERT

In 2023 dsm-firmenich joined the European Round Table for Industry (ERT). The ERT focuses on creating a strong, open and competitive Europe, promoting sustainable growth, jobs and prosperity for all. ERT members include CEOs and Chairs from around 60 of Europe's largest companies in the industrial and technological sector.

Dutch Sustainable Growth Coalition

The Dutch Sustainable Growth Coalition (DSGC) is a CEO-led coalition of eight multinational corporations which aims to drive sustainable growth business models that combine economic profitability with environmental and social progress. The coalition of CEOs uses their leadership for the development toward a future-proof world and sustainable growth. The DSGC stimulates activities and international cooperation, in value chains and between sectors, that contribute to the achievement of the SDGs. Every year the DSGC organizes a meeting with the Dutch government. In 2023, this meeting focused on climate, circular economy and international corporate responsibility. Moreover, the DSGC organized knowledge exchange sessions between company experts and ministries, for example around Scope 3 emissions. DSGC is supported by VNO-NCW and facilitated by Accenture.

ESG ratings

Sustainability is at the heart of our business, but we like to think of it in also in material terms. This is reflected by our inclusion in several ESG benchmarks and ratings, many of which rate us a (sector) leader. Given the large number of prevailing ESG benchmarks, participating in each and every one of them is not feasible for any company, so we annually review and prioritize our participation. We are in favor of further consolidation and standardization of the ESG benchmarks, as we believe this will encourage more companies to participate than is currently the case. Our annual review of the ESG benchmarks in which to participate is based on the following criteria:

- Recognition and use by our stakeholders, including our investors
- Transparency of methodology
- Primary reliance on publicly accessible information
- Avoidance of additional administrative work
- Provision of sufficient feedback to participating companies to enable them to make meaningful year-on-year improvements

Our priorities in 2023, and the outcomes, are listed below:

- For 2023, **CDP** assessed DSM as A– for climate and A– for water, and Firmenich as A– for climate, A for water and A– for forests
- We hold Platinum CSR Ratings from **EcoVadis** for DSM and Firmenich. The Platinum ratings places us in the top 1% of companies assessed in our industries
- dsm–firmenich received a low–risk rating from **ISS QualityScore** since our creation, including lowest risk (1 out of 10) in Governance. **ISS ESG** confirmed dsm–firmenich as 'Prime' according to its rating methodology. Our rating of B– puts us in the top decile relative to our industry group
- dsm–firmenich is a constituent of the **FTSE4Good Index**, which is designed to measure the performance of companies demonstrating specific ESG practices
- At the time of publication, MSCI had not assessed dsm–firmenich. **MSCI's** most recent rating of DSM was 'AAA',
- **Sustainalytics** assessed DSM and Firmenich as being at low risk of experiencing material financial impacts from ESG factors, with both companies included in the Sustainalytics' 2024 Top-Rated ESG Companies List

Sustainability statements

Non-Financial Reporting Policy

Reporting policy and justification of choices made

This is the first Integrated Annual Report of dsm-firmenich, which was formed by the merger between DSM and Firmenich. In this report, we report for the calendar year 2023. Our previous reports were the DSM Integrated Annual Report, published on 2 March 2023 and the Firmenich ESG Report, published on 12 September 2022.

We publish our Report exclusively in a digital format. It is available as an online version and as a pdf.

In the Management Report, we explain our vision and policy with respect to sustainability practices and report on our activities. We are in favor of convergence in reporting standards and frameworks, moving to globally accepted non-financial reporting standards. Currently, we recognize and participate in a number of initiatives that are driving toward that goal.

The basis for the non-financial reporting is the Swiss Code of Obligations – the Sustainability Report as described in Article 964b consists of all the information within the Sustainability section of this Report. Our double materiality approach and our disclosures in the Sustainability Statements use elements from the EU Corporate Sustainability Reporting Directive and European Sustainability Reporting Standards. However, they are not yet in compliance with these Standards, as they are only applicable for reporting over 2024 in 2025. We highlight areas of relevance to our company in the Sustainability Performance section, namely Climate and Nature, Nutrition and Health, and People. Our reporting is also based on voluntary non-financial reporting guidelines as follows.

Global Reporting Initiative

dsm-firmenich has reported in accordance with the Global Reporting Initiative (GRI) Standards for the period 1 January 2023 to 31 December 2023. A detailed overview of how we report according to the GRI Standards indicators, including a reference to relevant sections in this Report, is provided in the GRI Content Index, available on our Integrated Annual Report website. Due to the merger, many of the policies, procedures and metrics have not been integrated yet. As such, we are reporting an omission on information being unavailable or incomplete. This will be developed in the coming period, with further integration. Any gaps in the GRI disclosures in the GRI Content Index below are currently not available due to this reason. dsm-firmenich provides information on the Management of material topics (GRI 3-3) for the most material topics only. We do not provide detailed information on the Management of other topics as we do not believe they are material enough to do so. These topics are managed through our standard business processes and policies.

UN Sustainable Development Goals

We have also aligned our approach with the Sustainable Development Goals (SDGs). We are familiar with the opportunities and responsibilities that the SDGs represent for our business. We embrace all the SDGs, but we have chosen to highlight the goals which most closely align with our business activities, and our people and operations. In this Report, we include the SDGs in our reporting process, for example by mapping SDG reporting priorities in our value creation model, in Our approach to Sustainability, and in the solutions that we highlight.

The Taskforce on Climate-related Financial Disclosures

The recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD) are a set of climate-related financial disclosures for use by companies to provide information to their stakeholders which are mandatory under Swiss law. This Report contains our TCFD-relevant disclosures on Governance, Strategy, Risk Management, and Metrics and Targets. For information on how we report against the TCFD recommendations, see the Sustainability Statements.

Other reporting frameworks

We align with the recommendations of the International Integrated Reporting Council <IR> Framework where possible. The intention of the <IR> Framework is to provide additional guiding principles and content elements for an integrated report. We use this framework to present an integrated view of how the company creates value for stakeholders.

UN Global Compact

We are a signatory to the UN Global Compact (UNGC) and commit to annually report on progress in implementing The Ten Principles of the UNGC in the areas of human rights, child and forced labor, the environment and anti–corruption through the UNGC Communication on Progress (CoP) platform. Our Code of Business Ethics, our Supplier Code, and, until they are replaced with new Group policies, our legacy policies and procedures are the current foundations on which we apply the standards of the UNGC.

Selection of topics

The topics covered in this Report were selected on the basis of our materiality analysis, which assessed the relevance and impact of selected topics for our company and various stakeholders. The sustainability data in the Integrated Annual Report is qualitative as well as quantitative – the qualitative information can also contain quantitative elements. The Materiality matrix and the process by which it is created is reported on in Our approach to sustainability, with the management approach in the Sustainability statements.

Scope

The sustainability data in this Report cover all entities that belong to the scope of the Consolidated financial statements. As this is the first year of reporting for dsm–firmenich, no comparative data is available for 2022.

Acquisitions and divestments

The People data for newly acquired companies are reported from the first full month after the acquisition date. The Safety, Health and Environmental data for companies acquired in the:

- First half of a given year ('year x') are included in the reporting scope of the year after acquisition ('year x+1')
- Second half of a given year ('year y') are included in the reporting scope of the year following the first full year after acquisition ('year y+2')

Divested companies

Environmental data are reported until the moment control of the company is transferred, and social data until the end of the month in which control of the company is transferred. The date in which control of the company is transferred generally coincides with the date a divestment is closed, and control of the shares is transferred to the new owner.

Environmental methodology

Our progress on the key environmental performance indicators is collected and evaluated twice a year for all sites. The data are based on these sites' own measurements and calculations, which in turn are founded on definitions, methods and procedures established at group level. Due to the merger, some of these may be based on definitions, methods and procedures defined prior to the merger.

The site managers of reporting units are responsible for the quality of the data. Data are collected using measurements and calculations in the production processes, information from external parties (e.g., on waste and external energy) and estimates based on expert knowledge. Reporting units have direct insight into their performance compared to previous years and are required to provide justifications for any deviations above the threshold. For most parameters, the threshold is set at 10%.

Scope 3 greenhouse gas emissions are calculated on the basis of activity data and emission factors (greenhouse gas emitted per unit of material or activity, usually kg, km or euro, depending on the category). Emission factors are obtained from a variety of sources, including suppliers, in-house LCA models and from industry databases. Emission factors are chosen that are considered most representative and reliable. Activity data is based on spend, volume, distance or number of employees, depending on the category. Data is on the basis of a 12-month timeframe and is obtained from a number of internal systems.

The year-on-year comparability of the data can be affected by changes in our portfolio as well as by improvements to measurement and recording systems at the various sites. As this is the first year of reporting, no comparative data is available, however, in subsequent year, whenever impact is relevant, this will be stated in the Report.

Social methodology

Social data are collected per Business Unit and consolidated at corporate level.

Metrics on workforce and workforce composition, and inflow and outflow are reported based on the year-end figures. Due to the merger, inflow and outflow is measured versus the first full month after the merger.

Employee engagement and the Inclusion index are measured via a survey that is conducted on an annual basis.

Safety and health metrics are reported on a 12-month rolling average. Divestments are included in the rolling average for the months prior to transfer of control of the company. Occupational health cases and training hours are reported on the basis of the year-end figures.

Sustainable Portfolio Steering

Due to the merger and ongoing integration activities, quantitative reporting on portfolio steering will be paused while a review of the methodology is undertaken. A qualitative update on the progress of this review will be provided in the meantime.

Food System Commitments

The Food System Commitments are a set of measurable commitments that make the company's societal impact explicit. The Commitments are aimed at addressing urgent societal and environmental challenges linked to how the world produces and consumes food. They are grouped into the areas: Health for People, Health for Planet, Healthy Livelihoods.

Health for People
- Help close the micronutrient gap of 800 million vulnerable people by 2030
- Support the immunity of half a billion people by 2030

Health for Planet
- Enable double-digit on-farm livestock emission reduction by 2030
- Reach 150 million people with nutritious, delicious, sustainably produced plant-based foods by 2030

Healthy Livelihoods
- Support the livelihoods of 500,000 smallholder farmers by 2030

Our Basic Commitments are:
- Deforestation-free in our primary supply chains by 2030
- Good workforce nutrition for all employees by 2030

The impact of the Commitments is based on scientific or other third-party evidence demonstrating a link between the products and services provided by the company to its customers and the substantiated societal impact of the commitment. The calculation of the level of impact is based on estimates and assumptions. The required level of supporting evidence for estimates and assumptions is assessed using a risk-based approach, looking at objectivity, sensitivity, and the underlying basis of the estimate. The assessment and supporting evidence for the estimates and assumptions are documented and are updated annually.

In 2024, the Food Systems Commitments will be re-evaluated for their strategic fit with the company given the context of the merger.

General Information

The Sustainability Statements have been structured using the topics of a selection of the topical standards of the European Sustainability Reporting Standards (ESRS), however, they are not reported according to the ESRS Disclosure Requirements. We have actively participated in various consultations and engagements regarding the ESRS and collaborated on consultation feedback through groups such as the Dutch Accounting Standards Board ('Raad van de Jaarverslaggeving') since the first drafts were published in early 2022.

In 2023, dsm-firmenich performed a detailed gap assessment against the Disclosure Requirements of the ESRS to prepare ourselves for the legislation. The gap assessment indicated that we are aligned with a substantial part of the ESRS that are in our reporting scope. Through closing reporting gaps over 2024, we aim to achieve full compliance, taking into account the phase-in requirements.

Geographic distribution of manufacturing and premix locations

31
North America
(NAM)

21
Latin America
(LAM)

53
Europe
Middle East
Africa
(EMEA)

22
South East Asia
(SEA)

18
North East Asia
(NEA)
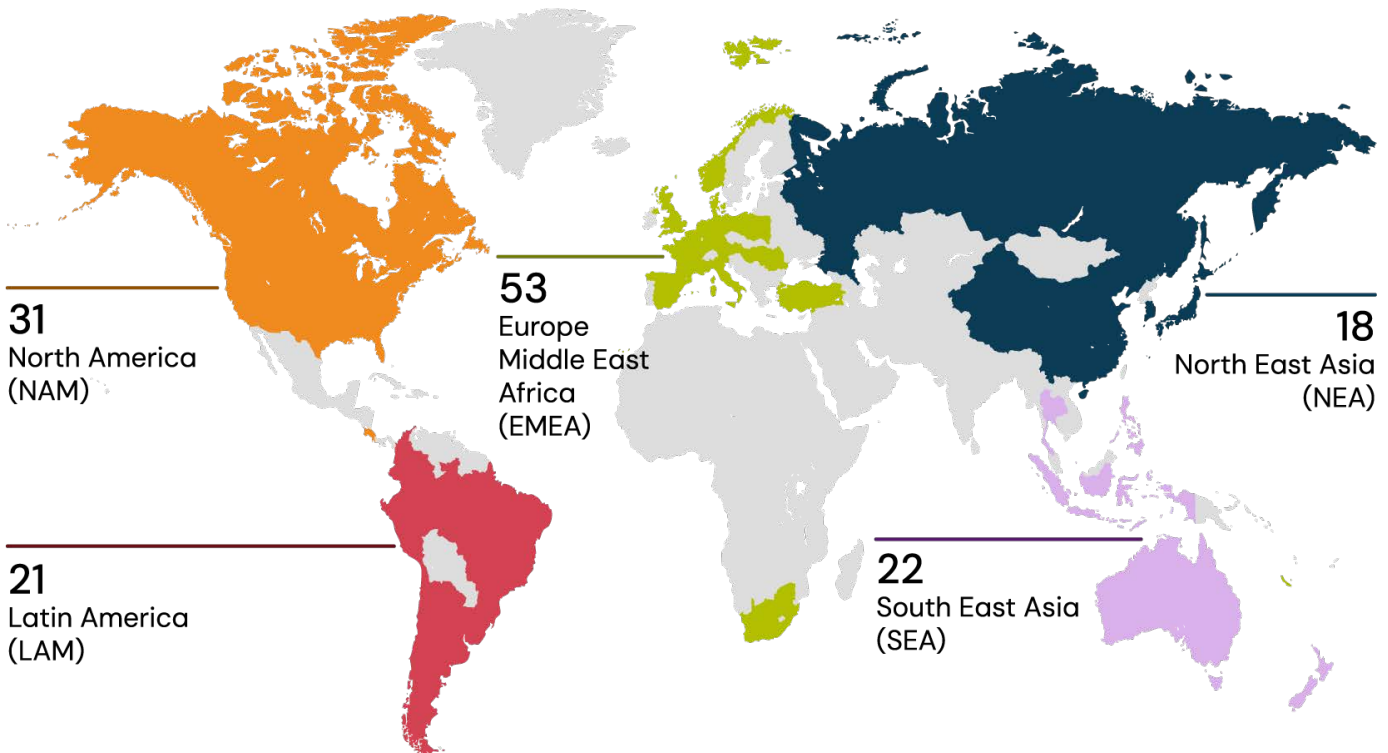
Environmental information

Climate Change

Scope 1 and 2 emissions

	2023
	(x 1,000 tonnes)
Total CO$_2$e emissions (Scope 1 and 2)	
– Market-based	915.4
– Location-based	1,208.9
Total Scope 1 CO$_2$e emission	**606.6**
Total Scope 2 CO$_2$e emissions	
– Market-based	308.8
– Location-based	602.3
Total biogenic CO$_2$ emissions from combustion of biofuels	**66.0**

Scope 3 emissions

	2023
	(x 1,000 tonnes)
Total CO$_2$e emissions (Scope 3)[1,2]	9,996.0
1 Purchased goods and services	**7,912.5**
Other upstream categories	**779.4**
– 2 Capital goods	97.6
– 3 Fuels	204.2
– 4 Transport & Distribution	242.7
– 5 Waste treatment	129.6
– 6 Business travel	23.0
– 7 Employee commuting	63.4
– 8 Leased assets	18.9
12 End-of-life treatment	**252.5**
15 Investments	**327.0**
Other downstream categories	**724.3**
– 9 Transport & Distribution	303.4
– 10 Processing of sold products	40.1
– 11 Use of sold products	380.8

1   Scope 3 emissions reporting excludes emissions from businesses divested in 2023.
2   Non-reported categories (13 and 14) are considered not material in line with 'Guidance for Accounting & Reporting Corporate GHG emissions in the Chemical Sector Value Chain' for Scope 3 GHG reporting published by WBCSD.

Energy

	2023	
	TJ	MWh
Total (net) energy consumption	19,300	
Total fuel consumption	**10,500**	
– Non-renewable fuel consumption	9,800	
– Renewable fuel consumption	700	
Total electricity purchased	**4,700**	**1,316,000**
– Purchased non-renewable electricity		160,500
– Purchased renewable electricity		1,155,500
Renewable electricity self-generated with ownership	**20**	**5,500**
Total purchased heat and cooling	**4,100**	
Total energy exported	800	
– Non-renewable + renewable electricity, exported		146,000
– Total heat exported	300	

Pollution

Emissions to air and water

	2023
	(tonnes)
Emissions to air	
Volatile Organic Compounds (VOC)	2,700
Nitrogen oxide (NO_x)	600
Sulfur dioxide (SO_2)	20
Emissions to water	
Chemical Oxygen Demand (COD)	3,000

Water and marine resources

Our approach to define water-stress locations is based on **WRI Aqueduct** (v4.0 – World Resources Institute) freshwater data. Following an extraction of the database based on our locations, we retain those with 'Extremely High' or 'High' risks based on the time horizon of today or by 2030 using the scenario 'Business as usual'. More information on the tool can be found **here**. Below analysis excludes the Materials divestments.

Once-through cooling (OTC) refers to the continuous flow of water used only for cooling purposes which is returned to the same source immediately after use.

Water stress – distribution of our sites linked to water-stress areas

1

10

3

sites per country
under water stress

4
2

2

1

3

4

1

8

3

1
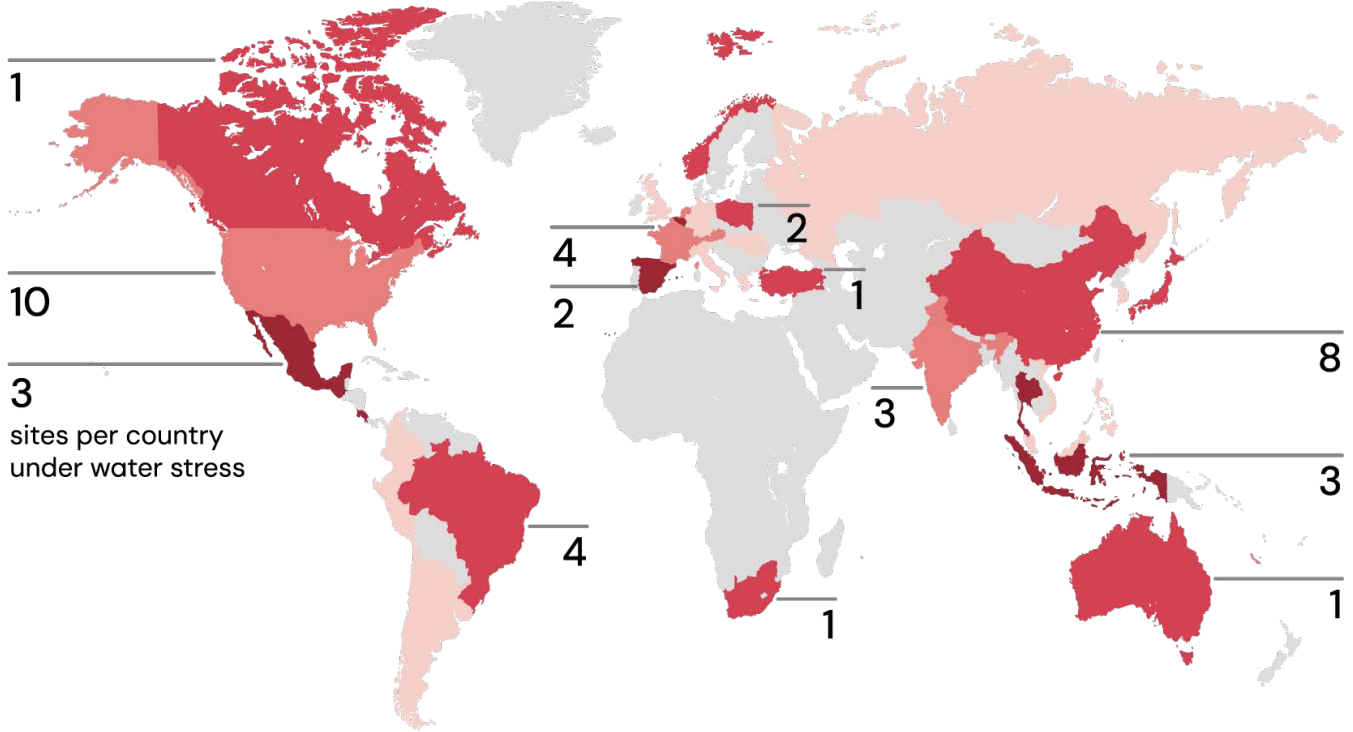
average potential water stress area: ● low ● medium-low ● medium-high ● high

Share of dsm-firmenich locations by water-stress

	Water-stress locations	Other locations
Share of Production	34%	66%
Share of Consumption	23%	77%
Share of Sites	37%	63%

0   20   40   60   80   100

● Water-stress locations   ● Other locations
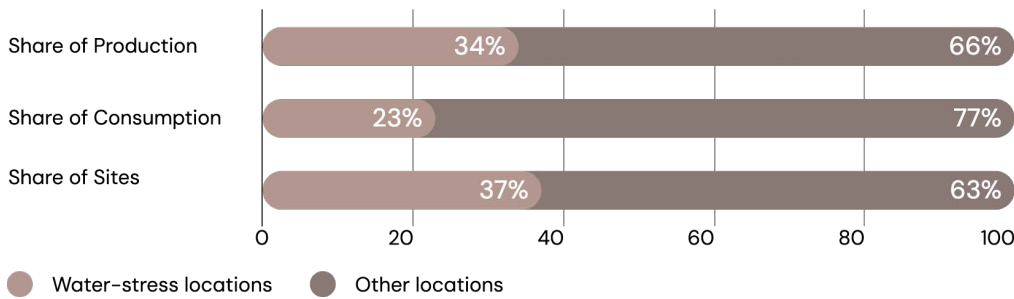
Water withdrawal, discharge and consumption

	2023
	(x 1,000m³)
Total water withdrawal	104,400
– Fresh surface water (OTC)	77,400
– Fresh surface water (non–OTC)	5,500
– Fresh ground water	9,100
– Brackish water/sea water	0
– Third party source	11,500
– Other[1]	800
Total water discharge	98,600
– to environment (OTC)	77,400
– to environment (non–OTC)[2]	9,800
– to offsite treatment (3rd party destinations)	11,400
Water consumption	5,800

1 Other withdrawal includes water from processing of raw materials, and rain water.
2 Water discharge to environment (non–OT) is to fresh and brackish water.

Resource use and circular economy

Waste by disposal method

	2023
	(tonnes)
Process–related non–hazardous waste excluding recycled waste	34,700
Landfill	9,000
Offsite incineration with heat recovery	19,600
Offsite incineration without heat recovery	3,500
Other[1]	2,600
Process–related hazardous waste excluding recycled waste	67,500
Landfill	1,400
Offsite incineration with heat recovery	51,700
Offsite incineration without heat recovery	13,500
Other[1]	900
Total recycled waste (hazardous and non–hazardous)	129,700

1 Waste reported as 'other' refers to waste sent for a disposal method or path that does not precisely align with the main categories.

Other Environmental Information

Environmental fines and non–monetary sanctions

	2023
Fines (in €)	259,000
Non-monetary sanctions	13

Social information

Own workforce

Workforce by gender

	Female		Male		Not disclosed/ Unknown		2023 Total
	#	% of row	#	% of row	#	% of row	#
Permanent	**9,462**	**35.5%**	**17,178**	**64.5%**	**3**	**0.01%**	**26,643**
Temporary	**372**	**60.4%**	**244**	**39.6%**	**0**	**0.0%**	**616**
Total	9,834	36.1%	17,422	63.9%	3	0.0%	27,259
Non-integrated acquisitions	977	47.8%	1,065	52.2%	0	0.0%	2,042
Total headcount	10,811	36.9%	18,487	63.1%	3	0.01%	29,301

Workforce by region

	Female		Male		Not disclosed/ Unknown		Non-integrated acquisitions		2023 Total
	#	% of column	#	% of column	#	% of column	#	% of column	#
Switzerland	1,091	11.1%	2,556	14.7%	0	0%	0	0%	3,647
Netherlands	769	7.8%	1,014	5.8%	0	0%	0	0%	1,783
Rest of EMEA	2,788	28.4%	4,889	28.1%	0	0%	169	8.3%	7,846
North America	1,534	15.6%	2,627	15.1%	0	0%	100	4.9%	4,261
Latin America	1,184	12.0%	2,170	12.5%	3	100.0%	263	12.9%	3,620
China	1,253	12.7%	2,280	13.1%	0	0%	1131	55.4%	4,664
Rest of Asia	1,215	12.4%	1,886	10.8%	0	0%	379	18.6%	3,480
Total headcount	9,834	100.0%	17,422	100.0%	3	100.0%	2042	100.0%	29,301

Additional workforce diversity metrics

	Female	Male	Not disclosed / unknown	2023 Total
% by age category[1]				
<26 years	2.8%	3.4%	0%	6%
26–35 years	10.4%	15.3%	0.01%	26%
36–45 years	11.3%	19.3%	0%	31%
46–55 years	8.1%	16.2%	0%	24%
>55 years	3.5%	9.6%	0%	13%
Unknown[2]	0.0%	0.1%	0%	0%
% by nationality[1]				
Chinese	4.8%	8.4%	0%	13%
American	4.7%	7.9%	0.01%	13%
French	4.0%	8.2%	0%	12%
Brazilian	2.8%	5.1%	0%	8%
German	1.6%	4.5%	0%	6%
Dutch	2.2%	3.5%	0%	6%

Indian	1.5%	3.7%	0%	5%
Swiss	1.4%	3.6%	0%	5%
British	0.8%	2.0%	0%	3%
Mexican	0.9%	1.6%	0%	3%
Other[2]	11.4%	15.2%	0%	27%
% female by seniority[1]				
Executives	34.4%	65.6%	0%	2%
Management	37.4%	62.6%	0%	11%
Other[2]	36.0%	64.0%	0.01%	87%

1   Due to the merger, some of the definitions, methods and procedures may be based on definitions, methods and procedures defined prior to the merger.
2   Non-Integrated Acquisitions are excluded from the breakdowns.

Inflow and outflow

	Female	Male	Not disclosed / unknown	2023 Total
Inflow[1]				
Total number of new hires (excluding acquisitions)	547	1,011	2	1,560
Acquisitions	45	44	0	89
Total inflow	592	1,055	2	1,649
% new hires by region				
Netherlands	0.6%	1.2%	0.0%	1.7%
Switzerland	2.8%	6.3%	0.0%	9.0%
Rest of EMEA	9.3%	17.3%	0.0%	26.6%
North America	9.0%	18.8%	0.1%	27.9%
Latin America	5.2%	9.0%	0.0%	14.2%
China	1.7%	4.4%	0.0%	6.0%
Rest of Asia	6.6%	7.8%	0.0%	14.4%
Outflow				
Voluntary resignations	349	708	0	1,057
Total outflow (excluding divestments)	548	1,360	2	1,910
Divestments	24	42	0	66
Total outflow	572	1,402	2	1,976
Voluntary resignations (%)	**3.2%**	**3.8%**		**3.6%**
Total turnover (%)	**5.3%**	**7.6%**		**6.7%**

1   Inflow and outflow are only reported as of the first full month following the date of the merger.

Governance information

Sustainability governance framework

Board of Directors
As the Board of Directors is the highest executive oversight body, it has the ultimate authority on matters relating to Sustainability, including climate. Furthermore, the Board of Directors has established a Sustainability Committee that is responsible for reviewing sustainability and the sustainability performance of the company. See the **Board of Directors** and **Sustainability Committee** for more information on their responsibilities and activities.

Executive Committee
By way of delegation of the Board for Directors, the Executive Committee, led by our CEO, is responsible for the management of the company, including pursuing leadership on sustainability, and implementing the sustainability strategy. Among other items, the Executive Committee approved, with the Board of Director's endorsement, the science-based targets that were submitted for validation in early 2024 to the Science Based Targets initiative. See the **Executive Committee** for more information on the composition and roles of the Executive Committee.

Functional Leadership of Sustainability
Functional Leadership Teams (LT) have been established to manage specific sustainability-related topics. These teams are chaired by a senior executive.

Sustainability at Group level
At Group level, sustainability is steered by the Global Sustainability Leadership Team (GSLT). The GSLT is comprised of a group of senior sustainability leaders representing Group Sustainability, the Business Units, and relevant functions. The GSLT is chaired by the Chief Sustainability Officer (CSO) who has a direct reporting line to the CEO. The GSLT drives the sustainability agenda of the company and ensures that this is translated into the Business Units' and functions' sustainability strategies. Key topics on the GSLT agenda include climate, nature, social impact (including human rights), nutrition and sustainability reporting.

The GSLT is supported in their work by the Group Sustainability function, under the leadership of the CSO, a group of experts that identify emerging sustainability trends, provide topical expertise, and support the company on cross-cutting sustainability themes. Furthermore, Business Unit sustainability teams ensure the identification and management of Business-Unit-specific topics, priorities and strategies.

Operations, and Safety, Health and Environment & Security
The Operations Leadership Team drives excellence and competitive advantage in operations. It defines our Operations strategy and ensures a consistent application of our operational standards, through providing joint direction, community building, and identifying and jointly executing synergies and value creation. The SHE & Security (SHE&S) Leadership Team ensure our SHE&S are fit for purpose to safeguard people's and customer's safety and health, and to protect the environment and out assets. It sets the relevant strategy, policy, requirements, and standards to deliver on these. These Leadership Teams are supported by Functional Leadership Teams and Functional Networks that connect the overarching strategies and standards with the functional and Business Unit planning and execution.

Human Resources

The Human Resources Leadership Team (HRLT) is responsible for the holistic human resources (HR) agenda. It is chaired by the Chief Human Resources Officer, who is a member of the Executive Committee. The HRLT, comprised of the Heads of the Group HR expertise areas and Business Unit HR Heads, sets the strategic direction for HR and ensures alignment between the Group and the Business Unit HR agendas. It is supported by the extended LT which discusses cross-cutting HR projects, and provides inspiration and expertise on HR topics, including improvement opportunities and best practices.

Procurement

The Procurement Leadership Team (PLT) is responsible for ensuring the implementation of our Responsible Sourcing Framework, and reviews progress on a regular basis. Our Chief Procurement Officer (CPO), who chairs the PLT, reports directly to the CEO, and is responsible for deploying the Framework within our supply chain. The Framework and strategy, together with guidance and priority setting, is defined by the Responsible Sourcing team, which is overseen by the Head of Responsible Sourcing, who maintains a dual reporting line to the CPO as well as the CSO. The Sustainability Leadership Team (SLT) acts as a sparring partner to ensure our Responsible Sourcing strategy is in line with the Group's ambitions and commitments.

Other information

Material topic explanations

Environment
Animal welfare

Having practices and rules in place for the consistent care, welfare, treatment and testing of research animals. This topic also covers enhancing lifetime animal performance and general animal welfare by producing high quality food for them.

Biodiversity & nature

Sustainably managing and minimizing dsm-firmenich's impact on ecosystems and biodiversity, which includes activities such as resource use, land cultivation, deforestation and food supply chains. This topic focuses on preserving and restoring natural diversity and ecosystems in land, water and marine environments. This is essential to ensure business sustainability, particularly in perfumery, which relies on natural ingredients. Dsm-firmenich must assess and address biodiversity risks and impacts to ensure its long-term success.

Climate change adaptation

The management of physical risks associated with climate change by building an adaptive business model and capacities as well as having resilience plans in place.

Climate change mitigation

Reducing the impact on climate change by reducing pollutants, especially the greenhouse gas emissions generated directly and indirectly (Scopes 1–3) through, i.e., purchased materials, agricultural activities, transportation, energy consumption (efficiency and use of renewable energy) or travel. Setting ambitious emission reduction targets, developing a robust decarbonization program, supporting to reduce emissions along the value chain and implementing other mitigation activities additionally ensure environmental compliance and overall emission reductions to move towards net zero.

Regenerative agriculture

Addressing the issues of agricultural expansion and unsustainable farming practices by adopting sustainable and regenerative methods to cope with growing land and water scarcity and decreasing soil health in agricultural systems (i.e., more sustainable animal protein production).

Renewable raw materials

Trading off social and environmental impacts against costs is becoming more important with a strong focus on moving away from scarce raw materials to renewable, available and accessible ones.

Waste and plastics management

Minimizing waste production, designing out waste and plastics (especially single-use plastics), increasing waste reuse and recycling and managing the lifecycle impacts of dsm-firmenich's products, including hazardous and non-hazardous waste, effluents and pollution generated by the company's operations and manufacturing processes. Integrating circularity and next-life use principles into all aspects of business strategy from raw material/ingredient procurement, packaging and product design to go-to-market, after-sales service and end-of-life treatments to maximize and maintain the value of dsm-firmenich's products for as long as possible.

Water management

Limiting withdrawal, consumption, use, waste-water generation and discharges in dsm-firmenich's own operations and developing solutions to support their value chain partners in water stewardship. This topic refers to reducing the reliance on water resources and minimizing impacts of operations on water, which may be influenced by regional differences in the availability and quality of and competition for water resources (i.e., areas of high water stress).

Society
Diversity, equity & inclusion

Promoting the values of diversity, equity and inclusion within dsm-firmenich and beyond by guaranteeing equal treatment, equal pay for equal work and equal opportunities to all employees, indifferent of race, gender, ethnicity, religion, sexual orientation, disabilities or other personal traits. It is about building a workplace free from any form of discrimination, harassment or violence that ensures fair and transparent hiring and promotion practices and respectful interactions between employees.

Employee well-being

Fostering and contributing to employee health and well-being at work and beyond, including physical, mental, social, financial and purpose-related aspects (i.e., fulfilment). This also includes treating all employees equally, especially with regards to living wage, and respecting employee rights, conducting empowerment and engagement activities and ensuring work-life balance.

Health, nutrition, taste, and food security

Contributing to nutrient sufficiency as well as the health and well-being of end-consumers and society as a whole by providing access to ingredients used in health-promoting beauty and wellness products as well as nutrient-dense, tasty foods. This topic also entails deploying methods and tools to conserve scarce land and water resources to ensure long-term food security. Moreover, it refers to preventing food loss and waste, through bio-protection and a focus on extending shelf life.

Occupational health & safety

Creating and maintaining a safe and healthy workplace environment that is free of injuries, fatalities, and illness (both chronic and acute). Measures to achieve this are having safety management plans in place, developing training requirements for employees and contractors, and conducting regular audits of own operations.

Partnerships and relationship management

This topic refers to a variety of stakeholders and how to engage with them, i.e., by ensuring transparent cooperation with partners and parties within the value chain, minimizing negative impacts on local communities and protecting their economic, social, cultural, civil and political rights, or addressing changes in consumer behavior, educating consumers in making the right diet choices and elevating the customer and consumer experience.

Respect of human rights

Ensuring that human rights and universal workers' rights are respected in dsm–firmenich's own operations and across its value chain, i.e., through the abolishment of human trafficking, forced or child labor and modern slavery, while guaranteeing the freedom of association, right to collective bargaining and a fair salary, among others. This is achieved by implementing strong due diligence and risk assessment processes, as well as mitigation and remediation measures where needed.

Talent attraction, development & retention

Dsm–firmenich sees people as differentiators, therefore talent attraction, development, engagement and retention are key success factors. The topic includes, but is not limited to, recruitment, career path offerings, performance and compensation management and skills and competency development. It additionally refers to strengthening employer as well as brand attractiveness through competitive wages, fringe benefits, attractive working conditions and initiatives that foster employee engagement and human capital development.

Governance
Corporate governance, business ethics & transparency

Having clearly defined (sustainability) governance structures in place that ensure oversight through the Board of Directors and adequate execution at operational level. Establishing good business conduct and integrity through the highest professional and ethical standards and complying with international standards to fight anti–competitive practices, i.e., fraud, corruption and bribery. It is also about acting with integrity and being transparent in all company–related activities, including reporting, non–misleading sales and marketing practices and transparent tax management.

Cybersecurity & information security

Guaranteeing that the rights to data privacy as well as the protection of the data of individuals, companies and other entities are safeguarded and access to IT systems, networks and data is assured at all times. Robust processes and systems as well as strict data handling and security practices are needed to prevent IT system failures and major information security/cybersecurity incidents, among others.

Innovation, digital & technology

Promoting innovation at dsm–firmenich and along the value chain to reduce the environmental footprint of products, increase climate resilience, optimize the use of inputs (i.e., towards more sustainable agricultural practices), contribute to sustainable and healthy solutions, improve organizational efficiency as well as enhance customer satisfaction while incorporating new technologies in an ethical and constructive manner. This topic also includes benefitting from digital tools and Artificial Intelligence to advance own operations, business models and activities across the value chain by strengthening (internal) scientific capabilities, managing innovation effectively, and promoting eco–friendly innovation.

Product quality, safety & impact

Guaranteeing the highest product quality, safety, including ingredient disclosure and certification standards. This involves controlling and minimizing all possible safety risks and adverse effects on customers, consumers, animal health, the environment and society as a whole. In detail, it involves liability, product testing, data transparency, customer support and market withdrawals. Principles of responsible and sustainable product stewardship and governance, sustainable portfolio steering, and responsible value creation can create positive impacts and competitive advantages.

Responsible & transparent sourcing

Minimizing exposure to sustainability-related risks in the supply chain and corresponding financial and reputational damages while maximizing the supply chain's reliability. Ensuring quality and traceability (i.e., of ingredients) throughout supply chains by screening, selecting, monitoring, auditing and engaging with suppliers on issues such as environmental protection, responsible raw material sourcing, business conduct and human rights.

Taskforce on Climate-related Financial Disclosures

The mapping table provided below provides guidance on how dsm-firmenich has reported against the TCFD Requirements. These disclosures are aligned with the Swiss Ordinance on Climate Matters which came into force on 1 January 2024.

TCFD elements	Recommended disclosures	References in this report
Governance	1. Management's oversight on climate-related risks and opportunities	**Sustainability governance framework**
	2. Management's role in assessing and managing climate-related risks and opportunities	**Climate adaptation and transition plans** **Sustainability governance framework**
Strategy	1. Description of climate-related risks and opportunities	**Climate adaptation and transition plans**
	2. Impact of climate-related risks on the company's business activities and strategic and financial planning	**Climate adaptation and transition plans**
	3. Resilience of the organization's strategy	**Climate change mitigation** **Climate adaptation and transition plans**
Risk management	1. The company's processes for identifying and assessing climate-related risks	**Climate adaptation and transition plans** **Risk Management**
	2. The company's processes for managing climate-related risks	**Climate adaptation and transition plans**
	3. Integration of processes for identifying, assessing and managing climate-related risks into the company's general risk management system	**Climate adaptation and transition plans** **Risk Management**
Metrics and targets	1. Metrics with which the company assesses climate-related risks and opportunities	**Climate change mitigation**
	2. Disclosure of Scope 1, Scope 2 and Scope 3 GHG emissions	**Scope 1 and 2** **Scope 3**
	3. Targets used to manage climate-related opportunities and risks against performance	**Scope 1 and 2** **Scope 3**

Assurance report of the independent auditor

To: the General Meeting and the Board of Directors of DSM-Firmenich AG

Report on the assurance engagement on the sustainability information 2023 included in the Integrated Annual Report

Our qualified opinion

We have performed a reasonable assurance engagement on the non-financial information in the sections 'About dsm-firmenich', 'Letter to our Stakeholders', 'Strategy' and 'Sustainability' included in the Integrated Annual Report for 2023 (hereafter: the 'sustainability information') of DSM-Firmenich AG. (hereafter 'the Company'), based in Kaiseraugst, Switzerland.

In our opinion, except for the effects of the matter described under 'Basis for our qualified opinion' section of our report, the sustainability information is prepared, in all material respects, in accordance with the GRI Standards and the Company's internally developed supplemental reporting criteria as included in the 'Reporting Criteria' section of our report and as disclosed in the section 'Non-Financial Reporting Policy' included in the chapter 'Sustainability Statements' of the Integrated Annual Report.

Basis for our qualified opinion

Scope 3 emissions are calculated amongst others on the basis of spend data and emission factors. We have observed limitations with regards to the reconciliation of the spend data with the financial information underlying the consolidated 2023 financial statements of the Company. Consequently, we have not been able to perform sufficient assurance procedures over the completeness of spend data and therefore an uncertainty remains regarding the completeness of Scope 3 emissions as included in the sustainability information.

We have performed our reasonable assurance engagement on the sustainability information in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten) (assurance engagements other than audits or reviews of historical financial information (attestation engagements)). This engagement is aimed to obtain reasonable assurance. Our responsibilities under this standard are further described in the 'Our responsibilities for the assurance engagement on the sustainability information' section of our report.

We are independent of the Company in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Reporting Criteria

The sustainability information is prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) and the Company's internally developed supplemental reporting criteria as disclosed in the section 'Non-Financial Reporting Policy' included in the chapter 'Sustainability Statements' of the Integrated Annual Report. The GRI Standards used are listed in the GRI Content Index as referenced to in the chapter 'Global Reporting Initiative.

The comparability of sustainability information between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the sustainability information needs to be read and understood together with the reporting criteria used.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the sustainability information as included in the Integrated Annual Report. When evaluating our materiality levels, we considered quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the Company.

Scope of the assurance engagement of the group

The Company is the head of a group of components. The sustainability information incorporates the consolidated information of this group of components to the extent as disclosed in the 'Non-Financial Reporting Policy' of the Integrated Annual Report.

Our assurance procedures for the assurance engagement of the group consisted of assurance procedures at corporate and component level. Our selection of components in scope of our assurance procedures is primarily based on the component's individual contribution to the consolidated sustainability information. Furthermore, our selection of components considered relevant reporting risks and geographical spread.

By performing our assurance procedures at corporate and component level, we have been able to obtain sufficient and appropriate assurance evidence about the Company's reported sustainability information to provide an opinion about the sustainability information.

Our key assurance matters

Key assurance matters are those matters that, in our professional judgement, were of most significance in our assurance engagement on the sustainability information. We have communicated the key assurance matter to the Managing Board and the Supervisory Board. The key assurance matters are not a comprehensive reflection of all matters discussed.

These key assurance matters were addressed in the context of our assurance engagement on the sustainability information as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The impact of the merger and performance on the Company's Food System Commitments were determined to be key assurance matters as these assessments are inherently subject to assumptions and management judgement, whereas the determination of other important sustainability indicators on Safety, Health and Environment and Human Resources require such judgement to a lesser extent.

The impact of the merger

Description

The effects of the merger between DSM and Firmenich on the sustainability information is complex due to the harmonization of processes and reporting definitions.

The sustainability information includes data from DSM and Firmenich, each as from 1 January 2023 (the 'reporting period'). This is different from the financial statements, in which the financial information of Firmenich is consolidated as from merger date as required under International Financial Reporting Standards. As this is the first year of reporting for the Company, no comparative data is available for 2022

Our response

- We have performed assurance procedures on the sustainability information starting with an assessment of the newly established sustainability governance framework.
- We performed additional inquiries with topic owners in order to understand the processes within the Company, and to gain further insight into the harmonization of processes, we conducted additional site visits.
- We examined the non-financial reporting policy and reporting definitions by reviewing documentation, such as reporting manuals, and by inquiring key personnel.

Our observation

We have determined that the non-financial reporting policy and reporting definitions are appropriately applied within the Company. We also consider the disclosure on the merger and the reporting period in the Integrated Annual Report as being adequate.

Food System Commitments

Description

The Company reports on a set of performance indicators related to Food System Commitments ('FSCs'). The FSCs are quantifiable commitments on the environmental or societal impact in global food systems of the Company together with its partners in its value chain. The FSCs, grouped in the areas Health for People, Health for Planet, Healthy Livelihoods and Basic commitments, are explained in the 'Food Systems Commitments' section of the Integrated Annual Report. The FSCs the Company reports on over 2023 are defined as listed below:

- Help close the micronutrient gap of 800 million vulnerable people by 2030
- Support the immunity of half a billion people by 2030
- Enable double-digit on-farm livestock emission reduction by 2030
- Support the livelihoods of 500,000 smallholder farmers across the value chain together with our partners by 2030
- Deforestation-free in our primary supply chains by 2030
- Good workforce nutrition by 2030

The performance indicators related to the FSCs are significant to our assurance engagement since we identified that they serve as material indicators for the Company to report on their societal reach and impact on global food systems. Also, the assessment of commitment is inherently subject to uncertainties as a result of estimates, assumptions and judgement.

Our response

- For each FSC we obtained an understanding of the reporting process, applicable definitions, applied reporting criteria and methodologies, performed walkthrough procedures and evaluated the design and implementation of relevant internal controls.
- We inquired the Company's staff Members involved in the FSC reporting process and inspected internal documentation to understand the application of these definitions, applied reporting criteria and methodologies. Methodologies were supported with individual assessments of applied estimates and assumptions per FSC, which we consider to be critical in validating the (external) reference sources applied for each FSC.
- We challenged underlying evidence, such as sales and purchase volumes, market studies and external (scientific) research on relevant topics, such as but not limited to: greenhouse gas emissions (e.g. methane), intake dosages, crop yield factors, lives reached overlap factors, attendance statistics for educational webinars and certifications related to deforestation programs. We assessed external sources used for its relevance and reliability.
- We assessed whether the reporting criteria, estimates, assumptions and definitions are adequately disclosed in the Integrated Annual Report.

Our observation

We consider that the definitions and criteria for the performance indicators related to FSCs as described in the Company's internally developed methodology documents and reporting criteria as disclosed in the section 'Non-Financial Reporting Policy' included in the chapter 'Sustainability Statement' of the Integrated Annual Report have been appropriately applied and that the estimates and assumptions are adequately explained. We also consider the disclosure on the performance indicators, related to FSCs, in the Integrated Annual Report as being adequate.

Corresponding information not assured

The Science Based Targets baseline information related to scope 1 + 2 GHG emission reduction of Firmenich and DRT as included in chapter 'Sustainability performance' has not been part of this reasonable assurance engagement. Consequently, the corresponding sustainability information and thereto related disclosures for the period are not assured with reasonable assurance. Our opinion is not modified in respect of this matter.

Limitations to the scope of our assurance engagement

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide any assurance on the assumptions and achievability of this prospective information.

References to external sources or websites in the Integrated Annual Report are not part of the sustainability information as included in the scope of our assurance engagement. Therefore, we do not provide assurance on this information.

Our opinion is not modified in respect to these matters.

Responsibilities of the Managing Board and the Supervisory Board for the sustainability information

The Executive Committee of the Company is responsible for the preparation and fair presentation of the sustainability information in accordance with the reporting criteria as included in the 'Reporting Criteria' section of this report, including the identification of stakeholders and the definition of material matters.

The Executive Committee is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, considering applicable law and regulations related to reporting.

The choices made by the Executive Committee regarding the scope of the sustainability information and the reporting policy are summarized in the chapter 'Non-Financial Reporting Policy' of the Integrated Annual Report.

Furthermore, the Executive Committee is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability information that is free from material misstatements, whether due to error or fraud.

The Board of Directors is, amongst other things, responsible for overseeing the Company's sustainability reporting process.

Our responsibilities for the assurance engagement on the sustainability information

Our responsibility is to plan and perform our assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our opinion.

Our assurance engagement has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material misstatements due to error or fraud during our assurance engagement.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the sustainability information. The materiality affects the nature, timing and extent of our assurance procedures and the evaluation of the effect of identified misstatements on our opinion.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

We have exercised professional judgement and have maintained professional skepticism throughout the assurance engagement, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements. Our assurance included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, and the characteristics of the Company;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by management of the Company;
- Obtaining an understanding of the systems and processes for collecting, reporting and consolidating the sustainability information, including obtaining an understanding of internal control relevant to our assurance engagement, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluating the procedures performed by the Company's Corporate Operational Audit department;
- Identifying and assessing the risks if the sustainability information is misleading or unbalanced, or contains material misstatements, whether due to errors or fraud. Designing and performing further assurance procedures responsive to those risks, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our opinion. The risk that the sustainability information is misleading or unbalanced, or the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. These further procedures included among others:
  - Inquiry with management and relevant staff of the Company at corporate and component level responsible for the sustainability strategy, policies and results;
  - Inquiry with relevant staff of the Company responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
  - Determining the nature and extent of the assurance procedures at corporate and component level. For this, the nature, size and/or risk profile of these components were decisive. Based thereon we selected the components to visit. The visits to production sites in the China, Switzerland, Germany, France and the United Kingdom were aimed at, on a component level, validating source data and evaluating the design, implementation and operation of controls and validation procedures;
  - Obtaining assurance evidence that the sustainability information reconciles with underlying records of the Company;
  - Evaluating relevant internal and external documentation, on a test basis, to determine the reliability of the information in the sustainability information; and
  - Performing an analytical review of the data and trends.
- Evaluating the consistency of the sustainability information with the information in the Integrated Annual Report which is not included in the scope of our assurance engagement;
- Evaluating the overall presentation and content of the sustainability information; and
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings, including any significant findings in internal control that we identify during our assurance engagement.

Amstelveen, 28 February 2024

KPMG Accountants N.V.
P.J. Groenland − van der Linden RA

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